

**MYANMAR EXTRACTIVE INDUSTRIES
TRANSPARENCY INITIATIVE (MEITI)**

**SCOPING STUDY REPORT
FORESTRY SECTOR**

Pre-Final

**RECONCILIATION FOR THE YEARS
ENDED 31 MARCH 2015 AND 31 MARCH 2016**

February 2018

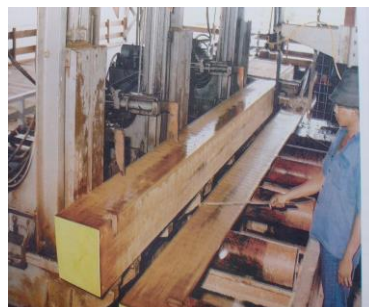


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LIST OF ACRONYMS	
AAC	Annual Allowable Cut
ADB	Asian Development Bank
BD	Budget Department
CAGR	Compound Annual Growth Rate
CBM	Central Bank of Myanmar
CESD	Myanmar Development Resources Institute
CFI	Community Forestry Instructions
CIF	Cost, Insurance and Freight
CoC	Chain-of-Custody
COP	Conference of the Parties
CSO	Civil Society Organisation and Central Statistical Office
CSR	Corporate Social Responsibility
DG	Director General
DICA	Directorate of Investment and Company Administration
EIA	Environmental Investigation Agency
ETTF	European Timber Trade Federation
EU FLEGT	European Union's Forest Law Enforcement Governance Trade
EUTR	EU Timber Regulation
FAO	Food and Agriculture Organisation
FD	Forest Department
FPJVC	Forest Products Joint Venture Corporation Ltd.
FSC	Forest Stewardship Council
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GEF	Global Environmental Facility
GHG	Greenhouse Gas
GOUM	Government of the Union of Myanmar
IA	Independent Administrator
IAS	International Accounting Standard
IDA	International Development Association
IFAC	International Federation of Accountants
IFRS	International Financial Reporting Standards
INDC	Intended Nationally Determined Contribution
INTOSAI	International Organisation of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
IRD	Internal Revenue Department
ISA	International Auditing Standard
ISRS	International Standards for Related Services
IT	Information Technology
ITTA	International Tropical Timber Agreement
ITTO	International Tropical Timber Organization
IUCN	International Union for Conservation of Nature
JICA	Japan International Co-operation Agency

LIST OF ACRONYMS	
KOICA	Korea International Cooperation Agency
LTO	Large Taxpayer Office
MAC	Myanmar Accountancy Council
MAS	Myanmar Accounting Standard
MATA	Myanmar Alliance for Transparency and Accountability
MCA	Myanmar Companies Act
MCD	Myanmar Customs Department
MCL	Myanmar Company Law
MEB	Myanmar Economic Bank
MEITI	Myanmar EITI
MFCC	Myanmar Forest Certification Committee
MFIL	Myanmar Foreign Investment Law
MFP	Multi Function Panel
MFRS	Myanmar Financial Reporting Standard
MFTB	Myanmar Foreign Trade Bank
MIC	Myanmar Investment Commission
MICB	Myanma Investment and Commercial Bank
MICPA	Myanmar Institute of Certified Accountants
MIL	Myanmar Investment Law
MMK	Myanmar Kyat
MMK million	One million (1,000,000) Myanmar Kyat
MMSIS	Myanmar Information System
MNPED	Ministry of National Planning and Economic Development
MOC	Ministry of Commerce
MoHA	Ministry of Home Affairs
MONREC	Ministry of Natural Resources and Environmental Conservation
MoPF	Ministry of Planning and Finance
MRV	Measurement, Reporting and Verification
MSG	Multi-Stakeholder Group
MTE	Myanma Timber Enterprise
MTFF	Medium Term Fiscal Framework
MTLAS	Myanmar Timber Legality Assurance System
MTO	Medium Taxpayer Office
NBSAP	National Biodiversity Strategy and Action Plan
NCDP	National Comprehensive Development Plan
NCEA	National Commission for Environmental Affairs
NCS	National Coordination Secretariat
NFMP	National Forest Master Plan
NGO	Non-governmental organisation
NLC	National Land Commission
NRGI	Natural Resource Governance Institute
NTFP	Non-Timber Forest Products
NWCD	Nature and Wildlife Conservation Division
OA	Other Accounts

LIST OF ACRONYMS	
OAG	Office of the Auditor General
OAS	Official Assessment System
OT	Open Tender
PAC	Public Accounts Committee
PEFC	Programme for the Endorsement of Forest Certification
PEP	Politically Exposed Person
PFM	Public Finance Management
SAS	Self Assessment System
SEE	State Economic Enterprise
SEZ	Special Economic Zone
SME	Small and Medium Enterprise
SOE	State-Owned Enterprise
SOS	Standing Orders for Extraction Staff
SOT	Special Open Tender
STB	State Timber Board
STO	Small Taxpayer Office
TC	Timber Corporation
TD	Treasury Department
TIN	Taxpayer Identification Number
TLAS	Timber Legality Assurance System
ToR	Terms of Reference
TRO	Township Revenue Officer
UNCCD	United Nations Convention to Combat Desertification
UNCTAD	United Nations Conference on Trade and Development
UNEP	United Nations Environment Programme
US \$	United States Dollars
US\$ million / US\$ m	One million (1,000,000) US\$
VPA	Voluntary Partnership Agreement
WHT	Withholding Tax

INTRODUCTION

Extractive Industries Transparency Initiative

The Extractive Industries Transparency Initiative (EITI) is a global Standard to promote open and accountable management of natural resources. It seeks to strengthen government and company systems, inform public debates and enhance trust. In each implementing country, it is supported by a coalition of governments, companies and civil society organisations working together.

The EITI was first announced at the World Summit on Sustainable Development in Johannesburg in 2002 (the Earth Summit 2002) and was officially launched in London in 2003. EITI is currently being implemented in 51 countries around the world.

The EITI Standard sets out the requirements which countries need to meet in order to be recognised, first as EITI Candidates and subsequently as EITI Compliant country. The Standard is overseen by the International EITI Secretariat, with which comprises members from governments, extractive companies and civil society organisations.¹

EITI in Myanmar

The timeline of the EITI in Myanmar (MEITI) is summarised in Table 1 below.²

Table 1: Timeline of MEITI

Date	Event
December 2012	Myanmar's President announces Commitment to EITI.
18 February 2014	A Multi-Stakeholder Group (MSG) was formed to oversee EITI implementation in Myanmar. Three sub-committees have also been set up to take forward the work on reporting, outreach and communications, and work plan and governance. The MSG comprises 21 representatives from Government (6), civil society organisations (9) and the private sector (6). The MSG laid out four overarching objectives for MEITI: <ul style="list-style-type: none"> • to contribute to broader reform of resource governance in Myanmar; • to create enabling environment for EITI; • to prepare and facilitate the process for implementing EITI; and • to increase the accessibility of data on natural resources in Myanmar.
May 2014	Myanmar submitted its application to become an 'EITI Candidate' country to the EITI Board.
July 2014	Myanmar becomes Candidate country.
Early 2015	A National MEITI Office, staffed by civil servants, was established in the Fiscal Policy, Strategy, and EITI Division, under the Budget Department of the Ministry of Planning and Finance (MoPF). However, Myanmar Development Resources Institute (CESD) continued to share responsibility for EITI implementation with this Division.
December 2015	Myanmar First EITI Report published. (Period covered: April 2013 - March 2014 / Sectors covered: Oil, Gas and Mining).
19 December 2016	A new MEITI Leading Committee was formed, U Kyaw Win, Union Minister for Planning and Finance was appointed as the Chair of the EITI Leading Committee, and Renaissance Institute was designated as the MEITI National Coordinator.
17 January 2017	The Government of the Union of Myanmar signed a Grant Agreement with the World Bank for funding support to cover implementation of the MEITI Work Plan for 2017 to 2019.
15 March 2017	The MSG approved the ToR of the Independent Administrator (IA) for the second and third EITI Reports. The MSG agreed to publish a separate EITI Reports for the forestry sector.
March 2018	Deadline for next EITI Reports. (Oil, Gas and Mining Sectors)

¹ Source: <https://eiti.org/eiti>

² For more information, please refer to MEITI's website on <http://www.myanmarieiti.org/> and EITI's website on <https://eiti.org/myanmar>

Date	Event
1 July 2018	Myanmar's Validation against the EITI Standard (2016) will commence.

This Scoping Report serves as basis for the preparation of the first and second EITI Reports for the forestry sector which will cover revenues and disclosure of all material payments to Government by forestry companies during FYs 2014/15 and 2015/16.

This Report summarises information about the reconciliation of revenue from the forestry sector in Myanmar as part of the EITI. In this context, forestry companies and Government Agencies report payments and revenue respectively.

This Report consists of five (5) chapters presented as follows:

1. Executive summary;
2. Objective, Approach and Methodology;
3. Contextual Information;
4. Materiality Analysis; and
5. Recommendations.

