



ANNUAL PROGRESS REPORT

July 2019 - June 2020



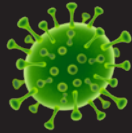
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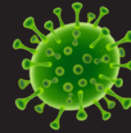
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COVID-19



Many countries around the world including Myanmar are facing COVID-19 pandemic during the preparation period of this annual progress report. The achievements of MEITI under the challenges and restrictions caused by COVID-19 are included in this report.



Acronyms

APR	Annual Progress Report	MOPFI	Ministry of Planning, Finance and Industry
BO	Beneficial Ownership	MOU	Memorandum of Understanding
CSO	Civil Society Organization	MPE	Myanmar Pearl Enterprise
DFAT	Department of Foreign Affairs and Trade (Australia)	Mscf	Million Standard Cubic Feet
DFID	Department for International Development (UK)	MSDP	Myanmar Sustainable Development Plan
DICA	Directorate of Investment and Company Administration	MSG	Multi-stakeholder Group
DOM	Department of Mines	MT-LAS	Myanmar Timber Legality Assurance System
EC	Executive Committee	NCS	National Coordination Secretariat
EITI	Extractive Industries Transparency Initiative	NRGI	Natural Resource Governance Institute
FLEGT-VPA	Forest Law Enforcement, Governance and Trade- Voluntary Partnership Agreement	OA	Other Account
FT	Forest Trends	OAG	Office of the Union of Auditor General
FY	Fiscal Year	OGPD	Oil and Gas Planning Department
GAD	General Administration Department	QFE	Quasi-fiscal Expenditure
GDP	Gross Domestic Product	REOI	Request for Expression of Interest
IA	Independent Administrator	RFP	Request for Proposal
IRD	Internal Revenue Department	RI	Renaissance Institute
KPK	Corruption Eradication Commission of Indonesia	RT	Reporting Template
LC	Leading Committee	SNU	Sub-national Coordination Unit
MATA	Myanmar Alliance for Transparency and Accountability	SEE/ SOE	State Economic Enterprise/ State-Owned Enterprise
MDTF	Multi-Donor Trust Fund	TOR	Terms of Reference
MEC	Myanmar Economic Corporation	TIN	Taxpayer Identification Number
MEHPCL	Myanma Economic Holding Public Company Limited	UFA	Union Fund Account
MEITI	Myanmar Extractive Industries Transparency Initiative	UNDP	United Nations Development Programme
ME1	No. (1) Mining Enterprise	USAID TIGA	USAID Transparency and Inclusive Growth Activity
ME2	No. (2) Mining Enterprise	WB	The World Bank
ME3	No. (3) Mining Enterprise		
MGE	Myanma Gems Enterprise		
MIC	Myanmar Investment Commission		
MIFER	Ministry of Investment and Foreign Economic Relations		
MMK	Myanmar Kyats		
MOBD	MEITI Office of Budget Department		
MOEE	Ministry of Electricity and Energy		
MOGE	Myanma Oil and Gas Enterprise		
MONREC	Ministry of Natural Resources and Environmental Conservation		

Message of the MEITI MSG Chair



Firstly, we all are continuously working together for the aim to increase transparency and accountability of Extractive Industry. During the reporting period, we tried hard with collective strength for EITI implementation and accomplished a number of important things. We managed to publish the 5th MEITI report and 3rd and 4th forestry reports in timely manner. I would like to express my sincere thanks to all stakeholders for their actively collaboration on the reports.

Secondly, we have successfully integrated a web page for Beneficial Ownership (BO) disclosure on the website of DICA. That web page will enable companies to submit BO information by using online form. The objective is to enhance the transparency and accountability of BO of legal person or legal arrangement and also to deter tax evasion, money laundering and terrorist financing. Nowadays, 121 companies have submitted their BO information at the DICA website. I would like to extend my gratitude to these companies for their participation on behalf of MSG.

Thirdly, we are trying to release the very first Commodity Trading Report which covers the Fiscal Year 2017-2018 for oil and gas sector very soon to get more transparency of in-kind payment for oil and gas production. Moreover, we have formed Sub-National Units (SNU) to support EITI awareness and capacity buildings in extractive sectors at the regional level. During this reporting period, we could do Kachin Sub-National Units (SNU) formation which is the 6th one.

Finally, we would like you to know that MEITI-MSG and all other stakeholders are making special effort to fulfil the requirements of 2019 EITI standards. We will continue our every effort to become an EITI client country to ensure good governance and clean government of the extractive industries. We aim our effort to meet the Sustainable Development Goals(SDG) and tackling corruption.

H.E U Maung Maung Win

Deputy Minister

Ministry of Planning, Finance and Industry

Chairman of the Myanmar EITI-MSG



Milestones

2019 July

- ➔ Study Tour to Indonesia for Mining Decentralization
- ➔ The 1st and 2nd MEITI Forestry Report Launch in Yangon
- ➔ MEITI Forestry Report Review Workshop in Yangon
- ➔ MEITI Work Plan Review Workshop in Yangon
- ➔ Announcement of Request for Proposal (RFP) for the 5th and the 4th MEITI Report and the 3th Forestry Report IA
- ➔ Amendment of the MOU between MOPFI and RI for the period of July 2019 to September 2020



2019 August

- ➔ MEITI-MSG met with ACC Chair and Members for EITI Awareness raising
- ➔ Selection Committee Meeting selected BDO as the IA
- ➔ International Secretariat Office led by Executive Director Mr. Mark Robinson visited to Myanmar for Validation, met with Union Ministers, attended the 11th Working Committee Meeting and the 23th MSG Meeting
- ➔ BO awareness raising and training provided by BO Consultant
- ➔ BO Task Force approved BO Disclosure Online Form at the 6th BO Task Force meeting

2019 September

- ➔ IA (BDO) contract signed with MOPFI
- ➔ IA (BDO) visited to Myanmar for the scoping mission
- ➔ MSG discussed the implementation progress of report recommendations, corrective actions and the preparation for the 2nd extractive SOE workshop with the relevant government departments



2019 October

- ➔ Presidential Notification 104/2019 by President Office was issued for the BO process
- ➔ EITI Board decided Myanmar as Meaningful Progress in EITI implementation
- ➔ Myanmar's Mining Decentralization Workshop was held in Nay Pyi Taw
- ➔ BO disclosure online form test run was conducted



2019 November

- ➔ The draft scoping study reports submitted by IA
- ➔ Validation Group was formed to take action for Corrective Action at 24th MSG Meeting
- ➔ Donor Consultation Group was reformed
- ➔ MSG decided to produce the 6th and 7th MEITI report together by September 2021 at the 24th MSG meeting
- ➔ BO Phase 1 data collection started



2019 December

- ➔ BO Phase I information disclosure on DICA website
- ➔ Pre-final inception reports were submitted by IA
- ➔ Template trainings for reporting entities and companies
- ➔ Contract Transparency Workshop held in Nay Pyi Taw
- ➔ MSG Chair submitted the 6th and 7th MEITI report deadline extension request to EITI Board



2020 January

- Final Inception reports were submitted by IA
- Reconciliation training with reporting entities and companies
- MEITI Interim Arrangement and Implementation Structure Review Workshop in Nay Pyi Taw

Jan

2020 February

- SNU Orientation and Formation Workshop in Kachin State
- Signed contract with Mining Cadaster Phase 2 Consultant
- BO Disclosure Press Conference was held in Yangon
- Draft MEITI reconciliation reports submitted by IA
- Technical and Reporting Sub-committee meeting discussed MEITI report and MEITI Forestry report

Feb

COVID-19



2020 March

- MSG discussed MEITI draft report and MEITI Forestry draft reports at the 26th MSG meeting
- Technical and Reporting Sub-committee meeting discussed MEITI forestry draft reports
- 5th MEITI pre-final report submitted by IA and discussed at the 27th MSG Meeting
- 3th and 4th pre-Final Forestry Report Submitted by IA
- Technical and Reporting Sub-committee meeting discussed on MEITI Forestry pre-final Reports
- Final 5th MEITI report submitted by IA
- Published 5th MEITI Report
- MSG assigned Technical and Reporting Sub-Committee for discussing One-Year Work Plan to disclosure Contact
- Technical and Reporting Sub-Committee approved One-Year Contract Transparency Work Plan
- BO Phase 1 follow-up data collection

Mar

COVID-19

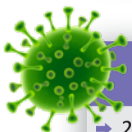


2020 April

- Final MEITI Forestry Reports submitted by IA
- Published 3th and 4th MEITI Forestry Report
- First Validation Group Meeting held via Online
- EITI Board approved the 6th and 7th MEITI report deadline extension request as per EITI Board Decision 2020-28/BC-288
- Commodity Trading Report (FY 2017-2018) deadline was extended to July 2020

April

COVID-19



2020 May

- 2nd Validation Group Meeting held via Online
- First Contract Transparency meeting held with relevant stakeholders
- Mining Cadastre Phase 2 consultant submitted draft inception report
- Updates on the implementation progress on 12 corrective actions by relevant government departments at the 2nd validation group meeting

May

COVID-19



2020 June

- Consultant for MEITI-NCS Long-term Organizational Structure Development
- Web Developer for BO Phase 2 was selected
- MSG decided to discuss draft Presidential Notification for Contract Transparency at 28th MSG Meeting
- IA submitted draft inception Commodity Trading Report
- Commodity Trading Report (FY 2017-2018) deadline was extended to the end of August 2020

June

CHAPTER
1

General Assessment of the Year Performance



This annual progress report covers the activities and tasks performed, constraints faced during MEITI implementation from July 2019 to June 2020.

On 16 October 2019, the EITI Board concluded that Myanmar has made meaningful progress overall in implementing the EITI standard in 45th EITI Board Meeting which was held at Addis Abba in Ethiopia. The Board also decided for Myanmar to carry out corrective actions regarding the twelve corrective actions within 18 months until 16 April 2021, before a second Validation.

MEITI-MSG decided to overcome these corrective actions by forming Validation Group including MSG representatives and other relevant government agencies. To overcome 12 corrective actions, it has been discussing with related government agencies, related stakeholders and some corrective actions have been described in 5th MEITI Report.

The 5th MEITI report, covering the oil and gas sector, including oil and gas transportation, the mineral sector, gems and jade sector and pearl sector in FY 2017-2018 was published in 31st March 2020. It is also published 3rd and 4th MEITI Forestry Reports in FY 2016- 2017 and FY 2017-2018 in April 2020. MEITI is planning to publish first Commodity Trading Report in August 2020.

In 2017 Union Parliament approved to amend fiscal year from 1 October to 30 September starting 2018-2019. According to changing of fiscal year, MEITI-MSG decided to publish 6th and 7th MEITI Report by combining and requested to EITI Board. EITI Board agreed to publish 6th and 7th Report together on September 2021. However, Myanmar has to publish 6th Summary Data Unilateral Report on December 2020 for April to September 2018. MEITI-MSG is still working to publish 6th Summary Data Unilateral Report and finding funding source to publish 6th and 7th Report.

According to EITI Standard 2.6, the first Beneficial Ownership information was disclosed in December 2019. To implement the BO process, Myanmar President Office issued the Order No. 104/2019 on October 2019 to participate in BO process. It is still working to disclose BO information of the companies including 5th MEITI Report.

Mining Cadaster Phase II Consultant was contracted to implement the Mining Cadaster Project. Implementation of Mining Cadaster Project, Ministry of Natural Resources and Environmental Conservation is dealing with the Consultant as a focal agency .

Myanmar delegation led by MSG Vice-chair Director General of Departments of Mines visited to Indonesia from 13 to 21 July 2019 to learn from Indonesia's decentralizing process on mining, legal and fiscal framework on the roles of central and subnational governments, local revenue management, fiscal transfers from the central government for less developed areas, local content policy and practice and social and environmental impacts collaborated with Natural Resource Governance Institute (NRGI). Based on the trip experience, Mining Decentralizing Workshop was held to be focused on the small scale and artisanal in States and Regions.

The **2019** EITI Standard was launched at the **8th** EITI Global Conference in Paris on **18-19 June 2020** in accordance to **43rd** EITI Board decision. Myanmar has held the Contract Transparency workshop and meetings, included the data required by the **2019** EITI standard in the **5th** MEITI report, prepared the TOR to recruit a consultant for systematic disclosure process in order to meet the **2019** EITI requirements.

The MDTF funding of **3.5** Million for MEITI implementation will expire in March, **2021**. As a consequence, a sustainable funding is required for the stable and prolonged EITI implementation. Therefore, the Donor Consultation Group led by Deputy Minister H.E. U Maung Maung Win, Ministry of Planning, Finance and Industry (MOPFI) was formed and worked on the funding. Now, MEITI activities are being executed with the remaining MDTF funding and funding from other development partners such as USAID Transparency and Inclusive Growth Activity (USAID TIGA), NREGI, Forest Trends.

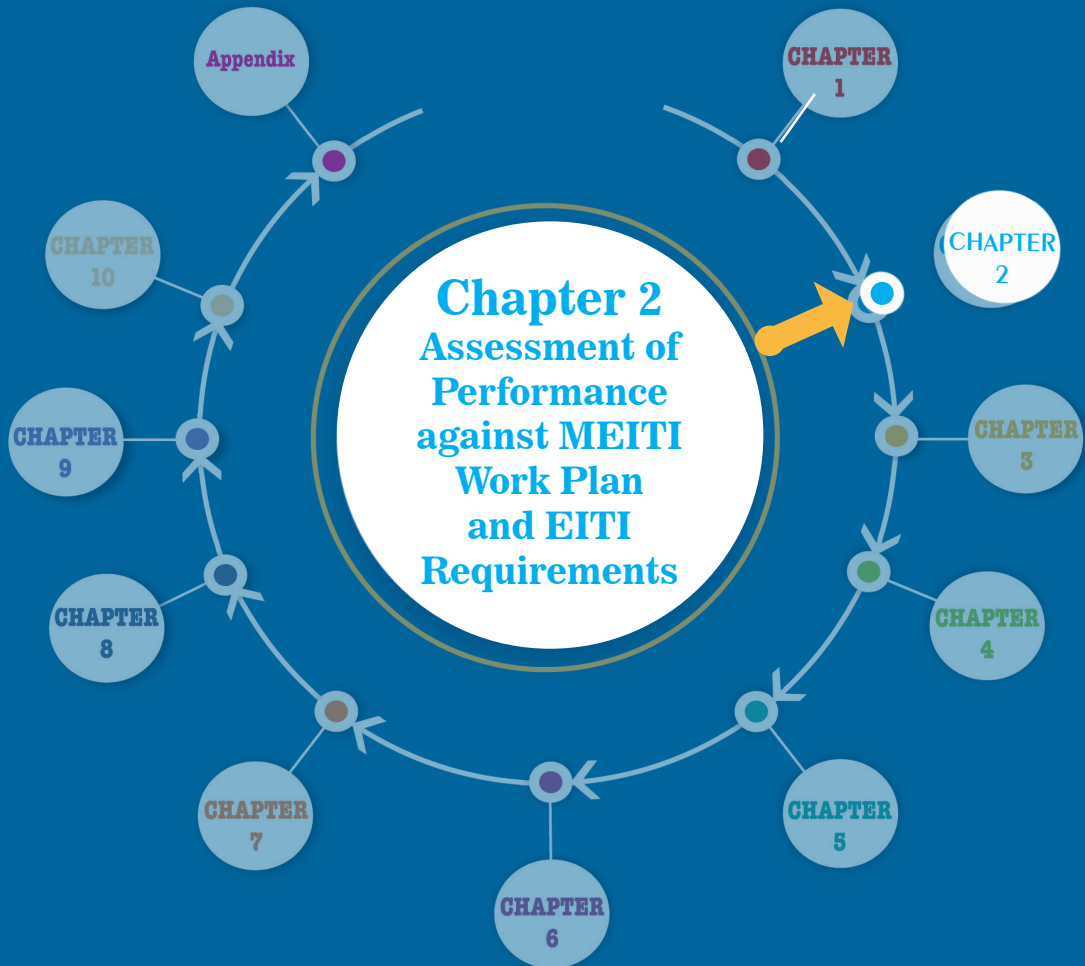
The Implementation Structure Review Workshop was held to establish the new MEITI structure for the consistent MEITI implementation. It was decided to hire an organizational development consultant to produce the long-term structure, and to affiliate that structure with MOPFI or President's Office. The Organizational development consultant has been recruited to develop the new long-term MEITI organizational structure.

The Kachin State SNU was formed, and MSG has also decided to form SNUs in other remaining states and regions.

MEITI activities are currently being carried out via online due to restriction by the Presidential Notification **1/2020** dated **13** February, **2020** which announced for the COVID-**19** response, prevention and control and the situations under the general stay at home restriction, the arrangement of the half of government staffs requiring to stay at home restriction, the travel ban.

During this annual reporting period, MEITI has released of **5th** MEITI report, the **3rd** and the **4th** MEITI forestry reports, has achieved the beneficial ownership disclosure Phase I and is now planning for the Phase II disclosure. At the same time, MEITI is now performing the Mining Cadastre Phase II by hiring the consultancy service, the implementation of the **12** corrective actions under the validation process. Summing up, MEITI has been progressing to fulfill the **2019** EITI standard requirement and to establish the new structure and funding resources for the sustainable MEITI implementation.

Assessment of Performance against MEITI Work Plan and EITI Requirements



MEITI activities are implemented under the oversight of MEITI – MSG with the support of MEITI Leading Committee and the Working Committee. In this chapter, the activities carried out during July 2019 and June 2020 will be assessed against the MEITI work plan and 2019 EITI standard requirements.

2.1 Brief Introduction to MEITI Work Plan

The strategic goal of the MEITI Work plan is to promote transparency and accountability in the extractive industries and material revenue management of Myanmar in line with the National Economic Policy (1) and (2).

MEITI work plan is broken down into six main parts under three objectives. The first main part communication and outreach is covered under Objective I “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”. There are three main parts: (1) HR, Operation and Office Administration, (2) Work Plan and Governance, (3) Sub-national Coordination Unit under Objective II “to create an enabling environment for the effective implementation of the EITI Standard”. Technical and Reporting, Training and Capacity Development are put under Objective III “to support implementation of sustainable development and natural resource governance reforms through the successful execution of EITI”.

2.2 Activities against MEITI Work Plan and EITI Standard

2.2.1. Assessment of Activities under Objective I

MEITI Work Plan Objective:

- 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

2019 EITI Standard:

Requirement 7: Outcomes and Impact

The first objective of MEITI work plan is mainly related to the 2019 EITI Standard requirement 7 which ensures engagement in dialogue about natural resource revenue management. MEITI regularly publishes the MEITI main reports and forestry report on MEITI website, social medias and the relevant government departments’ websites. Furthermore, the reports are also accessible on the Myanmar Information Management Unit (MIMU) which provides information management services to strengthen analysis and decision-making of the development community in Myanmar.

Report, Information, Education and Communication Materials Dissemination and Printing

The National Coordination Secretariat shares the soft copies of the reports to all relevant ministries, union-level and regional-level parliaments, extractive companies, civil society organizations and other relevant stakeholders under the oversight of MSG. In order to create more accessibility and more understanding to the extractive data, the report launching events along with the public debates are held and the printed reports are shared among public and media widely. The data from the reports helps the readers increase knowledge of the extractive sector in Myanmar.

The reports are usually translated into the local language to target inclusive and open dialogue on EITI, extractive sector of Myanmar and better natural resource governance. At the 23rd MSG meeting, MSG decided to translate the 4th MEITI report executive summary. The translated versions of the 4th MEITI report executive was printed and disseminated not only to the internal MEITI stakeholders such as MSG, sub-committees, BO task force, sub-national coordination units, relevant government ministries and organizations, private associations, CSO via MATA, etc but also to parliaments, medias, embassies, INGOs and NGOs, etc. The 5th MEITI report, the 3rd and the 4th MEITI forestry reports are on the progress on translation and the translation will be publicly available in July 2020. Those translations will be shared during the reporting launching events to raise public awareness on extractive data and extractive sector transparency and accountability.

When the 2019 EITI Standard has been released, it has been printed and shared it among the stakeholders to understand better on EITI and what Myanmar needs to improve further to meet the updated EITI standard requirements. It has also been translated into Myanmar language as per 23rd MSG meeting decision. Now, both the English and Myanmar versions of the 2019 EITI standard are now publicly accessible on MEITI website. Furthermore, the translated 2019 EITI standard will be disseminated along with the 4th MEITI report executive summary.

To overcome the challenge of understanding MEITI process in a glance, the MEITI process briefing paper was prepared in the local Myanmar language by the National Coordination Secretariat with the approval of the Communication and Outreach sub-committee which, on the behalf of MSG, is responsible for communication and outreach activities of MEITI. With this process brief paper, advocating about EITI and sharing about MEITI has become easier during the SNU forming to the Kachin State stakeholders and during the formation of Kachin State sub-national coordination unit.

Report Launching and Public Debate

On 11 July 2019, the 1st and 2nd MEITI Forestry Report launching was held in Yangon with over 70 participants. The public debate with the representatives from government, companies and CSOs were held on the same day.

Although the 4th MEITI report launching and public debate were planned to hold before the end of 2019, at

had been postponed due to the budget issue. During this APR period, the 5th MEITI report, the 3rd and 4th MEITI reports were successfully published and printed despite budget and COVID-19 pandemic challenges.



Photo Caption

MEITI 1st & 2nd Forestry Report Launch & Public Debate

Website and Open Data Web Portal

MEITI website is considered as the one of the main MEITI information sharing resources. It is regularly maintained for better security. The news of MEITI activities are updated on the METI website. The reports, meeting minutes and extractive related laws and notification can be found on the MEITI website. During July 2019 to June 2020, there were over 7,000 new visitors to the MEITI website according to the Google Analytic data. This shows that MEITI website is a reliable source for promoting transparency and accountability for the extractive data. On 23 June 2020, the Communication and Outreach sub-committee discussed about uploading the 5th MEITI report and the upcoming Commodity Trading Report data to the MEITI Open Data Web Portal.

Beside the MEITI website, MEITI Facebook page is also popular among the stakeholders as Facebook plays a great role in today's communication channel. During this annual reporting period MEITI Facebook gained over 1,000 organic followers. While MEITI twitter did not have much audience compared to the MEITI Facebook, one of the MEITI tweets about report publishing was featured under Trending section of April 2020 issued Extractive insight, a monthly bulletin from the EITI.

It can be seen that there are more engagement and interest from public and stakeholders in the extractive data, and that MEITI is enforcing the transparency and accountability in these data accessibility which led to more open dialogue about better natural resource management and its revenue management.

2.2.2. Assessment of Activities under Objective II

MEITI Work Plan Objective:

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

2019 EITI Standard:

- ◆ Requirement 1: Oversight by the MSG
- ◆ Requirement 2: Legal and Institutional Framework, including Allocation of Contracts and Licenses
- ◆ Requirement 3: Exploration and Production
- ◆ Requirement 4: Revenue Collection
- ◆ Requirement 5: Revenue Allocations
- ◆ Requirement 6: Social and Economic Spending
- ◆ Requirement 7: Outcomes and Impact

There are three main parts of MEITI work plan divided to achieve the second objective of MEITI work plan: **2.1.** HR, Operation and Office Administration, **2.2.** Work Plan and Governance including validation, and **2.3.** Sub-national Coordination Unit. They are linked with the **2019** EITI Standard requirement **1** which brings out the very fundamental essence of EITI and with the **2019** EITI Standard requirement the **2019** EITI Standard requirement **7** which ensures engagement in dialogue about natural resource revenue management.

