

MYANMAR
EITI
ANNUAL
PROGRESS
REPORT

JULY 2016 - JUNE 2017

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Chairman of the MEITI-MSG

Message of the Chairman of the MEITI-MSG

The Myanmar EITI-Multi Stakeholder Group has the great gratification of submitting its Annual Progress Report for the period of July 2016 to June 2017. As you all know, Myanmar EITI has been implementing under the transition to a new government in 2016 and this transition period produced exceptional circumstances, including administrative, procedural and institutional changes, and happened to the cross cutting collaboration across ministries and between three MSG constituencies resulting in the condition of unavoidable delay in EITI implementation. In spite of this delay, the Interim MEITI-MSG led by me has requested an extension of the deadline for the 2nd MEITI report which has been expired on 31 March 2017 to the International EITI Board of Directors. The MSG has fully committed to submit a joint 2nd and 3rd Reconciliation Report by the end of March 2018, which covers for the two fiscal years data from 1 April 2014 to 31 March 2016 in line with the EITI standard.

To finish this task, the Interim MSG held the series of preparatory meeting between November 2016 and February 2017 and the MEITI Leading Authority, which is made up of the Minister of MOPf as chair, Ministers of MONREC and MOEE as members and myself as secretary was re-formed in December 2016. At the same time, one of the Executive Directors of Renaissance Institute was appointed by Government to take on the role of a National Coordinator so as to coordinate the work process to be carried out in line with Work Plan laid down by the MSG. As a result, the MEITI-MSG was reformed and the significant progress has been made throughout the fiscal year 2016-2017.

In the meantime, the 2nd and 3rd MEITI report has been started scoping work with the initiative progress by the Independent Administrator. The report will cover the gems and jade, oil and gas, and other mineral sector including pearl sector and are extended the materiality threshold amounts beyond our first reconciliation report. At the same time, the forestry sector will also be reconciled so as to submit as a supplementary report.

This year annual progress report will reflect all the challenges we have encountered during the transition period and the significant progress we have made during this remarkable arduous year. With the endeavors of all MEITI Multi-Stakeholders and MEITI Secretariat Staff, we strongly believe that our 2nd and 3rd MEITI Reconciliation report will be able to submit successfully to the International EITI Board within the specified period of time.

U Maung Maung Win
Deputy Minister of Planning and Finance
Chairman of the Myanmar EITI MSG

KEY MILESTONES OF MEITITO DATE

The below timeline outlines the key milestones that have been initiated since Myanmar applied for EITI Candidacy in May 2014.

2014

- May 7: Myanmar submitted its application to become an EITI Candidate Country to the EITI International Board
 - 2014 – July 1-2: At the 27th Meeting in Mexico, the EITI International Board announced Myanmar as the 45th EITI Candidate country
-

2015

- August 21: Myanmar signs a Grant Agreement for an EITI- MDTF with the World Bank for \$290,000 USD through December 2015
 - December: Myanmar submitted its Annual Progress Report (APR) to the EITI International Secretariat
-

2016

- January 1: Myanmar submitted its first EITI Reconciliation Report to the EITI International Secretariat
 - March 16: Launching Ceremony of Myanmar's first EITI Reconciliation Report was conducted in Yangon
 - March 29: MEITI Leading Committee is abolished by Presidential Order
 - November 29: Myanmar submitted its second Annual Progress Report (APR) to the EITI International Secretariat
 - December 19: MEITI Leading Committee was re-established
 - December 31: Beneficial Ownership Roadmap (Draft) was sent to the EITI International Secretariat
-

2017

- January 17: Myanmar signed a Myanmar Partnership- Multi-Donor Trust Fund grant agreement with the World Bank for \$2.5 million USD through December 2019.
- January 31: Myanmar requested to the EITI International Board to extend the submission deadline for the 2nd EITI report until 31 March 2018
- February 13: MEITI Working Committee was established
- February 28: MEITI MSG was re-established with 25 members
- March 15: MEITI Launching Ceremony: Candidate to Compliant and first new MSG meeting
- June 30: Myanmar signed a Grant Agreement Amendment for an additional \$1 million USD with the MP- MDTF allocated by the World Bank

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CHAPTER

1

General Assessment of the Year's Performance

Introduction

The period covered by this Annual Progress Report (APR) experienced the outcome of the change in government in April 2016 that led to significant administrative, procedural and institutional changes in government, mergers of several key EITI-related ministries, and a delay in a MDTF World Bank grant on which MEITI activities depend. These changes significantly delayed MEITI actions, the repercussions of which include a re-established MSG that has only been operational for three months, a bureaucratic torpor in receiving funds from the Multi-Donor Trust Fund (MDTF) and a fragile National Coordination Secretariat (NCS) that still has not received an office space or salary at the time of writing this report. Most notably however was the January 31, 2017 request to extend the submission of the 2nd EITI Country Report.

This APR acknowledges that there are substantial challenges to Myanmar's current implementation of the 2016 EITI Standard, and proves how fragile the EITI process can be whilst undergoing a change in government. As highlighted in this report, at the time of writing this APR, the MEITI is still at a very fragile moment: basic documentation such as the MOU between the MOPF and the NCS has not been signed; the guiding documents of the MSG and MEITI including the implementation manual are still under discussion; the three-year MEITI Work Plan has yet to be reviewed by the MSG; and, the financial bureaucracies of the MDTF grant as implemented through the World Bank have prevented nominal actions, such as the purchasing of equipment for the NCS Office.

While this report in no way attempts to excuse the seriousness of these delays and the fragile

state with which the MEITI is presently operating, there are several meaningful outcomes of the MEITI in this past year, despite the setback and delays described above.

In July 2016, the MEITI Gemstone Sector Review was completed, on behalf of the MSG, providing a comprehensive assessment of the gemstone sector - including analysis of the gems sector in relation to EITI requirements, as well as a series of recommendations. Following several state and union level consultations led by CSOs, NRGI and MONREC on management of the jade sector, the ministry is forming a multi-stakeholder Steering Committee, comprising government, CSOs and private sector, to advise and support the government on sectoral reforms.

In the second half of 2016, a number of workshops related to EITI were organized by GIZ and the Natural Resource Governance Institute (NRGI) and were well attended by MEITI stakeholders. MEITI's 2nd Annual Progress Report was produced, and in the absence of an MSG, was approved by the Interim Chair of the MSG, and submitted to the EITI International Secretariat in November 2016. Initial scoping for the establishment of a mineral license registry and cadastre, a recommendation of the 1st EITI report and MEITI Work Plan Activity 1.2.6 has also started, supported by the World Bank in collaboration with MONREC.

In November, December 2016 and January 2017 six preparatory multi-stakeholder meetings were held to discuss and prioritize next steps in the MEITI process. As a result, a Beneficial Ownership Roadmap draft was developed and submitted prior to the deadline on January 1, 2017; a schedule to produce the 2nd and 3rd MEITI reports has

been agreed; an Independent Administrator selected, and the TOR for the Independent Administrator is in the final stages of development. An ambitious eight-month Work Plan and Budget has been discussed and approved by the new MSG. The Work Plan includes discussion to further improve the Beneficial Ownership Road Map and conduct a pilot project; to organize meetings and workshops to implement the recommendations of the first MEITI report; and, to form a new MSG subcommittee to oversee the development of the mineral cadaster.

While the political and financial delays experienced during this APR period prove the fragility of the EITI process, the MEITI activities that continued despite the challenges prove that the MSG and individual stakeholders involved in the EITI process have strived in good faith to continue to implement the Work Plan activities in accordance with the EITI Standard. Alternative funding sources were sought to cover important activities, communication and advocacy with key stakeholders continued, and several unofficial MSG meetings took place followed by four official meetings within a period of three months.

MEITI is aware of the challenges that lie ahead, and hopes in the coming months to further jumpstart progress despite prior delays.

Myanmar's Political Transition and the MEITI

Within this APR reporting period, MEITI entered a new era of secretariat leadership, a colossal change in government administration following the November 2015 general election and a delay in the MDTF World Bank grant on which major MEITI activities depend. This section outlines the main political changes that have taken place in the past year, and how, despite the government delays in re-establishing the MEITI process, many MEITI activities were carried out.

In November 2015, Myanmar held the first openly contested General Election in over 50 years. The opposition party, the National League for Democracy (NLD), won by a wide majority, and was elected into the Parliament. A change of government was completed by April 2016, and during this political transition, Myanmar's first EITI Report was published.

In April 2016 the new democratically elected NLD government formally came to power, and immediately began an ambitious program of institutionally restructuring key government institutions including the merging of the three key EITI-related ministries. In addition, the transfer of authority between outgoing and incoming ministers and political appointees took place. While routine in many countries, this was the first such democratic transition in Myanmar in two generations, imposing a large burden on an already overstretched civil service. EITI has been particularly affected by these changes due to the requirements of cross-cutting collaboration across ministries and between the three MSG constituencies, resulting in a significant backlog of administrative and procedural decisions. These administrative and procedural challenges also meant the approval of the World Bank grant to support implementation by Government was delayed, leading to a gap in funding throughout 2016.

An additional factor was the dissolution of all committees, including the MEITI Leading Authority, by the outgoing government. This decision was officially gazetted on March 29, 2016. This action effectively meant that all senior government representatives involved in EITI appointed by the outgoing government, including the EITI Champion, the MSG Chair and MSG Vice Chairs, as well as members of the government Leading Authority, and the National Coordinator, lost their positions. As a result, the government Leading Authority on EITI and the government constituency of the MSG were officially dissolved, meaning that, although the CSO and Private Sector constituencies remained in place and engaged in the process, the MSG

was absent a government constituency and therefore without a mandate to operate as a whole.

When the NLD government took over in April 2016, they faced extremely high expectations and an array of daunting challenges, including the need to balance complex relations with a military establishment which still retains considerable constitutional power, to move forward one of the world's most complex peace processes. Among these competing priorities it took some time for the re-establishment of the EITI to get to the top of the agenda of senior government officials.

Despite the above-mentioned challenges, the new NLD government has remained committed to EITI implementation in Myanmar, as has been demonstrated throughout the year. In particular, the NLD Economic Policy announced in July 2016, clearly accentuates the strategic role of EITI in the reform process of the incoming government. The State Counsellor Daw Aung San Suu Kyi also highlighted the importance of implementing EITI in Myanmar, during a speech made to the United States Chamber of Commerce and US-ASEAN Business Council in Washington DC in September 2016. Additionally, Ministers and senior government representatives have reconfirmed the government's commitment to EITI implementation on various occasions, including the visit of the EITI International Secretariat in September 2016. In September 2016, the Government of Myanmar published its Citizen's Budget, in which extractive industry revenues from the State-Owned Enterprises are detailed in a separate chapter.

The government's EITI Secretariat Unit established within the Budget Department of the Ministry of Planning and Finance (MOPF) has continued to operate. A new Director was appointed to the unit in July 2016, and three additional staff members have been assigned, bringing the total number of staff working on EITI to seven. On October 31st an

EITI Working Group was established within the Ministry of Natural Resources and Environmental Conservation (MONREC). The group is made up of the senior representatives from the Departments of Mines, Geological Survey and Exploration, Forestry, the Environmental Conservation Department and the four State-owned Enterprises (SOE) under MONREC. The World Bank administered MDTF grant for MEITI was approved by Cabinet in July 2016, and signed by the Director General of the Budget Department on behalf of (MOPF) on 17 January 2017, with funding beginning in April 2017.

The EITI Leading Authority, which is made up of the Ministers of MOPF, MONREC, the Ministry of Energy and Electricity (MOEE) and the Deputy Minister of MOPF, was re-formed on December 19th, and met for the first time on December 28, 2016. At the same time the Renaissance Institute was appointed by Government to take on the role of the Myanmar EITI National Coordinator. Instructions were sent out to EITI related ministries and departments to nominate members to an EITI Working Committee which was formed on February 13, 2017, which in turn appointed the new government constituency of the MSG. The new government MSG was established on February 28, 2017 and in their short three months of operation at the time of writing this report, have already met four times.

Report Deadline Extension

Due to the political transition which caused further delays for the MEITI process and a large funding gap, the MEITI requested to extend the deadline for the submission of their 2nd EITI Report. The EITI International Secretariat has approved this request, and as such, both the 2nd and 3rd EITI Reports will be submitted to the EITI International Secretariat by March 2018, covering two years of data for the Myanmar financial years of 2014-2015 and 2015-2016.

MEITI Governance and Implementation

MEITI Governance – Leading Committee, Working Committee and MSG

The MEITI is implemented through several committees and multi-stakeholder groups. This system has been designed to provide further collaboration and accountability to ensure that reporting and transparent data can be captured for public use from necessary entities. There are three main levels of governance within the MEITI structure. They are: (1) the Leading Committee, (2) the Government Working Committee, and (3) the

Multi-Stakeholder Group (MSG). Furthermore, there are five subcommittees, the MEITI office under the budget Department in the Ministry of Planning and Finance (MOPF) and the National Coordination Secretariat (NCS) that help support the above-mentioned governance groups for improved communication and deliverance of activities and tasks.

The below chart details the current governance structure of the MEITI in Myanmar under the new government directive.

Level of Governance	Number of Members	Member Composition	Date of Re-Establishment
Leading Committee	4	3 Ministers and one Deputy Minister; Ministry of Planning and Finance (MOPF), Ministry of Natural Resources and Environmental Conservation (MONREC), and Ministry of Electricity and Energy (MOEE)	December 19, 2016
Government Working Committee	17	Deputy Minister, Director General and Director Level representing fourteen departments in EITI relevant government agencies	February 13, 2017
Multi-Stakeholder Group (MSG)	25	Chair, Vice-Chair, 7 representatives from the government, 7 representatives from private companies, and 9 representatives from civil society organizations (CSOs)	February 28, 2017
MEITI MSG Subcommittees	Between 9-13 members depending on each subcommittee	Four subcommittees and one ad hoc subcommittee have been formed with appointed MSG members. They are: <ol style="list-style-type: none"> 1. Technical and Reporting Subcommittee 2. Communication and Outreach Subcommittee 3. Work Plan and Governance Subcommittee 4. Mining Cadaster Subcommittee 5. Selection Sub-committee* (ad hoc) 	December 2016 – April 2017

Myanmar Office of Budget Department (MOBD) under Ministry of Planning and Finance (MOPF)	9	Fiscal Policy, Strategy and EITI Unit was formed within MOBD to manage: <ul style="list-style-type: none"> • Coordination within the government • Procurement Services • Financial Management of the MTFD grant and communication with the World Bank 	2015
National Coordination Secretariat	10	Led by the National Coordinator and including three teams of (1) technical, (2) communications and outreach, and, (3) Program Management including Finance, Administrative and Human Resources.	At the time of writing this APR, no official MOU between the Ministry of Planning and Finance (MOPF) and the new NCS team led by Renaissance Institute has been signed due to political and financial delays.