The amounts in this report are stated in MMK million, unless otherwise stated.

This Report incorporates information received up to **16 February 2018**. Any information received after this date is not, therefore, included therein.

1. EXECUTIVE SUMMARY

We have carried out a scoping study in order to set out the EITI reconciliation scope which will be used for the first and second Myanmar EITI reports for the forestry sector. This assignment is the first step and pre-condition to the reconciliation process.

1.1. Objective of the Mission

The objective of the report is to clearly define the scope of the EITI reconciliation exercise, the Reporting Templates, the data collection process and the working schedule, in accordance with the EITI Requirements (2016) and objectives agreed by the EITI Multi-Stakeholder Group (MSG).

1.2. Scope of Work

We have carried out a preliminary analysis in accordance with our Terms of Reference (ToR) for the purpose of determining the scope of the reconciliation exercise for the years ended 31 March 2015 and 31 March 2016. This preliminary analysis covers the forestry sector in Myanmar and its related entities (Government Agencies and forestry companies).

Our findings and proposed scope for the reconciliation exercises are set out in the relevant sections of our report, which is prepared solely for the Myanmar Extractive Industries Transparency Initiative (MEITI) Secretariat in order to assist the MSG in the definition of the scope for the reconciliation exercises including:

- revenue streams to be reconciled;
- extractive companies that will report;
- Government Agencies to be included in the process;
- materiality threshold for the revenue streams;
- reliability of data provided by the reporting entities; and
- degree of aggregation of data in the EITI Reports.

Our work included a general understanding of the forestry sector in Myanmar. We also carried out interviews with several entities involved in the EITI process in order to collect relevant information and documentation necessary to achieve the objectives of our study. The list of persons/entities contacted or involved in this work are presented in Annex 16 to this Report.

1.3. Approach and Methodology

We carried out our scoping study in accordance with International Standards for Related Services (ISRS 4400 Engagements to perform agreed upon procedures regarding Financial Information) as well as the ToR. The Scoping study involves:

- examining MSG's work plans, by studying all the annual reports prepared by the latter and reviewing previous pre-scoping reports and studies published by Myanmar;
- collecting and examining the contextual data and providing a descriptive overview of the forestry sector in Myanmar;
- reviewing the payments and revenues to be included in the EITI report in accordance with EITI Requirements;
- selecting companies and Government Agencies which will be required to report a declaration in accordance with EITI Requirements;
- identifying revenue streams to be included in the Reporting Templates;
- reviewing currently available information about license holders and allocation in the fiscal years (FYs) 2014/15 and 2015/16 and assess the completeness and timeliness of the information;
- propose a definition and a mechanism for reporting and disclosure of beneficial ownership, consistent with EITI Requirements;

- advising the MSG on how to review the audit and assurance procedures applied by companies and State-Owned Enterprises (SOEs) (hereinafter referred to as “State Economic Enterprise, SEE”) participating in the EITI reporting process in accordance with Requirement 5.2 (b);
- advising the MSG and agreeing on the information that must be communicated by companies and SOEs to ensure the credibility of the data in accordance with Requirement 5.2 (c);
- advising the MSG on how to agree on the disaggregation level to be applied to the data which will be published;
- review of major Corporate Social Responsibility (CSR) programmes and social development funds at state/regional level; and
- documenting the results of the initial phase in a Scoping Report which will be submitted for adoption by the MSG.

1.4. Limitation to Scoping Work

The conclusions of our work have been based on data and information provided by Government Agencies which have not previously been audited or reconciled. Checking the reasonableness and accuracy of this information are part of the reconciliation exercise, or the scoping study.

We understand that the Internal Revenue Department (IRD) and Myanmar Customs Department (MCD) do not hold a database for the forestry companies and that the revenues data was prepared on the basis of a list communicated by Myanma Timber Enterprise (MTE). Therefore, we emphasize the risk that the statement of revenues of the IRD and the MCD may not include all the payments of the forestry sector.

1.5. Findings

We were unable to obtain some information related to the forestry sector in Myanmar. The table below sets out the main missing information required by the EITI Standard:

No.	Missing information	In charge
EITI Requirement 2.3 Register of licenses		
1	Timber extraction licences: Coordinates of the license area, Size of the license area, Location of the license area, Date of application, Date of award, Duration of the license.	MTE
2	Non-timber forest products (NTFP) licences: List of holders, Coordinates of the license area, Size of the license area, Location of the license area, Date of application, Date of award, Duration of the license.	FD
EITI Requirement 3.2 Production		
3	Breakdown of NTFP production by operator and by state/region for FYs 2014/15 and 2015/16.	FD
4	Production value of NTFP for FYs 2014/15 and 2015/16.	FD
5	Production value of timber for FYs 2014/15 and 2015/16.	MTE
EITI Requirement 3.3 Exports		
6	Adjusted exports data FYs 2014/15 and 2015/16.	MOC
EITI Requirement 4.1 Comprehensive disclosure of taxes and revenues		
7	Revenues collected from operators on NTFP during FYs 2014/15 and 2015/16.	FD
8	Revenues collected from the allocation of confiscated timber during FYs 2014/15 and 2015/16.	FD
9	Revenues collected by IRD from 15 and 11 MTE's sub-contractors during FYs 2014/15 and 2015/16 respectively.	IRD
EITI Requirement 4.4 Transportation revenues		
10	Information on transportation of timber during FYs 2004/15 and 2015/16.	MTE
6.3 The contribution of the extractive sector to the economy		
11	Employment data for FYs 2014/15 and 2015/16.	FD
12	Employment data for sub-contractors for FYs 2014/15 and 2015/16.	MTE

1.6. Revenue generated from the forestry sector

The receipts reported by the Government Agencies during the periods from 1 April 2014 to 31 March 2015 and 1 April 2015 to 31 March 2016, before reconciliation, are summarised as follows:

Direct payments made by extractive companies¹

Total revenue collected from the forestry companies amounted to MMK 500,342 million for the FY 2014/15 and MMK 586,790 million for the FY 2015/16.² The revenue stream from the forestry sector is mainly composed of timber. The contribution of NTFP is less than 1%.

The details of these revenues streams are set out in tables 2 and 3 below:

Table 2: Myanmar Forestry revenues by sub-sector during FY 2014/15

in MMK million

Sub-sector	Tax revenues (a)	Non-tax revenues (b)			Total revenues (a) + (b)	%
		MTE (1)	FD (2)	Total (1) + (2)		
Timber	126,110	370,060	2,504	372,564	498,674	99.7%
NTFP	1,636	0	32	32	1,668	0.3%
Total	127,746	370,060	2,536	372,596	500,342	100%
%	26%	99%	1%	74%	100%	

Table 3: Myanmar Forestry revenues by sub-sector during FY 2015/16

in MMK million

Sub-sector	Tax revenues (a)	Non-tax revenues (b)			Total revenues (a) + (b)	%
		MTE (1)	FD (2)	Total (1) + (2)		
Timber	153,171	425,782	4,686	430,468	583,639	99%
NTFP	3,115	0	36	36	3,151	1%
Total	156,285	425,782	4,722	430,504	586,790	100%
%	27%	99%	1%	73%	100%	

EITI figures indicate that MTE and IRD accounted for more than 99% of revenues received from extractive companies during FYs 2014/15 and 2015/16.

The detail of revenues by Government Agency and by source of revenues is set out in tables 4 and 5 below:³

Table 4: Collection of extractive revenues during FY 2014/15

in MMK million

	Revenues received from forestry sector					
	MTE	IRD	FD	MCD	Total	%
Timber sub-sector	370,161	124,001	4,441	72	498,674	100%
<i>Sale of the state's share of production</i>	370,060		2,504		372,564	75%
<i>MTE</i>		114,364			114,364	23%
<i>Forestry companies</i>	101	9,637	1,937	72	11,746	2%
NTFP sub-sector			1,668		1,668	0%
<i>Sale of the state's share of production</i>			32		32	2%
<i>Forestry companies</i>			1,636		1,636	98%
Total	370,161	124,001	6,109	72	500,342	100%
%	74%	25%	1%	0%	100%	

¹ This does not include revenues from transportation and transfers or payments made by MTE to the State Budget Account.

² Source: EITI Data reported by Government Agencies before potential reconciliation adjustments.

³ Source: EITI data reported by Government Agencies before potential reconciliation adjustments.

Table 5: Collection of extractive revenues during FY 2015/16

	in MMK million					
	Revenues received from forestry sector					
	MTE	IRD	FD	MCD	Total	%
Timber sub-sector	425,906	148,857	8,747	129	583,639	99%
<i>Sale of the state's share of production</i>	425,782		4,686		430,468	74%
		144,865			144,865	25%
<i>Forestry companies</i>	124	3,992	4,062	129	8,306	1%
NTFP sub-sector			3,151		3,151	1%
<i>Sale of the state's share of production</i>			36		36	1%
<i>Forestry companies</i>			3,115		3,115	99%
Total	425,906	148,857	11,898	129	586,790	100%
%	73%	25%	2%	0%	100%	

Transfers made by MTE

Table 6 below sets out the allocation of revenues collected by MTE during FY 2014/15 and 2015/16.