MOBD and NCS

MEITI secretariat body is composed of two units: Myanmar EITI Office of Budget Department (MOBD) under Ministry of Planning, Finance and Industry (MOPFI) and National Coordination Secretariat (NCS) under Renaissance Institute (RI). During the mid July **2019**, MOPFI and RI renewed the MOU which will be extended until **30** September **2020**. These two units, MOBD and NCS, work together to coordinate and support the implementations of MEITI under the oversight of MSG.

Leading Committee, Working Committee, MSG and sub-committees Meetings

While MEITI-MSG with its government, companies and CSOs representatives leads the MEITI implementation and oversight, the MEITI Leading Committee consists of three ministries and the MEITI Working Committee with senior level government representatives support and ensure the better implementation processes. There are five sub-committees under the MSG to which MSG delegates for the detailed discussions required issues. These are Work Plan and Governance sub-committee, Technical and Reporting sub-committee, Communication and Outreach sub-committee, Selection sub-committee and Mining Cadastre sub-committee. It can be seen that most of MSG members are overlapped with these five sub-committee members and that makes up to better linkage, communication and decision-making.

During this APR period of July 2019 to June 2020, there are a mixed of traditional physical meetings, workshops and virtual meetings coming to a total of 67 MEITI events. Due to the COVID-19 pandemic situation and the ban of any type of gatherings, it challenged MEITI stakeholders to continuation of MEITI activities. By the end of March 2020, MEITI-MSG held the 27th MSG meeting as its very first virtual meeting. Although following a new meeting practice brought out different kinds of challenges, the MEITI activities were not delayed so much and made a notable progress.

During July 2019 and June 2020, there were seven MSG meetings physically in Yangon and Nay Pyi Taw and virtually as the video conference. There were a total of 141 meeting decisions from those meetings. The implementation status of those MSG decisions is shown in Appendix C. It was found that the on-going and no progress meeting decisions are related to the future MEITI implementations such as the 6th MEITI report preparation, corrective actions implementation and so on.

The participation of MSG representative and the changes in MSG representatives are shown in Appendix A and the numbers of MEITI events during July 2019 and June 2020 can be seen in Appendix B.

Work Plan Review Workshop

At the 22nd MSG meeting, it was decided as per EITI standard requirement 1.5 to hold a work plan review workshop with the goal of establishing a more comprehensive MEITI work plan covering the 2019 EITI standard requirements. In accordance with that decision, the MEITI Work Plan Review workshop was held with MSG, MOBD and NCS in Yangon on 29 and 30 July 2019. The MEITI work plan has been regularly updated at the Work Plan and Governance sub-committee meeting, which would later be approved by MSG at the MSG meetings.



Photo Caption

Organizing Workplan Review Workshop in Yangon



Photo Caption
9th MEITI Leading Committee Meeting via Video Conference



Photo Caption
11th Working Committee meeting participated by International Secretariat delegation led by Executive Director



Photo Caption
23rd MSG meeting participated by International Secretariat delegation led by Executive Director



Photo Caption
Organizing 7th BO Task force meeting in Nay Pyi Taw



Photo Caption
Technical and Reporting Sub-committee meeting holding at MEITI-NCS Office



Photo Caption
27th MSG Meeting via Video Conference

EITI Awareness Raising

At the end of July 2019, the Director General of Anti-Corruption Commission (ACC) invited MEITI MSG to explain about the 4th MEITI Report data to ACC Chairman and members. MSG nominated its representatives and the representatives held a preparatory meeting in NCS Office in Yangon on 5 August 2019. The very first meeting between ACC and MEITI MSG occurred on 7 August 2019. In this event, NCS representatives led by the National Coordinator first introduced MEITI process and the 4th MEITI report. Then, MSG government representatives explained about the data from the relevant sectors followed by the additional insight sharing of MSG companies representatives and CSO representatives.

This meeting was an example of how MEITI process and MEITI reports are having positive impacts on transparency, better reforms in fighting corruption.



Anti-Corruption Commission Chairman U Aung Kyi delivers the opening speech at the event of clarification on the contents in the report report of Myanmar Extractive Industries Transparency Initiative (MEITI) in Nay Pyi Taw. **PHOTO: MNA**

APR

During the 26th and 27thMSG meetings, the draft outline of APR (2019-2020) and the budget for holding APR workshop were discussed. However, due to the COVID-19 pandemic situation, it became impossible to hold a workshop with the relevant MEITI stakeholders. Nevertheless, in accordance with EITI standard requirement 7.4, APR (2019-2020) was prepared to show the activities taken, the achievements, challenges, impact and outcomes of the MEITI implementations with the approval of MSG.

Activities Related to Extractive State-Owned Enterprises (SOEs) Reform and Implementation of MEITI Report Recommendations

During September 2019, MSG and NCS representatives held various preparatory meetings with different relevant government agencies under MOPFI, Ministry of Natural Resources and Environmental Conservation (MONREC), Ministry of Electricity and Energy (MOEE) in Yangon and in Nay Pyi Taw with the purpose of

holding the extractive SOEs reform workshop. They mainly discussed on the follow up on the outcome of the previous extractive SOE reform workshop and the related updates, the implementation of recommendations from MEITI reports and MEITI validation.

Based on the discussions, MSG, with the support of NCS, developed a template to use as the extractive SOE reform matrix covering reform activities, indicator, timeline, directiveness, implementation body, coordinated body, implementation status and the required input in line with the 2019 EITI standards 2, 3, 4, 5 and 6. Then, the relevant government agencies were requested to fill in. The received data was used in the preparation of the 2nd extractive SOE workshop which was planned to hold in December 2019. However, the 2nd extractive SOE workshop had not taken place yet while the follow up on the recommendation implementation were done intensively. The recommendation implementation status was later reflected in the 5th MEITI report.

Sub-National Coordination Unit (SNU)

MEITI had formed the SNU in Kachin State on 7 and 8 February, 2020. So far, there are six SNUs formed to support the cooperation from all relevant stakeholders and to implement EITI standards even at the regional level. The details of SNU activities are described in Chapter (4).

Validation

The EITI Board came to a conclusion that Myanmar has made meaningful progress overall in implementing the EITI standard in 45th EITI Board Meeting which was held on 16-17 October 2019 in Addis Abba, Ethiopia. The EITI Board acknowledged MEITI efforts on introducing policy reforms particularly, improving transparency in extractive data, creating robust public debates and open dialogue and discussion platform, beneficial ownership and extractive SOEs transparency.

The Board also decided for Myanmar to carry out 12 corrective actions within 18 months until 16 April 2021, before a second Validation. Further details of the Corrective Actions taken by MSG are described in Chapter (6).

MEITI Validation Scorecard

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)				█	
	Workplan (#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)				█	
Overall Progress			█			

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.

2.2.3. Assessment of Activities under Objective III

MEITI Work Plan Objective:

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

2019 EITI Standard:

- ◆ Requirement 1: Oversight by the MSG
- ◆ Requirement 2: Legal and Institutional Framework, including Allocation of Contracts and Licenses
- ◆ Requirement 3: Exploration and Production
- ◆ Requirement 4: Revenue Collection
- ◆ Requirement 5: Revenue Allocations
- ◆ Requirement 6: Social and Economic Spending
- ◆ Requirement 7: Outcomes and Impact

EITI Standards Considered in the New Laws and Regulations

The constraint in implementation of MEITI process due to the lack to EITI law has been a part of MSG discussions over the past year. As mentioned in the previous APR, the draft TOR to review the legislative institutionalization of EITI and other relevant extractive and taxation laws. During the 23rd and 24th MSG meetings, the draft TOR was once again discussed. Yet, there was no significant process on this legal review.

5th MEITI Report, 3rd and 4th MEITI Forestry Reports, Commodity Trading Report

MEITI announced the Request for Expression of Interest (REOI) on at the end of April 2019. On 25 August 2019, the Selection Sub-committee reviewed the technical and financial proposals received and decided to prepare the 5th Report in line with 2019 EITI Standard and to prepare a commodity report. BDO LLP was selected as the independent administrator (IA) for the 5th MEITI report, and 3rd and 4th MEITI Forestry reports.

IA conducted discussions and interviews with relevant stakeholders such as relevant government agencies, private associations, CSO representatives from Myanmar Alliance for Transparency and Accountability

(MATA), other CSOs (Sone Si, TNC, Spectrum), International Secretariat, and other development partners for scoping study preparation from 30 September to 10 October 2019.

At the 25th MSG meeting on 27 November 2019, IA presented the 5th MEITI Main Scoping Study Report, and the 3rd and 4th MEITI Forestry Scoping Study Report and the MSG decided the materiality threshold for the reports.

EITI Scope		Coverage				
Sector	Oil and Gas	Oil and Gas Transportation	Gems and Jade	Mining	Pearl	MEC and MEHPCL related companies
Number of companies selected	56	5	209	94	11	9
Materiality	All companies	All companies	MMK 0.5 billion	MMK 0.5 billion	All companies	All companies
Actual coverage by sub sector	100%	100%	85%	96%	100%	100%
Actual overall reconciliation coverage			97%			



The pre-final version of scoping study of the 5th MEITI report was delivered on 8 December 2019. The template trainings for the 5th MEITI report, and the 3rd and 4th MEITI Forestry reports were held in Yangon and Nay Pyi Taw from 11 to 13 December 2019. Since there were some companies which did not participate in the first round of template trainings, the second round of the template trainings were held in NCS office, Yangon on 20 December 2019.

The final version of the 5th MEITI inception report was delivered on 4 January 2020. The reconciliation meetings for the 5th MEITI report, and the 3rd and 4th MEITI Forestry reports were carried out from 21 to 24 January 2020. At the 26th MSG meeting on 6 March 2019, IA presented the draft 5th MEITI Main Report, and the 3rd and 4th MEITI Forestry Report and the MSG discussed with IA for the corrections. After the 26th MSG meeting, the draft reports and the action taken regarding the correction required parts were discussed intensively at the Technical and Reporting sub-committee meetings throughout March 2020. On 31 March 2020, the 5th MEITI report was successfully published on MEITI website and was submitted to the International Secretariat along with the submission letter signed by the National Coordinator and the MSG representatives. Similarly, on 15 April 2020, the 3rd and 4th MEITI reports were successfully published on MEITI website and was submitted to the International Secretariat along with the submission letter signed by the National Coordinator and the MSG representatives. The details on these reports can be found in Chapter (3).

MSG decided to produce the very first MEITI Commodity Trading Report for FY 2017-2018 covering the oil and gas sector. Due to the restriction caused by COVID-19 pandemic, the initial timeline for commodity trading report preparation needed to be revised. As the consequence, MSG approved the extension of the contract with IA for commodity trading report via circular. On 16 June 2020, IA submitted the draft inception Commodity Trading Report, and the Technical and Report sub-committee decided on 22 June 2020 to expand the proposed scope by IA to 0% Threshold, And, MSG then approved the contract extension with IA in order to include all oil and gas government agencies, SOEs and companies from the materiality analysis.

Brief about Beneficial Ownership (BO)

There were five BO Task Force meeting (four physical meeting and one virtual meeting) held during this APR period. With the decision to include 162 companies from the 4th MEITI report in the Phase I of BO implementation, the introduction to BO and the BO online form and how to fill in the BO information via the online form on DICA website were shared to the relevant government agencies and companies during the trainings conducted on 16, 19 and 20 August 2019 with the support of a consultant from NRGi.

The enforcement of the Presidential Notification for Beneficial Ownership 104/ 2019, dated 2 October 2019 has had a great positive impact the beneficial ownership implementation.

The collected BO information has been publicly disclosed on www.bo.dica.gov.mm on 28 December 2019. On 28 February 2020, a press conference on BO disclosure was conducted to raise more awareness and for public and media to engage more deeply in the process done so far and the future plan. As per the decision from the 8th BO Task Force Meeting on 21 February 2020, it was announced that the companies



which failed to fill in the BO information within the previous timeline were given one month time (March 2020) to redeem so. This encouraged more participations from companies in the BO process and MEITI process.

Now, the BO Task Force is working on the Phase II of BO implementation with the support from USAID Transparency and Inclusive Growth Activity (USAID TIGA). Further details on the BO process can be found in Chapter (5).

Brief about Mining Cadastre Phase II



For the Mining Cadastre Phase II, Ministry of Planning, Finance and Industry (MOPFI) of the Government of the Republic of the Union of Myanmar was announced to seek the consultant for the Development and Installation of a Computerized Myanmar Mining Cadastre System since early 2019. The Evaluation Group was formed consisting representatives from government, private sector and CSO. And then, they reviewed proposals. After evaluation and selection process, MOPFI and Spatial Dimension Canada, ULC signed a contract on 4 February 2020. After that, the consultant came to Myanmar and conducted the Inception Phase Stakeholder Meetings with concerning departments (MONREC, DOM, MGE, MEITI-NCS Office, DICA, IRD, MOPFI) from 25 February 2020 to 4 March 2020. They were also conducted weekly meetings, monthly meetings and face to face trainings with MONREC. MEITI National Secretariat Office and Mining Cadastre Sub-Committee members were participated in monthly online meetings which were conducted on the 4 May 2020 and 22 May 2020. Spatial Dimension sent the four weekly reports and draft inception report for Mining Cadastre Phase II during April and May 2020.

During the Mining Cadastre Phase II implementing in Myanmar, COVID-19 pandemic was spread all over the world since December 2020. The consultant has to implement 6 phases (Inception Phase, Pre-Cadastre & Design Phase, Develop, Prototype & Configuration Phase, Training & Testing Phase, Go-Live Phase, Support Phase) in Mining Cadastre Phase II before 31 March 2021. To support the Development and Installation of Computerized Mining Cadastre, Mining Cadastre Working Committee was formed at the Ministry of Natural Resources and Environmental Conservation. There are 5 phases left to implement during the contract period although the Inception Phase has already finished on June 2020. During COVID-19, the consultant implements the activities of Mining Cadastre Phase II by conducting the online meetings. MSG and Mining Cadastre Sub-committee concerned that implementation of Development and Installation of Computerized Mining Cadastre would be accomplished within the contract period.

2.3 Impact and Outcomes

During this reporting period, MEITI faced a lot of challenges which mostly related to the funding and the procurement. Despite the delays caused by the COVID-19 pandemic along with the practice of social distancing and the restriction of gathering including meetings, events, MEITI stakeholders have learnt to adapt the new normal practices.

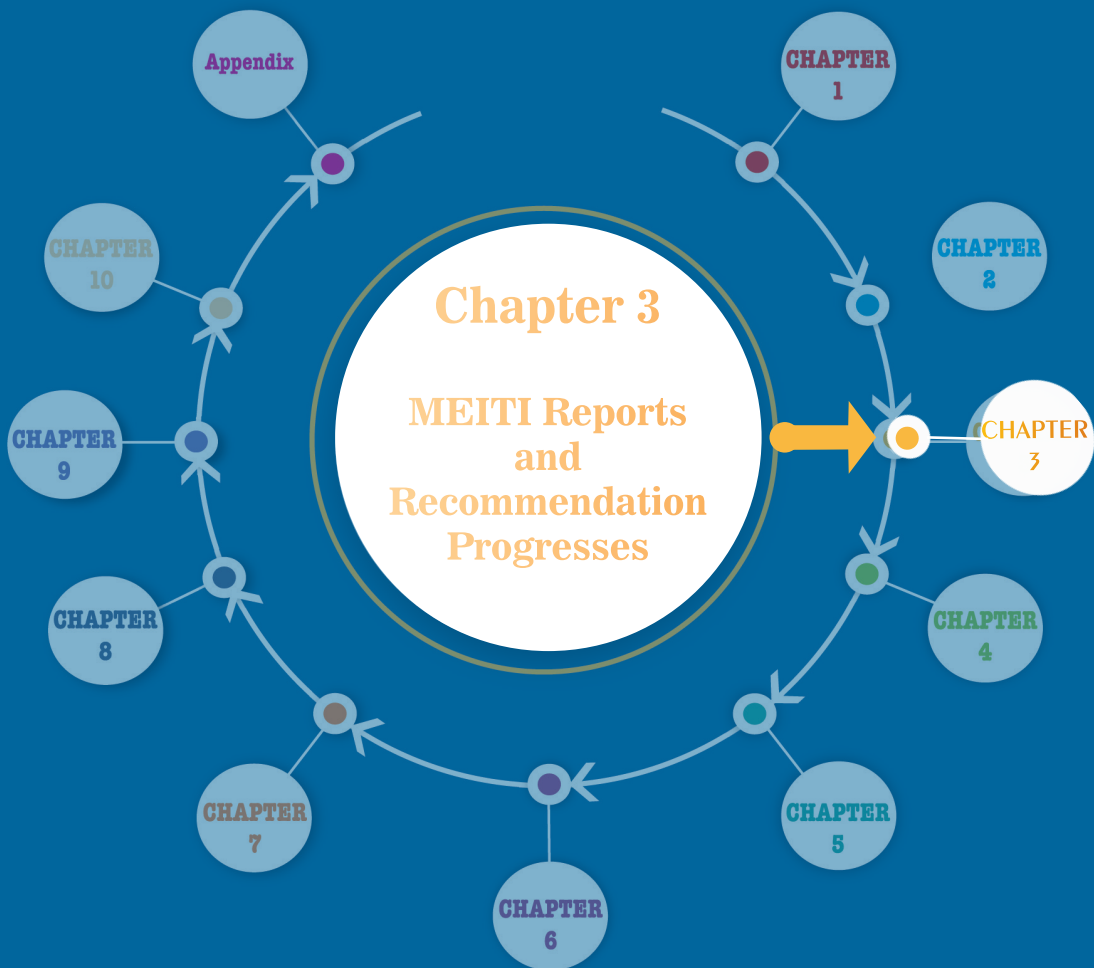
During this annual reporting period, the MEITI reports and forestry reports were translated to Myanmar language and shared publicly. Hence, this increased data accessibility and awareness to extractive sector of Myanmar which led to discussion for better natural resource contract and licensing reform, governance reform and transparency reform.

In addition, it helps the transparency and accountability process move forward better by having sub-national coordination units. Some extractive issues at the regional and state level were overcome at the discussion between SNU with its three constituencies representatives. The connection between the union-level and state and regional level becomes more straightforward which contributes a lots to the consultation and reform process.

With the updated EITI standard, MEITI MSG put in more consideration on how those international level requirements could be in line with the local context, and found ways to improve the current system in the natural resource management for instance contract transparency requirement raises MEITI stakeholders awareness on their accountability.

There were some delays due to the insufficient budget to implement MEITI activities in late 2019 and early 2020. As EITI plays a major in the better natural resource governance reform, other donors and developed partners contributed to the required budget.

Compared to last MEITI report, it can be seen that the 5th MEITI reports coverage has expanded significantly. At the same time, the disclosure of BO information has a great positive impact on anti-corruption. These changes are the achievement of MEITI stakeholders which are very profitable to Myanmar country as a whole and its people.



MEITI Reports

The 5th MEITI report summarizes information about the reconciliation of fiscal and non-fiscal revenues from the extractive sector in Myanmar for FY 2017-2018 as part of the implementation of the Extractive Industries Transparency Initiative (EITI). In addition, this report includes the reconciliation of revenues collected by State-Owned Enterprises (SOEs) from extractive companies and cash flows contributed by SOEs to the State's budget.

For the fiscal year 2017-2018, the total revenues generated from the extractor amounted to MMK 1,935,945 million accounting for MMK 1,397,467 million for oil & gas sector (including the oil and gas transportation), MMK 124,230 million for other minerals sector, MMK 411,751 million for gems & jade sector and MMK 2,498 million for pearl sector respectively. The revenue stream from the extractive sector is made up of 72.19% of revenues from the oil and gas sub-sector (including oil and gas transportation) while mining sector represent 27.81%.

For the mining sector, MSG identified 384 companies to be included in the reconciliation process for the fifth MEITI Report. With regards to the oil and gas sector, MSG agreed to include all oil and gas operators in producing field and exploration companies without applying any materiality threshold. This has led to the selection of 56 oil and gas companies and 5 transportation companies within the reconciliation scope. MSG also agreed to include all companies operating in the pearl producing field and exploration companies without applying any materiality threshold. MSG agreed that all government agencies which receive extractive related revenues from companies should be included within the reconciliation scope.

EITI Scope	Coverage					
Sector	Oil and Gas	Oil and Gas Transportation	Gems and Jade	Mining	Pearl	MEC and MEHPCL related companies
Number of companies selected	56	5	209	94	11	9
Materiality	All companies	All companies	MMK 0.5 billion	MMK 0.5 billion	All companies	All companies
Actual coverage by sub sector	100%	100%	85%	96%	100%	100%
Actual overall reconciliation coverage	97%					

Accordingly, MSG identified sixteen Government Agencies and five SOEs to be included and will be required to report the revenues collected from extractive sector as follows;

Government Agencies

General Taxation

- Treasury Department (TD)
- Budget Department (BD)
- Internal Revenue Department (IRD)
- Myanmar Customs Department (MCD)
- Department of Trade (DoT)

Oil and gas sector

- Ministry of Electricity and Energy (MOEE)
- Oil and Gas Planning Department (OGPD)

Mining Sector

- Ministry of Natural Resources and Environmental Conservation (MONREC)
- Department of Mining (DOM)
- Department of Geological Survey and Mineral Exploration (DGSE)

Other

- Forest Department

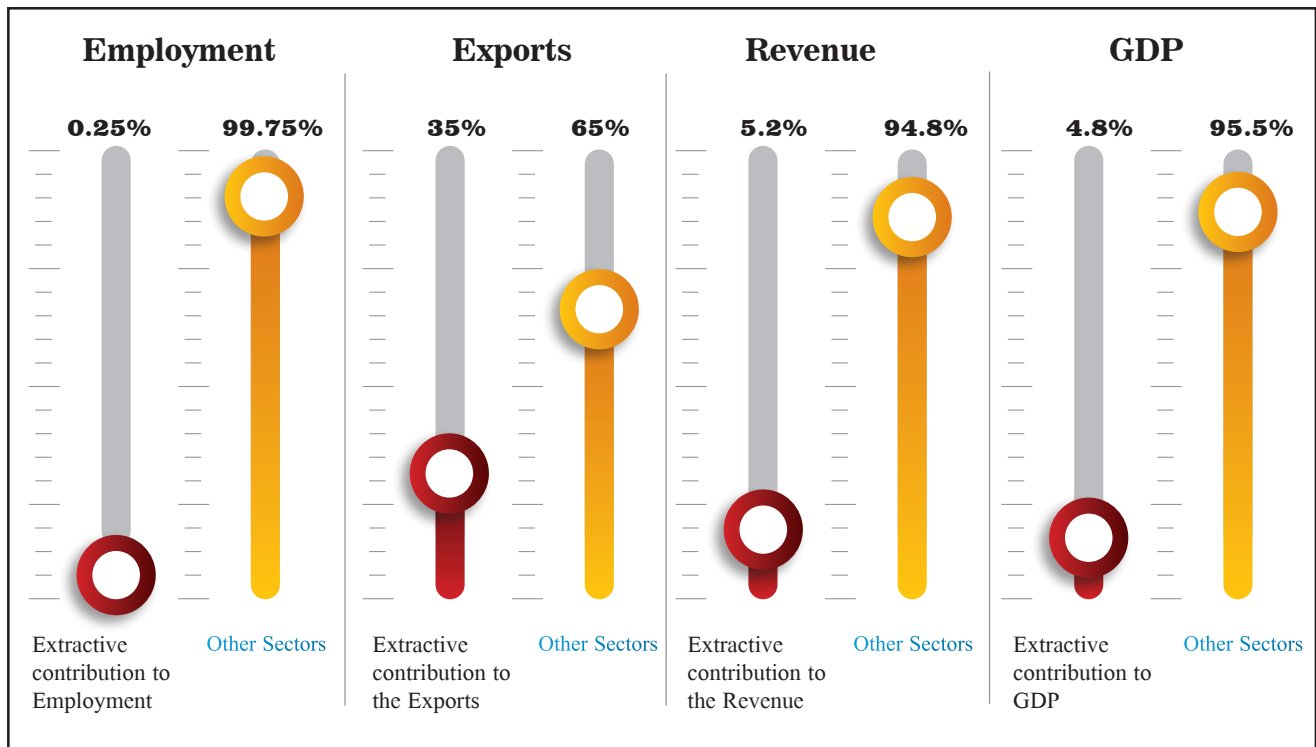
SOEs

- Myanmar Oil and Gas Enterprise (MOGE)
- NO.1 Mining Enterprise (ME1)
- NO.2 Mining Enterprise (ME2)
- Myanmar Gems Enterprise (MGE)
- Myanmar Pearl Enterprise (MPE)

For the comprehensiveness of the data collected, all government agencies and SOEs submitted their reporting templates. However, 20 companies out of 56 from oil and gas sector, 5 transportation companies, 205 companies out of 209 from gems and jade sector, 79 companies out of 94 from other minerals sector and 11 pearl companies have submitted their reporting templates and details of data submission are described in the table below:

Sector	Company selected in the scope	Company submitted their reporting template
Oil and Gas	56	20
Oil and Gas transportation	5	5
Gems and Jade	209	205
Other minerals	94	79
Pearl	11	11
Total	375	319

According to the Central Statistical Organization, the Gross Domestic Product (GDP) contribution from the extractive sector for FY 2017-2018 amounted to approximately MMK 4,324,810 million or 4.78% of the country's GDP.