Within the brief three-month period since the re-establishment of the MSG, four MSG meetings have been held. The MEITI MSG has been proactive in holding additional meetings and follow up subcommittee meetings to further the MEITI implementation despite political and financial delays. The following key decisions have been made within the first four MSG meetings:

- Form subcommittees and finalize membership in each subcommittee working group
- Approve a Beneficial Ownership Workshop in March 2017
- Approve Terms of Reference and selection of the Independent Administrator
- Approve the updated eight-month Work Plan with revised timelines
- Review the duties and responsibilities of the National Coordination Secretariat (NCS)
- Discuss duties and responsibilities of the BO consultant and mining cadaster consultant
- Discuss and revise the Implementation Manual

For more information on the MEITI MSG and governance structures, please see Chapter 8.

National Coordination Secretariat (NCS)

Following the first meeting of the MEITI Leading Authority on December 28, 2016, the Renaissance Institute was appointed to take on the role of the Myanmar EITI National Coordination Secretariat. However, due to inconsistent contracting instructions and financial delays from the World Bank, the National Secretariat has not yet been able to sign an MOU with the Ministry of Planning and Finance, and thus has not yet received any funds.

This has proved extremely difficult as presently at the time of this APR submission, the NCS team still did not have an office space, equipment or furniture to work. NCS recruited eight out of the ten positions but did not have any salary to pay them due to these delays. Many staff have volunteered their time and contributed their personal equipment to

ensure the success of the NCS during this trying time.

It is hoped that in the immediate weeks following this APR period, an MOU agreement can be reached, and a compromise can be met with the complicated financial requirements of the World Bank which have significantly delayed the process.

Beyond the MSG: Additional Activities outside of MEITI MSG

Despite the political and financial delays in the MEITI process which caused severe delay of the re-establishment of the Leading Committee and subsequent MSG, there was strong support from civil society, government, and the private sector to keep the MEITI progressing. It is this commitment to the process that serves as a testament of Myanmar's willingness to implement the 2016 EITI Standard and improve transparency and accountability in the extractive industries in Myanmar.

Civil society remained actively involved in the EITI process throughout the past APR year. The findings and recommendations from the 1st EITI Report have been disseminated widely through CSO networks. Furthermore, the recommendations were used as a basis for the development of MATA's Natural Resource Policy, which has been prepared for submission as a position paper in anticipation of the national peace conference. CSOs conducted regular advocacy meetings with Members of Parliament in the Natural Resources Committees, the Ministry of Natural Resources and Environmental Conservation (MONREC), and regional governments, highlighting the importance of implementing EITI recommendations to enhance transparency and accountability in natural resource governance in Myanmar.

There were also positive advances in implementing EITI from the **government**. In October 2016, the Ministry of Natural Resources and Environmental Conservation

(MONREC) organized a large multi-stakeholder conference on Mining Governance in Nay Pyi Taw. This conference was attended by 10 State and Regional Natural Resources and Environmental Conservation Ministers, civil society and representatives from the Myanmar Federation of Mining Associations (MFMA) and the Myanmar Jade and Gems Entrepreneurs Association (MJGEA). An agreement was made to form a multi-stakeholder group similar to the MEITI MSG to promote cooperation, discussion and engagement on issues of environmental and social compliance and monitoring activities. Terms of References for this Committee and for a Technical Advisory Team to support it are currently being developed.

At the same time, the **private sector** has been furthering the MEITI agenda through attending meetings and liaising closely with the civil society constituency groups wherever possible and relevant. Companies from both the Oil and Gas and Gemstone sectors have reiterated their willingness to continue participation in the EITI, and following the re-formation of the Leading Authority, have attended meetings and participated in discussions aimed at the appointment of new private sector representatives to the MSG.

Preparing for the 2nd and 3rd Myanmar EITI Reports

Following the approved deadline extension from the EITI International Secretariat, both the 2nd and 3rd EITI Reports will be submitted by end of March 2018. These reports cover two years of data for the Myanmar financial years of 2014-2015 and 2015-2016 respectively. Likewise, the MSG has committed to an additional report on forestry.

The below chart details the progress that has been made on the reporting process for the two IA main reports and the separate forestry report.

IA Reporting Actions

Implemented Steps	Status
Selection of the Main Independent Administrator and finalize proposal negotiations for the 2nd and 3rd MEITI Reconciliation Report	The selection committee, with the support of World Bank, selected Moore Stephens as the Independent Administrator (IA) for the 2nd and 3rd reports. Their proposal was accepted and approved at the MSG meeting held on June 30, 2017 with four remaining points of negotiation for the IA.
Selection of the Forest Independent Administrator	The selection committee, with the support of World Bank and MOBD, selected Moore Stephens as the forest independent administrator. This selection decision and criteria was submitted to the 4th MSG meeting on June 30, 2017 and was approved. In the coming weeks following this APR reporting deadline, the technical and financial proposal will be requested as per the deadline.
Meetings with different Stakeholders to support data collection	The MSG proactively decided to initiate discussion with different ministries and related departments informally to support initial preparations for the upcoming 2nd and 3rd EITI Reports. Likewise, MSG members and the NCS met with the forest department for the forestry sector report as this is the first time this sector will participate in this process.
Beneficial Ownership Preparation for Reporting	There were multiple unofficial meetings in preparation to meet the EITI requirement of submitting a BO Roadmap by the end of 2016. There were several workshops and analyses conducted on the draft BO Roadmap that was submitted. However, the definition of BO for Myanmar is still vague and more discussion between stakeholders is needed for better understanding. Therefore, the MSG approved to hire both one international and one national consultant to improve this important work in Myanmar EITI for transparency and good governance.

MEITI's Third Annual Progress Report

In putting together this Annual Progress Report, the MEITI reached several new milestones and made important steps towards improving monitoring and reporting methods.

This report is the most inclusive APR to date and has involved regular and active participation from both the MSG and the Technical and Reporting Subcommittee. Chapter 2 goes beyond an evaluation of the MEITI work plan to include additional inputs from civil society, government and the

private sector. Chapter 4 for the first time highlights relevant government body responses to the findings and recommendations of the 1st EITI Country Report. Chapter 5 not only details the strengths and challenges of the MSG, but goes on to identify opportunities, threats, and potential solutions for how these challenges can be addressed and reconciled. Chapter 8 outlines the detailed governance structure of the MEITI in Myanmar, highlighting the various key decisions that have been made at the MSG and subcommittee meetings.

While MEITI and the MSG are aware that there

is much work to be done and this report in no way attempts to hide this much needed effort, the MSG is proud of this APR exercise. Together the MSG has, for its most inclusive effort to date, come together to improve the

monitoring and evaluation aspects of executing the Work Plan, implement the EITI Standard, and involve external MSG government departments, civil society and the private sector in the process.

CHAPTER

2

Work Plan

The new MSG that was established on February 28, 2017 has not yet been able to discuss the MEITI three-year Work Plan. Due to significant political and financial delays, there were no official MSG meetings between the period of July 2016 through February 2017. Since March 2017, the MSG has been meeting every month, working rigorously to get the MEITI back on track. However, because of urgent tasks including navigating and understanding the MDTF financing system, MOU procedure and setup of a new NCS office, the MSG has not yet had time to review the full three-year MEITI Work Plan within the reporting period of this APR.

Given the lack of any official MSG meetings for nine of the past twelve months as noted above, the MEITI three-year work plan presented in the previous APR has not been updated nor reviewed in full by the new MSG. However, the MSG has put forth an immediate eight-month work plan to navigate the many tasks requiring implementation to catch up with the intended MEITI timeline that prior delays caused. Therefore, while the entire three-year work plan hasn't yet been

reviewed and finalized, some activities falling within the immediate eight-month work period have been updated and modified to reflect the current MEITI situation.

It is difficult therefore to present an accurate work plan for this APR reporting period given that the old work plan is outdated and has not been adopted by the new MSG in full, and the new MSG has only discussed an immediate eight-month work plan through December 2017. Nevertheless, for the sake of this APR and EITI reporting requirements, MEITI has provided the previous APR's three-year work plan and included text marked in purple for changes made with the new MSG's eight-month work plan. MEITI is committed to reviewing the three-year work plan in full in the immediate future, and looks forward to sharing this completed draft in the next APR.

There are four key objectives within the 2016-2017 MEITI Work Plan. Below is a summary of activities and an assessment of their implementation to date:

Objective-I: Contribute towards broader reform for resource governance

No	Activity	Status	Assessment of Progress
1.2.1	Carry out a legal study to build on recommendations of legal review and scoping study	Not Yet Discussed/ Under Review	This has not yet been discussed in the four MSG meetings that have been held following the establishment of the new MSG on February 28, 2017.
1.2.2	Prepare a draft EITI bill including consultation with legislators and other key stakeholders	Not Yet Discussed/ Under Review	This activity has not yet been widely discussed, however, there have been some informal discussions held with members of parliament regarding an EITI bill.

1.2.3	<p>Government EITI Coordination</p> <ol style="list-style-type: none"> 1. Establish an inter-departmental EITI working group under each key EITI-related ministry (EITI Special Units) 2. Review and strengthen existing government EITI coordination mechanism 	Partially Achieved/ Ongoing	<p>Each EITI-related ministry has already successfully formed an inter-departmental working group. At the time of writing this report, interdepartmental working groups had been formed under the Ministry of Planning and Finance (MOPF), Ministry of Natural Resource and Environmental Conservation (MONREC), Ministry of Energy and Electricity (MOEE), Ministry of Home Affairs and the Office of the Auditor General.</p> <p>The MSG has identified that while each working group has been formed, there still remains a gap in knowledge and understanding of the EITI process. The MSG is planning to conduct awareness raising sessions which will support stronger contributions from these working groups to the MEITI.</p>
1.2.4	<p>MEITI Coordination Office/ Secretariat transition to Ministry of Finance (MDRI-MEITI team to work with Leading Authority to agree and implement step by step plan)</p> <p>Fully-Functioning Secretariat:</p> <ol style="list-style-type: none"> 1. Coordination, Communications, and Technical Support 2. Equipment Purchase 	<p>Handover from MDRI-MEITI to MOPF achieved.</p> <p>However, despite this handover, a new NCS structure has been assigned with the new MDTF</p>	<p>In June of 2016, the previous MEITI Coordination Office (MDRI-MEITI) successfully handed over all documents and responsibilities related to EITI to the Ministry of Finance and Planning (MOPF).</p> <p>However, at the beginning of 2017, a government notification letter appointed Renaissance Institute (RI) to the role of National Coordination Secretariat (NCS) within the MEITI process. Therefore, although this handover process was completed, the coordination responsibility was again taken back from MOPF and given to RI.</p> <p>At the time of writing this report, a Memorandum of Understanding still had not yet been signed between the Ministry of Planning and Finance and RI due to complicated procedures and processes with the World Bank's allocation of the Multi-Donor Trust Fund (MDTF).</p> <p>This delay in documentation and subsequent funding delayed the setup of the new NCS office. Outside funding was sought from Open Society Foundation (OSF) to support RI in recruiting staff members for the NCS Office. By the end of June 2017, all but two positions had been filled within the NCS structure.</p>

			<p>yet, at the time of writing this report in June 2017, no equipment, furniture or office space for the NCS Office has been purchased or provided, due to a delay in the contracting process of the World Bank MDTF. All NCS recruited staff are using their own personal resources and there still is no physical office space to meet as a unit. This has rendered further challenges with regards to securing a venue for meetings, internet usage and the overall communication responsibilities of the NCS team.</p>
1.2.5	<p>Identify and plan to support the government (central and regional offices) in understanding and calculating:</p> <ol style="list-style-type: none"> 1. regional/ local extractive industries contribution to national economy, and; 2. production and export volumes and pricing 	Partially Achieved/ Ongoing	<p>The Independent Administrator's Terms of Reference for the second and third reports included an assessment of these requirements. It is anticipated that the IA will make further recommendations for improving and strengthening the government's management and collation of such data moving forward.</p>
1.2.6	<p>Establish centralized government registers of licenses which cover national and sub-national levels.</p> <p>MSG Preparations for Mining Cadastre development:</p> <ol style="list-style-type: none"> 1. Form Cadastre Sub-committee & hold Monthly meetings 2. Design of the Mining Cadastre through procurement of a consultant 	Partially Achieved/ Ongoing	<p>This activity has been reviewed by the MSG and updated to include specifically a mining cadastre for licenses registration. However, the current initiative for a mining cadastre pertains to mining under the Ministry of Natural Resources and Environmental Conservation (MONREC). The rest of the mining sector still needs to be standardized.</p> <p>In light of this, the MSG met with DICA from the Myanmar Investment Commission to discuss how this activity could be progressed.</p> <p>Within this APR reporting period, a mining cadastre sub-committee was formed, with one meeting thus far held on May 5, 2017. The subcommittee prepared a REOI for procuring a mining cadastre consultant according to the World Bank procurement guidelines and the implementation manual of MEITI.</p>

			\$1 million USD from the Multi-Donor Trust Fund (MDTF) has been allocated for the development of a mining cadastre and signed between MONREC and the World Bank. The geology department of mining within MONREC has initiated preparations of converting manual to digital.
1.2.7	<p>Carry out a review of the illegal and artisanal and small-scale mining (ASM) sector to understand potential contributions towards national economy and estimation of production data</p> <p>Review of Artisanal and Small-Scale Mining: Procure a consultant</p>	Partially Achieved/ Ongoing	<p>This activity was included in Moore Stephens TOR for the 1st MEITI report, and will therefore be carried forward in the 2nd and 3rd year main MEITI reports based on the main Independent Administrator's recommendations.</p> <p>Currently, the MSG and NCS teams are planning to negotiate with the Main IA on their technical and financial proposal to ensure that this activity will be included in the 2nd and 3rd reports.</p>
1.2.8	Carry out a review of the jade and gemstone sectors for potential inclusion in the scope of the 2nd MEITI report (If not effectively covered and/or included in the scoping study and first EITI report)	Achieved	This has already been completed and was already mentioned in the previous year's APR.
1.2.9	Government (including SOEs) needs to identify its level of ownership in the sector	Not Yet Discussed/ Under Review	This has not yet been discussed in the four MSG meetings that have been held following the establishment of the new MSG on February 28, 2017. However, this point was included in the IA's TOR and will be carried forward based on their recommendations.
1.2.10	Government to review availability of EITI related data among SOEs for disclosure in EITI report	Not Yet Discussed/ Under Review	This has not yet been discussed in the four MSG meetings that have been held following the establishment of the new MSG on February 28, 2017. However, this point was included in the IA's TOR and will be carried forward based on their recommendations.