Table 6: Transfers of revenues collected by MTE during FYs 2014/15 and 2015/16

FY	Amount received	in MMK million				
		Transfer from MTE to State's budget			MTE other accounts (2)	Total (1) + (2)
		IRD-MCD	State contributions	Total (1)		
2014/15	370,161	114,364	32,505	146,869	89,389	236,259
2015/16	425,906	144,865	46,041	190,905	126,612	317,517

Further explanation on the collection process of extractive revenues in Myanmar is included in Section 3.5 of the report.

Government receipt from forestry sector

MTE retained for the FYs 2014/15 and 2015/16 a little more than one third of the total revenues-net receipts from forestry sector. Forestry revenues net receipts collected by the State Budget Account budget accounted for approximately two-thirds of which more than 90% were MTE transfers.

Table 7 and 8 below set out the breakdown of Government Receipts from the Forestry sector during FYs 2014/15 and 2015/16.

Table 7: Total Government Receipts from the Forestry sector during FY 2014/15

	in MMK million			
	Timber	NTFP	Total	%
Transfers from MTE	146,869	0	146,869	59%
Tax revenues	9,708	0	9,708	4%
SOE's net receipts	89,389	0	89,389	36%
Non-Tax revenues	2,038	1,636	3,674	1%
Total	248,005	1,636	249,641	100%

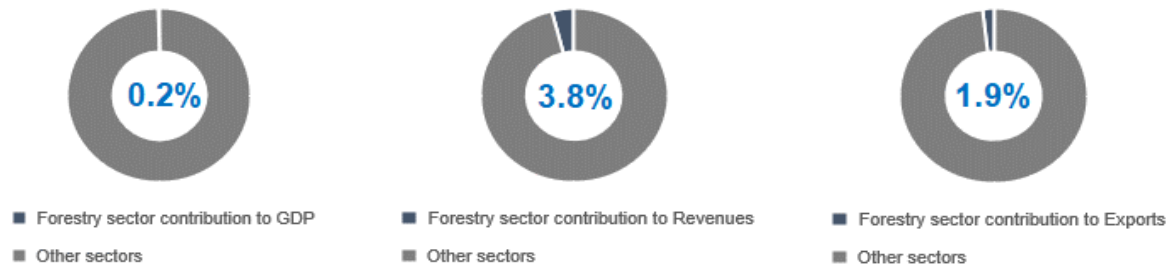
Table 8: Total Government Receipts from the Forestry sector during FY 2015/16

	in MMK million			
	Timber	NTFP	Total	%
Transfers from MTE	190,905	0	190,905	58%
Tax revenues	4,121	0	4,121	1%
SOE's net receipts	126,612	0	126,612	38%
Non-Tax revenues	4,185	3,115	7,300	2%
Total	325,823	3,115	328,938	100%

Significance to Myanmar economy

The contribution of the forestry sector to the GDP, the State revenues and the exports figures for FY 2015/16 is presented in Figure 1 below. More details are set out in Section 3.1.3 of this report.

Figure 1: Macro-economic indicators for the forestry sector (FY 2015/16)



1.7. Key Conclusions

This summary sets out the main conclusions of our scoping analysis.

a. Materiality approach

We **recommend** to the MSG the following approach:

- reconcile all MTE payments regardless of their amounts;
- reconcile dividends distributed by the Forest Products Joint Venture Corporation Ltd (FPJVC) to the FD and MTE;
- reconcile MTE sub-contractors payments above **MMK 100 million** with individual revenue streams above **MMK 20 million**; and
- reconcile payments made by MTE's sub-contractors producing **10,000 tons** of timber or more.

b. Recommended scope

Based on the above, the recommended EITI scope can be presented as follows:

Government Agencies

Table 9 sets out the list of Government Agencies and SEE that will be required to report the revenues collected from forestry sector.

Table 9: In-scope Government Agencies and SEE (FYs 2014/15 and 2015/16)

No.	Name
State Economic Enterprise (SEE)	
1	Myanma Timber Enterprise (MTE)
Government Agencies	
2	Forest Department (FD)
3	Internal Revenue Department (IRD)
4	Treasury Department (TD)
5	Budget Department (BD)
6	Myanmar Customs Department (MCD)

Government receipts

FY 2014/15

The reconciliation scope will cover **99.14%** of the total Government receipts from the forestry sector detailed as follows:

	in MMK million			
	Total	To be reconciled	To be considered through unilateral disclosure	% Reconciliation
Transfers from MTE	146,869	146,869	-	100.00%
Tax revenues	9,708	9,204	504	94.80%
SOE's net receipts	89,389	89,389	-	100.00%
Non-Tax revenues	3,674	2,035	1,639	55.38%
Total	249,641	247,497	2,144	99.14%
% Reconciliation	100.00%	99.14%	0.86%	

Table 10 sets out the reconciliation scope by tax and taxpayer.

Table 10: Reconciliation scope (FY 2014/15)

No.	Paid by / Tax	Paid to	To be reconciled		To be considered through unilateral disclosure		Total	
			in MMK million	in %	in MMK million	in %	in MMK million	in %
			238,169.57	100.00%	-	-	238,169.57	100.00%
1	Royalty	FD	1,910.89	100.00%	-	-	1,910.89	100.00%
2	Commercial Tax	IRD	73,732.78	100.00%	-	-	73,732.78	100.00%
3	Income Tax	IRD	40,631.47	100.00%	-	-	40,631.47	100.00%
4	State Contribution	TD	32,505.18	100.00%	-	-	32,505.18	100.00%
5	Other accounts	Other accounts	89,389.24	100.00%	-	-	89,389.24	100.00%
	Sub-contractors		9,203.72	94.80%	504.37	5.20%	9,708.09	100.00%
6	Income Tax	IRD	3,974.00	93.24%	288.16	6.76%	4,262.16	100.00%
7	Commercial Tax	IRD	5,177.04	97.68%	122.91	2.32%	5,299.95	100.00%
8	Import duties	MCD	52.69	73.61%	18.88	26.39%	71.57	100.00%
9	Withholding Tax	IRD	-	-	74.26	100.00%	74.26	100.00%
10	Stamp Duty	IRD	-	-	0.15	100.00%	0.15	100.00%
	FPJVC		123.75	100.00%	0.00	0.00%	123.75	100.00%
11	Dividend	MTE	101.25	100.00%	-	-	101.25	100.00%
12	Dividend	FD	22.50	100.00%	-	-	22.50	100.00%
	Other entities		-	-	1,639.17	100.00%	1,639.17	100.00%
13	Land rental fees	FD	-	-	1,146.79	100.00%	1,146.79	100.00%
14	Fees	FD	-	-	345.08	100.00%	345.08	100.00%
15	Fines	FD	-	-	60.54	100.00%	60.54	100.00%
16	Confiscation	FD	-	-	3.31	100.00%	3.31	100.00%
17	Rubber Tax	FD	-	-	0.41	100.00%	0.41	100.00%
18	Other income	FD	-	-	83.05	100.00%	83.05	100.00%
	Total		247,497.04	99.14%	2,143.54	0.86%	249,640.59	100.00%

FY 2015/16

The reconciliation scope will cover **98.92%** of the total Government receipts from the forestry sector detailed as follows:

in MMK million

	Total	To be reconciled	To be considered through unilateral disclosure	% Reconciliation
Transfers from MTE	190,905	190,905	-	100.00%
Tax revenues	4,121	3,685	436	89.43%
SOE's net receipts	126,612	126,612	-	100.00%
Non-Tax revenues	7,300	4,167	3,133	57.08%
Total	328,938	325,369	3,569	98.92%
% Reconciliation	100.00%	98.92%	1.08%	

Table 11 sets out the reconciliation scope by tax and taxpayer.