The extractive sector's contribution to the state's revenue amounted to MMK 383,330 million (5.16%) in 2017-2018 (Total revenues of the Union amounting to MMK 7,423,520 million).

As per the Central Statistical Organization, the value of exports from the extractive sector amounted to US\$ 5,271.5 million and represented about 35.5% of the country's total export of US\$ 14,850.7 million.

From the data collected from companies, SOEs and government agencies, the extractive sector employment represented 0.25% of the country's 2017-2018 total labour force in Myanmar.

Regarding the production and export data for oil and gas sector, it was observed that 1,603,783 barrels of condensate and 649,704 Mscf of natural gas were produced in offshore blocks and 1,317,039 barrels of oil and 706.853 Mscf of natural gas were produced in onshore blocks during the year from April 2017 to March 2018. The value of oil and natural gas exported amounted to MMK 144,719 million and MMK 4,065,380 million respectively according to data made available by MOGE.

According to the data reported by MGE, 6,949,331 carats, 4.9 tons of gems were produced in FY 2017-2018 and additionally, 31,677.7 tons of jade were produced for a total value of MMK 118,090 million. From the emporium sales, 979,427.70 carats, 246.91 kg of gems were sold amounting EURO 3,982,593.00 and 756,932.90 carats, 5,437,231 kg of jade amounting EURO 821,184,613, 5.74 kg of gems were sold for a total value of MMK 5,974.90 million whereas 4,950.80 carats, 96.38 kg of gems were exported for a total value of EURO 933,091.00 and 3,738,294 kg of jade for a total value of EURO 734,316,575.

During the 2017-2018 financial year, exports from outside of the emporium were 23,485 pieces of gems valued USD 1,055,812 while 2,036,736 jade pieces and 5,094 jade packages were exported amounting MMK 280 million.

The production and exports value for other minerals as declared by SOEs (ME1 & ME2), amounted to MMK 490,781 million and MMK 25,098 million. Myanmar Pearl Enterprise (MPE) reported that the total pearl production was 443,136 momme valued to 26345 million and the volume and value of sales were 353815 momme and its value was 2,1070,660 USD. The local sales reported by the MPE amounted to 45,705 momme for a total value of 2,165,110 USD.

Nine recommendations were made for this report and the final assessment of the overall comprehensiveness and reliability of reconciled financial data from the companies, SOEs, and government entities was satisfactory in this report.

Forestry Report

The main objective of the reconciliation exercise for forestry sector was to assist the Government of the Union of Myanmar in identifying the positive contribution that the forestry sector makes to the economic and social development of the country and to realize its potential through improved resource governance that encompasses and fully implements the EITI principles and criteria.

The third and fourth MEITI Forestry Sector Reports covered for the FYs 2016-2017 and 2017-2018 and were prepared by BDO. These reports were published on 15 April 2020. Total revenues collected from the forestry sector amounted to MMK 480 billion (or US\$ 381 million) during the FY 2016-2017 whereas amounted to MMK 437 billion (or US\$ 322 million) during the FY 2017-2018. The revenue stream from the forestry sector comprised mainly timber. The contribution of non-timber forestry products (NTFP) was less than 1%.

Timber production were 1,247 hoppus tons of teak and 9,587 hoppus tons of hardwood during the FY 2016-2017 while 14,493 hoppus tons of teak and 324,610 hoppus tons of hardwood are produced during the FY 2017-2018. Timber sales amounted to US\$ 283 million during the FY 2016-2017 and US\$ 223 million during the FY 2017-2018.

It was found that forest sector contributed to GDP, state revenues and export at 0.1%, 5.7% and 1.0% for the FY 2016-2017 and at 0.1%, 5% and 0.6% for the FY 2017-2018 respectively.

The final assessment of the overall comprehensiveness and reliability of reconciled financial data from Myanmar Timber Enterprise and government agencies and companies was satisfactory in these MEITI Forestry Sector Reports.

Figure 5: Macro-economic indicators for the forestry sector (FY 2016/17)

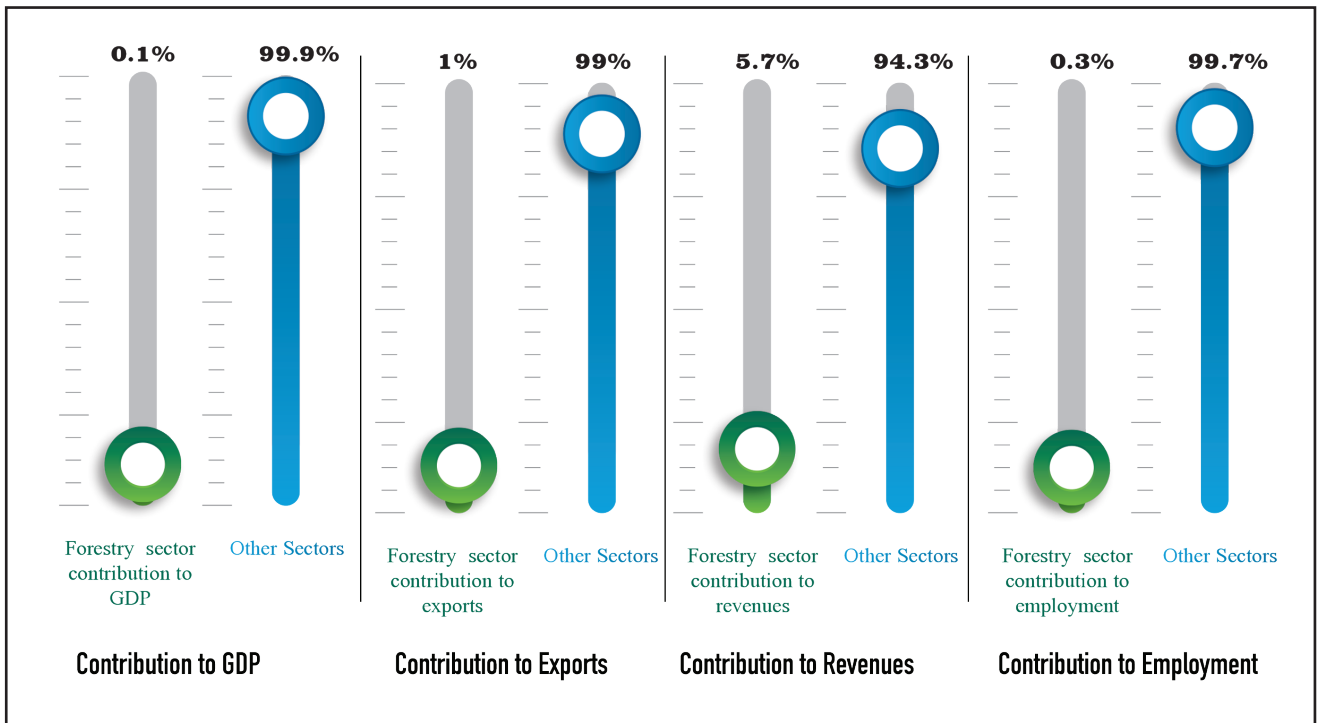
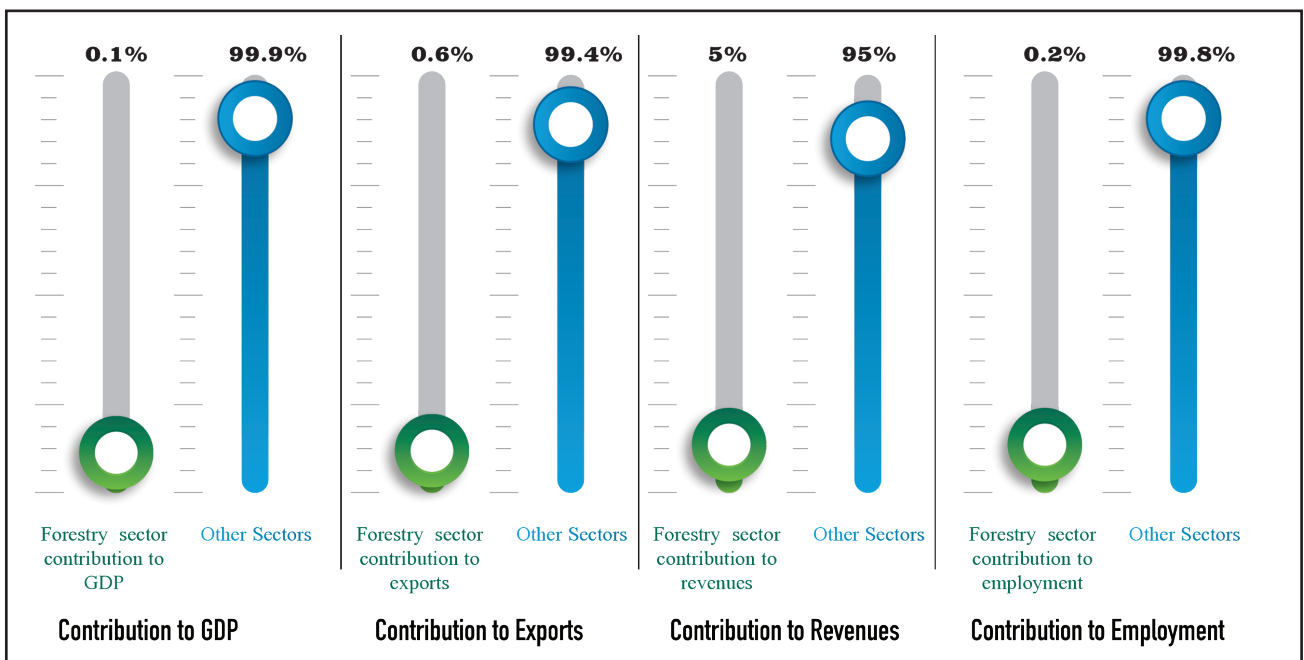


Figure 5: Macro-economic indicators for the forestry sector (FY2017/18)



The Responses and Progresses for the Recommendation of the MEITI reports

Currently, Myanmar being able to publish five reports for the fiscal years of 2013-2014, 2014-2015, 2015-2016, 2016-2017 and 2017-2018 while four reports for the forestry sector were produced covering 2014-2015, 2015-2016, 2016-17 and 2017-2018 respectively. After these main reports had been produced, 61 recommendations were obtained for MSG and relevant government agencies in which 14 recommendations, including from 1st report, 27 recommendations (including sub recommendations) from 2nd and 3rd reports, 16 recommendations from the 4th MEITI report and 9 recommendations from the recently produced 5th MEITI report that was published in March 2020.

Among the total 57 recommendations in the 1st, 2nd & 3rd and 4th MEITI reports, it was observed that three recommendations have been totally implemented, 40 recommendations are ongoing, 6 recommendations are being partially implemented and 8 remained no progress.

Summary table of status of 1st, 2nd & 3rd and 4th MEITI reports' recommendations are as follows;



Regarding three implemented recommendations, one recommendation was suggested in the 1st MEITI report for MOEE and two in 2nd & 3rd MEITI report for Internal Revenue Department (IRD) and all government agencies.

For the remained recommendations that has yet to be implemented, one recommendation was in 1st MEITI report concerned with MSG and seven recommendations in 2nd & 3rd MEITI reports all government agencies including SOEs and relevant ministries.

For the forestry sector, 17 recommendations have got for MSG and relevant government agencies where 11 recommendations from 1st & 2nd report, 6 recommendations for 3rd report and 4th report which was recently produced in April 2020.

It was found that one recommendation has been implemented, five recommendations are partially implemented, two remained unsolved and three recommendations are no longer applicable in accordance with the comments from Independent Administrator.

Summary table of status of 1st and 2nd MEITI forestry reports' recommendations are as follows;

Status of 1st and 2nd MEITI forestry Reports' Recommendations



The implemented recommendation is related with EITI requirement 4.7 which is reporting at project level to disclose revenue streams and this is responsible for Myanmar Timber Enterprise (MTE) where the remaining recommendations are lack of EITI report regulations and lack of resource revenue sharing system for Forestry revenues.

The detailed implementation status for the previous recommendations in the MEITI reports including the forestry sector were reviewed and the responses from respective government agencies were described in the 5th MEITI report and 3rd & 4th MEITI forestry reports respectively.

Preparation for the 6th and 7th Reports

On 31 October 2017, the Union Parliament endorsed a presidential decisions to change the fiscal year from the April 1 - March 31 cycle to the October 1 September 30 effective from 1 October 2018. Under the Union Taxation Law 2018, the ministries, departments and state-owned enterprises operated a six-month budget and tax fiscal period of 1 April 2018 to 30 September 2018 while the companies remained on the tax fiscal year from 1 April 2018 to 31 March 2019.

After that, the ministries, departments and state-owned enterprises operated tax fiscal period from 1 October 2018 to 30 September 2019 while the companies operated on a six-month tax fiscal year of 1 April 2019 to 30 September 2019. It can be seen that the financial reporting periods of the government and the private sector were only realigned in September 2019.

Due to the discrepancy between the budget and fiscal reporting period, it was decided at the 24th MSG meeting

to produce the 6th and 7th MEITI report together covering an 18 month period from April 2018 to September 2019 for the submission by a deadline of September 2021. As per the MSG decision, the MSG Chair submitted a report deadline extension request letter on 30 December 2019. On 14 April 2020, the EITI Board announced that Myanmar is eligible for the extension of the reporting deadline of the 6th and 7th reports as per submitted request.

Hence, MEITI is required to publish the 6th report summary data table unilaterally by December 2020 and is now on the progress of discussing the summary data template for the government agencies to fill in. MEITI MSG are facing the budget shortage to hire an IA to produce the 6th and 7th reconciled reports and hence looking for the financial assistance with the assistance of the Donor Consultation Group.





Myanmar is among the very few EITI countries which have region and state sub-national coordination units (SNUs). During this reporting period, Kachin state SNU was formed and therefore up to now, six SNUs including Sagaing, Mandalay, Magwe, Taninthary, Shan and Kachin states have been formed.

SNU Formation in Myanmar

The objectives of the formation are to support EITI awareness and capacity buildings in extractive sector at the regional level by the relevant regional governments, private associations and civil society organizations, to promote the coordination between National Multi-stakeholder group members and state and regional stakeholders, to increase collaboration in preventions and resolving the extractive sector conflicts and difficulties that will occur in regions and states, to follow the ethics and regulations of Union level Multi-stakeholder group and to enhance transparency for companies working extractives in regions and states.

The main functions of SNUs are coordination, task management, capacity building and networking and communication to implement MEITI activities at regional level together with MSG, to organize the regular SNU meetings and developing SNU work plan with budget, to regularly share EITI information and collect public opinions, and communicating in line with EITI standard requirements.

SNU Formation Process

SNU is usually formed by organizing an orientation workshop first followed by the formation workshop. And then, the regional governments issue a notification letter for forming SNU in their states or regions. Before those activities are implemented, MSG initially discusses to decide which SNU should be formed as the priority and delicates to the Communication and Outreach sub-committee to discuss the detailed plans on conducting orientation and formation workshops. Communication and Outreach subcommittee discusses and approves the agenda, trip plans and selection of representatives presenting MSG at the workshops.

After that, NCS communicates with regional government for the preparation. The regional governments are responsible to invite the relevant regional government agencies and private associations. The union-level private associations usually communicate with their regional team to represent as the private sector in the SNU formation. The civil society organisations are also invited by the MATA to participate in the SNU formation process.

Usually, NCS team holds the pre-meeting with the regional natural resource minister to introduce EITI, MEITI and SNU's TOR and to make sure that all relevant regional stakeholders are involved.

Kachin SNU Formation

This annual report period covers Kachin SNU formation on 7-8 February, 2020. In order to form Kachin SNU, the Communication and Outreach Sub-committee held on 23rd August 2019 decided to form SNU in Kachin with the funding supported by MATA. MSG also approved this decision at the 24th MSG meeting. After that, NCS coordinated necessarily, sent the invitations and the request letters to relevant stakeholders to hold workshops with all key players in Kachin State.

MEITI-NCS team held a pre-meeting with Kachin State Minister of Natural Resources and Environmental Conservation on 6 February, 2020 to share the EITI, MEITI information, objectives of forming SNU and the role of SNU in MEITI process. On 7 February, an orientation meeting was organized with relevant Kachin state high-level policy makers including Chief Minister, Regional Parliament Speaker, Vice Speaker, Parliament members, government officials, departmental officials, Kachin State private sector representatives such as Kachin State Mining Association, Kachin State Gems and Jade association, Phakant Region Gems Association, Kachin Timber Association, Kachin state CSO representatives. During this orientation meeting, MSG members, MOBD and MEITI-NCS team introduced EITI and MEITI process, its benefits, current and future MEITI implementations, objectives of SNU formation and the role of SNU. There were over 50 participants in the Kachin State SNU Orientation workshop.

At the SNU Formation Workshop at Cartel Hotel Myitkyina, Kachin State on 8 February 2020, Kachin State Minister of Natural Resources and Environmental Conservation, Kachin State departments officials, extractive companies and private associations in Kachin State, ems and jade association, Phakant Gems Association, Kachin CSOs joined MSG members, MOBD and MEITI-NCS team to form Kachin State SNU. There were a total of 95 participants. At the workshop, the proposed SNU was formed by the nominations from government, private and CSO sector and the observers from parliament. Kachin State Government issued a notification letter for SNU formation on 4 March, 2020.



Photo Caption

A Participant raising questions & Mandalay regional member of parliament addressing the questions at public debate in Thabeikyin Township.



Photo Caption
Kachin State Government Chief Minister and Government Officials, Speaker, Vice Speaker & Members of Parliament of Kachin State Parliament, MSG Members at Kachin State SNU Orientation Meeting



Photo Caption
Speaker of Kachin State parliament giving remark at Kachin State SNU orientation meeting



Photo Caption
Organizing SNU orientation meeting at Kachin State Government Office



Photo Caption
Organizing 1st Meeting of Sagaing SNU at Sagaing Region Government Office

Photo Album



Photo Caption
Minister of Natural Resources and Environmental Conservation of Kachin State Government giving speech at SNU Formation workshop



Photo Caption
Government sector MSG member sharing government's role and responsibilities for EITI at SNU formation workshop



Photo Caption
MEITI-NCS Office presenting about MEITI & SNU's ToR at Kachin SNU formation workshop



Photo Caption
MEITI-NCS Office sharing BO Process at Kachin SNU formation workshop



Photo Caption
MEITI-NCS Office explaining 2019 EITI Standard and its benefit



Photo Caption
Group photo of Kachin SNU member and MSG member at Kachin State SNU formation workshop

Activities of the Formed SNUs

During this reporting period, the SNU representatives regularly joined not only in the MSG meetings as per the decision of the 17th MSG meeting but also participated in MEITI activities such as MEITI Forestry Report Launch, Mining Decentralization Workshop and other activities so far. Moreover, SNU members of Sagaing, Mandalay and Shan have joined “the Exposure Trip on Mining Sector Decentralization in Indonesia” together with MSG members and a regional parliament member from Magwe Region.

SNUs held their regular SNU meetings in the respective regions and states after formation. So far, there were three regular meetings by Tanintharyi SNU and Sagaing SNU, five regular meetings by Mandalay SNU, one regular meeting by Kachin SNU, one regular meeting by Shan SNU. However, Magwe SNU had not held the meeting yet due to the coordination challenge. Tanintharyi and Mandalay SNUs facilitated the public debates in their regions.

In Sagaing SNU, they focused on discussing about small scale mining applications and zoning areas, developing SNU work plan for field monitoring, termination plan of official mine fields, raising monitoring questions on copper project in Monywa, charcoal project in Kalaewa Township, Nickel mining in Htee Chai Township, gems fields in Khamti Township, forest plantation in Homelin and Phaung Pyin townships. In third regular meeting, SNU invited national coordination secretariat team to share MEITI progress and the updated EITI standard.

In Mandalay SNU, SNU members emphasized on Mining and Gems revenue, small scale zoning process, monitoring illegal gold mining around Thabeikyin Township, environmental monitoring on cement factory of Patheingyi Township, scrutinizing mining fields in application process within zone and other land used areas, monitoring gems license applications and awarding, consideration on local work opportunities from extractive projects, raising questions on revenue sharing system from Union to region and monitoring health issues caused by charcoal industry in Madayar Township in Mandalay during their regular meetings.

In Shan SNU, one regular meeting was held on **29 March 2019** in regional government office. In the meeting, one MEITI-MSG CSO member was invited and findings and recommendations of first, second and third MEITI reports, knowledge sharing about EITI standard requirements like beneficial ownership, and EITI reporting process were shared and monitoring plans for illegal mining and present mining permit issues were discussed.

In Tanintharyi SNU, SNU members discussed in their regular meetings about identifying more detail objectives, mining exploration application and permitting process,



negotiations between local communities and departments for forest and environmental issues, identifications on legal companies for mining, forest products, oil and gas and pearl productions, monitoring plans, organizing workshops and training for awareness for the subjects on EITI reports, Environmental Impact Assessment (EIA) knowledge, mining law, rules and regulations, and other internal management issues such as SNU member changes and progress reporting.