1.2.11	Government to review extractive industry-related sub-national practices, payments and revenues	Not Yet Discussed/ Under Review	This has not yet been discussed in the four MSG meetings that have been held following the establishment of the new MSG on February 28, 2017. However, this point was included in the IA's TOR and will be carried forward based on their recommendations.
1.2.12	<p>Carry out a study to map and identify levels of beneficial ownership in the extractive sectors in Myanmar (If not effectively covered and/or included in scoping study)</p> <p>Develop Beneficial Ownership, Consultancy and Workshop</p>	Not Yet Discussed/ Under Review	<p>Within this APR reporting period, there were four events held with relation to Beneficial Ownership:</p> <ul style="list-style-type: none"> • The first event was the Mongolian - German G7 Fast Track Partnership Workshop on the EITI & CONNEX held between October 21-23, 2016 in Bangkok. Among the topics discussed were lessons learned and Mongolia's pilot experience on Beneficial Ownership. • The second and third meetings on BO were held on December 15 and 26, 2016 respectively, whereby a draft BO Roadmap of the MEITI was submitted to the International Secretariat according to the deadline. • The third event for BO was a workshop held between March 23-24, 2017 where the EITI International Secretariat presented comparative BO Roadmaps from other countries and capacity building needs for BO were assessed. <p>Furthermore, the Myanmar government's new twelve-point economic policy directly links to BO requirements, high-lighting that more transparency and accountability are needed to combat corruption.</p> <p>At the same time however, the draft BO Roadmap submitted to the EITI International Secretariat needs to be reviewed and modified further by the MSG. At the time of its required submission by the EITI Secretariat in December 2016, the Leading Committee had only been established for less than 15 days, and the MSG had not yet been re-formed. Likewise, the MSG needs to further define BO within Myanmar context.</p> <p>According to the MSG decision, a BO example</p>

			<p>from the oil and gas sector will be piloted and included in the 2nd and 3rd reports.</p> <p>A REIO for the procurement of a BO consultant has been initiated and likewise, a local consultant TOR for NICS has also been drafted. The process for filling these two positions will continue in the third quarter.</p>
1.2.13	<p>1. Government to agree on procedure for disclosure of information related to the allocation of licenses</p> <p>2. Disclose information about bidding process including list of applicants and the bid criteria (2013-2014) in line with EITI 2013 Standard Requirement 3.10</p>	Not Yet Discussed/ Under Review	<p>This has not yet been discussed in the four MSG meetings that have been held following the establishment of the new MSG on February 28, 2017. Moreover, the EITI standard has since been updated to the 2016 EITI Standards.</p> <p>This information was provided to the Independent Administrator for inclusion in the 2nd and 3rd reports.</p>
1.2.14	<p>MSG members will explore methodology and extent of contract disclosure and social expenditures</p>		<p>Official meetings with EITI-related government departments to discuss the implementation of recommendations from the 1st EITI report had not officially started at the time this report was written.</p>
1.2.5, 1.2.10, 1.2.13, 1.2.14	<p>Develop Plan to implement Recommendations from 1st Report:</p> <ol style="list-style-type: none"> Meeting with Government Departments Workshops and meetings on implementing Recommendations of 1st Report 	Partially Achieved Ongoing	<p>However, within this APR reporting period, there was one meeting held with MONREC including the Forestry, Mining and concerned departments including the Permanent Secretaries to review the recommendations and prepare for the 2nd and 3rd EITI reports.</p> <p>Lastly, the MSG, through this APR exercise, has followed up with the relevant departments and related ministries on the implementation status of the recommendations outlined in the 1st report. For detailed information on this, please see Chapter 4.</p>

1.2.15	<p>Carryout a feasibility study on the potential inclusion of the hydropower sector in the EITI Reporting Process.</p> <p>Determine the feasibility of including other sectors in MEITI: Feasibility Study 1 (hydro, forestry or fisheries)</p>	Partially Achieved/ Ongoing	<p>Recommendation 7.4 from the first EITI report suggested that future EITI reports include "hydro, forestry, fisheries and others." The MSG met and decided that a feasibility study would be conducted on the forestry sector.</p> <p>The Forestry Sector Scoping Study and report has already been approved by the MSG. By the end of June 2017, the Selection committee awarded the forestry feasibility study Independent Administrator to Moore Stephens who has substantial experience both in forestry and in Myanmar.</p>
2.1.1	<p>1. Carry out Training Needs Assessment for MSG and key stakeholders</p> <p>2. Design training plan, training manual materials etc. -to include training of trainers (TOT)</p> <p>Effective Training for MEITI Stakeholders:</p> <ol style="list-style-type: none"> 1. Training Plan Review Meeting 2. Implement Workshops under Training Plan 	Not started yet	<p>The MSG and NCS have agreed that in order to effectively implement this activity, a proper assessment of stakeholders' training needs must be conducted. The Communication and Outreach Subcommittee has agreed that a survey will be conducted in the coming months to assess the needs of stakeholders. From this stakeholder survey, a training plan will be developed.</p>
2.2.1	<p>Two or 3 training activities per year depending on training needs identified/training plan - for MSG members</p>	N/A	<p>This training activity update has been addressed in the above 2.1.1 activity.</p>
2.2.2	<p>MSG Study Tour & Exchange visit to Mongolia</p>	Partially Achieved Ongoing	<p>This study tour has been planned although the details have yet to be finalized. The exchange visit to Mongolia is scheduled for late September 2017.</p>
2.2.3	<p>MSG Study Tour & Exchange visit to the Philippines</p>	Achieved	<p>Already achieved and detailed in the previous APR.</p>

2.2.4	<p>Government training and capacity development (as requested by government)</p> <ol style="list-style-type: none"> 1. Basic natural resource governance training to EITI related (Union) ministries 2. Basic natural resource governance and EITI training to regional governments (especially from resource rich states and regions) 3. Advance Natural Resource Governance and Reporting Practice Training to MEITI Government, Working Group and Working Group/Focal Group from Each EITI Related Government Agencies 4. Fiscal regime in EITI related training 5. International accounting standard and project financing and evaluation training 	Not Yet Discussed/ Under Review	<p>This has not yet been discussed in detail in the four MSG meetings that have been held following the establishment of the new MSG on February 28, 2017.</p>
2.2.5	Civil Society Organization (CSOs) training and capacity development	Not Yet Discussed/ Under Review	<p>The training and capacity development plan for civil society will be developed following the stakeholder training needs assessment, as decided by the Communication and Outreach Subcommittee and approved by the MSG.</p> <p>However, there have been many trainings and capacity building opportunities on EITI conducted by civil society within this APR period. They are listed separately below under Civil Society activities.</p>

2.2.6	Private Sector training and capacity development	Not Yet Discussed/ Under Review	<p>The training and capacity development plan for civil society will be developed following the stakeholder training needs assessment, as decided by the Communication and Outreach Subcommittee and approved by the MSG.</p> <p>However, the private sector has participated in many events and capacity development opportunities in the past APR year. These activities have been listed separately within this chapter below.</p>
2.3.1	Legal Review	Achieved	This has been completed and was mentioned in previous APR reports.
2.3.2	Political Economy Study (Pre-Scoping Study)	Achieved	This has been completed and was mentioned in previous APR reports.
3.1.1	Prepare and secure World Bank Multi Donor Trust Fund (MDTF) funding until end 2015	Achieved	<p>Already signed with WB and Myanmar Government for \$290,000 million USD for three years work plan, ending in December of 2015.</p> <p>On January 17, 2017, Myanmar signed a new MDTF agreement with the World Bank for \$2.5 million USD. On 30 June 2017, Myanmar signed a Grant Agreement Amendment for an additional \$1 million USD, in total for a grant of \$3.5 million USD.</p>
	Prepare and secure World Bank Multi Donor Trust Fund (MDTF) funding until 2019	Partially Achieved/ Ongoing	The allocation of funds to the Ministry of Planning and Finance began in April 2017. However, due to the complicated procedures of the World Bank, at the time of this APR reporting period, there still has not been an MOU signing between MOPF and NCS. Despite the grant being secured, the funding has not yet reached the NCS.
3.1.2	Prepare and Secure DFID and/or alternative development partner for short-medium-long term funding	Achieved	This was achieved under the previous APR with funding ending under the previous APR reporting period.
3.1.3	Prepare and secure government contribution to EITI	Not Yet Discussed/ Under Review	This has not yet been discussed in the four MSG meetings that have been held following the establishment of the new MSG on February 28, 2017.

3.1.4	Prepare and secure core funding for MEITI Coordination Office	Partially Achieved Ongoing	<p>MEITI-NCS office received funding from OSF for two months in April and May 2017 due to severe delays in signing the MDTF with the World Bank.</p> <p>At the time of writing this report, an amended grant agreement with the World Bank had been signed, however, the MOU had not been completed. Therefore the World Bank MDTF still had not reached NCS.</p>
3.2.1	Hold MSG Meeting every two months	Achieved/ Ongoing	<p>The MSG was reinstated on February 28, 2017. The MSG planned to hold meetings once every two months, but due to the political delays and urgency in the MEITI process, MSG meetings have been held monthly. Within this reporting period, there were four official MSG meetings held between March and June 2017, and six preparatory meetings held between late 2016 and early 2017.</p> <p>The relaunching ceremony of the EITI was held on March 1st ,2017.</p> <p>Moreover, within this reporting period, two Leading Committee meetings have been held, and one Working Committee meeting was held. For more information and detail, please see Chapter 8.</p>
3.2.2	<p>Establish MSG Sub-Committees, Taskforces, Supporting Committees or Monitoring Committees as necessary and hold Meetings accordingly</p> <p>Effective Operation of Sub-Committees: Subcommittee Meetings</p>	Achieved/ Ongoing	<p>Since the re-establishment of the MSG on February 28, 2017, four permanent sub-committees and one ad hoc subcommittee have been formed. They are:</p> <ol style="list-style-type: none"> 1. Technical and Reporting Subcommittee 2. Communication and Outreach Subcommittee 3. Work Plan and Governance Subcommittee 4. Mining Cadastre Subcommittee 5. Selection Sub-committee*(ad hoc) <p>There have been twelve meetings between these five subcommittee groups within this APR reporting period and since their establishment in March 2017.</p>

3.2.3	Procure reconciler firm to carry out detailed scoping study and prepare first MEITI report	Achieved	This activity has already been achieved, not only for the first EITI report but also for the 2nd and 3rd year reports. The MSG has already selected both the Main IA and Forest IA for the scoping and reporting of the 2nd and 3rd year EITI reports as well as the forestry study.
3.2.4	Scoping Study	Achieved (1st EITI Report) Not Yet Achieved for the 2nd and 3rd EITI Reports	The Scoping Study was completed for the 1st EITI report and mentioned in the previous APR. This activity has not yet been finalized, as the MSG is still negotiating the technical and financial proposal of the IA. However, it must be noted that this is on track to be conducted following the contracting of the main IA and forest IA.
3.2.5	1. MSG to agree on scope and definition of materiality threshold for the first report based on the results of the scoping study 2. Reconciler to develop reporting templates with MSG in line with agreed scope 3. MSG to approve the reporting templates	Achieved (1st EITI Report) Not Yet Achieved for the 2nd and 3rd EITI Reports	This activity was completed for the 1st EITI report and mentioned in the previous APR. This activity has not yet been achieved for the 2nd and 3rd EITI reports as the MSG is still negotiating with the IA on their technical and financial proposals. However, this will be conducted following the scoping study report and in accordance with the timeline.
3.2.6	Training on EITI reporting and templates for all Reporting Entities	Achieved (1st EITI Report) Not Yet Achieved for the 2nd and 3rd EITI Reports	This activity was completed for the 1st EITI report. This activity has not yet been achieved yet for the 2nd and 3rd EITI reports but is included in the TOR of the IA and will be conducted in accordance with the timeline.
3.2.7	Preparation and Production of MEITI report	Partially Achieved/ Ongoing	The procurement process of the Main IA has already been completed for the preparation of the 2nd and 3rd EITI reports. The selection committee has already appointed an agency. Likewise, the proposal of the selected consultancy has been approved with some final negotiations both on the technical and financial proposals.

	<p>Production of 2nd and 3rd MEITI Report:</p> <ol style="list-style-type: none"> 1. Procure and support consulting firm to prepare report 2. Procure and support consulting firm for forestry 3. MEITI Website Redesign 		<p>Moreover, the Forestry IA has also been selected by the Selection committee and approved by the MSG. This process will continue in calling for technical and financial proposals in the coming weeks. Both selected agencies are the same institution - Moore Stephens.</p> <p>The MSG approved that the MEITI Website needs to be re-instated and modified further. It was decided that the old website would be continued using the same domain name, and the MSG would review new quotations for web development.</p>
3.2.8	Approve and Launch the MEITI Report by MSG	<p>Achieved (1st EITI Report)</p> <p>Not Yet Achieved for the 2nd and 3rd EITI Reports</p>	<p>The 1st EITI Report was successfully launched and mentioned in the previous APR. There will be an official launch of the 2nd and 3rd EITI Reports following their publication. Furthermore, the MSG has allocated budget for the report to be translated into Myanmar language for wider reach and deeper understanding.</p>
3.3.1	Prepare for the 2nd Report including procurement of Reconciler and possible second scoping study	Achieved	<p>As mentioned above, this has already been achieved for both the 2nd and 3rd reports.</p>
3.3.2	Production of 2nd MEITI Report	<p>Official Extension due to political transition</p> <p>Partially Achieved/ Ongoing</p>	<p>On January 31, 2017, the Leading Committee submitted an official request for an extension for the submission of the 2nd MEITI Reconciliation Report, and for Myanmar's EITI Validation citing exceptional circumstances with the transition to the new government that led to unavoidable delays.</p> <p>Because the 2nd and 3rd reports have been combined, this activity has not yet been achieved. The MSG is still finalizing negotiations with the IA regarding their technical and financial proposals, however, the two reports will be produced after the scoping study report for the main IA has been finalized within the deadline of 31 March, 2018.</p>
3.4.1	Engage in validation, review and approval of validation report	Not Yet Achieved	<p>This will be completed in accordance with the timeline set by the IA.</p>

4.1	<p>Widespread communication and dissemination of MEITI report, ensuring contribution to public debate including e.g.:</p> <ul style="list-style-type: none"> - Press Release - (Media) Including TV, Radio, Print, events and activities <p>Communication:</p> <ol style="list-style-type: none"> 1. Communication Workshop 2. EITI Public Forum 3. 1st EITI Report Dissemination Activities 	Partially Achieved/ Ongoing	<p>Between June 8-9, 2017, a two-day communication strategy workshop was held in Inle with government, civil society and private sector representatives. The draft communication strategy developed at this workshop includes MEITI's main goals, objectives, slogan, and both internal and external communication plans for the NCS and MSG.</p> <p>After the workshop, the draft strategy was again confirmed in the Communication and Outreach sub-committee meeting and approved at the 4th MSG meeting with some recommendations to improve. Once the revised communication strategy is approved, the communication team will begin to implement the activities planned. These activities include the production of many IEC materials including an MEITI flyer, T-Shirt, Sport Shirt, Logo, Letterhead, and pamphlet for dissemination to the wider public to further raise awareness about MEITI.</p> <p>An EITI public forum has still not yet been held due to the delays in the MEITI process and funding gap. It is currently in the future work plans but has been delayed.</p> <p>The 1st MEITI report has already been disseminated in English. The Myanmar translated version of the 1st report is still being translated. Therefore, the report has not yet been widely disseminated to the public yet although a summary of the report has already been disseminated both in English and Myanmar. The delay of the Myanmar version is presently wreaveratic WB funding procedures.</p>
4.2.1	MEITI Website (regular updating and maintenance)	Not Achieved	This has not been achieved as the website expired in 2016 and there was no funding to pay for the website fees. On June 30, 2017, at the 4th MSG meeting, the MSG made the decision to pay all of the website payments and modify the webpage again with a new design.
4.2.2	MEITI Secretariat to establish online and physical 'library' of EITI related information for EITI stakeholders (where the information is not publicly available, it should be approved by MSG)	Not Achieved	This was not achieved from the previous MDRI-CESD coordination office, and likewise, has not yet been discussed by the new MSG and NCS office. It has been noted for discussion in the upcoming MSG agenda for further action.