Table 11: Reconciliation scope (FY 2015/16)

No.	Paid by / Tax	Paid to	To be reconciled		To be considered through unilateral disclosure		Total	
			in MMK million	in %	in MMK million	in %	in MMK million	in %
			321,537.90	100.00%	-	-	321,537.90	100.00%
1	Royalty	FD	4,020.68	100.00%	-	-	4,020.68	100.00%
2	Commercial Tax	IRD	87,313.99	100.00%	-	-	87,313.99	100.00%
3	Income Tax	IRD	57,550.81	100.00%	-	-	57,550.81	100.00%
4	State Contribution	TD	46,040.64	100.00%	-	-	46,040.64	100.00%
5	Other accounts	Other accounts	126,611.77	100.00%	-	-	126,611.77	100.00%
			3,685.04	89.43%	435.65	10.57%	4,120.69	100.00%
6	Income Tax	IRD	1,865.14	88.61%	239.86	11.39%	2,105.00	100.00%
7	Commercial Tax	IRD	1,594.12	93.94%	102.75	6.06%	1,696.87	100.00%
8	Withholding Tax	IRD	120.64	64.66%	65.93	35.34%	186.57	100.00%
9	Import duties	MCD	105.14	81.53%	23.82	18.47%	128.96	100.00%
10	Capital Gains Tax	IRD	-	-	2.40	100.00%	2.40	100.00%
11	Stamp Duty	IRD	-	-	0.89	100.00%	0.89	100.00%
			146.25	100.00%	-	-	146.25	100.00%
12	Dividend	MTE	123.75	100.00%	-	-	123.75	100.00%
13	Dividend	FD	22.50	100.00%	-	-	22.50	100.00%
			-	-	3,132.93	100.00%	3,132.93	100.00%
14	Land rental fees	FD	-	-	2,187.91	100.00%	2,187.91	100.00%
15	Fees	FD	-	-	771.51	100.00%	771.51	100.00%
16	Fines	FD	-	-	69.75	100.00%	69.75	100.00%
17	Confiscation	FD	-	-	18.39	100.00%	18.39	100.00%
18	Other income	FD	-	-	85.37	100.00%	85.37	100.00%
			325,369.19	98.92%	3,568.58	1.08%	328,937.77	100.00%

Forestry companies

Nineteen (19) and seventeen (17) forestry companies will be included in the reconciliation scope and will form part of the reconciliation exercises for the EITI Reports 2014/15 and 2015/16 respectively as detailed in Table 12 below.

**Table 12: In-scope forestry companies
(FYs 2014/15 and 2015/16)**

No.	Name	FY 2014/15	FY 2015/16
1	MTE	✓	✓
2	Myat Noe Thu	✓	✓
3	FPJVC	✓	✓
4	Nature Timber	✓	✓
5	Wood World	✓	✓
6	Pacific Timber	✓	✓
7	Lucre Wood	✓	✓
8	Moementun	✓	-
9	Kaung Myat	-	✓
10	Tin Myint Yee	✓	✓
11	Green Hard Wood	✓	✓
12	Golden Flower	✓	✓
13	Ma Naw Phyu	✓	✓
14	Htoo Trading Co., Ltd	✓	-
15	Chin Su (Myanmar)	✓	-
16	Htun Myat Aung	✓	✓
17	Shwe Moe Thar	✓	-
18	Tin Win Tun	✓	✓
19	MRT	✓	✓
20	Global Star	✓	✓
21	Century Dragon	-	✓
Total		19	17

c. Reporting Templates and Supporting Schedules

Reporting Templates and Supporting Schedules are presented in Annex 15 to this Report. Data and information to be disclosed in respect of the 2014/15 and 2015/16 EITI Reports are summarised in Table 13 below.

Table 13: Reporting Templates and Supporting Schedules

No.	Reporting templates	Reporting entities		
		Forestry companies	MTE	Government Agencies (IRD, MCD, FD and MoPF)
1	Identification Sheet	✓	-	-
2	EITI Payment/Receipt Report	✓	✓	✓
3	Payments/Receipt Flow Details	✓	✓	✓
4	Extraction Data	✓	✓	-
5	Legal Ownership Declaration Form	✓	-	-
6	Beneficial Ownership	✓	-	-
7	Payments Flow Definition	✓	✓	✓
8	Timber sales	-	✓	-
9	Quasi fiscal expenditures	-	✓	-

d. Reliability and Credibility of Data

In order to comply with EITI Requirement 4.9 of the EITI Standard (2016) which seeks to guarantee the credibility of the data submitted by reporting entities, we **recommend** to the MSG the following approach in the preparation of the 2014/15 and 2015/16 MEITI Reports:

Forestry companies

The Reporting Templates submitted by forestry companies should be:

- signed by a person authorised to represent the extractive company (Chief Financial Officer or Chief Executive Officer/Director); and
- supported by detail of payments reported.

Forestry companies are also requested to provide a copy of the audit report of their financial statements, so that a review could be undertaken of the assurance procedures applied to them, e.g. use of international auditing standards.

Government Agencies

The Reporting Templates submitted by Government Agencies must be:

- signed by a person authorised to represent the Government Agency;
- accompanied by detail of payments reported; and
- certified by the Office of the Auditor General of the Union.

e. Production

We **recommend** to the MSG to reconcile the production data. Both MTE and its sub-contractors will be requested to report quantities of timber logged during FYs 2014/15 and 2015/16.

f. Timber sales

We **recommend** to the MSG to consider timber sales through unilateral disclosure from MTE. The latter will be requested to report the detail of timber sales during FYs 2014/15 and 2015/16 including the breakdown by:

- product type,
- buying company,
- volume,
- price, and
- market.

g. Level of disaggregation

With regards to the level of disaggregation to be applied to the data, we recommend to the MSG that this is presented by forestry company, by Government Agency and payment flow.

h. Recommendations

Table 14 below presents list of recommendations proposed to the MSG based on the findings identified during the scoping phase:

Table 14: IA recommendations

No.	Recommendation
1	Timber Trade and Traceability
2	Regulatory Framework and Law Enforcement
3	Reliability of the Data Reported
4	Budget Comprehensiveness and Transparency

No.	Recommendation
5	Enactment of EITI Reporting Regulations
6	Lack of Unique Taxpayer Identification Number
7	Lack of Distinction Between Forestry and Non-Forestry Revenues
8	Reporting System for Employment data
9	Accuracy of Production Data
10	Accuracy of Exports Data
11	Award of contracts
12	Unclear NTFP Licencing Process
13	Completeness of the Data Reported on License Register
14	Resource Revenue Sharing System for Forestry Revenues
15	Governance of MTE

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23 February 2018

2. OBJECTIVE, APPROACH AND METHODOLOGY

2.1. Objective

The purpose of this Report is to reconcile the data provided by companies operating in the forestry sector (hereafter referred to as “Companies”) with the data provided by relevant Government Ministries and Bodies (hereinafter referred to as “Government Agencies”).

The overall objectives of the reconciliation exercise are to assist the Government of Myanmar in identifying the positive contribution that forestry sector is making to the economic and social development of the country and to realise their potential through improved resource governance that encompasses and fully implements the principles and criteria of the Extractive Industries Transparency Initiative.

2.2. Approach

2.2.1 Opening meeting

Our fieldwork started on 9 October 2017 with a meeting at the EITI National Coordination Secretariat (NCS) during which we were able to:

- follow up documents requested before the commencement of the fieldwork;
- define a work plan for the scoping study and reconciliation exercise;
- discuss the EITI framework and review the objectives; and
- schedule all interviews to be carried out with key Government Agencies and other stakeholders.

2.2.2 Meetings with stakeholders

We conducted interviews with key Government officials between 9 and 13 October 2017.

During these meetings, we were able to obtain an understanding of the regulatory and fiscal frameworks of the forestry sector, the revenue collection process and key events that may have occurred during FYs 2014/15 and 2015/16.

Table 15 sets out the list of Government Agencies and Civil Society Organisations (CSOs) that we have met.

Table 15: List of meetings with stakeholders

N°	Stakeholders	Date
Government Agencies		
1	Myanmar Customs Department (MCD)	Monday 9 October 2017
2	Forest Department (FD)	Tuesday 10 October 2017
3	Internal Revenue Department (IRD)	Tuesday 10 October 2017
4	Treasury Department (TD)	Tuesday 10 October 2017
5	Budget Department (BD)	Tuesday 10 October 2017
6	Central Statistical Organisation (CSO)	Wednesday 11 October 2017
7	Office of the Auditor General (OAG)	Wednesday 11 October 2017
8	Ministry of Home Affairs (MoHA)	Wednesday 11 October 2017
9	Central Bank of Myanmar (CBM)	Thursday 12 October 2017
State-Owned Enterprise (SOE)		
10	Myanma Timber Enterprise (MTE)	Monday 9 October 2017 and Friday 13 October 2017
Forestry company		
11	Forest Products Joint Venture Corporation Ltd. (FPJVC)	Friday 13 October 2017
CSOs		
12	Myanmar Alliance for Transparency and Accountability (MATA)	Thursday 12 October 2017
13	Natural Resource Governance Institute (NRGI)	Friday 13 October 2017

2.2.3 Closing meeting

We completed this first phase of our fieldwork by attending the Technical and Reporting Sub-committee meeting on Friday 13 October 2017. During that meeting, we presented our preliminary findings and details of the missing information required to complete the work.

2.2.4 Second field visit

Following comments of the Technical and Reporting Sub-committee on the first Draft Scoping Report, we conducted additional interviews with key Government officials between 24 and 25 January 2018.

During these meetings, we were able to clarify some points and obtain additional information related to forestry sector in Myanmar.

Table 16 sets out the list of Government Agencies that we have met.