In Kachin SNU, two regular meetings were organized and emphasized on monitoring reports on mining, awareness raising training plans, independent monitoring mechanism, Free, Prior, Inform, Consent (FPIC), yearly SNU report, negotiation with parliament for implementation, monitoring and evaluation on Corporate Social Responsibilities (CSR) fund collection, reports related with Initial Environmental Examinations (IEE), EIA, Social Impact Assessment (SIA) and Environmental Management Plan (EMP) and one-year work plan for SNU.

During this annual reporting period, one regular meeting from each Sagaing SNU and Kachin SNU, two regular meetings and one public debate from Mandalay SNU were accomplished. Tanintharyi, Mandalay and Sagaing SNUs had developed their draft work plan and budget to implement regional MEITI activities.

Other Activities

Oxfam Myanmar offered to support for the assessment of the five SNUs, Mandalay, Sagaing, Tanintharyi, Magwe and Shan to find out what their understanding of the SNU role in EITI, their EITI awareness, their activities, communication and coordination issues, funding issue and so on. The assessment will also explore the relationship among SNUs and their capacity. The SNU assessment consultant developed the work plan to conduct interview and worked with NCS for coordination. He conducted the SNU assessment in Mandalay on **10-13 March 2020**. As the COVID-19 pandemic alert grew, the assessment plan was put on hold. It was presented at the Communication and Outreach sub-committee meeting held on **23 June 2020** that the SNU assessment consultant will resume the interview at early July 2020.

Additionally, it was decided by the Communication and Outreach Sub-committee to form SNUs in Kayah State, Mon State and Kayin State with the funding support of Forest Trends and USAID TIGA with the approval of MSG.

According to TOR, SNU are required to develop their own work plan and budget. MSG decided at the **24th** MSG meeting to assist SNUs by deciding to include the discussion for SNU development in the



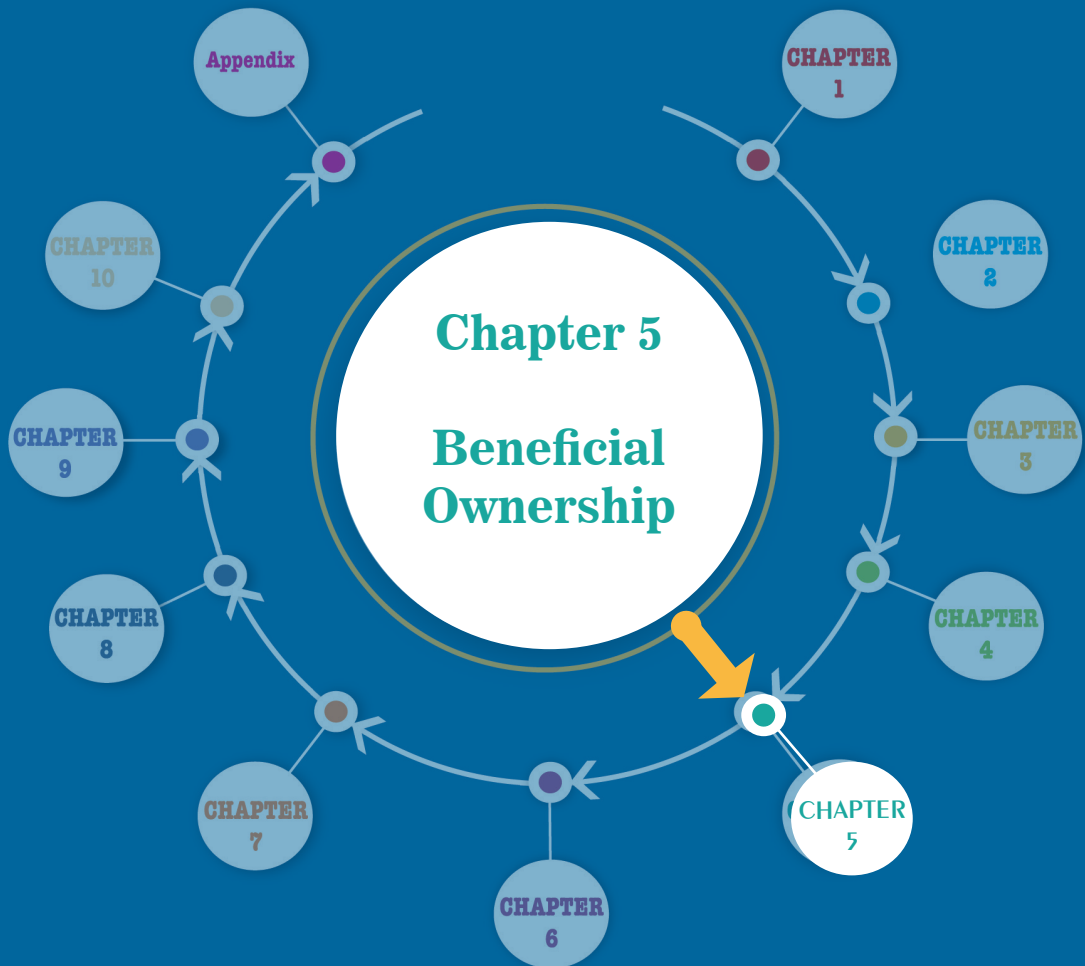
donor consultation meetings. At the 26th MSG meeting, CSO representative discussed the SNU decisions which required MSG attention. Mandalay SNU Patron, Shan SNU Patron and secretaries, Tanintharyi SNU secretaries, Kachin SNU secretaries, the members from each SNU joined the 28th MSG meeting and presented the updates on their activities.

Achievements

The regular discussion over the natural resource management in most SNUs indicates that EITI has created a platform where government, extractive companies and civil society organizations could openly discuss the extractive issues and took required actions as the result. Moreover, having SNUs can support to implement EITI requirements like project level reporting and environmental reporting and also can improve transparency for extractive companies in compliance with EITI standards. SNU member participating in “the Exposure Trip on Mining Sector Decentralization in Indonesia” brought positive impact in Myanmar’s mining decentralization discussion where they could share their knowledge on decentralization and open dialogue with local authorities for better decentralization in Myanmar in near future.

Challenges

Although most SNUs held regular meetings, the coordination and cooperation between three constituencies remains a challenge. For instance in Magwe region, there was no regular meeting after formation which can be seen that there is no good coordination between its SNU members. This challenge resulted in poor follow up on decisions and implementation of field monitoring. The lack of funding is a major challenge for all SNUs. While Tanintharyi, Sagaing and Mandalay SNUs had developed the draft work plan, there remained uncertainty for the implementation. Another challenge faced by SNUs are the weak cooperation of government departments due to the government officials’ primarily occupied tasks and insufficient EITI awareness. Last but not least, the lifespan of SNU will be expired with the transition of government in Myanmar, and so the sustainability will be a challenge to the formed SNUs and the future SNUs.





Myanmar began the implementation of Extractive Industries Transparency Initiative (EITI) since December 2012 and became an EITI candidate country in July 2014. Myanmar had submitted Beneficial Ownership (BO) Roadmap to International EITI Secretariat on 31 December 2016 for the implementation of disclosure on beneficial ownership information in accordance with 2016 EITI standards in order to become an EITI compliant country. A task force to implement the beneficial ownership process in Myanmar was formed by the government of Myanmar with Ministry of Planning and Finance’s Notification 60/2018 and chaired by U Soe Win, MEITI National Coordinator on 30 June 2018. It comprises of nine from government, two from private sector and two from civil society as representatives.

Myanmar’s Beneficial Ownership disclosure journey has started with the presidential notification 104/2019, dated 2 October 2019 which stipulates that companies and state-owned enterprises (SOEs) in Myanmar’s extractive sectors disclose information related to their beneficial owners in line with the Requirement 2.5 of 2019 EITI Standard. The Beneficial Ownership Taskforce is implementing beneficial ownership disclosures in Myanmar, with the Directorate of Investment and Company Administration (DICA) as the focal agency in close collaboration with the MEITI - NCS.

As an intermediary step, Myanmar collected data on beneficial owners, their links to politically exposed persons (PEPs) and other related information of 158 companies and 5 state-owned enterprises (SOEs) operating in Myanmar’s oil and gas production and transportation, mineral, pearl, jade and gems industries in November and December 2019 using an online platform which interlinks with DICA website. These companies are included in the 4th MEITI report covering FY 2016-17. On 27 December 2019, as decided by the Beneficial Ownership Taskforce and the MEITI Multi-Stakeholder Group, all collected information was disclosed publicly for free of charge at this address (<https://bo.dica.gov.mm>) on DICA website. Trainings, walk-in sessions and awareness raising activities were conducted prior to and during the data collection process in Yangon, Mandalay and Naypyidaw.

Once published, law enforcers, civil society and others have a responsibility to scrutinize the information, and take action to hold to account those who misuse anonymous companies. This kind of disclosures could ensure the future investments more trustworthy and that there is a level playing field for all companies and allow them to know whom they are doing business with. The Beneficial Ownership Taskforce and DICA

jointly held a press conference in February, 2020 and presented the findings, data collection process and next steps. In terms of implementing the Beneficial Ownership disclosure process, Myanmar was recognized as one of the front runner countries among EITI member countries. The following table is the breakdown of the participation of the companies and SOEs in the MEITI 4th Report (2019).

Companies and SOEs	Non-submitted	Submitted	Total	
Mining	10	20	30	68%
Oil and Gas	12	19	31	61%
Oil and Gas (Transportation)	3	1	4	25%
Pearl	1	9	10	90%
SOEs	1	4	5	80%
Total	42	121	163	74%

A thorough review was conducted to analyse the collected data to identify areas of improvement to inform the second phase of data collection. This process will be executed throughout 2020 with improved procedures from Phase I. An individual consultant was hired to produce an in-depth analytical report which reflects on the Beneficial Ownership related information completed by the companies and SOEs. The Beneficial Ownership Taskforce and DICA decided to continue the second phase of data collection process with a range of extractive companies from 5th MEITI report.

Enabling companies to update their beneficial ownership information in a form of registry is a crucial purpose of the whole process.

The Beneficial Ownership Taskforce, DICA and MEITI-NCS did not cease the attempt to introduce Phase II of the data collection during the pandemic of COVID-19. Each party worked remotely to enhance the current scheme of DICA's disclosure page with suggested recommendations from the analytical report which reflected upon the first stage.

The USAID Transparency and Inclusive Growth Activity (USAID TIGA) offered to provide sponsorship for the BO web development process in a way of supporting the MEITI progress. As of June 2020, the new website is underway to keep in a form of registry under DICA's domain.

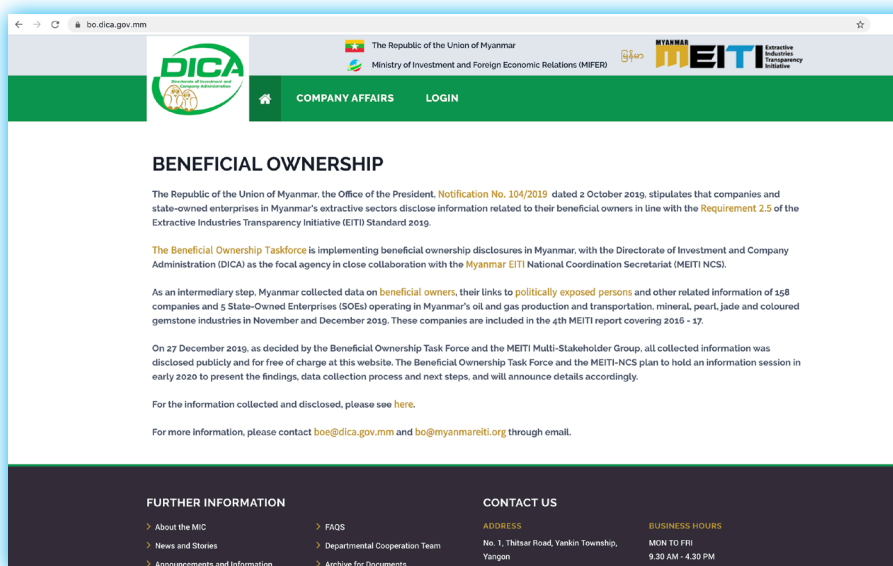




Photo Caption
Director General U Thant Zin Lwin from DICA, MIFER giving opening speech at BO disclosure press conference



Photo Caption
Greeting video message of Executive Director Mark Robinson from International EITI Secretariat at BO disclosure press conference



Photo Caption
Panel Discussion at BO disclosure press conference



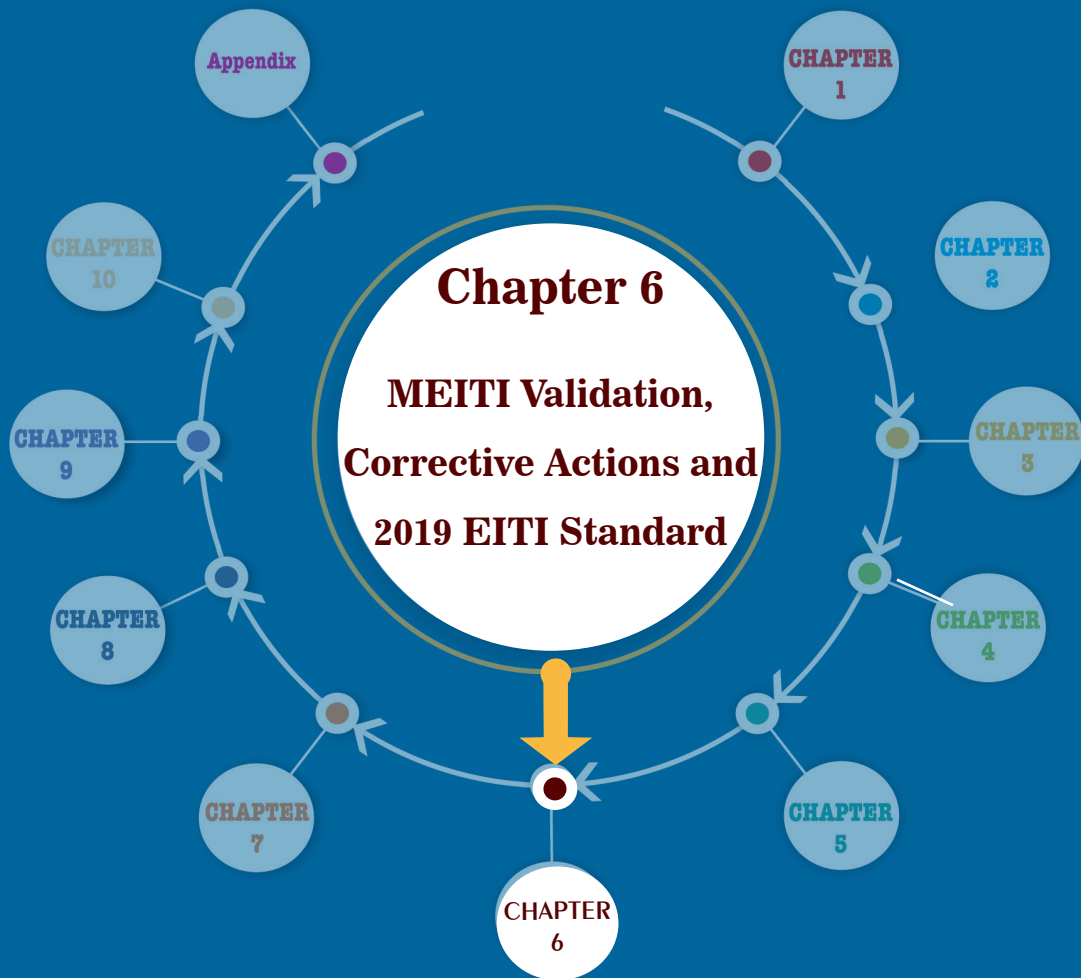
Photo Caption
BO Task member discussing at 7th BO Task force meeting



Photo Caption
Organizing awareness raising and template training on BO

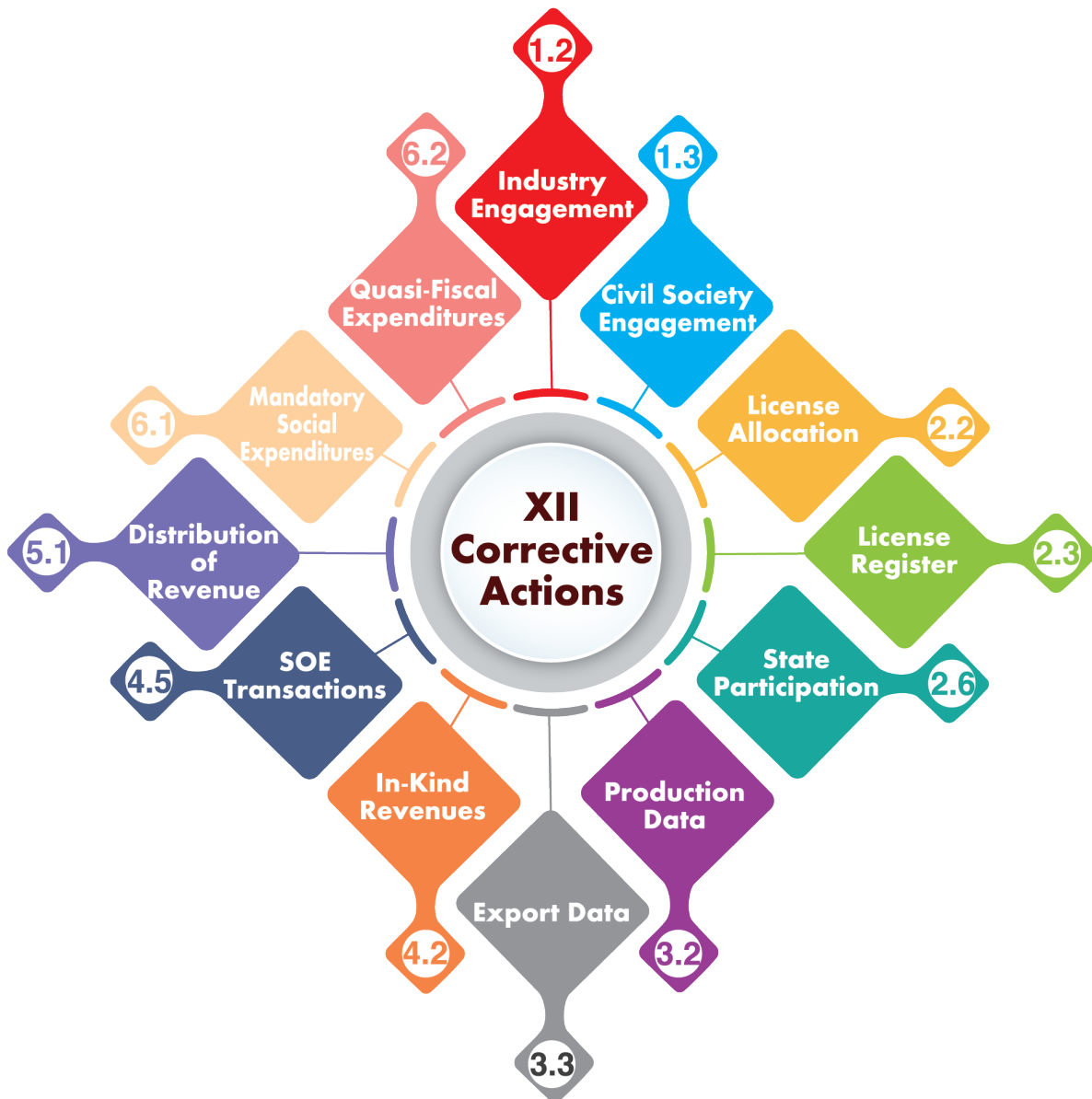


Photo Caption
Audiences participating at BO disclosure press conference



MEITI Validation and Corrective Actions

MEITI underwent its 1st validation on 1 July 2018. The lack of the validation result by July 2019 raised serious concerns for different stakeholders. In August 2019, a team from International Secretariat led by the Executive Director Mr. Mark Robinson visited to Myanmar and held bilateral meetings with MEITI Champion (MOPFI minister), Deputy Ministers from MONREC and MOEE to discuss about MEITI validation issue. The International Secretariat Team also joined the 11th MEITI Working Committee meeting and explained about the MEITI validation and the changes in 2019 EITI standards. They also participated in the 23rd MSG meeting and clarified about the MEITI validation process.



On 16 October 2019, the EITI Board came to a conclusion that Myanmar has made meaningful progress overall in implementing the EITI standard. The EITI Board acknowledged MEITI efforts on introducing policy reforms particularly, improving transparency in extractive data, creating robust public debates and open dialogue and discussion platform, beneficial ownership and extractive SOEs transparency.

The Board also decided for Myanmar to carry out corrective actions regarding the following twelve EITI requirements: **1.2** industry engagement, **1.3** civil society engagement, **2.2** license allocations, **2.3** license register, **2.6** state participation, **3.2** production data, **3.3** export data, **4.2** in-kind revenues, **4.5** SOE transactions, **5.1** distribution of revenues, **6.1** mandatory social expenditures, and **6.2** quasi-fiscal expenditures within **18** months until **16 April 2021**, before a second Validation.

On **18 November 2019**, the CSO representatives from MATA held a meeting with General Administration Department regarding the corrective action **1.3**. Afterwards, the follow up on the corrective action **1.3** was discussed in the MSG meetings as well.

On **24th** MSG meeting, MSG discussed the implementation status on the validation corrective actions. They also decided to form a Validation Group consisting of MSG representatives and other relevant government agencies. Due to the **COVID-19** pandemic and the ban of gathering, the Validation Group held its very first meeting virtually in April **2020**. In its second meeting, the representatives from the International Secretariat joined the meeting and shared the corrective actions and the consideration requiring facts. At the same meeting, the Validation Group agreed to the support of Nathan Associates for the capacity building and technical assistance for implementing the corrective actions.