4.2.3	Develop MEITI communications plan/strategy	Partially Achieved/ Ongoing	The activity has been partially achieved as a draft of the MEITI Communication Strategy was developed at the Communication Workshop in June 2017. The MSG discussed the draft at the 4th MSG meeting on 30 June 2017, and made some recommendations to the strategy that need to be updated.
4.2.4	Implement communications plan/strategy including e.g. information, education and communication materials, outreach events, workshops, seminars etc.	Not Yet Achieved	Implementation of the new MEITI communication strategy has not yet started, as the final draft of the communication strategy is still being updated.
4.2.5	Possible Outreach Events to include: 1. Seminars and workshops (approx. 15) 2. National EITI Conference	Not Yet Achieved	Outreach events have not yet been discussed in detail, however an initial discussion on the MEITI sub-national coordination unit formation has been initiated.
4.2.6	Outreach events for each constituency group	Not Achieved	Not started yet but started discussion on the MEITI sub-national coordination unit formation.
4.2.7	MSG to discuss and agree to options for establishing regional CSO-government EITI support groups - options for establishing groups follow up Sub-National Committee Formation & Operation	Not Yet Achieved/	The formation of Sub-National Coordination Units was discussed by the MSG meeting, and it was agreed that the formation should proceed. In order to form these sub-national coordination units, the MEITI must follow proper government protocol and processes. Following the MSG decision, the NCS office drafted a request letter to submit to the Working Committee. The government Working Committee will then submit this request to the President's Office for the release of an official notification or presidential order establishing sub-national coordination units in all state and division levels.
4.3.1	MSG to establish internal monitoring and evaluation mechanism e.g. MSG Monitoring and Evaluation Sub-Committee	Not yet Achieved	This has not yet been discussed in the four MSG meeting that have been held following the establishment of the new MSG on February 28, 2017.

4.3.2	<p>Post MEITI First Report Activities:</p> <ul style="list-style-type: none"> - Evaluate and review first report process - Follow up MEITI report recommendations - Carry out any research/ studies as necessary including CSO study using participatory action research methodology and PAME 	Partially Achieved/ Ongoing	<p>Civil society has been disseminating information related to the 1st report within their networks for wider knowledge and public awareness on the 1st report recommendations. Civil society has furthermore published a positioning paper and statement on these recommendations.</p> <p>The MSG, through this APR exercise, has followed up with the relevant departments and related ministries on the implementation status of the recommendations outlined in the 1st report. For detailed information on this, please see Chapter 4.</p>
4.3.3	<p>1. Carry out review of government financial data management system needs for effective EITI implementation (Consultant)</p> <p>2. Consultant to develop the system based on the needs identified, and provide training accordingly</p>	Not Yet Achieved	<p>This activity was carried out in the previous APR reporting period but has not yet been discussed by the MSG for how it can be continued in the coming years.</p>
4.3.4	MSG to review and revise the work plan	Partially Achieved/ Ongoing	<p>At the time of writing this report, the MSG has not yet reviewed the full three-year work plan of the MEITI. However, the MSG has put together an eight-month work plan (through December 2017) following an assessment of immediate funding usage and urgent implementation of activities. The MSG will review the full three-year work plan in the coming months.</p>
4.3.5	<p>MSG to review annual progress (work plan), produce annual activity/progress report and send to International Secretariat</p> <p>Review of Work Plan and Preparation of Annual Progress Report</p>	Partially Achieved/ Ongoing	<p>The MSG did not have the chance to prepare the full APR by the July 1, 2017 deadline due to the fact that the re-launch of MEITI was only in March 2017 and the NCS is still without a full team and basic equipment including an office space and computers. The original handover from MDRI-CESD to MOPF has not yet been handed over to the NCS and as such, many documents are missing for inclusion in this report. The MSG sent the International Secretariat a draft of the APR in July 2017, and has revised it accordingly following the proper set up of NCS.</p> <p>The MSG has discussed that the APR will be shared with the public through several different outreach activities. More detail on this dissemination can be found in Chapter 7.</p>

The above work plan and assessment of progress outlines the MSG's work between the July 2016 – June 2017 reporting period. In addition to this, there have been several activities conducted by the private sector, civil society and government. These activities supported the MEITI process and many initiatives in the work plan. The below listed activities are contributions from the private sector, civil society, and the government that directly support the MEITI.

Civil Society - Myanmar Alliance for Transparency and Accountability (MATA)	
Activities	Objectives Addressed
Mining Multi-Stakeholder Group meeting	Forming a national multi-stakeholder group that regularly meets to discuss sustainable development within the mining sector and explore solutions for environmental and social impact in affected areas.
Jade & Gems Supporting Committee	Tri-party committee that supported reforming the Jade & Gems sector by developing policy. Plan to hold a National Jade & Gems Conference in future.
Community Awareness Raising on EITI	One of MATA's ongoing activities that provides capacity building, awareness raising and advocacy to the community, CSOs and government about EITI concepts and the EITI implementation process.
Alternative Dispute Resolution Workshop	Exchange of knowledge and experience sharing on conflict mediation and facilitation between the company and community. Alternative dispute resolution tools used in several Southeast Asian countries and China were shared with Myanmar as opportunities for reducing conflict sensitive issues.
Anti-Corruption Training	Capacity building using examples from international practice in fighting corruption. Results and outcomes of the workshop were advocated to the national level government and parliament to further enforce laws and regulations.
EITI CSO protocol Workshop with NRG	CSO protocol has been included in the EITI 2016 standard. Therefore, in this workshop CSOs better understood what is in the guidelines, scoping and reporting process.
Beneficial Ownership Workshop with Global Witness	As per the implementation of the 2016 EITI Standard, EITI implemented countries must declare the beneficial owner who does not hold legal ownership. The workshop aimed to make CSOs aware of the definition and process of investigating beneficial ownership within the extractive industries.
Oil & Gas revenue management training	In collaboration with Norwegian Oil for Development MATA held a training on Oil & Gas revenue management for MATA- CSO participants from impacted areas. The objective of the training was to understand the nature of oil & gas revenues compared between other countries and Myanmar.

<p>MATA Involvement in MEITI Process</p>	<p>Fourteen (14) MATA representatives represent civil society in the MEITI Process including:</p> <ol style="list-style-type: none"> 1. U Win Myo Thu 2. U Kyaw Thu 3. Daw Moe Moe Htun 4. Daw Su Hlaing Myint 5. U Thant Zin 6. U Aung Kyaw Moe 7. U Saw Mi Bwe Doh Htun 8. U Naing Lin Htut 9. U Mung Dam 10. U Ye Linn Myint 11. U Htoo Aung 12. U Aung Phyo Kyaw 13. U Khine Za Pau 14. U Thant Zin
<p>MATA Involvement in MEITI Subcommittees</p>	<p>Furthermore, MATA civil society representatives serve on various MEITI subcommittees including:</p> <ul style="list-style-type: none"> • Workplan and Governance Subcommittee (U Kyaw Thu, U Khine Za Pau, Daw Su Hlaing Myint and Daw Moe Moe Htun) • Technical and Reporting Sub-committee (U Win Myo Thu, U Mung Dam, U Thant Zin and Daw Moe Moe Htun) • Communication and Outreach Sub-committee (Daw Moe Moe Htun, U Aung Kyaw Moe, U Aung Phyo Kyaw and U Naing Lin Htut) • Selection Sub-committee (U Mung Dam and Daw Moe Moe Htun)

<p>Myanmar Gems Enterprise (MEG)</p>		
<p>Activities</p>	<p>Details</p>	<p>Objectives Addressed</p>
<p>Formation of a Mining Cadaster sub-committee</p>	<p>Comprised of representatives and officials from the MGE, the Myanmar Gems and Jewelry Entrepreneurs Association and CSOs. Formed to employ an online and computerized mining cadaster that can store all necessary information in setting up a publicly accessible license registration system in accordance with the EITI Standard.</p>	<p>To employ an online and computerized mining cadaster that can store all necessary information in setting up a publicly accessible license registration system in accordance with the EITI Standard.</p>

<p>'Jade Portal' Program Launch</p>	<p>The Natural Resources Governance Institute (NRGI) in coordination with MGE is taking the lead in formulating a program to disclose gem-related data for public information.</p>	<p>To disclose gem-related data for public information to be transparent.</p>
<p>Data System Platform for MGE Improved Communication and Management</p>	<p>MGE is also coordinating with NRGI to recruit an international agency that has the technical expertise to establish a data system platform, through which all sections under the MGE are connected as a web and can connect to each other.</p>	<p>To have effective communication and to share MGE information quickly within this department.</p>
<p>MGE is urging extractive companies to develop environmental management plans (EMP) to make sure that environmental sustainability is prioritized rather than economic benefits in their operations</p>	<p>Australian based Valentis & Coffey Co. Ltd. in conjunction with Geosystems Engineering Myanmar Co. Ltd. has formulated and submitted an EMP to the Ministry of Natural Resources and Environmental Conservation through the MGE so that the environment in Lone Khin and Phar Kant areas damaged by jade extractions can be properly rehabilitated.</p>	<p>To be environmentally sustainable and rehabilitate the damaged environment.</p>
<p>Professional Training for Gems Industry</p>	<p>First training conducted in the Gems Training Centre in Nay Pyi Taw with the aim of producing capable professionals for different gems industries (cutting, carving, polishing, making sculptures and jewelry).</p>	<p>To produce value-added gemstone products and provide more Jade & Gem employment opportunities.</p>
<p>Responsible Mining Pilot Ruby Production Project</p>	<p>MGE is coordinating with the American Tiffany Co. Ltd., and Myanmar Gems Companies to start a pilot ruby production project within one year to bring about responsible mining and governance, and to improve social and environmental situations in mining areas.</p>	<p>To bring about responsible mining and governance, and to improve social and environmental situations in mining areas.</p>

<p>Compensation for Damages in Gems Production Areas</p>	<p>The equivalent kyats of six million US dollars from the Gems Emporium Central Committee's fund have been transferred so far to respective state/regional governments to compensate damages in gems production areas.</p>		<p>To compensate damages in gem production areas and to improve livelihoods of the community who are living in mining areas.</p>	
	No	Area		Amount
	1	Lone Khin, Phar Khant		\$2 million USD
	2	Maw Lu, Maw Han, Moe Nhin		\$1 million USD
	3	Kham Hti U		\$1 million USD
	4	Moe Goat		\$1 million USD
5	Man Shuu	\$1 million USD		
<p>Establish Social and Environmental Conservation Committees to implement social and environmental conservation activities (Kachin State)</p>	<p>MGE is planning to set up committees for social and environmental conservation as well as supervise funds with a view of implementing environmental conservation activities in a transparent and accountable way in accordance with the opinions of the local communities.</p>		<p>To supervise funds for environmental conservation activities in a transparent and accountable way and carry out environmental conservation activities.</p>	

<p>Myanmar Federation of Mining Association (MFMA)</p>	
<p>Activities</p>	<p>Details</p>
<p>Revising Mining Law</p>	<p>High ranking members of MFMA provided inputs and regularly participated in consultations to revise the mining law. Consultations were held on August 25, 2016, September 10, 2016, September 22, 2016, October 3, 2016, October 8, 2016 and November 2, 2016.</p>
<p>Law, policy and procedure reforms with MONREC</p>	<p>MFMA regularly participates in law, policy and procedure reforms with MONREC.</p> <p>For example, MFMA participated and attended the June 23, 2017 Implementation of the Mineral Policy Working Committee meeting and plan to attend future discussions.</p>

<p>MONREC EMP, EIA and IEE criteria and subsequent EMP supporting committee</p>	<p>MFMA committed to follow MONREC's criteria concerning EMP, EIA and IEE. Five companies were selected to meet with interested national and international experts on March 17, 2017. Following this, an EMP supporting committee with 20 members was set up.</p>
<p>MFMA Awareness Raising for Environmental Conservation Activities with Mining Associations at the State/Regional Level</p>	<p>MFMA planned and established a strategy for environmental conservation activities with Mining associations in Shan (East), Sagaing, Mandalay, Bago, and Tanintharyi in order to implement transparent and systematic governance activities.</p>
<p>MFMA supported Two State/Regional Mining Association License Registration Processes</p>	<p>MFMA coordinated with MIC and DICA in order to obtain Association licenses for the Kachin Mining Association and the Shan (South) Mining Association</p>
<p>MFMA opened two new NSSA training schools</p>	<p>MFMA opened two NSSA (National Skill Standard Authority) training schools in Yamethin District, Mandalay Region and Shan State</p>
<p>International Engagement</p>	<p>Continued meetings with various international representatives including:</p> <ul style="list-style-type: none"> • The US Embassy and Ambassador Scot Marciel • Australian Embassy • The Russian Federation
<p>Private Sector Engagement</p>	<p>Continued meetings with various private sector representatives including:</p> <ul style="list-style-type: none"> • Japanese businessmen • Singaporean businesspersons (gold) • Orica company [Client of Australian Trade & Investment Commission (Austrade)]
<p>Consultation with Relevant Myanmar Institutions to further MEITI Initiatives</p>	<ul style="list-style-type: none"> • Chairman gave advice to the draft Gold and Jewelry made of gold export/import procedures coordination meeting • "Limited Investment on Business Meeting" according to Myanmar Investment rules/regulation (draft) and Myanmar Investment Law section 42 • Special tax and income tax in 2017 Union Tax law meeting • UNESCO, Myanmar Geology Association Joint Meeting with MFMA
<p>Representing MFMA at Networking and Capacity Building Opportunities for further understanding of the extractives industry</p>	<ul style="list-style-type: none"> • Seminar, "Doing Business with Finland" • Workshop, "The opportunities for U.S economic engagement with Myanmar" • "American GSP workshop" • "Internationalization SMEs Forum by Event Pro (Subsidiaries of Myanmar Endeavors Group) • "Strengthening private sector involvement in TVET and skills development in Myanmar" meeting • "Potential Investment & Trading Cooperation in Mineral Related Business" Workshop Stakeholder Workshop in NPT October 12-13, 2016