Table 16: List of additional meetings with stakeholders

N°	Stakeholders	Date
Government Agencies		
1	Forest Department (FD)	Wednesday 24 January 2018
2	Internal Revenue Department (IRD)	Wednesday 24 January 2018
3	Trade Information and Research Division (Ministry of Commerce)	Thursday 25 January 2018
State-Owned Enterprise		
4	Myanma Timber Enterprise (MTE)	Thursday 25 January 2018

We have presented the second Draft Scoping Report to the Technical and Reporting Sub-committee's members on 26 January 2018 and to the MSG's members on 29 January 2018.

The missing information that were received after the MSG meeting (up to 5 February 2018) have been considered in the preparation of this Report.

2.3. Methodology

2.3.1 Data collection

In addition to meetings held with the entities listed above, we obtained data from them, which formed the basis of our scoping study for the forestry sector in Myanmar. Other documents have been downloaded from several websites.

The main documents collected, and their sources are presented in Table 17 as follows:

Table 17: Bibliography

N°	Source / Documents
Forest Department (FD)	
1	Forest Products Export, FY 2014/15.
2	Forest Products Export, FY 2015/16.
3	Forest Law, 1992.
4	Forest Rules, 1995.
5	Notification letter of Log Export Ban.
6	Protection of Wild Life and Wild Plants and Conservation of Natural Areas Law, 1994.
7	The status of Myanmar's timber sector and options for reform, March 2016.
8	Forest landscape restoration for Asia-Pacific forests, Food and Agriculture Organization (FAO) and RECOFTC, The Center for People and Forests, 2016.
9	Myanmar Timber Legality Assurance System (MTLAS), Gap Analysis Project, Myanmar Forest Certification Committee (MFCC), April 2017.
10	Myanmar's Intended Nationally Determined Contribution (INDC), August 2015.
11	National Land Use Policy, 2016.

N°	Source / Documents
12	Private teak Plantation, Rule and Regulation, 2016.
13	Open tender plantation procedure.
14	Steps for certifying the forest products to be exported.
15	Investment Guidebook of Forestry Sector in Myanmar, June 2016.
16	National Forest Master Plan (FY 2001/02 to FY 2030/31).
17	National Comprehensive Development Plan (FY 2011/12 to FY 2030/31).
18	Statement of Revenues, FY 2014/15.
19	Statement of Revenues, FY 2015/16.
20	Rules relating to the Protection of Wildlife and conservation of Natural Areas, 2002
Myanma Timber Enterprise (MTE)	
21	List of Sub-contractors, FY 2014/15.
22	List of Sub-contractors, FY 2015/16.
23	Statement of Income, Taxes and Contributions, FY 2014/15.
24	Statement of Income, Taxes and Contributions, FY 2015/16.
25	Terms and conditions for monthly open tender sales
26	Employment data, FY 2014/15.
27	Employment data, FY 2015/16.
National Coordination Secretariat (NCS)	
28	Myanmar Agenda 21, National Commission for Environmental Affairs (NCEA), 1997.
29	Community Forestry Instruction (CFI), 2016.
30	Commercial Tax Law, March 1990.
31	Income Tax Law, November 2011.
32	National Biodiversity Strategy and Action Plan (NBSAP) 2015/2020, Forest Department, October 2015.
33	Timber Flow of FLEGT in Myanmar.
Internal Revenue Department (IRD)	
34	Revenue Collected from MTE's Sub-Contractors, FY 2014/15.
35	Revenue Collected from MTE's Sub-Contractors, FY 2015/16.
Myanmar Customs Department (MCD)	
36	Revenue Collected from MTE's Sub-Contractors, FY 2014/15.
37	Revenue Collected from MTE's Sub-Contractors, FY 2015/16.
Treasury Department (TD)	
38	Forest Department Receipts/Expenditures, FY 2014/15.
39	Forest Department Receipts/Expenditures, FY 2015/16.
40	Internal Revenue Department Receipts/Expenditures, FY 2014/15.
41	Internal Revenue Department Receipts/Expenditures, FY 2015/16.
Budget Department (BD)	
42	Annual Financial Report, FY 2014/15.
43	Annual Financial Report, FY 2015/16.
44	2014 Budget Law.
45	2015 Budget Law.
46	Updated list of State Economic Enterprises FY 2017-18.
47	Medium Term Fiscal Framework (MTFF) Presentation, Reform Agenda Ministry of Planning and Finance (MoPF), December 2016.
48	Public Finance Management (PFM) Reform Presentation, MoPF, July 2017.
49	State Economic Enterprises (SEEs) Revenues FY 2014/15.
50	State Economic Enterprises (SEEs) Revenues FY 2015/16.
51	SEEs Template, MoPF, July 2017.
Central Statistical Organisation (CSO)	
52	2015 Myanmar Statistical Yearbook.
53	2016 Myanmar Statistical Yearbook.
54	Myanmar Agricultural Statistics, FY 2006/07 to FY 2015/16.
Forest Products Joint Venture Corporation Ltd. (FPJVC)	
55	Income Statement, FY 2014/15.
56	Income Statement, FY 2015/16.

N°	Source / Documents
	Myanmar Alliance for Transparency and Accountability (MATA)
57	Commercial Agriculture Expansion in Myanmar: Links to Deforestation, Conversion Timber, and Land Conflicts, Kevin Woods, March 2015.
	Downloaded from several websites
58	Land Customs Act, 1924/2015.
59	Sea Customs Act, 1878/2015.
60	Myanmar Stamp Act, 1899/1941.
61	Deloitte Tax Alert, April 2014.
62	Foreign Investment Rules, 2013.
63	Forest Certification in Myanmar, Forest Trends Information Brief, September 2012.
64	Myanmar Companies Act, 1914.
65	State-owned Economic Enterprises Law, 1989.
66	Selected monthly economic indicators CSO, April 2016.
67	Anti-Corruption Law, 2013.
68	Draft Beneficial Ownership Roadmap of Myanmar.
69	Constitution of the Republic of the Union of Myanmar, 2008.

2.3.2 Analysis of legal and tax documents

We examined all the documents collected in order to identify:

- taxes and charges payable by extractive companies;
- payments and sub-national transfers between SEE and sub-national agencies;
- nature and basis of the taxes and charges payable by forestry companies;
- tax collecting agencies;
- bartering arrangements and payments in kind; and
- audit and assurance practices applicable to forestry companies and Government Agencies involved in the reporting process.

2.3.3 Compilation of statistics on the forestry sector

In order to identify all payment flows and public and private entities of the forestry sector, we performed the following:

- analysis of revenue streams flowing from the forestry sector to Government Agencies;
- consolidation of revenues received by flow and by agency; and
- calculation of the materiality thresholds of each payment flow and each agency with regard to the forestry sector's total revenue.

2.3.4 Definition of the EITI scope

The Scoping Report sets out the areas to be covered, the payment flows to be reported, the forestry companies and the Government Agencies which have been selected to submit a Reporting Template. In order to define the EITI scope, we performed the following:

- identified the components of the extractive industries;
- calculated the materiality threshold for the reconciliation process;
- selected cash flows based on the provisions of EITI Requirement 4.1 and the materiality threshold proposed in this study;
- selected companies which should submit a Reporting Template based on the provisions of EITI Requirement 4.2; and
- determined Government Agencies which should submit a Reporting Template based on the provisions of EITI Requirement 4.2.

2.3.5 Schedule for the upcoming phases

Figure 2 below presents the schedule for the upcoming phases.

Figure 2: Schedule for the upcoming phases

Phase	Week starting on	19 Feb	26 Feb	5 Mar	12 Mar	19 Mar	26 Mar	2 Apr	9 Apr	16 Apr	23 Apr	30 Apr	7 May	14 May
	Phase II: Scoping Study		(a)											
Phase III: Capacity building			(b)											
Phase IV: Data collection														
Phase V: Analysis and investigation of discrepancies														
Phase VI: Completion and reporting											(c)		(d)	(e)

- (a) Submission of the Final Scoping Report (23 February 2018)
- (b) Delivery of training workshop in Yangon (26 February 2018)
- (c) Submission of the Draft EITI Report (20 April 2018)
- (d) Submission of the Final EITI Report (11 May 2018)
- (e) Submission of the Summary Report (18 May 2018)

3. CONTEXTUAL INFORMATION

3.1. Forestry Sector in Myanmar

3.1.1. Forest Lands and Ownership

Myanmar is the largest country on mainland South East Asia with a total area of 68 million hectares. According to the latest FAO's Global Forest Resource Assessment, approximately 43% of Myanmar's total land area consists of forests.¹ Despite a high proportion of remaining forest cover, the country has seen substantial deforestation and forest degradation over recent decades, with annual deforestation rates of approximately 1.2% between 1990/2015. The remaining primary forests ecosystems are of global significance due to their high biodiversity.