The following activities are to be covered **(12)** Corrective Actions

Corrective action (1.2)	Industry Engagement
Remedy of corrective action	<ul style="list-style-type: none"> ◆ In beneficial ownership, MEHPCL showed their coordination to fill up beneficial ownership information on DICA website. ◆ Presidential decree for beneficial ownership disclosure was released supporting EITI standard and appointing focal agency – DICA in order to proceed the disclosing beneficial ownership information and urging companies to participate in EITI process. ◆ Oil Wells Law (2017), Gemstone Law (2019), Forest Law (2018) and Mining Rules (2018) were promulgated in which there are specific articles relating to implementation of EITI.
Proposed plan for corrective action	<ul style="list-style-type: none"> ◆ EITI implementation was mentioned in strategy (5.5.4) of MSDP (Myanmar Sustainable Development Plan) to accelerate all necessary measures to meet requirements for EITI implementation. Therefore, the result of measurement will be disclosed in NIF (National Indicator Framework) in March, 2020 tentatively. ◆ Upstream Petroleum Bill (2019) is still being reviewed in Parliament and it will be followed by NCS aiming to include in 6th EITI report

Corrective action (1.2)		Industry Engagement
		which will be published in September, 2020.
Update		-
Related stakeholders		LC, MSG, MEHPCL, MEC
Relevant Development partner		DFID, WB, DFAT
Corrective action (1.3)		Civil Society Engagement
Remedy of corrective action		<ul style="list-style-type: none"> ◆ Meeting of Senior Official from General Administration Department (GAD) and Civil Society Organizations (CSO) form MEITI –Multi-stakeholders’ group (MSG) was happening in late 2019 discussing on restriction of GAD for CSO in state and regional especially for holding events. In addition, there was another discussion point about EITI awareness in GAD for their staff which should be issued officially. ◆ As a follow up to the meeting with CSO and GAD, MATA sent the official letter to GAD describing existing orders and notifications issued by GAD which limit or exclude the participation of civil societies from the activities exercising freedom of speech and accessembly. Nevertheless, there was no response from GAD regarding that official letter.
Proposed plan for corrective action		<ul style="list-style-type: none"> ◆ MATA will be the focal agency to contact and discuss on participation of CSO and NCS will be in coordination position accordingly.
Update		<ul style="list-style-type: none"> ◆ During the second validation meeting, it was decided to send the request letter to the union minister of office of the Union of the government or Union Minister of the president office for the directives announced by the General Administration Department for civil society organization participation in states and regions. In addition, a call with Minister of office of the Union of the government will be arranged
Related stakeholders		MATA, GAD, NCS
Relevant Development partner		

Corrective action (2.2)	License Allocation
Remedy of corrective action	<ul style="list-style-type: none"> ◆ Myanmar Gems enterprise have already revealed in its website and national newspaper. ◆ Department of Mines have clarified that permit transferring process was stated in Section 155 (Myanmar Mining Rules -2018)
Proposed plan for corrective action	<ul style="list-style-type: none"> ◆ Current action plan in progress of Myanmar Gems enterprise has been revealed in the 5th EITI report. (e.g. – list of necessary documents to apply permit to meet financial and technical criteria) ◆ Permit transferring process for Myanmar Gems enterprise need to be developed since there is no prescription relating with transferring process in Myanmar Gem law -2019 . ◆ Licensing process for mineral sector still need to be disclosed publicly in Department of Mines website though there is description in Myanmar Mining Rules – 2018.
Updates	<p>MGE</p> <ol style="list-style-type: none"> 1. State Counsellor discussed with President of the United State of America to provide the necessary support for the Gems & Jade Sector of Myanmar. 2. According to this discussion, US Ambassador to Myanmar met with the Union Minister of MONREC and suggested to establish Supporting Committee for the Gems & Jade Sector as well as to develop the jade and Gemstone Policy. 3. With the comments of the Union Attorney General’s Office, the Supporting Committee for the Gems &Jade sector was formed with the 22 members comprising the representatives from Government Ministries, Myanmar Gems& Jewellery Entrepreneurs Association and Civil Society Organizations with notification No. 106/2017 dated 9/11/2017 by the Ministry of Natural Resources and Environmental Conservation. <p>was formed with the 22 members comprising the representatives from Government Ministries, Myanmar Gems& Jewellery Entrepreneurs Association and Civil Society Organizations with notification No. 106/2017 dated 9/11/2017 by the Ministry of Natural Resources and Environmental Conservation</p> <ol style="list-style-type: none"> 4. The Supporting Committee for Gems & Jade Sector hired two foreign consultants to develop the jade and Gemstone policy. 5. Supporting Committee conducted the Monthly Meetings and workshops

Corrective action (2.2)

License Allocation

- in Myitkyina, Mogoke, Monywa and Mandalay to include the comments from all stakeholders in the jade and gemstone Policy.
6. Being able to discuss the jade and Gemstone policy (first draft) which has been drafted based on the compiled comments obtained from the four workshops at the meeting happened on **23rd March 2018**
 7. Similarly, the second draft was reviewed on **20th April & 25th April 2018** and the third was happened on **12th July, 10th August & 6th September 2018** while the final draft (Myanmar Version) which was developed with the **34** policy statements was discussed on **13th November 2018** respectively.
 8. The Working Group with the representatives from each group was formed in order to use the concise words in the Policy Statement of jade and Gemstone Policy (Final Draft) as well as to make more meaningful. Then, the Working Group reviewed the policy statements on **26th November 2018** and had revised it.
 9. The committee adopted the Policy Statement and Explanation from the Draft jade and Gemstone Policy (Final Draft) on the **13rd December 2018** and obtained **36** Policy statements for the Gemstone policy. After that decided to submit these statements to Ministry for the approval.
 10. Furthermore, Public Consultations for the **36** Policy Statements of the jade and Gemstone policy has been carried out and the feedbacks from the relevant departments, associations and groups has also been requested.
 11. The committee discussed the feedbacks from related departments, association, groups and the explanation of each Policy Statement from Draft Gemstone Policy subsequently. In accordance with the discussions, **37** Policy Statements for Draft jade and Gemstone Policy has been confirmed in the Committee Meeting which was conducted on **12nd March 2019**.
 12. The **37** policy statements have been discussed subsequently and the committee asked the feedbacks from the concerned State & Regional governments and received the responses as well.
 13. The feedback on the final draft jade and gemstone policy with the combined comments from Union Attorney General office has been requested and the responses has been got. Then, it was finalized and sent to the Ministry office and the Ministry office was proceeding to get the approval from the Union Government accordingly.
 14. Once the finalized jade and gemstone policy has been approved, the

Corrective action (2.2)	License Allocation
<p>Related stakeholders</p> <p>Relevant Development partner</p>	<p>committee will be able to publish the First National jade and Gemstone Policy.</p> <p>There are no more new permits since 2016-2017. According to the Myanmar Gems Law (2019), the department will disclose this information on our website if we announce to apply the new permits.</p> <p>DOM</p> <p>According to the Corrective Action 2.2, regarding disclosing the Technical & Financial Criteria in license awarding on website, DOM has already described it in the application form included in Myanmar Mining Law (2018) on Website and this Mining Rules has also been disclosed on the Ministry’s Website. In addition, the minimum investment amount for each type of activity has been issued by the Ministry’s directive dated 22-4-2019 as a financial criterion. Regarding the transfer of the licenses, it has already been enacted in section 155 of 2018 Myanmar Mining Rules and the transfer licenses fees has been announced. The detailed about the announcement of the transfer of license which is happened on 24th April 2020 was received then.</p> <p>According to the 2nd Validation Meeting decisions, the request letter to Minister of MONREC was sent in order to undertake the relevant corrective actions by the respective government departments on 15th June 2020 before 2nd Validation Assessment and as the follow up information, the minister instructed the government departments to present the progress on the implementation of the corrective actions.</p> <p>Moreover, the request letter to the Minister of MONREC for the timeline and constraints to adopt the gems policy related to the license allocation of the gems & jade sector was sent on 23rd June 2020.</p> <p>DOM, ME1, ME2, MPE, MGE, DGSE</p> <p>DFID, WB, DFAT</p>
Corrective action (2.3)	License Register
<p>Remedy of corrective action</p>	<p>◆ Two important milestones, formation of a pre-cadastre working group and formation of the mining cadastre working group within MONREC, have been achieved. With the support of a pre-cadastre consultant, cleaning and validation and verification of all mapping coordinates for</p>

Corrective action (2.3)	License Register
Proposed plan for corrective action	<p>mineral license data is almost complete</p> <ul style="list-style-type: none"> ◆ Mining cadaster Phase I was accomplished in July, 2018. As a result, the Mineral Permit Database has been designed on MS Access platform since November 2018 in order to consolidate and migrate all permit data from concerned departments/ enterprises including DOM, DGSE, ME-1, ME-2 and MPE except MGE’s Gemstones permit. ◆ All active license permits as of 1st April, 2016 was published in Ministry website. ◆ The MOGE maintains a list of contracts that contains the following information: Block number, Operator Name, Country of Origin, Activity (Study Period, Exploration, Production), MIC permit number, Commencement date, Expiry date, Company Status (Active/ Pending), Location, Share interest % which are is not made publicly available on the MOGE website at the time of reporting period until March, 2019. Therefore, it would be suggested to make publicly by disclosing on its website. ◆ Mining Cadastre Phase II contract was entered in early 2020 in order to continue implementation of cadastre process coordinating and working close with department of mines and Gems and Jade sector. ◆ Myanmar Gem Enterprise haven uploaded their license information on its website.
Update	<p>OGPD</p> <p>Regarding the Corrective Action 2.3 License Register, the Blocks Map, the coordinates and the progress of the activities in these blocks has been disclosed on the Ministry of Electricity and Energy’s website. The necessary information will be updated accordingly and will perform to publish it on the relevant website.</p> <p>MGE</p> <p>According to the Myanmar Gems Law (1995) , MGE is publishing the list of expired Gems and Jade blocks permitted as per the gems& jade estate on the department’s website www.mge.gov.mm.</p> <p>DOM</p> <p>Regarding the Corrective Action 2.3 License Register, DOM has been disclosing the status of the accepted applications since from 28th July 2018 on the website. On the other hand, DOM hired Spatial Dimension Company to develop the Mining Cadastre which can register the permission</p>

	information. According to the 2 nd Validation Meeting decisions, the request letter to Minister of MOEE was sent in order to undertake the relevant corrective actions by the respective government departments on 15 th June 2020 before 2 nd Validation Assessment and as the follow up information, the minister announced the directives for the relevant departments to coordinate in implementation of the validation activities.
Related stakeholders	DOM, ME1, ME2, MPE, MGE, DGSE, MOGE, OGPD
Relevant Development partner	DFID, WB, DFAT

Corrective action (2.6)

State Participation

Remedy of corrective action	<ul style="list-style-type: none"> ◆ 1st SOE reform workshop was held in Feb, 2019 in Naypyitaw inviting state-owned enterprises in order to discuss: <ul style="list-style-type: none"> (i) the current status of SOEs; to interactively share, exchange and learn the perspectives and preparations from the SOEs reforms undertaken internationally and nationally. (ii) the plans for SOEs reforms; with activities and timelines. ◆ SOE reform matrix template was developed in order to have 2nd SOE reform workshop by meeting with relevant government agencies to discuss on the matrix especially for the terminology. ◆ Regarding the detail of loan grantee information, it was provided by Treasury Department and relevant SOEs (MOGE and ME1) ◆ In the 5th EITI main reporting process, it is obvious to see the participation of MEC, MEHPCL and financial statement and information related loans can prove their fully participation in the reporting process.
Proposed plan for corrective action	<ul style="list-style-type: none"> ◆ NGRI and NCS are planning to make the presentation for leading committee since 2nd SOE workshop need to be conducted before deadline and it also should be requested the decision of leading committee. ◆ Detail information about loan grantee has been provided in the 5th EITI main report. ◆ To strengthen clarification the stand of MEC and MEHPCL, it needs to consider whether they are government-owned cooperation as they have registered as private and public company at DICA. Whereas, MSG meeting decision was occurred in late 2019 in order to inquire about it to Parliament from NCS.
Update	The request letter to enquire the stand of MEC and MEHPCL to the Minister of has been prepared on June 2020.
Related stakeholders	MEC, MEHPCL, MOPFI
Relevant Development partner	DFID, WB, FT, DFAT

Corrective action (3.2)	Production Data
<p>Remedy of corrective action</p> <p>Proposed plan for corrective action</p> <p>Update</p>	<ul style="list-style-type: none"> ◆ MGE have provided production volume and value by commodity for gems and jade in order to make visible in the 5th EITI main report. ◆ Though production volume and value information from MGE was given for reporting process, it is not disclosed in its website yet. <p>MGE</p> <ol style="list-style-type: none"> 1. MGE has coordinated since the first MEITI Report in 2013-2014 and also being able to participate in the 5th MEITI report(2017-2018FY) through providing the list of active blocks& permits , Rough Jade and Gems production and collected royalties, Sales in Emporium(Euro& Myanmar Kyats), In kind sharing, Tax payments and financial statements on the sale of the Emporium, List of activities and documents verified by Office of The Auditor General of the Union and findings , Sales for export by One Stop Service(OSS) , Procedures ,orders and directives announced during 2017-2018 FY, MGE’s duties and responsibilities transparently. 2. The blocks from Gems & Jade Sector are mostly located in the ethnic areas where there is weak in law enforcement and are also unpeaceful regions. If MGE publishes these production Data on Website, the gems jade companies and their stakeholders may encounter risks and the conflicts& unexpected cases will take place. Therefore, there will be difficulties to disclose this information. 3. Currently, MGE is organizing two emporiums namely Euro and Myanmar Kyats annually and MGE will not publish this information on Website because Foreigners’ name and companies’ names are included in the Statistical data sold from Euro Emporium to Foreign Country and MGE does not want to occur unexpected risks and conflicts for companies employing in these regions 4. MGE will be able to publish the aforementioned information from the Extraction Area of Gems and Jade Sector on Website after the law enforcement is strong and has stability in these areas and will report to the relevant ministry. 5. Besides, MGE can insert the Database in the Excel Format, Asses Format in the Mining Cadastre System and will keep on coordinating with this system. 6. The software systems for the Statistical information of the blocks permitted according to the Myanmar Gems Enterprise Law (1995) has been developed with the technical support from NRG1.

Corrective action (3.2)	Production Data
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	According to the 2 nd Validation Meeting decisions, the request letter to Minister of MONREC was sent in order to undertake the relevant corrective actions by the respective government departments on 15 th June 2020 before 2 nd Validation Assessment and as the follow up information, the minister instructed the government departments to present the progress on the implementation of the corrective actions.
Related stakeholders	DOM, MGE,
Relevant Development partner	DFID, WB,DFAT

Corrective action (3.3)	Export Data
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Remedy of corrective action	◆ MGE have provided export volume and value by commodity for gems and jade in order to make visible in the 5 th EITI main report.
Proposed plan for corrective action	◆ Though export volume and value information from MGE especially for transaction outside of gems emporium was given for reporting process, it is not disclosed in its website yet.
Update	<p>DOM</p> <p>Regarding the Corrective Action 3.3, Export Data for 2017-2018 FY has already described in the 5th MEITI Report and this report has also been uploaded on DOM’s Website. DOM will conduct to publish the Export Data for 2018-2019 FYS on the website.</p> <p>MGE</p> <ol style="list-style-type: none"> 1. MGE has coordinated since the first MEITI Report in 2013-2014 and also being able to participate in the 5th MEITI report(2017-2018FY) through providing the list of active blocks and permits, Rough Jade and Gems production and collected royalties, Sales in Emporium(Euro& Myanmar Kyats), In kind sharing, Tax payments and financial statements on the sale of the Emporium, List of activities and documents verified by Office of The Auditor General of the Union and findings , Sales for export by One Stop Service(OSS) , Procedures ,orders and directives announced during 2017-2018 FY,, MGE’s duties and responsibilities transparently. 2. The blocks from Gems & Jade Sector are mostly located in the ethnic areas where there is weak in law enforcement and are also unpeaceful regions. If MGE publish these production Data on Website, the gems jade companies and their stakeholders may encounter risks and the conflicts and unexpected cases will take place. Therefore, there will be

Corrective action (3.3)	Export Data
<p>Related stakeholders</p> <p>Relevant Development partner</p>	<p>difficulties to disclose this information.</p> <ol style="list-style-type: none"> 3. Currently, MGE is organizing two emporiums namely Euro and Myanmar Kyats annually and MGE will not publish this information on Website because Foreigners' name and companies' names are included in the Statistical data sold from Euro Emporium to Foreign Country and MGE does not want to occur unexpected risks and conflicts for companies employing in these regions. 4. MGE will be able to publish the aforementioned information from the Extraction Area of Gems and Jade Sector on Website after the law enforcement is strong and has stability in these areas and will report to the relevant ministry. 5. Besides, MGE can insert the Database in the Excel Format, Asses Format in the Mining Cadastre System and will keep on coordinating with this system. 6. The software systems for the Statistical information of the blocks permitted according to the Myanmar Gems Enterprise Law (1995) has been developed with the technical support from NRGI. <p>According to the 2nd Validation Meeting decisions, the request letter to Minister of MONREC was sent in order to undertake the relevant corrective actions by the respective government departments on 15th June 2020 before 2nd Validation Assessment and as the follow up information, the minister instructed the government departments to present the progress on the implementation of the corrective actions.</p> <p>DOM, MGE</p> <p>DFID, WB,DFAT</p>
Corrective action (4.2)	In-kind revenues
<p>Remedy of corrective action</p> <p>Proposed plan for corrective action</p> <p>Updates</p>	<ul style="list-style-type: none"> ◆ In-kind revenues data was provided from three sectors for the 5th EITI main report. ◆ It would be good to see in-kind revenues data on their relevant websites. <p>OGPD</p> <p>Regarding the Corrective Action 4.2 In Kind Revenue, although there is no publication on Website yet , OGPD will conduct to publish this information on the website.</p> <p>DOM</p>

Corrective action (4.2) In-kind revenues

	<p>According to the Corrective Action 4.2 , regarding the publication of In Kind data for Mining Sector (Sale of State Share of Production including the list of buyers(companies name), DOM has already disclosed in the 5th MEITI Report and this report has also already uploaded on website. DOM will continue to disclose the In-Kind Revenue data on website.</p> <p>MGE</p> <p>State-owned gems & jade are only sold at Emporiums which was led by the Union government. For the sales of state share production (In Kind ratio) of Gems& Jade, it has not happened at the Emporium before. In order to meet the fiscal targeted budget of the government for MGE, MGE had sold In Kind at the 56th Emporium held on March 2019 and the total amount of the sales has been published in the newspapers and media.</p>
Related stakeholders	OGPD, DOM, MGE
Relevant Development partner	DFID, WB, DFAT

Corrective action (4.5) SOE transactions

Remedy of corrective action	<ul style="list-style-type: none"> ◆ Other account was abolished in late 2019 at the union government meeting no, (5/2019) and it was also included in citizen budget before making abolition since it had to be spent under Union fund account (UFA). Relating to the other account information of relevant SOE was disclosed in the 5th EITI main report and was included in the 4th EITI main report as well.
Proposed plan for corrective action	<ul style="list-style-type: none"> ◆ In June 2019, Myanmar’s cabinet issued a directive to abolish the Other Accounts and as a result, state-owned enterprises (SOEs) will have to transfer
Updates	<p>SEE</p> <p>SEE gave the instruction for closing Fund Account - Other Account (UFA-OA). SEE will also provide the outstanding balances of other account for 2018-2019 FY audited by Office of Auditor General of the Union.</p>
Related stakeholders	SEE
Relevant Development partner	DFID, WB, DFAT

Corrective action (5.1) Distribution of Revenue

Remedy of corrective action	<ul style="list-style-type: none"> ◆ Expenditures of MGE central committee was provided for the 5th EITI main report
Proposed plan for corrective action	<ul style="list-style-type: none"> ◆ The definition of extractive revenues that are not recorded in the national budget have to be clarified in MSG meeting.

Corrective action (5.1)		Distribution of Revenue
Update	During the 2 nd validation meeting which was held on 28 th May 2020, it was decided that the study on extractive revenues will be carried out in order to clarify the definition.	
Related stakeholders	MSGs, SOEs	
Relevant Development partner	DFID, WB, DFAT	
Corrective action (6.1)		Mandatory Social Expenditures
Remedy of corrective action	◆ Voluntary social payment of company became the data in the 5 th EITI report.	
Proposed plan for corrective action	◆ Legal review for mandatory social expenditures of company should be discussed and prioritized to meet the EITI standard in time.	
Related stakeholders	Government agencies and companies	
Relevant Development partner	DFID, WB, DFAT, USAID TIGA	
Corrective action (6.2)		Quasi – Fiscal Expenditures
Remedy of corrective action	<ul style="list-style-type: none"> ◆ Expenditures of MGE central committee was provided for the 5th EITI main report. ◆ Sector wide discussion on quasi-fiscal expenditures and social expenditures inviting Budget department, Budget department (SEE), Treasury department, Department of Mines, Myanmar Gem Enterprise, ME1, ME2, Myanmar Oil and Gas Enterprise, Oil and Gas Planning department and Office of the Auditor General of the Union where there was a presentation on 2016 EITI standard for QFE, definitions from other countries and Norad's comments on QFE of 4th EITI main report (The revenues and expenditures of all State Economic Enterprises (SEEs) in Myanmar are included in the national budget, as the SEEs are not fully corporate enterprises not like a National Oil Company. Any Subsidies provided by the SEEs of other activities that they conduct would therefore not be regarded as QFE as the costs would be included in the national budget, and therefore fall outside the QFE definition. That is the reason why the MEITI report concludes that QFEs do exist, which to make perfectly sense. The purpose of reporting QFE is to ensure that any hidden subsidies or fiscal activities are transparently recorded and on-budget. 	
Proposed plan for corrective action	The definition of quasi-fiscal expenditures that are not recorded in the national budget have to be clarified in MSG meeting.	
Update	During the 2 nd validation meeting which was held on 28 th May 2020, it was decided that the study on QFE will be carried out in order to clarify the definition. On the other hand, the draft QFE concept note has been developed and will be continued soon.	
Related stakeholders	Relevant SOEs and Government agencies under MONREC, MOEE, SEE, Treasury Department,	
Relevant Development partner	DFID, WB, DFAT, USAID TIGA	



Union Minister U.E. U Soe Win, MOPFI, received International EITI Secretariat delegation led by Executive Director Mr. Mark Robinson for validation and 2019 EITI Standard



Deputy Minister U.E. Dr. Ye Myint Swe, MONREC, received International EITI Secretariat delegation for validation and 2019 EITI Standard



Deputy Minister U.E. Dr. Tun Naing, MOEE, received International EITI Secretariat delegation for validation and 2019 EITI Standard

2019 EITI Standard

The **2019** EITI Standard has been formally launched at the **8th** EITI Global Conference in Paris, France after confirming at the **43rd** EITI Board Meeting. EITI Standard and requirement must be complied by Multi Stakeholders Group in EITI implementing countries.

Overview of the 2019 standard

The most significant changes include:

Contract Transparency

In many EITI implementing countries, contracts signed by the state and by companies establish the fiscal terms that determine how much tax is paid for resource extraction. These contracts are often confidential, hindering informed public debate on whether the country is receiving a fair return. The **2013** Standard was a landmark in encouraging contract transparency and requiring a clear policy on contract disclosure, and was effective in putting the issue on the table for discussion at the national level. The majority of EITI implementing countries have taken steps to publish contracts and promote public debate. The **2019** Standard requires disclosure of contracts and licenses signed or amended after **1 January 2021**. Multi-Stakeholder Group (MSGs) will be expected to integrate contract disclosure into their workplan.

State participation and Commodity trading

Of the USD **2.5** trillion dollars in oil, gas and mining payments covered in the EITI Reports published to date, around half flows through national oil companies. The EITI Board agreed to strengthen the disclosure requirements regarding state participation, transactions related to state-owned enterprises and quasi-fiscal expenditures. Working together with commodity traders, EITI also improved its requirements regarding the disclosure of “first trades”, i.e. the sale of the state’s share of production or other revenues collected in-kind.

Environment

The environmental impact of the extractive industries is a focal point of public debate. The **2019** EITI Standard has reiterated that the EITI should cover material environmental payments by companies to governments, and encourage disclosures of contextual information related to environmental monitoring.

Gender

The **2019** Standard requires MSGs to consider gender balance in their representation and disclose employment data by company, gender and occupational level. It also addresses gender considerations in the dissemination of EITI data, and encourages MSGs to document how they have taken gender considerations and inclusiveness into account.