	<ul style="list-style-type: none"> • Mongolian-German G7 Fast Trade Partnership workshop on EITI & Connex (October 21-23, 2016 in Thailand) • Green Growth Potential Assessment- GGPA workshop (February 9, 2017) • A reception in support of Responsible Business & the Extractive Industry Meeting (February 9, 2017) • Sustainable Use of Mineral Resources Seminar (May 8, 2017) • MFMA participated in a Land Issues and Environmental Conservation Mining workshop held by MONREC
<p align="center">Representing MFMA at International Conferences and Workshops</p>	<ul style="list-style-type: none"> • YGN Great Trade Fair & Conference by MITA Myanmar • “Singapore Asia Pacific Precious Metals Conference” • “China-ASEAN Mining Cooperation Forum Secretariat (7th Liaison Officials’ Meeting)” • 11th Asia-Pacific Mineral Resources Exhibition Conference 2016 • “China West Mining Exhibition and West China International Mining Industry Development Forum” by China, Yunnan, Kunming International Conference & Exhibition
<p align="center">MEITI Process</p>	<p>5 representatives from the mining sector are involved in the MEITI Process including:</p> <ul style="list-style-type: none"> • U Khin Maung Han (Chairman) • U Thet Naing Win (Secretary) • Dr. Thandar Aung (Assistant auditor) • U Hlaing Win Aung (Central Executive) • U Aung Kyaw Hlaing (Executive)
<p align="center">MEITI Subcommittee</p>	<p>Furthermore, four MFMA representatives serve on various MEITI MSG subcommittees including:</p> <ul style="list-style-type: none"> • Workplan and Governance Subcommittee (U Thet Naing Win) • Technical and Reporting Sub-committee (U Hlaing Win Aung) • Communication and Outreach Sub-committee (Dr. Thandar Aung) • Mining Cadastre Sub-committee (U Khin Maung Han)

Myanmar Gems and Jewellery Entreprenevs Association (MGJEA)

Activities	Details
Formation of several committees to support further transparency in Myanmar's extractives industry	<p>MGJEA formed the following committees to be more transparent in Myanmar's natural resources extraction industry:</p> <ul style="list-style-type: none"> • Joint Venture (Production Sharing System) Gem development committee • Gemstone (value-added products) development committee • Jade Mining Association • Gem Mining Association <p>The Joint Venture Gem development committee spent about \$649,847 USD from committee funds on an Environmental Management Plan (EMP) to implement environmental conservation activities in Phakant gem areas where gemstones are extracted.</p>
Training Centre on Gems	<p>To date, 200 trainees were trained in over ten topics related to gems over a period of six months. This Training Centre initiative contributes towards developing the gem market and human resource development.</p>
MONREC EMP, EIA and IEE criteria and subsequent EMP supporting committee	<p>MJGEA committed to follow MONREC's criteria concerning EMP, EIA and IEE. Five companies were selected to meet with interested national and international experts on March 17, 2017. Following this, an EMP supporting committee with 20 members was set up.</p>
Forming of a Joint Venture Gem Enterprise Development Committee	<p>The Jade Mining Entreprenevs formed a Joint Venture Gem Enterprise Development Committee with Joint Venture Jade Mining Entreprenevs (who apply a production sharing system) in compliance with the instructions of the Ministry of Natural Resources and Environmental Conservation (MONREC).</p> <p>This committee built 15 Joint Venture Gems and a total of 138 storage rooms were built to store joint venture gemstones between the government and companies.</p>
MGJEA Involvement in MEITI Process	<p>5 representatives from MGJEA are involved in MEITI Process including:</p> <ul style="list-style-type: none"> • U Zaw Bo Khant • Daw Phyu Phyu Myint • U Si Thu Myat • U Nan Win

MGJEA Involvement in MEITI Subcommittees

Furthermore, four MGJEA representatives serve on various MEITI MSG subcommittees including:

- Workplan and Governance Subcommittee (U Zaw Bo Khant)
- Technical and Reporting Sub-committee (Daw Phyu Phyu Myint)
- Communication and Outreach Sub-committee (U Zaw Bo Khant and U Si Thu Myat)
- Mining Cadastre Sub-committee (U Nan Win)



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CHAPTER

3

Assessment of Performance Against EITI Requirements

As has already been mentioned in this report, there were significant delays in the MEITI process and implementation of the 2016 EITI Standard due to the exceptional circumstances surrounding the change of government and delays in securing financing for the MEITI.

Nevertheless, the MEITI MSG in its three short months of operation under this APR reporting period discussed several steps that must be taken in order to comply with the 2016 EITI

Standard. The most significant progress within this short time was the re-establishment of the MSG and implementing the work plan, the development of a draft BO Roadmap and subsequent workshops on BO, and the commitment to include further data in the forthcoming 2nd and 3rd EITI reports.

The following table summarizes MEITI's significant progress in complying with the requirements of the 2016 EITI Standard.

Requirements:	Progress
<p>Oversight by the multi-stakeholder group</p>	<p>MEITI, despite significant political delays, has made progress in meeting the following requirements related to multi-stakeholder oversight:</p> <p>1.1 Government Engagement</p> <ul style="list-style-type: none"> On December 19, 2016 the MEITI Leading Committee previously abolished by Presidential Order was formed again. On February 13, 2017 a government Working Committee was formed to support the Leading Committee comprising of 17 representatives from EITI relevant departments and ministries. On February 28, 2017 the MEITI MSG was re-established. This MEITI MSG includes 7 government representatives, 7 private sector representatives, and 9 civil society representatives. Senior government officials within the MSG include the Chairman of the MEITI MSG, Deputy Minister of Planning and Finance and the Director General of the Department of Mines under the Ministry of Natural Resources and Environmental Conservation (MONREC). <p>1.2 Company Engagement</p> <ul style="list-style-type: none"> The MSG is comprised of 25 members including 7 private sector representatives who regularly and actively participate in MSG meetings and the MEITI process. <p>1.3 Civil Society Engagement</p> <ul style="list-style-type: none"> The MSG is comprised of 25 members including 9 civil society representatives who regularly and actively participate in MSG meetings and the MEITI process. <p>1.4 1.4 Multi-Stakeholder Group</p> <ul style="list-style-type: none"> The roles, rights and responsibilities of the MSG have been newly drafted into a TOR that, once finalized by the MSG, will be made publicly available.

	<ul style="list-style-type: none"> The MSG has already approved an immediate eight-month work plan, the appointment of the IA for the 2nd and 3rd report, and this APR. The TOR for the IA is being carried out by the MSG and, at the time of writing this APR, is still being finalized. <p>1.5 Work Plan</p> <ul style="list-style-type: none"> The MSG is still in the process of reviewing the three-year work plan to ensure it is in line with the 2016 EITI Standard and all reporting and Validation deadlines set by the EITI board. However, an immediate eight-month work plan has been approved to address the most urgent needs of the MEITI process following the political delays and funding gap.
<p>Legal and institutional framework, including allocation of contracts and licenses</p>	<p>The 2nd and 3rd EITI Country report will include information on the process for awarding and transferring licenses and contracts of the extractive sectors covered. Since 2015, all of the mineral permit license lists are disclosed online including information such as permit holder, terms of permit, permit size, and detailed location.</p> <p>2.5 Beneficial Ownership</p> <ul style="list-style-type: none"> MEITI submitted a draft BO Roadmap before the January 1, 2017 deadline to the International Secretariat. A follow up workshop was held in March 2017 with the EITI International Secretariat to further detail the existing draft BO Roadmap. MEITI held four events during this APR reporting period on BO to raise more awareness about developing a public registry of the beneficial owners of corporate entities and how this process can be implemented in Myanmar.
<p>Exploration and production</p>	<p>In response to the 2016 EITI Standard and recommendations made in the 1st report, the 2nd and 3rd reports will include an overview of the mining (including jade and gemstones) and oil and gas sectors, including major production activities in the fiscal year(s) covered. However, it is still extremely challenging for Myanmar to produce disaggregated data in the EITI reports (including the reconciliation report) given that presently there are no database linkages between government agencies, resulting in aggregate-only data.</p>
<p>Revenue collection</p>	<p>The 2nd and 3rd EITI Country Reports will disclose more data in revenue collection than what the 1st report covered.</p> <p>Other information related to revenue collection are planned for inclusion in the 2nd and 3rd report include: transportation revenues.</p>
<p>Revenue allocations</p>	<p>The 2nd and 3rd EITI Reports will provide an overview of how revenues are recorded in the national budget. The following additional information on revenue management and expenditures will be provided in the upcoming 2nd and 3rd EITI report:</p> <ul style="list-style-type: none"> Description of the national and state/regional government budget processes Description of fiscal devolution

<p>Social and economic spending</p>	<p>MEITI understands that under the EITI 2016 Standard, all forms of social payments must be recorded in the annual EITI reports, whether these social payments are either mandated by law or included within the contract. In Myanmar, there are no social payments mandated by law and instead, social expenditures are made voluntarily through CSR programmes which are implemented in accordance with the company policy.</p> <p>Currently, the 2nd and 3rd year reports plan to include all social and economic spending by company and government in detail. Furthermore, MEITI MSG plans to discuss how greater transparency and accountability can be made to encourage detailed reporting on revenue and expenditures for all the major extractive industries sector CSR programmes in Myanmar.</p>
<p>Outcomes and impact</p>	<p>7.1 Public Debate</p> <ul style="list-style-type: none"> The MSG has produced paper copies of the 1st EITI Report in English. The MSG has plans to translate it into Myanmar language and disseminate it to a wider audience to raise more awareness and deepen understanding. <p>7.3 Discrepancies and Recommendations from EITI Reports</p> <ul style="list-style-type: none"> The MEITI MSG is proud that this APR includes an update from relevant ministries and departments on the progress of the implementation of recommendations from the 1st EITI report. <p>7.4 Review the Outcomes and Impact of EITI Implementation</p> <ul style="list-style-type: none"> This is the third APR report of the MEITI. MEITI is committed to producing reports that review progress made and outline the future steps of engagement in implementing the EITI process in Myanmar.



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CHAPTER 4

Overview of the MSG's responses to the recommendations from the First Report

Myanmar's First EITI Report published in December 2015 covered a reporting period between April 2013 – March 2014. The First EITI Report highlighted fourteen recommendations to be undertaken. They are:

1. Reliability of the data reported
2. Delay in issuing CIT payment receipts
3. Reporting deadlines
4. Future EITI scope
5. Definition of the Beneficial Ownership
6. Military Holding Companies
7. Publication of statistics and information on the extractive industry
8. Register of licenses
9. Government accounting systems
10. Budget comprehensiveness and transparency
11. Enactment of EITI reporting regulations
12. Allocation of licenses
13. Confidentiality provisions in PSCs
14. Strengthening transparency at the subnational level

This chapter details the MSG agencies' actions in response to the recommendations from the first EITI Country Report.

Special mention must be given to Recommendation 7.3 which noted that at the time of the first EITI Report, four companies and two government bodies failed to submit their reporting templates within the reporting period of the first EITI report. In this past APR year, there has been significant achievement in improving this recommendation, with the majority of all relevant departments actively working to support the gathering of data for the second and third report well in advance. All related departments and ministries have been informed of the reporting template and timeline in advance and are aware of the disaggregation of data.

There are three recommendations (7.1, 7.6,

and 7.11) not mentioned in the below review by the MSG. This is due to the following:

1. Recommendation 7.1 refers to the reliability of the data, and the Office of the Auditor General's (OAG) failure to publish any reports related to audits carried out on Government Bodies. At the time of writing this report, MEITI had not received a written response, however, MEITI was verbally informed by the OAG on the updates of this recommendation. The OAG noted that according to the Auditor General Law, the OAG can only submit the verified documents directly to the President and Speaker of the Hluttaw (Parliament), and cannot share with anyone else. As such, the Auditor General's recommendation to MEITI was to either request for this information directly from the President or Speaker of the Parliament. Alternatively, they suggested MEITI could provide inputs to amend the law within their consultation period of reforming the law, but cannot confirm as to whether this recommendation will be accepted.
2. Recommendation 7.6 refers to the quasi-fiscal expenditure disclosure of military holding companies. At present, the MSG is still reviewing this recommendation to understand how best this can be understood and implemented.
3. Recommendation 7.11 refers to developing a legal framework for EITI in Myanmar including an EITI law that can be harmonized with existing legislation. Presently, related ministries are reviewing their own existing laws that are contributing towards an EITI legal framework. The design of a separate EITI legal framework that is aligned with the 2016 EITI Standard is still under discussion in the MSG and is scheduled to be developed further in the work plan for 2018.

The below tables outline the MSG agencies' actions in response to the recommendations from the first Country Report.