In the forestry governance system of Myanmar, forests are classified as follows:²

- **Reserved Forests** are specifically allocated for timber production, to be managed under detailed Management Plan, Reserved Forests are typically divided in 30 approximately similar sized compartments, so that each can be extracted from successively in a 30-year rotation;
- **Protected Public Forests**, are ostensibly for domestic supply. However, there is no regulatory mechanism to manage extraction at sustainable levels; and
- **Unclassified Forests** (under the Ministry of Agriculture and Irrigation), which despite having forest cover are available for concession and conversion to plantation or other use.

Around 20.5 million ha (70%) of the forests are designated for production. In 2013, the area of planted forests was 944,000 ha (roughly 4% of production forest), including plantations established for timber production, village wood supply, and watershed management.

In Myanmar, the State owns all lands. The responsibility for management of forest resources rests with the Forest Department (FD), a division of the Ministry of Natural Resources and Environmental Conservation (MONREC). By law, the state-owned forest enterprise (Myanmar Timber Enterprise, MTE) has the monopolistic right to extract timber. Teak and other valuable hardwoods are considered to be 'reserved species' in the forest policy. This means that they are owned by the State, and that only the State has permission to harvest them and profit from them.

The Community Forestry Instructions (CFI, 1995) gives legal backing for rural communities to co-managed forests. The overall principles in CFI are for local communities to fulfil basic livelihood needs for firewood, farm implements and small timber, as well as reforest degraded forestlands. The role of community forests in the county's commercial forestry sector is very small.

3.1.2. Forest Management and Products

Myanmar's formal forest management system was originally established during the British colonial era to manage its vast teak (*Tectona grandis*) forests. The management system is based on sustainable utilisation of forest resources, defined by the estimated growth and yield of the forests and the annual allowable cut (AAC). To ensure the sustained yield of the forests, the volume of extracted timber should be lower than the AAC, which is defined by FD. Forests are managed following a 30-year Master Plan for the period from 2001 to 2031, 10-year forest district management plans and annual operational plans.

During recent decades, the formal management system has been ignored, which has resulted in significant deforestation and degradation of the country's forests.³ For a long time, the harvested volumes exceeded the AAC defined by FD. The development has been driven by the timber production targets set by the government, which have arisen from political and financial pressures

¹ FAO Global Forest Resource Assessment 2015.

² Source: Forest Law, n°8/92 (1992).

³ EU FLEGT Facility, Baseline Study 4, Myanmar: Overview of Forest Law Enforcement, Governance and Trade, August 2011.

and not from the actual AAC. Based on these state revenue requirements, target production volumes were calculated which were then translated downwards into logging quotas for each logging district.

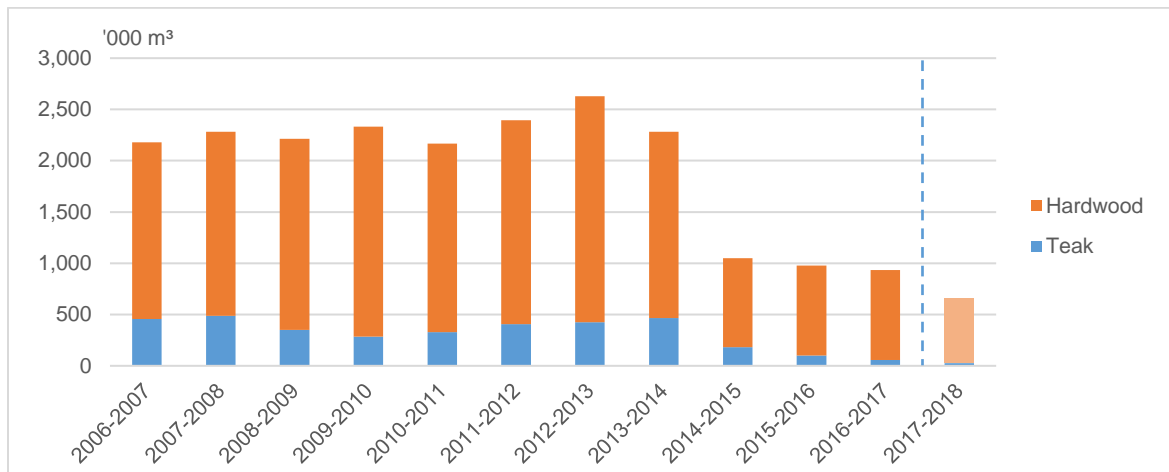
Until early 2016, MTE subcontracted a significant part (up to 70%) of extraction tasks to private sector subcontractors, which partially resulted in poor law enforcement and non-transparent supply chains of timber.

Following major political reforms in Myanmar, the forestry and timber sector is also currently undergoing a reform process. This is indicated by many policy changes, most significantly the 2014 log export ban which made it illegal to export unprocessed logs, the 2016 logging ban which halted all timber extraction in the country for one logging season, and the 10-year logging ban in the Pegu Yoma region. Furthermore, the government's engagement in a Voluntary Partnership Agreement (VPA) process with the European Union's Forest Law Enforcement Governance and Trade (EU FLEGT) initiative, requires transparency and compliance improvements within the sector. Myanmar is also engaged in the REDD+ process, an initiative to reduce emissions from deforestation and forest degradation, and foster conservation, sustainable management of forests, and enhancement of forest carbon stocks.

A significant step towards sustainability and improved transparency of the forest sector was seen in early 2017, when MTE announced further decreases in timber production targets, and agreed that all future timber extraction would be carried out directly by MTE. Due to the lack of harvesting and transport equipment within MTE, contractors are still being used for extraction, but they are now operating under MTE and will be paid in cash instead of in kind timber allocations.¹ MTE's production target for the FY 2017-18 for teak is 15,000 hoppus tons (27,000 m³) and for other hardwood 350,000 hoppus tons (631,000 m³). This is only around 10% of the volume of teak extracted in Myanmar between 2006 and 2014, and around 40% of the volume of other hardwoods extracted during the same period. Most of the timber is sourced from natural forests, and there is no data on the volume of timber extracted from forest plantations. However, the volume of timber from tree plantations is currently low, as there has been no significant investments to commercial plantations during recent decades. The development has been hindered by the lack of sound investment and land tenure security, but this is beginning to receive more serious attention by MONREC.

The extracted teak and hardwood volumes from 2006 to 2016 are presented in Figure 3 below. The official volumes do not account for the illegal extraction of timber, which has been reported to be widespread especially in areas close to China. This can also be seen from MTE's timber sales statistics, where a significant source of revenue has been confiscated (i.e. illegally extracted) timber. To mitigate the risks of illegal cross-border timber trade, the Myanmar government has made significant attempts to ensure that all timber is transported to and exported out of Yangon's ports. Furthermore, the extracted volume does not account for the timber extracted when clearing land prior to development of land concessions (i.e. agricultural plantations, hydropower, mines and road projects). It has been acknowledged, that this "conversion timber" is a significant source of timber in the country.

¹ Current Situation of MTE and the Future Plans & Documentation for Myanmar Timber Export, August 2017.

Figure 3: Teak and Hardwood Logs Extraction in Myanmar (2006/2016)¹

The most valuable and commonly harvested species has traditionally been teak, but the country is also a source of several other high-valued tropical hardwood species, such as rosewoods. While the teak resources have depleted, the role of other hardwoods has increased. Timber remains a significant source of revenue for the government, although relatively less as the oil, gas, hydropower and other energy related business surge. Timber and other forest products represent a significant source of income especially for the ethnic groups, most notably in Kachin State along the border with China and Karen State along the Thai border.

Until 2014, most of the logged timber has been exported as roundwood logs, with the largest export destinations being India, China, and Thailand. It is highly likely that Myanmar wood is being re-exported from these countries, although it is difficult to track this information systematically. The 2014 log export ban was announced to stop roundwood exports and support of the domestic wood processing industries to capture more value before export. However, the wood processing industry in Myanmar is still relatively undeveloped and consists mostly of small-scale sawmills and a small number of plywood and other wood processing factories. In general, the capacity to process timber further to produce higher value products is limited, and most of the extracted timber is now exported mostly in rough sawn and semi-finished format. Very little information can be found about the domestic supply and demand for wood products.²

In addition to timber, the forests in Myanmar provide other goods and services, especially for rural communities. The main commercial NTFP extracted include charcoal, rattan, bamboo poles, and cutch. Furthermore, more than 70% of the Myanmar population resides in rural areas and depend heavily on forests for basic needs. Moreover, harvesting and utilisation of NTFP and hunting support rural people for their sustenance and additional income.³

¹ Myanmar Agricultural Statistics (2016-2007 to 2015-2016), CSO. 2017. For years 2016-2018, MTE.

² EU FLEGT Facility, Baseline Study 4, Myanmar: Overview of Forest Law Enforcement, Governance and Trade, August 2011.

³ Source: Forest landscape restoration for Asia-Pacific forests, Bangkok, 2016.