Mainstreaming transparency

The 2019 EITI Standard continues to shift the focus from publishing EITI Reports toward encouraging systematic disclosure, opening up new opportunities for MSG discussion and oversight. The Global Conference is showcasing progress in this area.

MEITI Activities Related to Contract Transparency

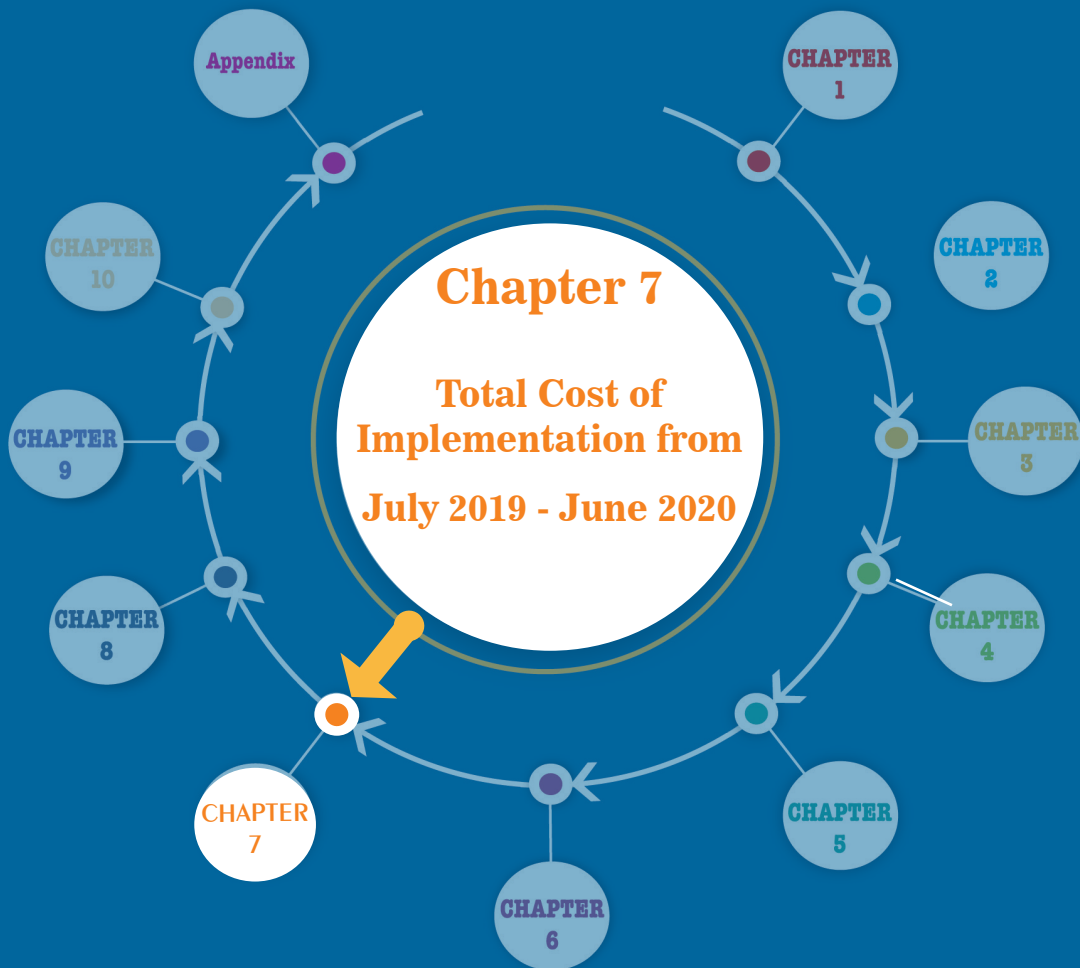
According to the 2019 EITI standard 2.4, EITI countries are now required to disclose the extractive contracts, agreements and permits publicly. The 1st Contract Transparency Workshop was held in Nap Pyi Taw with the technical and financial support from NRGi on 16 December 2019 to increase knowledge and understanding of EITI stakeholders on contract transparency, to explore and identify potential challenges in implementing the standard requirement, and to identify preparatory measure before January 2021. Over 60 participants from relevant government agencies, CSOs, oil and gas, and mining companies were attended in this workshop.



At the 26th MSG meeting, the MSG assigned the Technical and Reporting sub-committee to discuss one-year work plan for contract transparency disclosure based on the outcomes of the Contract Transparency Workshop. On 13 March 2020, the Technical and Reporting sub-committee approved the contract transparency disclosure work plan and decided to prioritize the legal review. During April 2020, NCS reached out to the relevant government agencies to prepare for contract transparency disclosure as per EITI requirement.

On 21 May 2020, the 1st meeting for contract transparency was held with officials and representatives from MONREC, MOEE, MOPFI, Attorney General Office, private associations, and MATA discussing the current legal condition for contract transparency and constraints in legislation and contracts/ agreements. They then decided to include preparing the presidential notification for the contract transparency under the contract transparency disclosure work plan. At the 28th MSG meeting, it was decided to discuss in details over the draft contract transparency presidential notification at the 2nd contract transparency meeting and to request relevant ministries' feedback on the draft. Now, the draft contract transparency presidential notification has been shared to the relevant government agencies, companies and CSOs for consultation and feedback.

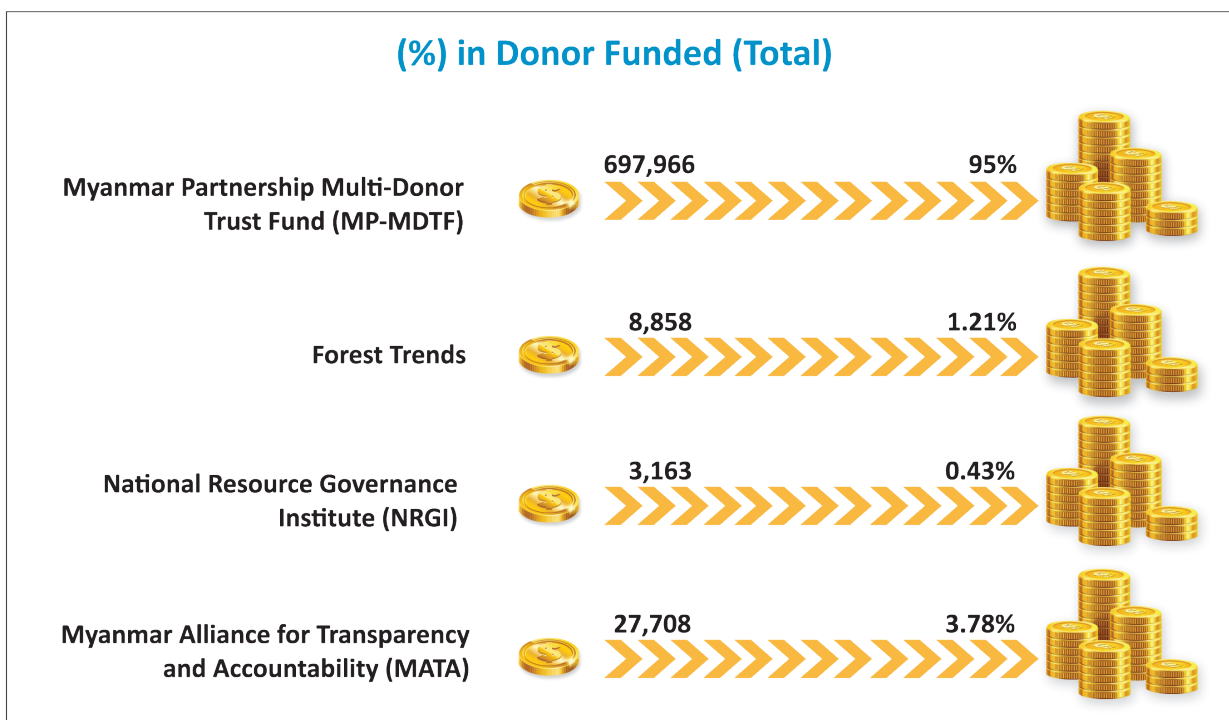
Total Cost of Implementation from July 2019 - June 2020



	Activities and Funded Organization	Funding Sources July 2019- June 2020		(% on Actual Total Cost)
		MDTF (USD)	Other Sources (USD)	
A	EITI Main Report Publishing	231,786		31.42%
B	Beneficial Ownership	28,128		3.81%
C	Reform Activities	2,506		0.34%
D	Capacity Development	39,716		5.38%
E	Communication and Outreach Activities	4,157		0.56%
F	Regular Meetings for Implementation	25,849		3.50%
G	Operational Cost	269,264		36.50%
H	Sub-National Coordination Unit (Kachin – SNU Formation and Coordination funded by (MATA)		5,761	0.78%
I	Mineral and Gemstone Cadaster	56,619		7.68%
J	a. Forestry (Forestry Report Printing, Forestry Reconciliation Report-1)	39,941		5.41%
	b. Forestry Report Launch Event Funded by (Forest Trends)		8,858	1.21%
K	Activity Funded By Other Funded			
	a. Contract Transparency Workshop Funded by (NRGI)		3,163	0.43%
	b. Mining Decentralization Workshop Funded by (MATA)		17,423	2.38%
	c. MEITI interim arrangement & Implementation Structure Review Workshop Funded by (MATA)		3,978	0.54%
	d. Follow up meeting of Mining Decentralization Funded by (MATA)		546	0.08%
Total Expenses & (%)		697,966	39,729	100%

Funding Activity for MEITI Process

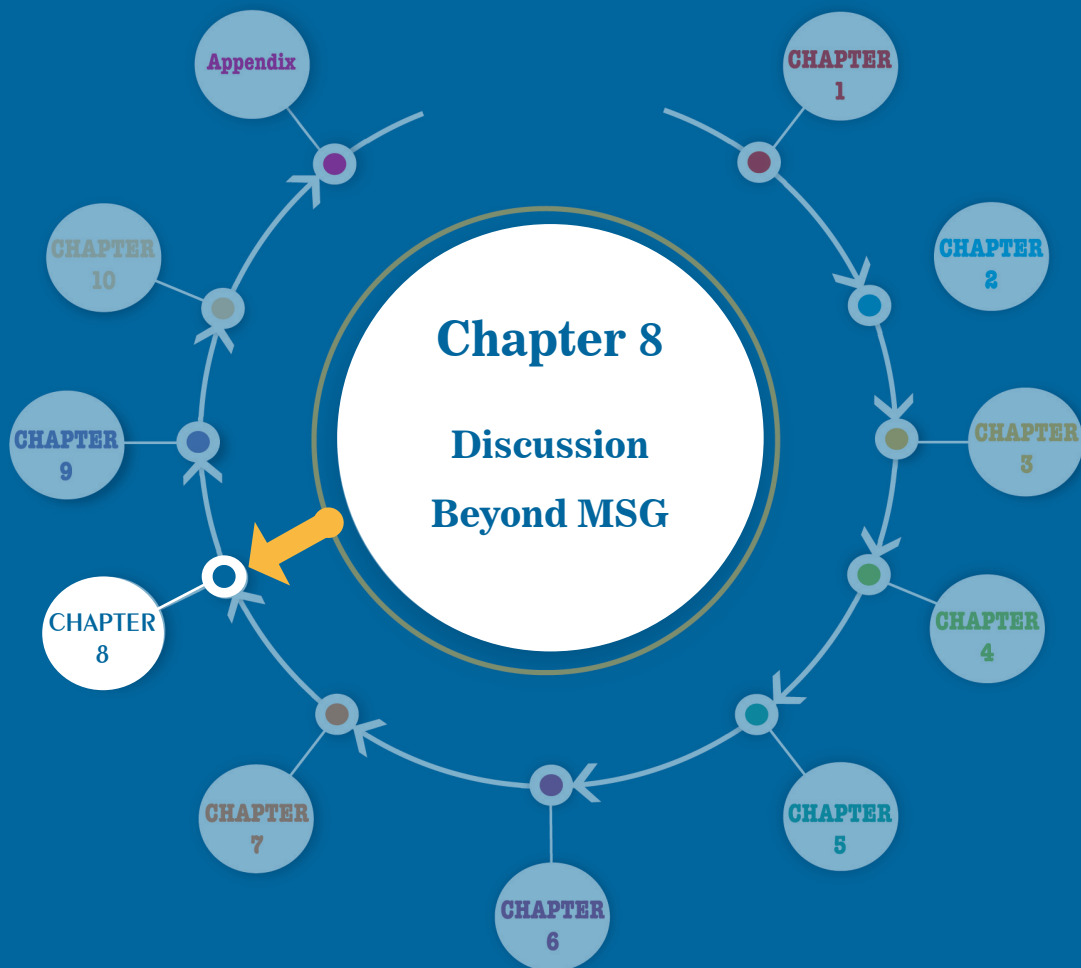
Seeing the positive impacts and changes by implementing EITI, MEITI stakeholders express the demand for a constant implementation structure especially for the coordination office which stands as the main pillar of the support to MEITI process. As per the 22nd MSG meeting’s decision, the Donor Consultation Group was reformed to explore and discuss MEITI future implementation structure options with representatives from three constituencies under the leadership of MOPFI Deputy Minister and MSG Chair H.E U Maung Maung Win.



At the 2nd Donor Consultation Group meeting, it was decided to hold a workshop to work out the MEITI interim arrangement and new implementation structure based on the analysis report on Extractive Hub. Furthermore, MSG assigned to the Donor Consultation Group for the discussion over fund requirement for 6th and 7th MEITI reports at the 28th MSG Meeting. In accordance with the meeting decision, the 4th Donor Consultation Group held virtually with the Donor Consultation Group, Donors and the Development Partners.

In addition to the MDTF funding, USAID Transparency and Inclusive Growth Activity (USAID TIGA) will provide the financial assistance of US\$ 179,000 for 5th MEITI Report printing, report launch, public debate and press conference for 5th MEITI report, MSG and sub-committees meetings, MEITI restructure review, SNU formation and coordination, coordination between MSG and SNUs, BO Phase II online disclosure form, BO legal review, Systematic Disclosure feasibility study, systematic disclosure consulting, Project-level reporting, NRGI will provide technical assistance and cover the costs of the contract transparency workshops and, Forest Trends will provide US\$11,000 for SOE reform workshop, coordination between MSG and SNUs, and the cost for 3rd and 4th MEITI Forestry report launch, media briefing and review workshop.

Myanmar was required to expand its implementation and activities to fulfil the 2019 EITI Standard requirements. It became challenging to implement the activities in time because the initial MDTF fund 3.5 Million could not cover the risen expenses. On the other hand, there were interested potential developed partners who have provided the financial assistance. Due to that, MEITI activities were able to continue without any hiatus. Nevertheless, MEITI MSG learned from this experience about the impact of financial requirement in order for the sustainable, prolonged EITI implementation.



This chapter covers the MEITI activities out of the MEITI work plan which supports for the better natural resource management of Myanmar.

Contribution to Myanmar Sustainable Development Plan (MSDP)

The Central Statistical Organization, with the support of UNDP, held a kick-off workshop and brought over **200** participants from different constituencies of various fields to explore the metadata for the national indicator framework (NIF) to monitor and evaluate MSDP. As MEITI being the Strategy **5.5** under MSDP, its linkage is connected diversely different task teams such as Industry, Mining and Energy Task Team, Monetary and Investment Task Team, Peace, Rule of Law and Governance Task Team for the development of metadata for NIF. It was found that EITI is mainly related to Industry, Mining and Energy Task Team compared to the connection with the rest of the task teams. Hence, the relevant template to development metadata was filled in upon the request of the Central Statistical Organization.

Exposure Trip to Mining Decentralization in Indonesia

Myanmar's recent mining regulations, released in **2018**, allow sub-national governments to issue licence concessions. This raised the debates over natural resource governance and management in the political level and among the public. Indonesia's post-Suharto era bears many parallels to today's Myanmar, including the ongoing mining reforms. Myanmar delegation led by MSG Vice-chair, the Departments of Mines Director General visited to Indonesia from **13 to 21 July 2019** to learn from Indonesia's decentralizing process on mining, legal and fiscal framework on the roles of central and subnational governments, local revenue management, fiscal transfers from the central government for less developed areas, local content policy and practices and social and environmental impacts.

Myanmar delegation consisted a total of **25** people including MSG Vice-chair, the regional parliament members, MSG representatives from government, private and CSO sectors, the representatives from SNUs, the representatives of Mining Cadastre Working Committee under MONREC, the secretaries of regional license allocation committees, MOBD and NCS representatives, the technical experts from NRGi and other support team members.

During the exposure trip, the delegation met with Commissioner of Corruption Eradication Commission, Co-founder and Director of Indonesia Mining Institute, Head Campaigner for Energy and Urban Issues from Indonesia Forum for Environment, Director General of Mineral and Coal Mining of Ministry of Energy, Mineral and Coal Resource, Governor of Bangka, Dr. Erwiza Erman of The Indonesian Institute of Science, Dr. Made Suwandi of Institute for Public Administration and PT TIMAH company representatives. The delegation also went to the local mines, Kaolin Lake and old mines. From this exposure trip, the delegation learned about Indonesia governance, the history of Indonesia decentralization, the mining law, regulations and norms, the mining revenues flow and KPK beneficial ownership plan and presidential regulations.

Photo Album



Photo Caption
 Myanmar EITI delegation led by U Khin Latt Gyi, Director General of DOM, Vice Chair of MSC met with the Commissioner of Corruption Eradication Commission (KPK) during Indonesia Study Tour



Photo Caption
 Myanmar EITI delegation met with Indonesia EITI NCS and MSG member during Indonesia Study Tour



Photo Caption
 Myanmar EITI delegation visiting the old mining areas planned for tourism by regional government of Indonesia



Photo Caption
 PT TIMAH Officials received Myanmar EITI delegation and shared their history and success



Photo Caption
 U Khin Latt Gyi, Director General of DOM and vice chair of MEITI-MSG, met with DBangka Belitung Province, indonesia

Myanmar's Mining Decentralization Workshop



The MSG agreed to hold a follow-up workshop on the Indonesia study tour on mining decentralization with the technical assistance from NRG. The Decentralization in Myanmar's Mining Sector: Opportunities and Challenges workshop was conducted in Nay Pyi Taw on **23 and 24 October 2019**. This workshop was attended nearly **170** participants such as the relevant union and state/regional officials including state/ regional natural resource ministries, sub-national DOM directors, Myanmar Gems Enterprise (MGE), Environmental Conservation Departments, CSO representatives from MATA, companies representatives, MSG members and members of parliaments.

During these two-days workshop, the officials from DOM share the current decentralization practices. The technical experts from NRG presented the facts to be considered during the decentralization reform. Then, the guest speakers from Indonesia and Mongolia shared their countries' experiences on mining decentralization and possible recommendations adapted to Myanmar's context. Moreover, the state and regional natural resources agency also actively presented their challenges in the mining decentralization process. This workshop provided insight on identifying key challenges in current decentralization process, formulating practical steps to managing the challenges, identifying practical steps to promote harmonization with state and region processes, identifying measures to hold officials accountable and good governance practices.

MEITI Interim Arrangement & New Implementation Structure Workshop

As per the decision from the 2nd Donor Consultation Group meeting, the MEITI Interim Arrangement and New Implementation Structure Workshop was held with the financial support from MATA in Nay Pyi Taw on **17 January 2020**. It was decided at that workshop to hire an organizational development consultant for EITI implementation structure and for the Work Plan and Governance sub-committee to discuss in details about the TOR for MEITI-NCS long-term implementation structure with the support of Office of Auditor General, Attorney General Office, and Budget Department.



Organizational Development Consultant Recruitment

On **13 February 2020**, the Work Plan and Governance sub-committee agreed upon the TOR for organizational development consultant for MEITI-NCS long-term implementation structure which was developed with the collaboration of Office of Auditor General, Attorney General Office, and Budget Department, NCS, International Secretariat and Nathan Associates. At this meeting, a group with representatives from three constituencies were formed and assigned for the selection of the organizational development consultant.

Then, the recruitment for the consultant started from **17 to 28 February 2020**. Due to the lack of qualified candidates, the announcement went on from **12 to 25 March 2020** for the second time. After analysis and interviews by the organizational consultant selection group, Ms. Emma Irwin was selected as the organizational development consultant. Since this organizational development consultant fees will be assisted by USAID Transparency and Inclusive Growth Activity (USAID TIGA) and the consultant is working and progress for her assessment the negotiations and discussions are now on the process.

Myanmar Federation of Mining Associations (MFMA)

MFMA is one of the main actor in MEITI process especially for mining sector. With its Chair as the MSG member, their participation and interested in MEITI is very high. During July **2019** to June **2020**, MFMA regularly participated in the all MEITI activities. Some of those participation are recorded as below:

- (a) MFMA secretary and an EC member participated in the Work Plan Review Workshop held in Yangon on **29-30 June 2019**.
- (b) MFMA secretary and members supported BO awareness raising and template training in Mandalay and Yangon on **19-20 August 2019**.
- (c) MFMA actively participated in the MEITI communication and outreach activities by attending the communication and outreach sub-committee meeting, report launch and public debate.
- (d) MFMA contributed in preparing MEITI work plan by attending Work Plan and governance sub-committee meeting.
- (e) MFMA Chair, the secretaries and EC members met with IA for the **5th** report scoping study on **10 October 2019**.
- (f) MFMA supported BO process and three of MFMA member companies also participated in the BO Online Form Test Run.
- (g) MFMA worked with MATA to hold Mining Decentralization Workshop on **20 October 2019**.
- (h) MFMA EC contributed in mining related MEITI technical discussion during the Technical and Reporting sub-committee meeting.

- (i) MFMA members mining companies participated actively in reporting template training for the 5th MEITI report.
- (j) As EITI standard now requires the contract transparency, MFMA members participated in the Contract Transparency workshop held in Nay Pyi Taw and discussed the potential issue with other MEITI stakeholder on 16 December 2019.
- (k) MFMA chair and the secretary attended the MEIT Interim Arrangement and Implementation Structure Workshop to discuss the long-term implementation structure.
- (l) MFMA Chairs and its members attended the meeting for discussing Mining Decentralization Workshop Outcome at the MONREC office (19) in January 2020.
- (m) In February 2020, MFMA Kachin contributed to SNU formation in Kachin state by sponsoring the mining companies. Many members mining companies of MFMA Kachin participating in Kachin SNU formation.
- (n) MFMA Chair attended the Mining Cadastre sub-committee online meeting and contributed to the development of Mining Cadastre development
- (o) MFMA chair participated as the evaluation team member for the BO Phase II web-developer selection process as well.

Myanmar Forest Products and Timber Merchants Association (MFPTMA)

MFPTMA operates in accordance with the instructions of the MONREC and under the close guidance of Forestry Department (FD) and Myanmar Timber Enterprise (MTE). The objectives of MFPTMA are: development of the private sector forest-based economy which will contribute to the enhancement of national income, promotion on the investment of new industries creating more job opportunities, striving for the effective and efficient utilization of the nation's forest resources leading to environmental restoration, promotion for the expansion of wood product exports including minor forest produce, assisting the private sector forest based business people in solving the difficulties encountered, helping consolidate small and medium scale timber industries and integration of activities of the timber industries in general, transfer of technology so as to achieve greater efficiency and secure a stronger base for the timber industry as a whole.