MEITI Office, Budget Department	
Recommendations from the 1st Report	Updates/Progress as of June 2017
<p>7.10 – Budget Comprehensiveness and Transparency</p> <p>'Recommend that the Ministry of Finance considers whether own-source revenues from extractive sector could be redefined as normal budgetary revenue and whether more information needs to be disclosed with regards to "other accounts" in the budget.'</p>	<p>The yearly published budgetary law hasn't yet elaborated on the detailed headings of extractive industries from which the incomes were generated.</p> <p>However, a Citizen's Budget is published annually to improve budget transparency by highlighting how extractive industries play a role in the nation's income, and includes incomes and expenditures regarding those extractive industries.</p> <p>Incomes, either in-cash or in-kind, from the extractive industries gets published as normal incomes in Union Budgetary Law, which is published annually.</p> <p>To enhance peoples' understanding, information regarding 'Other Accounts' (OA) such as the purposes of opening up OAs, the status of those accounts, the settlement of expenditures from those accounts and how incomes are remitted into the accounts is clearly mentioned within the 'Financial Management Plan of the State-Owned Enterprises (SOE)' in the Citizen's Budget published in 2016-2017.</p> <p>While the SOEs doing extractive industries illustrate collective incomes in the Union's Budgetary Account, they entail separate incomes items such as sale incomes, benefit shares from joint venture and other incomes in the normal budgetary account that are submitted to the Ministry of Planning and Finance every year.</p>

Customs Department (CD)	
Recommendations from the 1st Report	Updates/Progress as of July 2017
<p>7.3 – Reporting Deadlines</p> <p>'Recommend that the timing of the reconciliation exercise is better planned in order to avoid short deadlines and provide sufficient time for reporting entities to prepare their templates.'</p>	<p>The Director General and members of the customs committee for MEITI have prepared for the second and third reports in advance and clarified all information that needs to be provided by CD for the report. CD is currently preparing statistics and information of 1,019 Gems and Jade Companies, 1,203 Mining Companies and 86 Oil and Gas Companies for the budget year 2014-2015 and 2015-2016 as requested so that those statistics and information can be submitted in time.</p>

**Recommendation
7.7-Publication of statistics
and information on the
extractive industry**

Recommend 'MEITI Secretariat, MoM, MoE and CSOs publish contextual information at least annually including: industry potential, contribution to the economy, strategy for the sector, relevant events and facts, current regulations and upcoming changes, amongst others.'

A Customs Committee for MEITI has been formed as per the Departmental Order of 335/2017 dated 21st July 2017. To represent the Customs Department in MEITI meetings, and respond to any questions regarding the oil and gas and mining sectors.

Directorate of Investment and Company Administration (DICA)

**Recommendations from the
1st Report**

Updates/Progress as of June 2017

7.3 – Reporting Deadlines

'Recommend that the timing of the reconciliation exercise is better planned in order to avoid short deadlines and provide sufficient time for reporting entities to prepare their templates.'

- DICA has been notified of the reporting timeline and prepared well in advance for the second and third EITI report. DICA is preparing all necessary data and has staff designated to support the process.

7.5 – Beneficial Ownership¹

* Reporting entities must be made aware of the importance of the BO declaration. Particular attention should be given to the ownership of companies which are not owned by listed companies or SOEs;

- Approved investment project information is disclosed within 24 hours of the MIC meeting approval on www.dica.gov.mm. Furthermore, a press conference is organized, and investment information is uploaded by sector as well as by country.
- A list of companies registered at DICA is also being uploaded on DICA's website (www.dica.gov.mm)
- DICA is coordinating with Mspiral International Design and Web Development Agency for the betterment of DICA's website thanks to support from GIZ.

¹ Recommendation 7.5 has been shortened in the above chart. The complete list of recommendations under 7.5 Beneficial Ownership is as follows:

a.) Agree on BO definition and reporting process; b.) Reporting entities must be made aware of the importance of the BO declaration. Particular attention should be given to the ownership of companies which are not owned by listed companies or SOEs; c.) Strongly recommend that training be provided to companies on BO reporting requirements. During training, the BO template should be presented and instructions and guidance notes should be provided for the preparation of BO declaration; d.) Standard format for companies to display, substantiate and update ultimate beneficial ownership information according to EITI Requirement 3.11.

*Standard format for companies to display, substantiate and update ultimate beneficial ownership information according to EITI Requirement 3.11.

- There is no separate section yet at DICA for registering beneficial owners of cooperate entities.
- According to Provision 38 of the Myanmar Investment Rules (MIR) enacted on March 30th 2017, it is mentioned that an investor needs to submit a summary of proposed investment which must include information regarding the investor and any other person holding a significant direct or indirect interest in the investment and provide other information as directed by the commission if necessary.
- Provision 45 of the MIR also states that the commission can publish the summary of the proposal for public awareness.
- In addition, Provision 199 of MIR also calls for the publication of an annual report submitted by an investor within three days of submission on the investor's website or DICA's website for public information.

7.9 Change accounting systems and Employ Taxpayer Identification Number (TIN)

'Recommend that the Government introduces appropriate computerized systems to record and control information relating to taxation and revenues. Also recommend that the Myanmar Tax Authorities (IRD and Customs Department) implement the use of Unique Tax Identification Numbers (TIN) for all taxpayers in order to avoid unnecessary confusion and mistakes. TIN would also lead to information being reported reliably and efficiently.'

- Information of the companies registered at DICA are being recorded using a company registration software developed by Myanmar Information Technology Co., Ltd.
- DICA is likewise coordinating with the ADB to implement an electronic registry system.
- DICA is working closely with Data Focus Co., Ltd. to set up an investment database starting from the budget year 2017-2018.
- In addition, a FDI Pilot Survey is being conducted to have reliable information with the financial support of EU-ASEAN COMPASS and the technical support of the IMF.
- Capacity building trainings are also being provided to the staff for documentation and database development.

Internal Revenue Department (IRD)

Recommendations from the 1st Report	Updates/Progress as of June 2017
<p>7.2 - Delay in issuing Cooperative Income Tax payment receipts</p> <p>'Recommend that CIT payment receipts are issued upon receiving transfers from companies. This will avoid cut-off errors in the reported data. IRD should review the process and identify weaknesses that causes the delay in producing the receipts.'</p>	<p>The Internal Revenue Department has made the following efforts to urge companies for tax compliance:</p> <ul style="list-style-type: none"> • Informed to submit an income declaration form • Invited for investigation in accordance with their annual tax payment • Checked the submitted reports • Follow up to provide more information if required • If completed, calculate the amount for taxation (need to pass through different levels of authorities) • After completing all calculations on amounts to be taxed, IRD will enter this information into the computer e-RTS system. IRD then provides Form 8 and a three-fold slip [challan], as per the Income Tax Law, Provision 53. • Once the company receives the slip, they must pay all noted taxes to the Myanmar Economic Bank. One piece of the slip is held by the company; the second piece of the slip is held by the Myanmar Economic Bank; and the final piece of the slip is held by IRD. <p>Special Note: For taxes based on profit-upon-the-principle, and in accordance with the Income Tax Law Provision 53 only, after the company pays its taxes to the Myanmar Economic Bank, the company will receive Form 8 at that time only.</p> <ul style="list-style-type: none"> • After the large taxpayers' office was set up in 2015, all unnecessary bureaucratic procedures were removed for the benefit of tax payers through negotiations with related banks. This allows tax payers to pay tax more easily.
<p>7.3 – Reporting Deadlines</p> <p>'Recommend that the timing of the reconciliation exercise is better planned in order to avoid short deadlines and provide sufficient time for reporting entities to prepare their templates.'</p>	<ul style="list-style-type: none"> • The IRD has prepared well in advance for the second and third EITI report. Even during the scoping study, IRD has prepared all data into accurate formats and has provided all disaggregated data despite their manual data records. All of the IRD staff involved in supporting the second and third report has been trained and briefed of the timeline well in advance.

7.9 Change accounting systems and Employ Taxpayer Identification Number (TIN)

'Recommend that the Government introduces appropriate computerized systems to record and control information relating to taxation and revenues. Also recommend that the Myanmar Tax Authorities (IRD and Customs Department) implement the use of Unique Tax Identification Numbers (TIN) for all taxpayers in order to avoid unnecessary confusion and mistakes. TIN would also lead to information being reported reliably and efficiently.'

- Since 2012, a reform process has been undertaken in IRD to have a modern and effective tax management system installed with the support of international organizations such as the IMF, World Bank, ADB, ITIC, JICA, OECD and OTA (USA).
- Two strategies employed in tax reforms include the transformation of the taxation system from OAS to SAS, and from a current commercial tax system to a value added tax system.
- Like other countries, a large taxpayer office (LTO) has been set up to enhance transitions towards SAS system since 1st April 2014 and a counsellor from USOTA has been recruited to help set up the system.
- Based on the suggestions of international experts from LTO, taxpayer identification numbers (TIN) have been issued using tax revenue management software (TRMS) as the taxation software is not yet ready. Likewise, TINs have been granted to medium taxpayers as well from medium tax payer office (MTO). Besides, TINs are being issued to tax payers who want to start using the SAS system in accordance with the tax they pay.
- In developing a digital taxation system, IRD is preparing to procure an integrated tax administration system (ITAS), which is a commercial off-the-shelf taxation system based on international taxation standards, utilizing a loan from the World Bank.

Myanmar Oil and Gas Enterprise (MOGE)

Recommendations from the 1st Report

7.5 – Beneficial Ownership

*Strongly recommend that training be provided to companies on BO reporting requirements. During training, the BO template should be presented and instructions and guidance notes should be provided for the preparation of BO declaration.

Updates/Progress as of June 2017

- A consultative workshop on beneficial ownership was organized in Novotel Hotel between 23 - 24 of March 2017 and international companies were also invited to submit their expression of interest for beneficiary ownership.

Recommendation

7.7-Publication of statistics and information on the extractive industry

Recommend 'MEITI Secretariat, MoM, MoE and CSOs publish contextual information at least annually including: industry potential, contribution to the economy, strategy for the sector, relevant events and facts, current regulations and upcoming changes, amongst others.'

- Taxes gained from extractive companies and SOEs are being paid to the Ministry of Planning and Finance on a monthly basis as well as an annual basis. These facts and figures are also being publicized through CSOs.

7.9 – Change accounting systems and Employ Taxpayer Identification Number (TIN)

'Recommend that the Government introduces appropriate computerized systems to record and control information relating to taxation and revenues. Also recommend that the Myanmar Tax Authorities (IRD and Customs Department) implement the use of Unique Tax Identification Numbers (TIN) for all taxpayers in order to avoid unnecessary confusion and mistakes. TIN would also lead to information being reported reliably and efficiently.'

- The Ministry of Electricity and Energy has started using a computerized accounting system for salary payments and stores these accounting systems in the Head Office and offices in Yangon Region.
- While the Naypyitaw Head Office uses a computerized accounting system for monthly reporting of cash budget, commercial budget, trial balance, and an annual balance sheet, field offices can only employ a computerized accounting system for other accounts rather than salary payments and store accounts.

7.13 – Confidentiality provisions in PCSs

'Over the long term such provisions should be amended to allow disclosure for EITI purposes and include an EITI reporting obligation on the operators and MOGE. These amendments should be considered for the forthcoming contracts and those currently being negotiated.'

- The Ministry of Electricity and Energy will disclose confidential contract information once both parties (MOGE and its contractors) agree to do so, even though PSCs between them usually contain confidentiality provisions preventing public disclosure of contract information. The MOGE had provided this information when the first MEITI report was being prepared.

Ministry of Natural Resources and Environmental Conservation (MONREC)

Recommendations from the 1st Report	Updates/Progress as of June 2017
<p>7.3 – Reporting Deadlines</p> <p>'Recommend that the timing of the reconciliation exercise is better planned in order to avoid short deadlines and provide sufficient time for reporting entities to prepare their templates.'</p>	<ul style="list-style-type: none"> MONREC has worked closely with MEITI NCS to prepare data in advance of the second and third reports. MONREC is mindful of all deadlines and been in close communication with MEITI NCS and Moore Stephens, the IA, to ensure all deadlines are met and data is submitted.
<p>7.4 – Future EITI Scope</p> <p>'Recommend to;</p> <p>*Include the production in the reconciliation process;</p> <p>*extend the coverage of the Gems and Jade sub-sector revenues by including all revenues collected and not only those received from emporium; and study the possibility to include hydro, forestry, fisheries, and others...'</p>	<ul style="list-style-type: none"> As agreed by the MSG, the second and third reports include production, in kind, reserve resource and military company disaggregated data. Likewise, the coverage of the second and third report has been extended to include all revenues collected under the Gems and Jade sub-sector not only those received from emporium. Lastly, Forestry has been added as a pilot exercise for the second and third EITI reports.
<p>7.5 – Beneficial Ownership</p> <p>*Agree on BO definition and reporting process</p> <p>*Strongly recommend that training be provided to companies on BO reporting requirements. During training, the BO template should be presented and instructions and guidance notes should be provided for the preparation of BO declaration.</p>	<ul style="list-style-type: none"> A BO Roadmap was drafted in a workshop with the presence of the government, civil society (MATA), the private sector (MFMA) and Natural Resource Governance Institute (NRGI) on 15th of December 2016 at Royal ACE Hotel in Naypyidaw. The draft BO Roadmap was then again reviewed in a two-day review workshop organized at Novotel Hotel in Yangon in March (23-24 March 2017) by various stakeholders including the government, MATA, MFMA and NRGI together with representatives from the EITI International Secretariat the World Bank. In addition, the Ministry is also supporting the subcommittee and MSG to hire a BO Consultant.

Recommendation

7.7-Publication of statistics and information on the extractive industry

Recommend 'MEITI Secretariat, MoM, MoE and CSOs publish contextual information at least annually including: industry potential, contribution to the economy, strategy for the sector, relevant events and facts, current regulations and upcoming changes, amongst others.'

- The statistics and information regarding government revenues generated from the extractive industry and funds allocated for separated plans, license allocations and registration, law, related rules, orders and instructions and sample contracts have been prepared and sent to Moore Stephens for the independent reconciliation for the second and third MEITI report.
- That information will be officially disclosed to the public once completed through organizing press conferences and a launching event.
- In addition, the website (www.mining.gov.mm) has been regularly updated with statistics of cadastral mines licensed by the Ministry since May 2015.

7.8 – Register of Licenses

'Recommend that the Mining Cadastre ensures that all records are computerized and kept up to date. This would then allow the generation of reports of all licensed operators with relevant details. An online cadastral system should be installed, which includes information on coordinates of concessions and transfers of mineral rights as well as fees paid. The MoM and the MoE should have official online cadastre maps with details of licences

- The second and third EITI reports will include information about computerized mining cadastre (MCS) that can record all license information in one place.
- Mining cadastre consultants from the World Bank visited the Ministry in October 2016 and conducted a pre-feasibility study for a week in order to implement MCS.
- A knowledge sharing workshop has been scheduled in early August 2017 to learn more about MCS from the World Bank with the Department of Mines.
- Moreover, the ministry is actively participating in the selection sub-committee and MSG plans to recruit an international mining cadastre consultant.

7.9 – Change accounting systems and Employ Taxpayer Identification Number (TIN)

'Recommend that the Government introduces appropriate computerized systems to record and control information relating to taxation and revenues...'