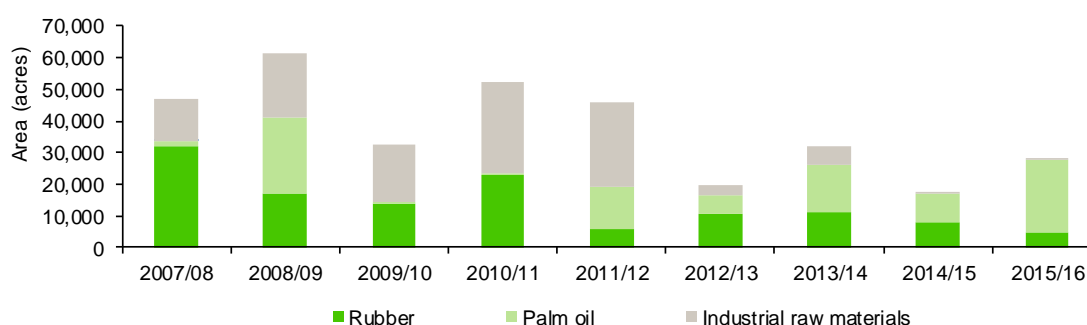
Plantation of NTFP

Table 18 and Figure 4 below show the evolution of plantation of NTFP (rubber, palm oil and industrial raw materials) in Myanmar between FYs 2007/08 and 2015/16:¹

Table 18: Plantation of NTFP (FYs 2007/08 and 2015/16)

Product										acres
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	Total
Rubber	32,234	17,159	13,622	23,030	5,842	10,748	11,384	7,726	4,548	126,293
Palm oil	1,600	24,183	810	660	13,137	5,596	14,538	9,084	23,161	92,769
Industrial raw materials	13,198	19,841	18,054	28,606	26,916	3,482	6,185	860	825	117,968
Total	47,031	61,182	32,486	52,296	45,895	19,826	32,108	17,670	28,534	337,030

Figure 4: Plantation of NTFP (FYs 2007/08 and 2015/16)



3.1.3. Contribution in the Economy

Gross Domestic Product (GDP)

The forestry sector accounted for approximately **0.2%** to the country's GDP during FYs 2014/15 and 2015/16. Table 19 shows the breakdown of Myanmar's GDP by sector:²

Table 19: Breakdown of Myanmar's GDP by sector (FYs 2014/15 and 2015/16)

Sector	FY 2014/15		FY 2015/16	
	in MMK million	in %	in MMK million	in %
Agriculture	18,162,255.2	27.83%	19,467,848.8	26.75%
Agriculture	12,780,581.2	19.58%	13,417,668.2	18.44%
Livestock and Fishery	5,243,293.9	8.03%	5,906,519.1	8.12%
Forestry	138,380.1	0.21%	143,661.5	0.20%
Industry	22,508,629.0	34.49%	25,141,826.6	34.54%
Processing and Manufacturing	13,007,189.6	19.93%	15,045,356.1	20.67%
Construction	3,777,091.2	5.79%	4,454,894.5	6.12%
Energy	4,011,384.2	6.15%	3,687,504.4	5.07%
Electric Power	926,865.5	1.42%	1,029,960.7	1.42%
Mining	786,098.5	1.20%	924,110.9	1.27%
Services	24,591,208.3	37.68%	28,170,789.1	38.71%
Trade	12,217,492.3	18.72%	13,759,341.1	18.91%
Transportation	7,513,069.1	11.51%	8,239,652.7	11.32%
Social and Administrative Services	2,025,534.2	3.10%	2,686,743.5	3.69%
Rental and Other Services	1,537,311.7	2.36%	1,812,108.0	2.49%
Communications	1,158,119.7	1.77%	1,500,344.1	2.06%
Financial Institutions	139,681.3	0.21%	172,599.7	0.24%
Total GDP	65,262,092.5	100.00%	72,780,464.5	100.00%

¹ Source: FD.

² Central Statistical Organisation (CSO), 2016 Myanmar Statistical Yearbook, Table 8.01.

Revenues

The forestry sector accounts for approximately **4%** to the country's revenues during FYs 2014/15 and 2015/16.¹ Table 20 shows the breakdown of Myanmar's revenues by tax.

Table 20: Breakdown of Myanmar's revenues by tax (FYs 2014/15 and 2015/16)

Tax	FY 2014/15		FY 2015/16	
	in MMK million	in %	in MMK million	in %
Tax levied on inland productions and public consumption	1,464,487.8	21.03%	2,579,993.1	29.86%
Commercial tax	1,291,082.2	18.54%	2,324,565.4	26.91%
Taxes on Transport	105,470.3	1.51%	185,300.0	2.14%
Sales proceeds of stamps	31,000.0	0.45%	32,710.0	0.38%
State Lottery	28,000.4	0.40%	30,000.0	0.35%
Licence fees on imported goods	8,000.0	0.11%	6,500.0	0.08%
Excise duty	934.8	0.01%	917.8	0.01%
Income-Tax	1,664,932.7	23.90%	2,135,434.6	24.72%
Taxes levied on utility of State owned properties	1,571,160.4	22.56%	857,846.3	9.93%
Tax levied on Communication Services	1,225,000.0	17.59%	529,880.0	6.13%
Tax on extraction of petroleum and natural gas	329,343.3	4.73%	306,311.1	3.55%
Tax levied on extraction of electricity	11,460.0	0.16%	9,882.0	0.11%
Minerals Tax and Treasure Tax	1,400.0	0.02%	9,390.0	0.11%
Tax on extraction of forest produces	1,848.1	0.03%	1,272.9	0.01%
Tax on Fisheries	1,083.7	0.02%	1,103.8	0.01%
Tax on extraction of mineral	7.5	0.00%	5.2	0.00%
Taxes on land (Land Revenue)	0.9	0.00%	0.9	0.00%
Tax levied on rubber	0.5	0.00%	0.5	0.00%
Water Tax and Embankment Tax	1,016.6	0.01%	0.0	0.00%
Customs duties	190,000.0	2.73%	375,000.0	4.34%
Non-tax Revenues	2,074,793.6	29.79%	2,690,854.4	31.15%
Total State Receipts	6,965,374.5	100.00%	8,639,128.5	100.00%
Total State Receipts from the forestry sector	249,640.6		328,937.8	
%	3.58%		3.81%	

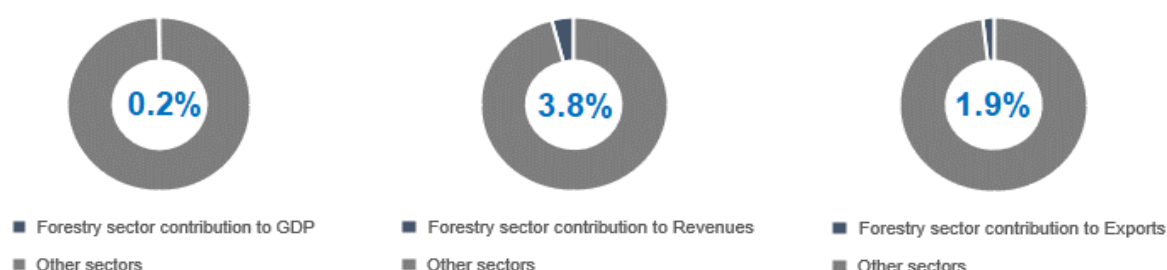
Exports

Exports of forestry products represents **0.8%** and **1.9%** in FY 2014/15 and FY 2015/16 respectively:²

Designation	FY 2014/15	FY 2015/16
Total exports (in MMK million)	12,523.7	11,136.5
Forestry products exports (in MMK million) ³	98.7	211.7
%	0.8%	1.9%

The contribution of the forestry sector to the GDP, the State revenues and the exports figures for FY 2015/16 is presented in Figure 5 below.

Figure 5: Macro-economic indicators for the forestry sector (FY 2015/16)



¹ Union Budget Law 2015.

² Source: Selected monthly economic indicators CSO, April 2016.

³ Exports data differ slightly from those provided by the Forest Department. (Please see sub-section 3.1.5 below).

3.1.4. Production

MTE has the exclusive right to harvest timber in Myanmar. This is made through its own facilities and its sub-contractors until 1 April 2016.

a. FY 2014/15

Hardwood and teak

In addition to MTE, sixty-four (64) sub-contractors were active during the FY 2014/15. They are listed in Annex 1 of this Report.