MFPTMA chairs and its representatives have been involved in MEITI process as the forestry sector private representatives. While there's new chair change of MFPTMA in early 2020, the participation is still active. As one of the MEITI MSG member, MFPTMA Chair shares the updates of MEITI process to its EC members. They also highly involve in the preparation of the MEITI forestry reports. When MEITI forestry reports are published, the reports are circulated among MFPTMA team members for awareness raising and for data accessibility.

MFPTMA Activities beyond MEITI

FLEGT-VPA Activities

MFPTMA participated mainly as the private sector in FLEGT-VPA process which run from **2015-2019** with MTE as the focal person under the support of DFID. During this process, MFPTMA was able to form the state and regional teams which later supported in the control of illegal timber sales.

Timber Legalization Process

FLEGT-VPA carried the same essence of transparency similar to MEITI. There were some more detailed activities compared to MEITI activities:

- (a) Registering the number of logs after felling a tree from the forest according to the forestry law and regulations,
- (b) Recording the destination of those logs after auctions has been done by MTE,
- (c) Recording in details about city and saw mills those shifted,
- (d) Collecting Data and maintaining records on the measurement of the process wood of the purchased log produced from saw mills,
- (e) Maintaining export, wood measurement, production license, forest recommendation and CO records for those merchantable timber were sold to which countries, port, city, milling company,
- (f) A record of how a tree was cut down from the forest in accordance with the instructions and its process should be maintained. When the relevant departments investigated, the records should be clearly presented.

This process is called Change of Custody and there is no other natural resources that can operated with this type of detailed processes. Besides, as per **(31)** dossiers of FLEGT-VPA MSG and audited recommendation of the third party issued by MT-LAS, the responsible person of MFPTMA needs to sign and pass the Green Book (Official Compilation of Export Documentation in compliance with the National Rules and Regulation of Timber Trade in Myanmar). MFPTMA also instructed its members not to sell or buy the *Dalbergia oliveri* Gamble ex Prain which has been listed as an extinct by World Cites.

Myanmar Alliance for Transparency and Accountability (MATA)

MATA is a national network comprised of over **450** civil society actors and individuals from all of Myanmar's **14** states and regions. The representatives from MATA have been actively engaging in MEITI process since the beginning.

MATA activities and achievement

MATA has accomplished many activities and engagement with relevant stakeholders during 2019 and 2020. As a civil society organization, conducted capacity building, collaborating with international expertise, advocacy to government institutions for the natural resource governance sector reform. However, there might be limitations and challenges to reform the respective sector without contribution and acknowledgement from the related government department. In many regions, civil society has many difficulties organizing or conducting meetings and workshops without permission from the government department.

MEITI implementation supports the part of the engagement with government departments such as, Ministry of Natural Resource and Environmental Conservation, Ministry of Energy and Electricity, Ministry of Planning and Finance etc. by participating in the process. MATA will still support the local activities and contribute to policy level reform in Myanmar natural resource sector governance. MATA have actively engaged for the right to information, peace, natural resource policy and reform agenda in national and sub-national level.

Capacity building

MATA has conducted regular training, workshops and working sessions with state and regional civil society organizations (CSO). EITI implementation awareness, Beneficial ownership workshop, Oil & Gas revenue management, Mining decentralization and Anti-Corruption in extractive sector ect. Many international and local resource persons have visited to deliver the capacity building sessions to local civil society. Also, MATA has worked together with journalists to have broader perspectives and concerns on environmental and social issues regarding extractive industries. Conducting natural resource governance and EITI reports workshops to media journalists to cover more articles and news.

MEITI report has highlighted the fiscal management and regulatory performance of extractive sector especially to State-Owned Enterprises, hence civil society needs to amplify the information to parliamentary and public for reform measures.

MATA has worked together with Anti-Corruption Commission Myanmar and Parliament for advocating the facts and figures from MEITI report for better understanding and increased awareness on the extractive business need to be reform.

MATA regular meetings with Steering Committee members, National Representative and Regional Working groups are conducted by quarterly and monthly. MATA has practiced doing pre-discussion meetings with Multi-Stakeholders group members (CSO) to efficiently discuss in the MSG meetings.

Collaborating with International Organization

MATA working together with Public What You Pay (PWYP), Global Witness, Forest Trends, Transparency International and Environmental Investigation Agency for discussion on Myanmar extractive sector policy initiative and anti-corruption cases to connect with global initiatives and mainstream process to conduct Myanmar's policy reform.

Advocacy to Government Agencies

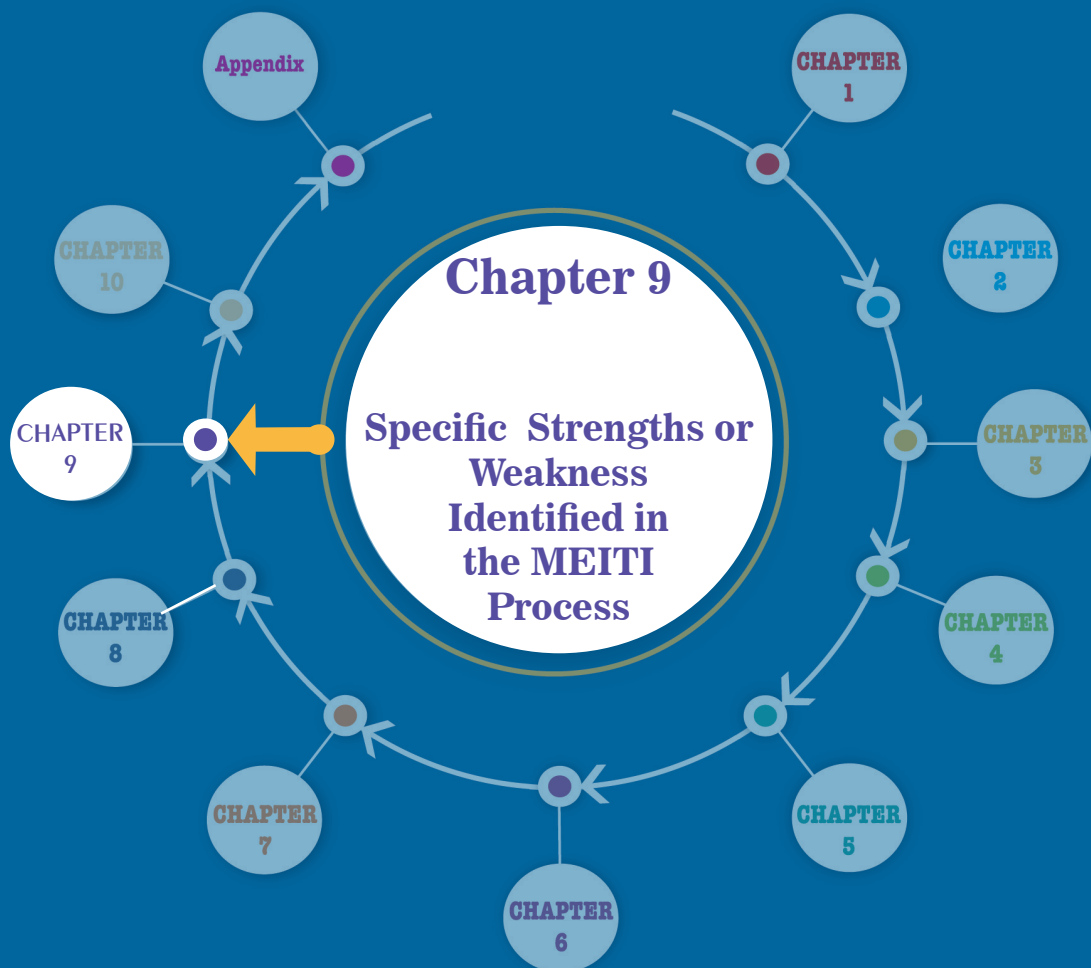
Several research for the mining and oil & gas sector has been performed by MATA to initiate the policy briefing for advocacy level. MATA seeks information from national and sub-national level government departments for analysing the current situation of extractive business. Mining expiration and production has been granted in many regions and local people has suffered from those negative impacts. MATA used two channels to engage with relevant government agencies to act responsively from those issues. One is sending formal letters with evidence from local members to address and remedy for that urgent matter. Secondly, a face to face tripartite meeting with local government, company and civil society to resolve this local concern and public decision must be considered. To be said that, only just a few cases have been reach to discussion with stakeholders and official proceedings are needed.

During Covid-19 engagement

In COVID-19 situation, many civil societies have difficulty organizing meetings and workshops physically. However, MATA has established online meetings, seminars and workshops to discuss regularly and give updated information to respective members. MATA successfully conducted online meeting software training, Forestry sector review meetings and Fiscal Regime training with partners organizations.

MATA also provided an urgent grant for regional members to support their needs to continue their work in the region and safety purpose.

Specific Strengths or Weakness Identified in the MEITI Process



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



Strengths

- ◆ 5th MEITI report has been published before the deadline despite the number of companies have increased double compared to the previous report.
- ◆ More inclusiveness of extractive companies in MEITI process due to wider scope of the 5th MEITI report.
- ◆ In the 5th MEITI report, some improvements have been made such as the breakdown of employees for each company and voluntary social payments were disclosed
- ◆ The first Myanmar EITI commodity trading report covering the oil & gas sector will be able to produce in August 2020 separately although it was not happened last year.
- ◆ Achieving meaningful progress as the Validation result shows the fruitful efforts of MEITI MSG and stakeholders for better transparency and accountability.
- ◆ Validation Group consisting MSG members has been formed to undertake the corrective actions with support of USAID TIGA for the capacity building and technical assistance for implementing the corrective actions.
- ◆ An increase of audience in MEITI social media indicates that public is now more aware of EITI implementations.
- ◆ The 1st BO disclosure underpins the transparency to a higher level and has impact of anti-corruption.

- ◆ The continued EITI implementation under COVID-19 restrictions highlights the strong commitment of MSG and the stakeholders from different constituencies.
- ◆ MSG has revised MEITI Work Plan to achieve 2019 EITI standards requirements and this makes the implementations head towards better natural resource governance.
- ◆ MEITI has contributed to MSDP which is a national level implementation by working together with Central Statistical Organization for creating metadata of national indicator framework.

Weakness

- ◆ There is still a lack of legal enforcement, such as EITI law.
- ◆ Despite the broadening scope of work, there is no insufficient time to conduct EITI awareness raising among the additional companies.
- ◆ Not having enough coordination between MONREC and MEITI Mining Cadastre sub-committee could affect Mining Cadastre Phase II implementation in long term.
- ◆ There is a weak coordination among three constituencies among SNU's due to lack of commitment to EITI and poor understanding of the objectives of SNU's.
- ◆ It is required for Gems Policy Law legislation process to move forward.

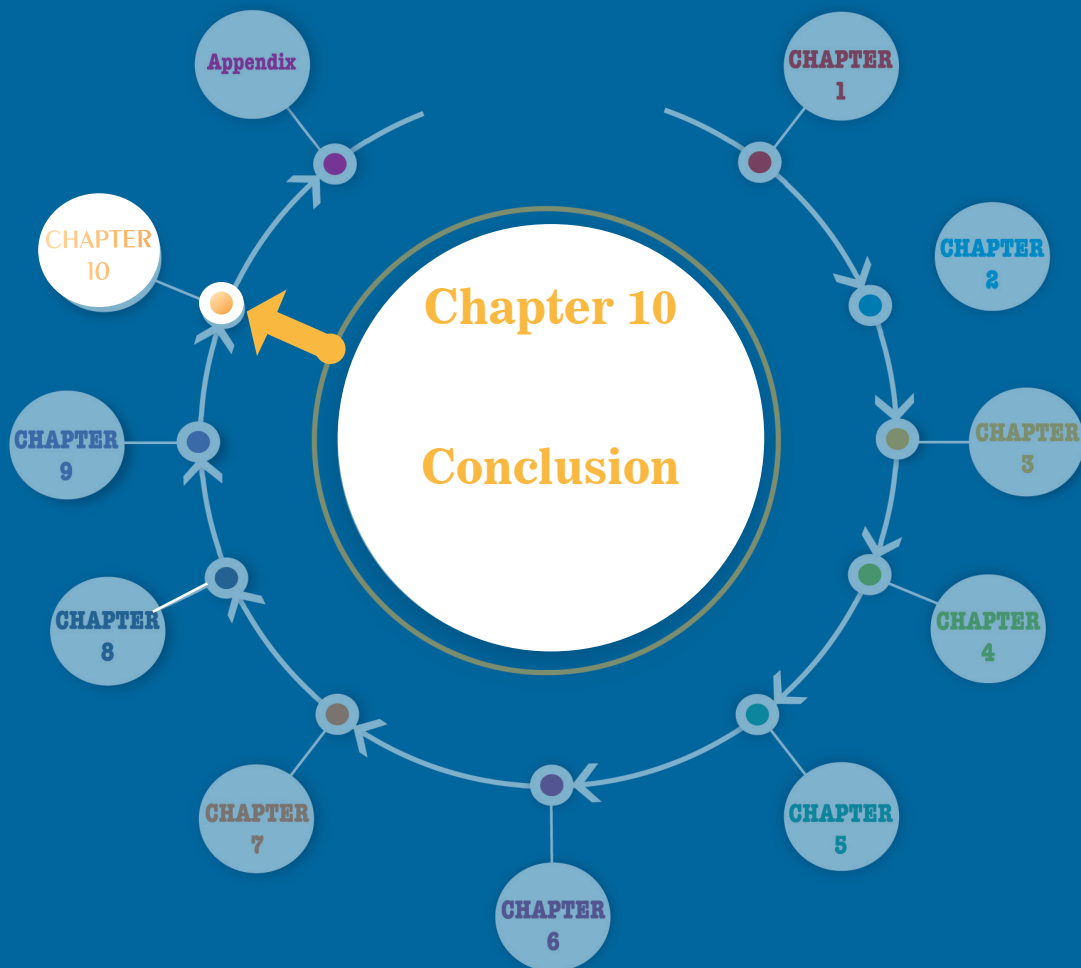
Opportunities

- ◆ Being able to broaden the scope for the MEITI report as an additional government department has been taken into account and over 300 companies has been selected
- ◆ During the reporting period, two validation group meetings has been held and this will create a platform in order to discuss the implementation of validation activities and timeline before the second validation
- ◆ Validation result and its corrective actions have created a pathway to improve not only transparency and accountability in Myanmar's extractive sector but also better natural resource management.
- ◆ 6th and 7th MEITI report deadline have been extended until September 2021 due to the changes in financial year.
- ◆ BO Task Force is now initiating for BO Phase II Project which could be another milestone of MEITI and extractive sector transparency level.

- ◆ The Organizational Development consultant has been recruited to develop a sustainable and long-term MEITI NCS which is main support to MSG for EITI implementation.
- ◆ Mining decentralization study tour in Indonesia and the Mining Decentralization workshop have increased the knowledge of the relevant stakeholders and resulted positive impact in Myanmar's decentralization process in future.
- ◆ With commitment to work towards 2019 EITI standard, MSG has developed the contract transparency work plan and are now discussing with relevant stakeholders to implement it.
- ◆ The BO and Contract Transparency legal review will soon start and this could support the development of EITI law.

Threats

- ◆ Despite the broadening scope of work, the funding to cover implementation is limited. Sustainable financing has become a threat to future implementation.
- ◆ The expiration of MoU between MOPFI and RI is closer and the probability of gap to replace the present incumbent which could continue the work of NCS is worrisome for MSG and for MEITI implementation even though the development to a sustainable and long-term MEITI NCS in process.
- ◆ There will be election at the end of the year 2020 which will be followed by government transition. The lack of a clear solution to maintain the current MEITI process under these changes could affect MEITI process and validation.
- ◆ As COVID-19 has great impact all over the world, it is needless to mention some MEITI processes such as the report launching events, public debates and workshops have been delayed due to the restrictions caused by the COVID-19 pandemic.
- ◆ EITI commodity trading report covering only oil & gas sector is the first for Myanmar and there will be challenging in filling the reporting templates as some additional government departments, SOEs and companies are not familiar with the EITI process and EITI terms.



Conclusion

Since Myanmar has made the meaningful progress in implementing the EITI standard, Myanmar is now proceeding to overcome the second validation process. In doing so, 5th MEITI main report and 3rd and 4th forestry reports came out in March and April respectively despite there is a COVID-19 occurrence started in late March 2020 in Myanmar.

Beneficial ownership is one of the achievements of Myanmar and it is proudable to see Myanmar's success story for beneficial ownership disclosure in Progress Report of International Secretariat in June 2020. Beneficial ownership disclosure Phase I could not be made to achieve without the support of government, civil society and private sector in Myanmar EITI process. Afterwards, Myanmar is now in the pipeline to proceed beneficial ownership disclosure Phase II led by Beneficial Ownership Taskforce with financial and technical supported by USAID Transparency and Inclusive Growth Activity (USAID TIGA) and NREGI. That beneficial ownership Phase II process was expected to be launched at the end of September, 2020.

Starting from 1st July 2018, Myanmar had to continue its second validation trip until April 2021 in order to make progress. As already mentioned in previous chapters, there are 12 corrective actions : industry engagement (1.2), civil society engagement (1.3), license allocations (2.2), license register (2.3), state participation (2.6), production data (3.2), export data (3.3), in-kind revenues (4.2), SOE transactions (4.5), distribution of revenues (5.1), mandatory social expenditures (6.1), and quasi-fiscal expenditures (6.2) which Myanmar needs to carry out in second validation process.

Besides that, contract transparency becomes one of the requirements in 2019 EITI standard to encourage the EITI implementing countries to publish contracts and license agreements governing oil, gas and mining operations. Since the deadline to disclose the contracts is January 2021, Myanmar is now expecting the release of presidential decree for contract transparency process in order to make smoothly.

In order to follow the 2019 EITI standard, systematic disclosure is included in the priority list to disclose the information required by the EITI Standard through routine government and corporate reporting, and consultation systems such as websites and annual reports. According to the 2019 EITI standard, feasibility study of systematic disclosure for Myanmar is now designed to be tackle to make transparency an integral and routine feature of their governance and management systems.

As mentioned in previous chapters, Myanmar is preparing new organizational structure for National Coordination Secretariat based on the meeting decision of New Implementation structure workshop which was taken place in January 2020 and the implementation review report supported by Extractive Hub in 2019. Organizational Development consultant was hired by the selection group with the support of USAID Transparency and Inclusive Growth Activity (USAID TIGA) in mid of 2020 in order to develop the new organizational structure and report as well.

Mining Cadastre Phase II consultancy was contracted in early **2020**. The Consultant has to implement **6** phases (Inception Phase, Pre-Cadastre & Design Phase, Develop, Prototype & Configuration Phase, Training & Testing Phase, Go-Live Phase, Support Phase) in Phase II before **31st March 2021**.

MEITI Commodity Trading Report will disclose of information regarding revenue from the sales of the State's share of oil, gas and condensate, including reporting by product, price, purchaser and sales volumes in accordance with the relevant EITI requirements. The scope of that report covers sales revenues from the Oil, Gas and condensate sectors performed during the fiscal year **2017-2018**.

In summary, this annual report shows that the progress of Myanmar in EITI implementation and how Myanmar is carrying out the activities in order to follow the **2019** EITI Standard even in COVID-19 pandemic period. A number of recommendations from MEITI main reports and forestry reports are making the Myanmar EITI implementation process to be more transparency, accountability and attainment of resource governance. As of Myanmar undertakes great exertion into ensuring that EITI implementation is incorporated with the Myanmar Sustainable Development Plan (MSDP), a country framework to fulfil the UN's Sustainable Development Goals, to ensure linkage with the overall development of the country, MEITI had taken an interest within the workshops to examine on indicators which was organized by Central Statistic Organization in arrange to get ready for National Indicator framework. As has mentioned, Myanmar is now preparing commodity trading report for its very first time to produce and continuing to implement the **2019** EITI Standard with the support of donors, development partners, government departments, civil society and private sector.

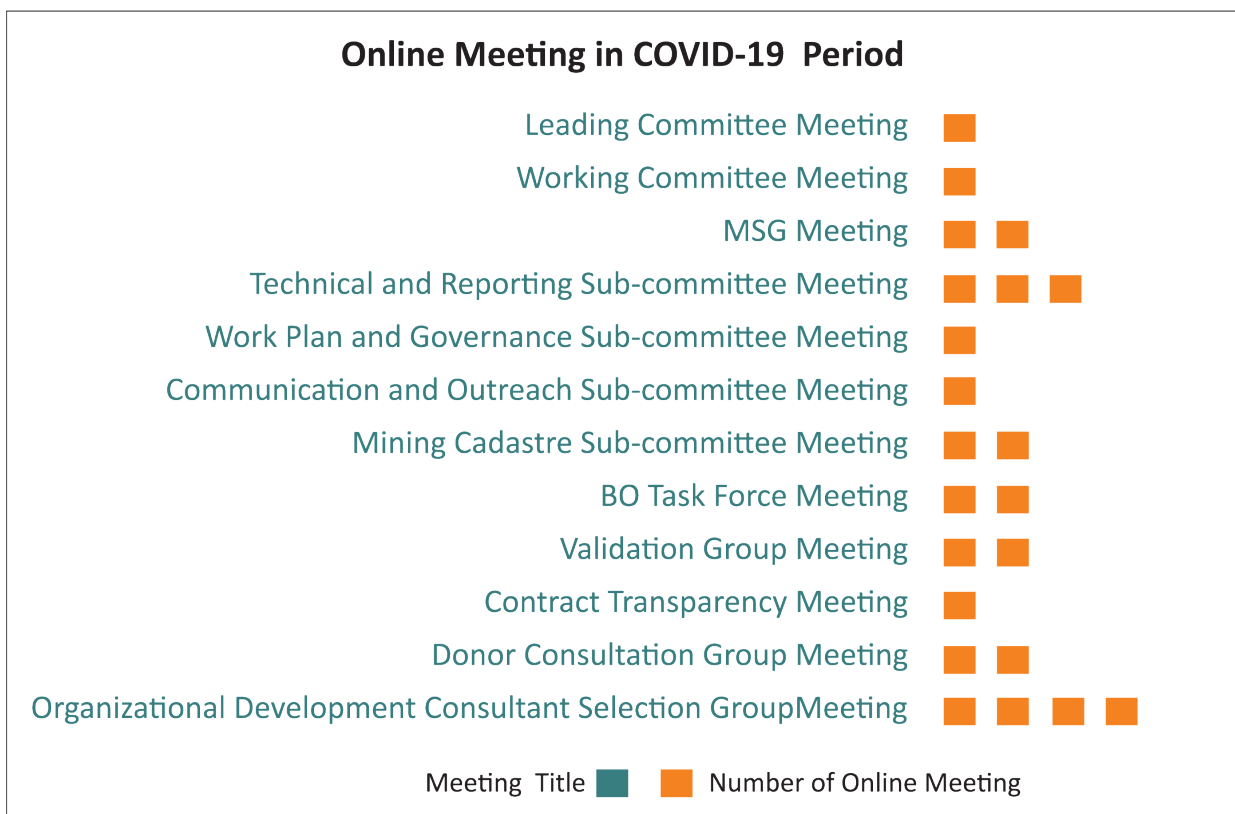
This annual report is approved by Multi-stakeholders group.