- The departments and state-owned-enterprises under the Ministry of Finance, the Ministry of Mines, and the Ministry of Energy are still using paper-based manual systems. However, an online communication system is being employed for interdepartmental communication under the Ministry while an e-government system and computer database are being set up.

Recommendation 7.12-Allocation of Licenses

'Recommend that the MoM reviews the current legislation to state clearly the process used for awarding licenses and when a round of bidding should be conducted with the highest bidder obtaining the concession. This will ensure transparency and could also generate higher revenues.'

- First come first serve policy is employed in awarding licenses for the exploration of minerals. However, an auction system is practiced to award licenses if the proposed exploration areas fall into an area with certain mineral reserve, upon which many investors are of interest.
- On the other hand, according to Provision 25, Section A of the Myanmar Mines Rules (1996), the Ministry shall grant a large-scale mine production permit if the application is made by a holder of a mineral exploration permit.
- An auction system was once used in awarding licenses for mineral exploration. However, license renewal and awarding of new licenses have been suspended for the time being.
- MONREC is planning to include procedures for awarding licenses for exploration and production in the new gemstone rules that are currently being formulated.

Recommendation 7.14-Sharing revenues from extractive industries at sub-national level

'Recommend to review the mining regulation in order to set up a fair revenue sharing mechanism of extractive revenues between central and local level.'

- Table 2-F of the 2008 Constitution defines the rights of state and regional governments and those have been enacted in Provisions 6 and 10 of the amended Myanmar Mines Law (2015).
- The Law Amending Myanmar Gemstones Law Rules is currently being discussed at the Hluttaws and the ministry is trying to enact new mine rules.

CHAPTER

5

Specific Strengths or Weaknesses identified in the EITI Process by Myanmar's experience

Below, the MSG has outlined several strengths, weaknesses, opportunities and threats currently faced when implementing the 2016 EITI Standard in Myanmar.

Strengths

- 1. Increase in Second and Third Report Scope:** In the second and third EITI reports, a much larger scope will be covered compared to the first report. This includes production data, private companies' data, military owned enterprise data and Myanmar Pearl sector as well as a separate report on the forestry sector. Likewise, the Independent Administrator will conduct field visits as part of the assessment.
- 2. Improved and Inclusive Annual Progress Report:** This year's Annual Progress Report is more thorough, offering much more detail into the existing MEITI process including MSG governance structure, key MSG decisions made, Myanmar's changing political context, and responses to the first EITI report recommendations. It is the most inclusive Annual Progress Report to date for Myanmar, having consulted relevant ministries and departments for feedback, and was widely discussed within the MSG and Technical and Reporting subcommittee. Likewise, there has been thorough discussion and consultation with various departments, ministries, and other stakeholders on feedback from the first report and progress on implementing recommendations.
- 3. Strengthened Effort in Gathering EITI Data:** Following the first EITI report, and in direct response to the report's Recommendation 7.3, there has been a large increase in effort for further cooperation and coordination among ministries and departments for the gathering of EITI data, well in advance of deadlines.

- 4. Effective and Efficient MSG Meetings:** MSG meetings are effective and efficient. In the previous time, it was only civil society and the NCS who worked to further the MEITI initiative – now there is much more involvement from the private sector and government.

Accountability at All Levels of the MEITI Process:

The Government Working Committee is a unique aspect of Myanmar EITI process, as many other countries do not have such a committee. This committee is formed by the Director General and Director levels from various departments under the four main EITI-related ministries (the Ministry of Home Affairs, the Ministry of Electricity and Energy, the Ministry of Natural Resources and Environmental Conservation, and the Ministry of Planning and Finance). The Working Committee is tasked with supporting the collection of data from all the relevant ministries to ensure a smooth implementation of the EITI report. There is a focal point for follow up and accountability at each level in the MEITI process, as the Working Committee is accountable to the Leading Committee who is responsible for and oversees the implementation of the entire MEITI process.

- Moreover, there are different EITI working groups/task forces in each relevant ministry and specific departments. These task forces are responsible for data entry and documentation for the reconciliation report and supporting the MEITI process. These task forces work together with NCS and other stakeholders including civil society and the private sector as well.
- 6. Association Representation within the Private Sector:** Some of the private sector has come together to attend MSG meetings as associations, rather than as individual companies. This is especially true from the Mining, Jade and Gems sectors, who have associations and elect representatives.

7. **Increased MSG Attendance:** MSG meetings and subcommittee meetings have been attended at a much higher rate than in past, with more involvement from all three stakeholder groups. Since the MEITI MSG started back up again in 2017, we have had very regular and frequent meetings.
8. **Appointing of Ministry EITI Experts:** The Ministry of Electricity and Energy (MOEE) and the Ministry of Natural Resources and Environmental Conservation (MONREC) have each appointed an EITI specialized expert to support and further the MEITI process.
9. **Myanmar Economic Plan Complements EITI:** The Myanmar government has put forth an Economic Plan whereby the first two economic objectives are directly related to EITI. This further strengthens commitment to the EITI process.
10. **Committed to EITI Reporting:** Despite prior delays, the MSG is fully committed to fulfil the reporting requirements of the second and third EITI reports, and follow up on recommendations made.
11. **Building Trust through Transparency:** The MEITI MSG and the EITI process is helping to infuse transparency within Myanmar's governance system, that can further build trust between the government, private sector and civil society.
12. **Widened Civil Society Advocacy Channel:** Through this MEITI process and current MEITI MSG, civil society has a channel to advocate directly to the government and raise awareness with the private sector.
13. **Coordination Among MSG Stakeholders:** Despite delays in the approval of the new Leading Committee, and the signing of the MOU and allocation of funds from the World Bank, coordination among stakeholders remained strong, with EITI initiatives being furthered without specific funds allocated, a coordination secretariat, or regular MSG meetings.
14. **Commitment to MEITI Process:** Despite political delays, MSG members volunteered to meet unofficially several times in order to continue the MEITI process and personally contributed their time while attempting to find a

collective solution to meet the EITI requirements. This volunteer spirit and willingness to meet despite delays demonstrates a strong understanding of and commitment to the EITI process in Myanmar.

Weaknesses

1. **MEITI Designation:** The design of the MEITI process falls under the responsibility of one department within the Ministry of Planning and Finance. As such, it is difficult to influence other departments and other ministries. This creates challenges for the MEITI process, especially when it comes to conducting the EITI reporting and data collection, but moreover, when attempting to implement an EITI legal framework and reform existing related laws.
2. **Institutionalization of NCS in Ministry of Planning and Finance:** In the new National League for Democracy (NLD) government, Renaissance Institute (RI) was selected as the National Coordination Secretariat (NCS), responsible with coordinating the implementation of the Myanmar EITI process. However, the previous coordination secretariat (MDRI-CESD) successfully handed over their role and responsibilities as reported in June 2016, in accordance with the vision that the Ministry of Planning and Finance (MOPF), formerly known as Ministry of Finance, would take over these responsibilities permanently.

However, at present, with the new agreement between the World Bank and MOPF, RI has again taken back these coordination responsibilities from MOPF. Currently, MEITI implementation must follow the regulations and guidelines from both MOPF and the World Bank. This brings about many delays and challenges for the RI NCS team in carrying out activities, especially those involving finances. Currently, the procedure is such that once the MSG has made a decision, the NCS must submit this request to the MOPF with proper procurement documentation, and once

approved, this request is then sent to the World Bank for another approval. This process delays the implementation of many activities and has caused further delay in fully setting up the NCS office.

3. Myanmar's Political Process Delayed

MEITI: Myanmar's change of government following the 2015 elections meant that there was a significant delay in the MEITI process, as the Leading Committee was not formed, causing further delays in funding, the formulation of the MSG, and the execution of the second EITI report.

4. Funding Gap: There was a significant funding gap in the MEITI process during this APR reporting period, as there was no budgeted funding between July 2016 and April 2017 when funds were received by MOBD. This caused further delays in establishing the NCS and other important activities.

5. NCS Not Fully Established: As of June 2017, the National Coordination Secretariat (NCS) was still not fully established. Key equipment including laptops, furniture and an office space had not yet been secured. During the period where there was no funding, many NCS staff volunteered (without pay) and were reliant on donations from other organizations to run events and activities. Likewise, the administrative expenses of NCS were based on donations, private contributions, and volunteering in order to maintain MEITI progress and operations.

6. MEITI Additional Responsibility: Most people involved in the MEITI process have full time responsibilities, and the MEITI MSG is an additional responsibility. This adds additional stress and can at times cause delays in implementing important aspects of the process.

7. Auditor General Law: The Auditor General Law is of serious concern for the ongoing MEITI process. As is noted in this APR's Chapter 4 and in response to Recommendation 7.1 of the first EITI report, the current law states that the only audience privy to this information is that of the President and Speaker of the Parliament, and no one else. As such, the EITI process in Myanmar is jeopardized as it cannot presently meet the 2016 EITI

Standard with this existing law.

8. Low Level of Understanding on MEITI:

Awareness and understanding of the MEITI process is still relatively low in Myanmar. Very few people in Myanmar are aware of our first EITI report. Outside of the report launch, there was little discussion with the public and no debate on the subject or recommendations made outside of the MSG. Yet, at the same time, many people are aware of the latest Global Witness Report which highlights many issues facing the extractive industries.

9. Advocacy of the MEITI in Government:

With Myanmar's change in government, new individuals were placed inside the government who were not there previously. Advocacy for the MEITI process and raising awareness had to start over to some extent due to this political process.

10. Civil Society Faces Constraints in Advocacy for MEITI:

Civil society still faces constraints in accessing information, and the freedom to organize events and expression. For example, civil society from Kayah and Shan States still need advance government approval for organizing MEITI awareness workshops and meetings.

Opportunities

- There are existing bodies that exemplify **smooth and workable units** that can be better adopted into the MEITI process. One example of this in Myanmar is the Public Financial Management (PFM) model, which has formed a PFM Department with representatives from different government agencies. This model creates a coordination unit with all relevant agencies working together for one common understanding and furthering one set agenda. MEITI should learn from these examples to create a strong unit that can further the 2016 EITI Standard.
- There is great opportunity to **improve technical knowledge** related to the EITI process within related ministries and departments, given that presently not

much is known.

- Create a **digitalized database**.
- The EITI process offers the opportunity for more openness and willingness to share data. This transparency creates the opportunity for **publicly available data**.
- By sharing production contracts, mining cadaster, and disclosure of information, Myanmar can ensure to **attract dignified and qualified investors** who adhere to EITI principles.
- Include and involve **Myanmar's Hluttaw (Parliament)** in the updating and creation of an EITI Legal framework.

Threats

- MEITI is currently facing a substantial **time limitation** for submitting the second and third EITI reports. Because of the government delay in the process, MEITI must now submit two reports within one reporting period.
- There are many **conflicts** in Myanmar that are brought about by extractive industries. This is of grave concern to the MEITI.
- At present, only a few people know about MEITI and **awareness** on the 2016 EITI Standard is very low.
- The **implementation of the Beneficial Ownership (BO)** process is a sensitive issue for some cases in Myanmar.
- Concern that the **existing strict and complex financial procedures** from various agencies will further complicate and delay the MEITI process.
- For those Myanmar companies that disclose data presently (in line with transparency standards), they **risk their competitiveness** with other companies who do not openly share data.

How to Overcome Challenges

In brainstorming together, the MSG acknowledges the importance of looking towards the future in how to address these challenges and threats. Below are a few ways in which the MSG believes it can tackle some of the existing challenges and avoid potential threats:

- *In response to the existing structure of the MEITI:* MEITI MSG can advocate to the Economic Committee of the Cabinet on the existing structure of MEITI and its placement as a sub-section within the Ministry of Planning and finance. In moving forward, MEITI should be a separate, independent unit under an influential government office, such as directly reporting to the President's Office.
- *In response to the existing Auditor General Law:* MEITI can advocate to revise the Attorney General Law to be in line with EITI Standards. There are current discussions to review this law – MEITI can make such recommendations during the redrafting period.
- *In response to raising more awareness about MEITI:* The MSG needs to revise their existing communication plan to designate more public awareness activities related to the APR and second and third reports. The MSG should attempt to make these lengthy documents digestible – possibly through cartoons, summaries and/or animation.
- *In response to the delay in reporting due to a change in Government:* MEITI MSG can advocate for an EITI bill or some legislative way to ensure there is no delay in the MEITI process between government periods (such as the upcoming 2020 general elections).
- *In response to the Funding Gap:* MEITI MSG can advocate to the Parliament and government early in order to have a government EITI fund established.
- *In response to the slow start of the new NCS:* MEITI MSG can advocate for an EITI law, under which the NCS can be institutionalized. This way, the NCS office is not reliant on a direct appointment from the changing governments.

CHAPTER

6

Discussion Beyond MSG

Because of the political delays and gap in funding during this period, the MEITI process was significantly delayed. At the time of writing this report in mid-2017, the National Coordination Secretariat (NCS) was still not fully functional, as key staff were not yet hired and the basic office set up including a rental space, computers and furniture were not yet ordered. As such, this delayed the drafting of the Annual Progress Report. Given these limitations, the MSG decided that the July 2016 – June 2017 APR would not be able to support a participatory method that extended beyond the MSG.

However, it must be noted that the drafting of this APR was the most inclusive and participatory to date in Myanmar. Multiple departments and related Ministries were consulted for feedback on the first report recommendations, and provided inputs to this report. Activities and efforts beyond the MSG's Work Plan from the government, private sector and civil society were submitted and have been included in this report. The Technical and Reporting Subcommittee met on multiple occasions to brainstorm further inputs and ideas with MSG members from the government, private sector, and civil society on the chapters produced in this report.

Despite the large efforts made by the MSG to produce the APR this year, the MSG is aware of the initiative of asking for inputs for the APR that go beyond the MSG itself, and committed to this consultation and transparent effort with the public. The MSG has noted this important exercise and included it in their work plan for the APR in 2018, to ensure that proper assessments and discussions with key stakeholders outside the MSG take place in a more organized format.

MEITI is further committed to sharing this

existing July 2016 – June 2017 APR with the public. The MSG is committed to undertake the following activities and initiatives with relation to consulting the public on the production of this year's APR:

- Upon publishing this report with the EITI Secretariat, the MSG will translate the APR into Myanmar language for better understanding.
- Budget has been allocated to print several hard copies of the APR in addition to the electronic copies, so that a larger audience outside of the MSG can be reached.
- The MSG will ask for feedback from the public on these printed and electronic APR copies. All feedback will be recorded and discussed within the MSG for follow-up.
- The MSG will organize a press conference to detail the main points and updates provided in this APR. There will be an opportunity to discuss the report with the public (through the media).
- The MSG has noted the important exercise of consulting the public for next year's APR and made a note in the 2018 Work Plan to include proper time for these consultation efforts.