MEITI Activities under COVID-19 Challenge

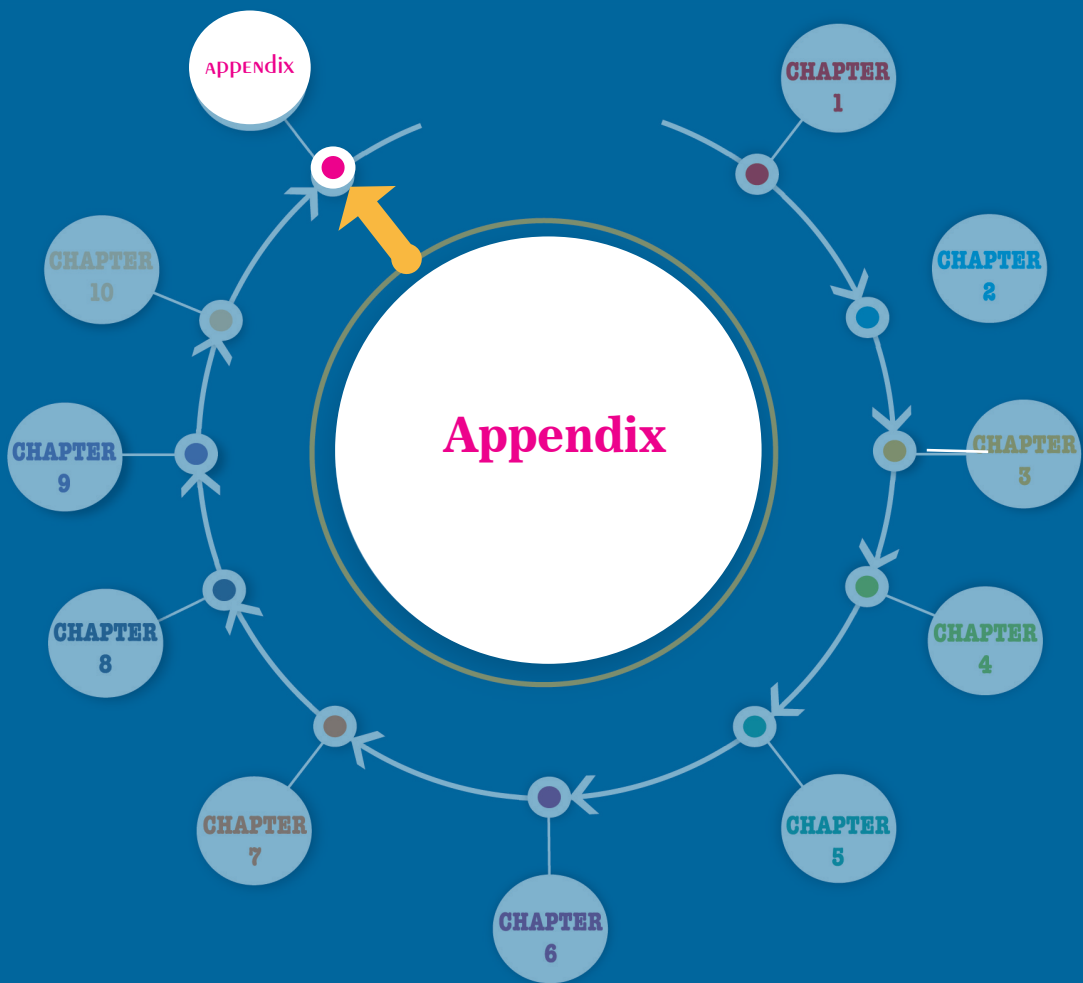
Under the oversight of MSG, MEITI process was able to continue without any break although there were some delays due to the restriction caused by COVID-19 pandemic. Since MSG was able to adapt the meetings to video conferencing, several meetings were successfully conducted.

MEITI stakeholders including MSG faced some technical issues due to unfamiliarity to the nature of online meeting at first, but as time went by, MEITI stakeholders were able to overcome it.

Since MSG, sub-committees and MEITI stakeholders have been practicing the decision-making process via email circular method, some important decision-requiring parts of MEITI implementation were accomplished even during the period of gathering ban by the Government.

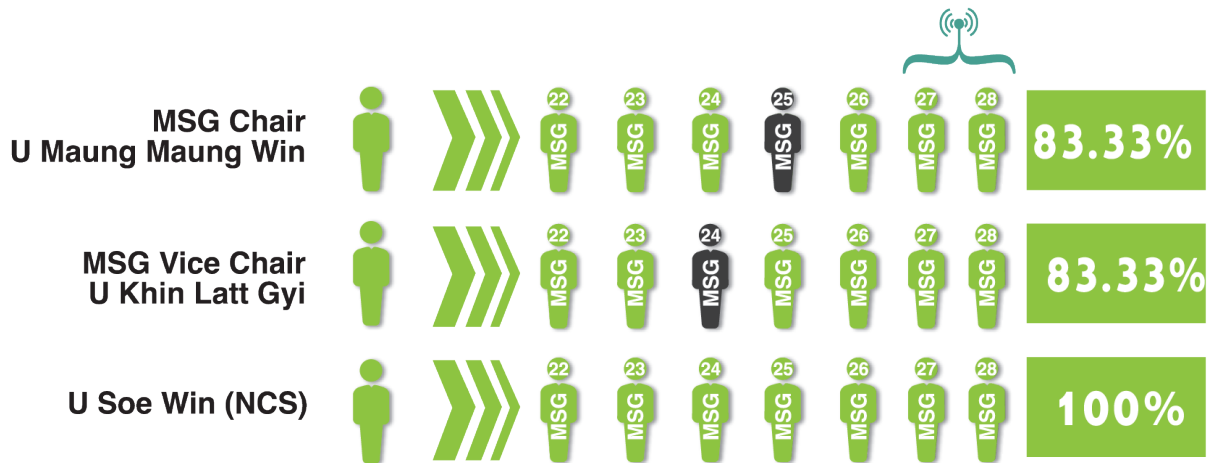


Appendices

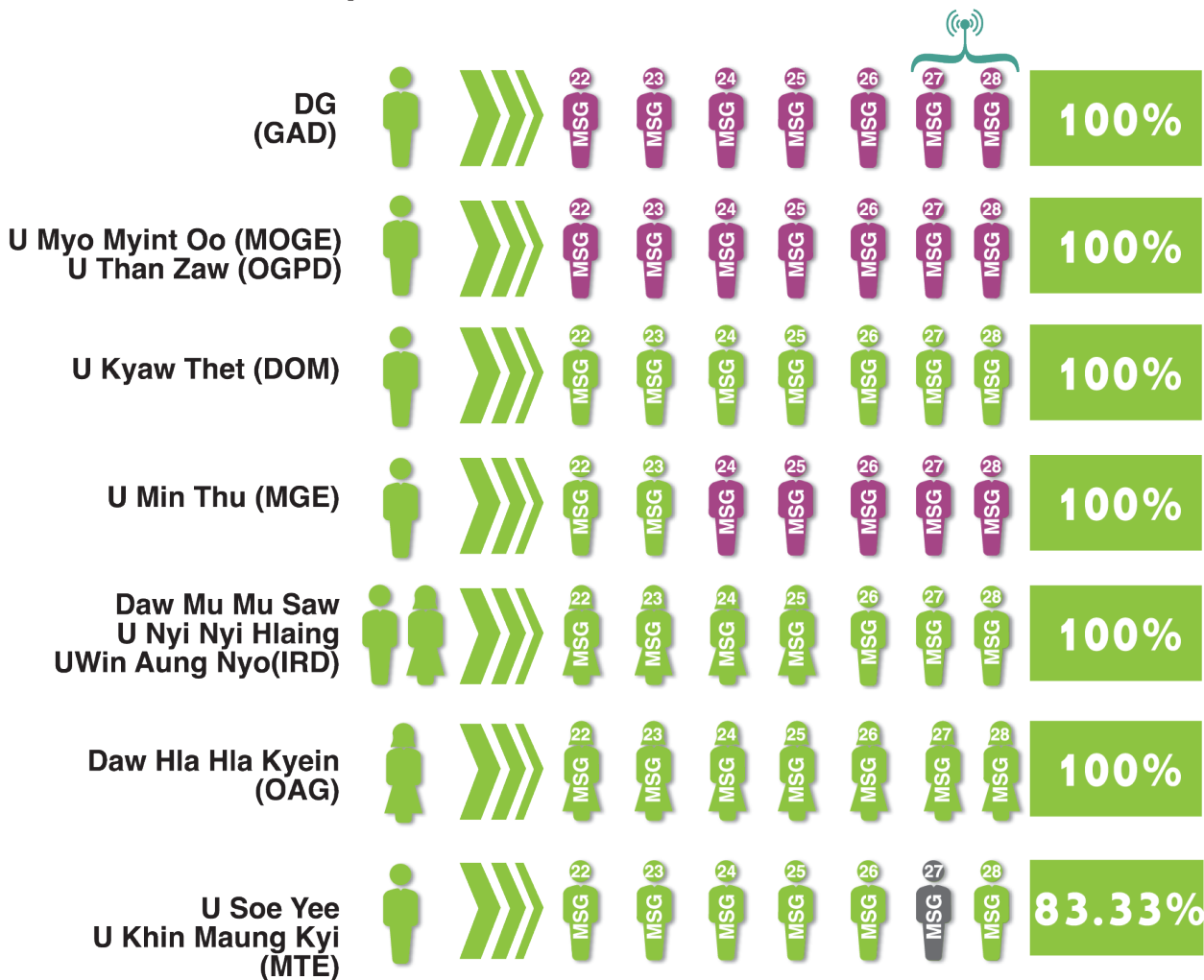


Appendix A: Attendance list of 22 nd MSG meeting to 28th MSG meeting

MSG Chair, Vice Chair, National Coordinator

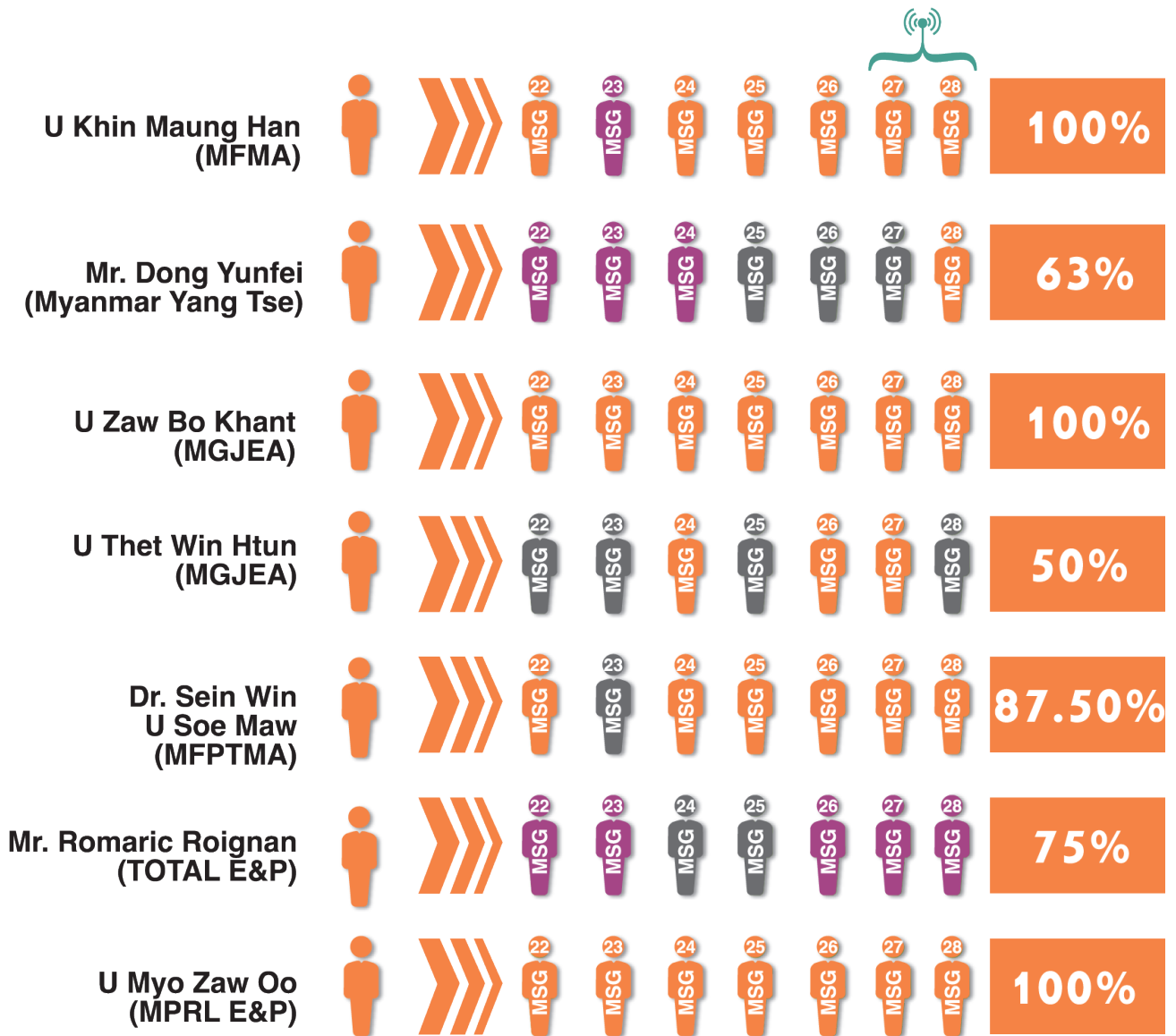






Representatives Of Government Sector



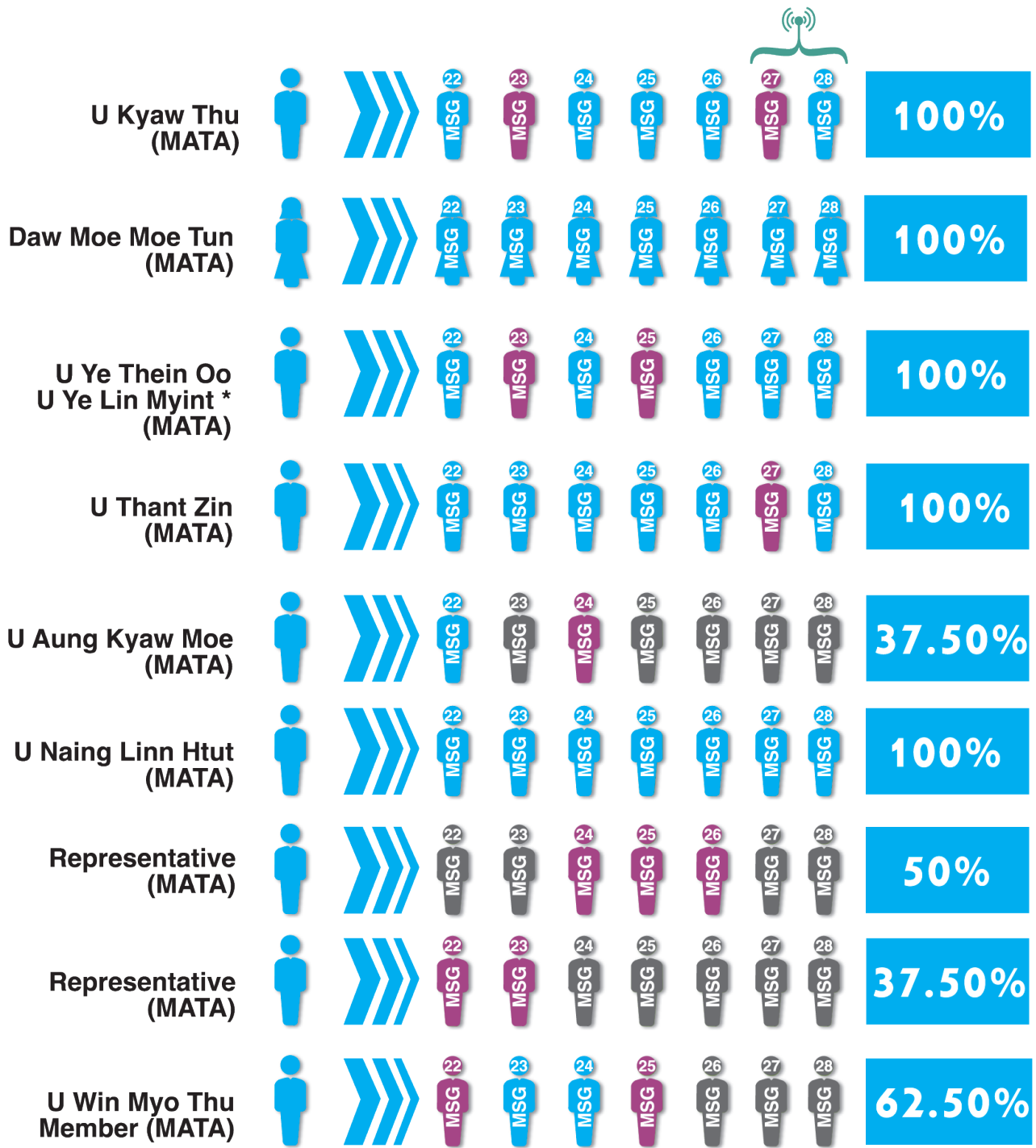
Attended by Member
 Attended by Alternate
 Absent
 Online Meeting

Representatives Of Private Sector







-  Attended by Member
-  Attended by Alternate Member
-  Absent
-  Online Meeting

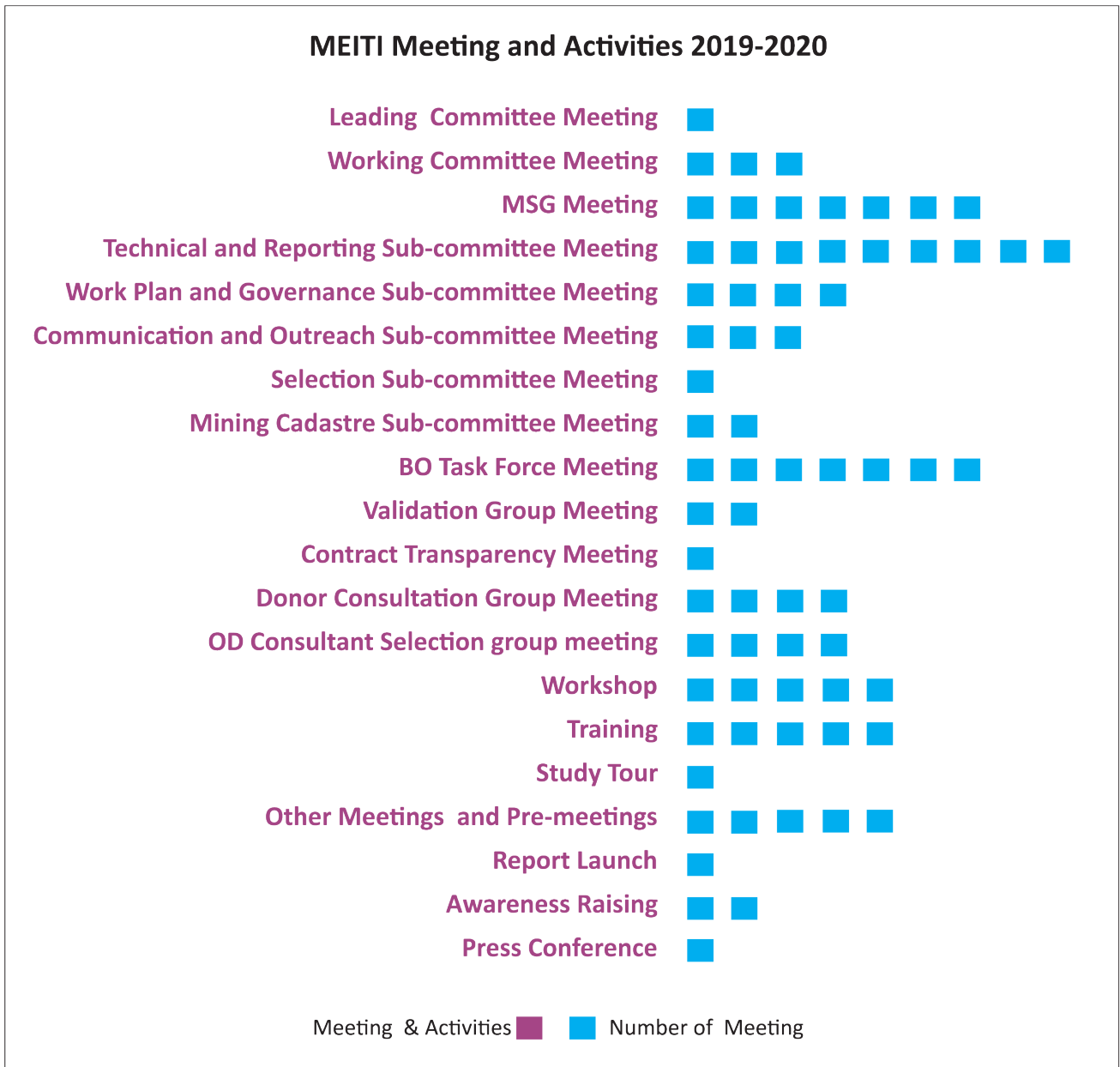
Representatives Of CSOs Sector



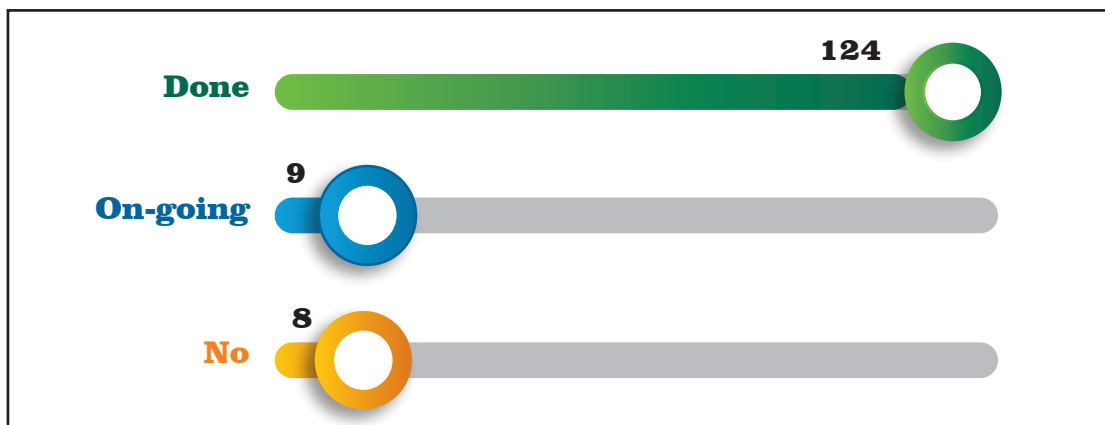
* U Ye Thein Oo was replaced with U Ye Lin Myint starting from 28th MSG Meeting

-  Attended by Member
-  Attended by Alternate Member
-  Absent
-  Online Meeting

Appendix B: MEITI Meetings And Activities July 2019 to June 2020



Appendix C : MSG Decision Implementation Status





ANNUAL PROGRESS REPORT

July 2019 - June 2020