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CHAPTER

7

Total Costs of Implementation

As was noted in the previous APR, the main source of funding for the MEITI was previously shared by two large donors, namely DFID and the World Bank. However, the World Bank Multi-Donor Trust Fund ended in December 2015, and likewise DFID funding ended in June 2016, all before the reporting period of this APR. For the second half of the 2016 year, there was no funding due to delays in the signing of the new MEITI project with the World Bank. As such, all activities were conducted on an ad hoc basis through the support of other institutions.

The new MEITI project funding, under a Multi-Donor Trust Fund (MDTF), was not signed until the beginning of 2017, with funds being allocated only in April 2017. MEITI, especially the NCS Office, is grateful to those individuals and organizations who supported ad hoc events through private donations and volunteered their time to continue MEITI's commitment to the EITI standards during this funding gap.

The below costs for implementation chart details the July 2016 – June 2017 funds utilized.

July 2016 – June 2017 Total Costs of Implementation			
Development Partners	Executing Agency	Beneficiary	Budget
7.10 – Budget Natural Resource Governance Institute (NRGI)	NCS office for MEITI re-launching ceremony (2017)	NCS, MOBD and MEITI- MSG members as well as other interested groups, individuals and networks including the Myanmar Parliament and various ministries	Between ~\$ 10,000 – 20,000 USD
International EITI Secretariat	BO Event (2017)	NCS, MOBD and MEITI- MSG members as well as other interested groups, individuals and networks including the Myanmar Parliament and various ministries	Between ~\$ 10,000 -20,000 USD
Open Society Foundation	National Coordination Office (NCS)	Emergency funding during the funding gap period for the continuation of the NCS for effective implementation of EITI	April-May, 2017 ~\$14,000 USD
Thar Thi Myay	National Coordination Office (NCS)	Emergency funding during the funding gap period for the continuation of the NCS for effective implementation of EITI	June - July 2017 ~\$ 10,250 USD
World Bank Myanmar Partnership Multi	Ministry of Finance and National	MEITI Work Plan implementation	End of May – June, 2017

Donor Trust Fund (MP-MDTF)	Coordination Office (NCS)		Approximately 20,590,000 MMK and ~ \$1,153 USD
Other individuals and organizations	National Coordination Office (NCS)	Each activity especially ad-hoc events and coordination is provided by different organization and individuals	January – April, 2017 In kind volunteering and donations to support funding gap (no estimation of incurred expenses)

CHAPTER

8

MSG Governance and Meeting Attendance

Because of the political delays and funding gap in the past year, the MEITI process including MSG meetings were delayed. In March 2016, the previous MEITI Leading Committee was abolished by Presidential Order and was only formed again with Union Government's Order No. (115/2016) on December 19, 2016. As such, within the first six months of this APR reporting period, no official MSG meetings were held.

However, there were incredible volunteer efforts by the individual MSG members to meet unofficially during this period between November 2016 and January 2017 until the MSG was officially formed on February 28, 2017. Between March and the end of this reporting period in June 2017, four MSG meetings have been held, demonstrating Myanmar's commitment to the EITI process.

The below chapter outlines MEITI's present governance structures and compositions, key decisions made within this APR period, and MSG meeting attendance.

MEITI Governance: Within the MEITI, there are three main levels of governance. They are:

1. Leading Committee
2. Working Committee
3. Multi-Stakeholder Group (MSG).

The Leading Committee was re-established on December 19, 2016 following the abolishment of the previous Leading Committee by Presidential Order in March 2016. The present Leading Committee is comprised of the following individuals:

1. the Minister of the Ministry of Planning and Finance (MOPF),
2. the Minister of the Ministry of Natural Resources and Environmental Conservation (MONREC),
3. the Minister of the Ministry of Electricity

and Energy (MOEE);

4. the Deputy Minister of the Ministry of Planning and Finance (MOPF).

Within this APR reporting period, two Leading Committee meetings were held on December 28, 2016 and February 21, 2017.

The Working Committee of the MEITI was established on February 13, 2017 and is unique to Myanmar. The purpose of the Working Committee is to ensure smooth implementation of the MEITI process through regular meetings between related government ministries and departments. These regular meetings will ensure that necessary government cooperation is met through incorporating the 2016 EITI Standard as well as recommendations made from the EITI reports and ongoing assessment.

At present, the Chairperson of the Working Committee is the Deputy Minister of the Ministry of Planning and Finance (MOPF) and the Secretary is the National Coordinator of the National Coordination Secretariat (NCS). Since the time of its establishment in January 2017, until the time of this reporting in June 2017, one Working Committee meeting was held.

The Working Committee is comprised of 17 members, from Director to Director General level, representing the following departments:

- the General Administrative Department (GAD);
- the Forest Department;
- Myanmar Gems Enterprise (MGE);
- the Electricity Planning Department;
- Myanmar Oil and Gas Enterprise (MOGE);
- the Budget Department;
- the Internal Revenue Department;
- the Directorate of Investment and Company Administration (DICA);
- the Planning Department;

- the Fiscal Policy, Strategy and EITI Unit;
- the Treasury;
- the Office of the Auditor General (OAG);
- the Attorney General's Office;
- Two EITI skilled experts from MOEE and MONREC.

The Multi-Stakeholder Group (MSG): The MEITI-MSG is formed with the participation of 25 member representatives. They are:

- Seven (7) representatives from the government;
- Seven (7) representatives from private companies; and
- Nine (9) representatives from civil society organizations (CSOs).
- Chair (1) and Vice-Chair (1)

In order to ensure that the MSG meetings are conducted smoothly, MEITI has appointed 1 Chair and 1 Vice-Chair. The sectorial representatives are freely and fairly elected in their respective sector with their own agenda. The tenure of the above members is stipulated for three (3) years and they have the right to be re-elected in the next tenure of office of the MEITI-MSG.

If an MSG Member is absent from a MSG meeting, that MSG member's alternate may attend, participate in discussions, contribute to decision-making and generally perform all the functions of that MSG member during the MSG meeting. However, only primary MSG members can make specific decisions regarding the MEITI Work Plan, MSG Terms of Reference, EITI Reports and annual activity reports.

Quorum for the meeting shall be at least 50% of the total MSG members and over 50% of representatives from each constituency group.

MSG Meeting Schedule: The new MEITI MSG was established on February 28, 2017. The MSG agreed to hold meetings both in Yangon and Nay Pyi Taw to accommodate the needs of the various stakeholders involved. Within this APR reporting time

period, and within the three months of operation of the MSG since mid-March 2017, the MSG held four meetings. They are:

- 1st MSG Meeting: March 15, 2017 at the Hotel Royal ACE, Nay Pyi Taw
- 2nd MSG Meeting: March 31, 2017 at the MFMA, Yangon
- 3rd MSG Meeting: May 9, 2017 at the Hotel Royal ACE, Nay Pyi Taw
- 4th MSG Meeting: June 30, 2017 at the Wood Based Training School, Yangon

In addition, during the political transition and funding gap, the old MSG members volunteered their time to informally meet in order to push the MEITI agenda. This commitment to the MEITI despite political and financial delays demonstrates the MSG's commitment to upholding the EITI. During this period, an additional four preparatory meetings were held. They are:

- 1st Preparatory meeting: November 22, 2016
- 2nd Preparatory meeting: December 16, 2016
- 3rd Preparatory meeting: December 26, 2016
- 4th Preparatory meeting: January 13, 2017

Key MSG Decisions Made: Within this brief three-month period of time, several key decisions were made by the MSG within the four MSG meetings held. These key decisions include:

- Form subcommittees and finalize membership in each subcommittee working group
- Approve a Beneficial Ownership Workshop in March 2017
- Approve Terms of Reference and selection of the Independent Administrator
- Approve the updated eight-month Work Plan with revised timelines
- Review the duties and responsibilities of the National Coordination Secretariat (NCS)
- Discuss duties and responsibilities of the BO consultant and mining cadaster consultant
- Discuss and revise the Implementation Manual

Sub-Committees: During these four MSG meetings, there were five sub-committees established, based on the activities and work outlined in the MEITI Work Plan. These five sub-committees are very active, and meet regularly to further the MEITI agenda. The five sub-committees are:

1. Technical and Reporting Subcommittee
2. Communication and Outreach Subcommittee
3. Work Plan and Governance Subcommittee
4. Mining Cadaster Subcommittee*
5. Selection Sub-committee**

*The Mining Cadaster Subcommittee will become busier following the hiring of the independent mining cadaster consultant.

** The Selection Subcommittee meets on an ad-hoc basis depending on the MEITI Work Plan and ongoing selection processes.

In the short months since the first MSG meeting in March 2017, twelve (12) sub-committee meetings have been held between these four groups. Important discussions and decisions were made within these four sub-committees that were then recommended forward for the MSG. Some of these important discussions and decisions include:

- Overseeing and leading the selection process of the NCS and main IA
- Filing an extension letter with the EITI International Secretariat
- Further developing the Communications Strategy initiated at the Communications Workshop
- Developing an eight-month (till end of 2017) Work Plan for the MSG
- Reviewing the structure and functions of both MEITI and NCS and developing an implementation manual based on these functions and scope of works.

Observers: Likewise, observers are welcome to attend the MSG meetings (maximum five per sector), and regularly attend. In accordance with the MSG Terms of Reference, observers cannot discuss nor vote within the MSG. In the MSG meetings held

between this APR reporting period, the following observers attended: the World Bank Group, the Department for International Development (DFID), the Department of Foreign Affairs and Trade (DFAT), the Embassy of the United States in Rangoon, the United States Agency for International Development (USAID), Natural Resource Governance Institute (NRGI), Pyoe Pin, and Spectrum.

The subsequent tables detail the MSG attendance as well as the alternative members.

GOVERNMENT

MSG Meetings (January – June 2017)

Representatives	1st (15.3.2017)	2nd (31.3.2017)	3rd (9.5.2017)	4th (30.6.2017)
U Maung Maung Win (MOPF)		✓		✓
U Win Htein (DOM, MoNREC)	✓	✓	✓	✓
U Tin Myint (GAD)				
U Myo Myint Oo (MOGE)				
U Kyaw Thet (DOM, MoNREC)	✓	✓	✓	✓
U Myo Naing (MGE, MoNREC)	✓	✓	✓	✓
U Aung Soe Naing/ U Nay Lin Soe (IRD, MOPF)	✓	✓		✓
Daw Khin Than Kyi (OAG,		✓	✓	
U Soe Yee (MTE, MoNREC)		✓	✓	✓

- U Aung Soe Naing attended the first two MSG meetings, but he was then transferred to another department. Therefore, U Nay Lin Soe has replaced him as an official MSG member since the 4th MSG meeting.

CIVIL SOCIETY ORGANIZATIONS

MSG Meetings (January – June 2017)

Representatives	1st (15.3.2017)	2nd (31.3.2017)	3rd (9.5.2017)	4th (30.6.2017)
U Win Myo Thu (MATA)	✓	✓		
U Kyaw Thu (MATA)	✓	✓	✓	
Daw Moe Moe Htun (MATA)	✓	✓	✓	✓

Daw Su Hlaing Myint (MATA)	✓	✓	✓	✓
U Thant Zin (MATA)	✓		✓	
U Aung Kyaw Moe (MATA)	✓			✓
U Saw Mi Bway Doh Hfun (MATA)	✓	✓	✓	✓
U Naing Lin Htut (MATA)	✓	✓	✓	✓
U Mung Dan (MATA)	✓	✓	✓	

PRIVATE SECTOR

MSG Meetings (January – June 2017)

Representatives	1st (15.3.2017)	2nd (31.3.2017)	3rd (9.5.2017)	4th (30.6.2017)
U Khin Maung Han (MFMA)	✓	✓	✓	✓
Mr. Dong Yunfei (Myanmar Yangtse Copper company)	✓		✓	
U Zaw Bo Khant (MGJEA)		✓	✓	✓
U Nan Win (MGJEA)	✓		✓	
Dr. Sein Win (MFPMF)	✓	✓	✓	✓
Mr. Xavir Preel (Total E & P)				
U Myo Tin (MPRL)				

ALTERNATIVE MEMBERS				
MSG Meetings (January – June 2017)				
Representatives	1st (15.3.2017)	2nd (31.3.2017)	3rd (9.5.2017)	4th (30.6.2017)
U Hla Wai (Government)	✓	✓		
Daw Mi Mi Win (Government)				✓
U Than Htay Aung (Government)	✓	✓	✓	✓
Daw Thandar Lyn (Government)	✓			
U Win Tin (Private Sector)	✓	✓	✓	✓
Daw Kyel Sin (Private Sector)	✓			
U Myo Zaw Oo (Private Sector)		✓	✓	✓
Daw Saw Lu Lu Say Wah (Private Sector)			✓	
U Ye Linn Myint (MATA)	✓	✓	✓	✓
U Htoo Aung (MATA)	✓	✓	✓	✓
U Aung Phyo Kyaw (MATA)	✓	✓	✓	
U Khine Za Pau (MATA)	✓			
U Thant Zin (MATA)	✓			

The UNEARTH project was founded in 2015 as a collaboration between six documentary photographers and the Natural Resource Governance Institute (NRGI), in order to provide a visual record of Myanmar's resource sector. It now exists as a web platform for a growing collection of images from the original photographers, along with the work of independent filmmakers and writers.

UNEARTH is a project managed by Myanmar Deitta in Yangon and supported by NRGI.

www.unearthmyanmar.com



“We are committed to the EITI, which will help us recover earnings from natural resources.”

**Daw Aung San Suu Kyi,
State Counsellor of Myanmar**



“Myanmar is currently undergoing a democratization process, but democracy cannot be achieved by the government alone. EITI through the MSG process provides a good example of a working democratic platform – whereby government, civil society and the private sector sit side by side working together to make decisions, build trust, and encourage transparency and accountability in the extractive industries.”

**U Kyaw Win,
Myanmar EITI Champion and Minister of Planning and Finance**



“The MEITI process is a timely program for Myanmar because Myanmar is rich in oil, gas, mineral and forest resources which must be used to demonstrate the government’s commitment to good governance, increase revenue collection, and improve a country’s investment climate. This leads to a sustainable society.”

**Dr. Sein Win,
Chairman of the Myanmar
Forest Products Merchants Federation**



“Multi-stakeholder engagement is currently the best approach to materialize the reform agenda of Myanmar’s resource governance sector, therefore the government should prioritize participation of civil society organizations in the reform process which would lead to a more transparent and accountable society.”

**Daw Moe Moe Tun,
Myanmar Alliance for Transparency and Accountability (MATA)**