Table 21 below indicates that 10 companies contributed for **78%** to the total hardwood harvested during the FY 2014/15 while Table 22 shows that Sagaing region contributed for approximately **64%** to the total hardwood harvested during the same period.¹

Table 21: Quantities of hardwood harvested by company (FY 2014/15)

N°	Company	Quantity (Tons)	%
1	MTE	191,104	30.45%
2	Myat Noe Thu	91,115	14.52%
3	Tin Win Tun	54,549	8.69%
4	Moementun	35,013	5.58%
5	Nature Timber	29,668	4.73%
6	MRT	25,550	4.07%
7	FPJVC	23,686	3.77%
8	Global Star	14,705	2.34%
9	Pacific Timber	13,252	2.11%
10	Wood World	12,087	1.93%
Top 10		490,729	78.18%
Other 54 companies		136,923	21.82%
Total		627,652	100.00%

Table 22: Quantities of hardwood harvested by region/state (FY 2014/15)

N°	Region/State	Quantity (Tons)	%
1	Sagaing Region	401,094	63.90%
2	Shan State	47,050	7.50%
3	Bago Region	42,645	6.79%
4	Tanintharyi Region	39,307	6.26%
5	Ayeyarwady Region	31,093	4.95%
Top 5		561,189	89.41%
Other 9 States/Regions		66,463	10.59%
Total		627,652	100.00%

Table 23 below indicates that 10 companies contributed for approximately **94%** to the total teak harvested during the FY 2014/15 while Table 24 shows that Sagaing region contributed for approximately **58%** to the total teak harvested during the same period.

Table 23: Quantities of teak harvested by company (FY 2014/15)

N°	Company	Quantity (Tons)	%
1	MTE	23,931	53.95%
2	Pacific Timber	3,337	7.52%
3	Tin Myint Yee	3,245	7.32%
4	FJVC	2,935	6.62%
5	Myat Noe Thu	2,000	4.51%
6	Win Marlar Aung	1,620	3.65%
7	Tin Win Tun	1,385	3.12%
8	U Soe Lwin	1,162	2.62%
9	NTC	1,011	2.28%
10	MRT	888	2.00%
Top 10		41,514	93.58%
Other 13 companies		2,846	6.42%
Total		44,360	100.00%

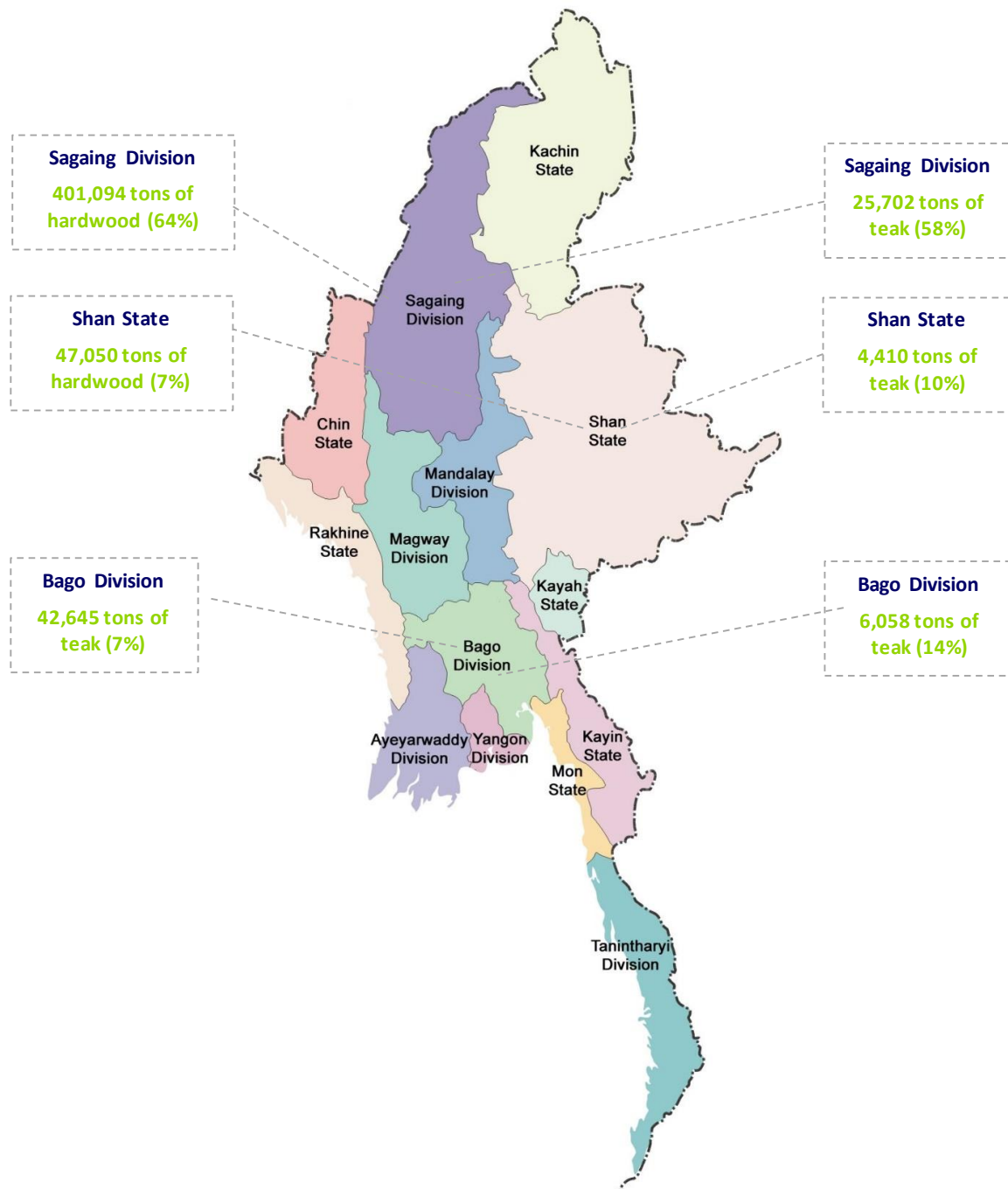
Table 24: Quantities of teak harvested by region/state (FY 2014/15)

N°	Region/State	Quantity (Tons)	%
1	Sagaing Region	25,702	57.94%
2	Bago Region	6,058	13.66%
3	Shan State	4,410	9.94%
4	Magway Region	3,689	8.32%
5	Chin State	2,331	5.25%
Top 5		42,190	95.11%
Other 4 States/Regions		2,170	4.89%
Total		44,360	100.00%

¹ Source : MTE data.

Figure 6 shows the main geographical distribution of production of hardwood and teak during FY 2014/15 across the territory of Myanmar.

Figure 6: Main geographical distribution of production of hardwood and teak (FY 2014/15)



We **recommend** to the MSG to reconcile the production data. Both MTE and its sub-contractors would be requested to report the quantity of timber extracted in FY 2014/15.

Detail by contract

Production is detailed by contract in annex 1 to this Report.

Comparison of the actual production with the Annual Allowable Cut¹

The volume of hardwood and teak produced by MTE and its sub-contractors reached 91% of Annual Allowable Cut (AAC) during FY 2014/15 detailed as follows:

Product	Operator	AAC (Tons) (1)	Performance (Tons) (2)	Performance % (2) / (1)
Hardwood	MTE	216,150	191,104	88.41%
	Private	461,851	436,548	94.52%
	Total	678,001	627,652	92.57%
Teak	MTE	27,200	23,931	87.98%
	Private	31,050	20,429	65.79%
	Total	58,250	44,360	76.15%
Total	MTE	243,350	215,035	88.36%
	Private	492,901	456,977	92.71%
	Total	736,251	672,012	91.27%

Annexes 2 and 3 show the Comparison of the actual production with the AAC by State and Region and operator for teak and hardwood.

b. FY 2015/16

Hardwood and teak

In addition to MTE, fifty-four (54) sub-contractors were active during the FY 2015/16. They are listed in Annex 4 of this Report.

Table 25 below indicates that 10 companies contributed for approximately **80%** to the total hardwood harvested during the FY 2015/16 while Table 26 shows that Sagaing region contributed for approximately **66%** to the total hardwood harvested during the same period.

Table 25: Quantities of hardwood harvested by company (FY 2015/16)

N°	Company	Quantity (Tons)	%
1	MTE	193,775	31.27%
2	Myat Noe Thu	89,499	14.44%
3	Tin Win Tun	53,597	8.65%
4	Pacific	37,697	6.08%
5	Nature Timber	29,154	4.70%
6	MRT	27,067	4.37%
7	FJVC	20,233	3.26%
8	Green Hard Wood	15,018	2.42%
9	Htun Myat Aung	14,002	2.26%
10	Century Dragon	13,021	2.10%
	Top 10	493,063	79.56%
	Other 45 companies	126,679	20.44%
	Total	619,742	100.00%

Table 26: Quantities of hardwood harvested by region/state (FY 2015/16)

N°	Region/State	Quantity (Tons)	%
1	Sagaing Region	407,878	65.81%
2	Shan State	39,396	6.36%
3	Bago Region	39,053	6.30%
4	Tanintharyi Region	26,361	4.25%
5	Magway Region	24,507	3.95%
	Top 5	537,195	86.68%
	Other 9 States/Regions	82,547	13.32%
	Total	619,742	100.00%

¹ Source: MTE.

Table 27 below indicates that 10 companies contributed for approximately **95%** to the total teak harvested during the FY 2015/16 while Table 28 shows that Sagaing Region contributed for **46%** to the total teak harvested during the same period.

Table 27: Quantities of teak harvested by company (FY 2015/16)

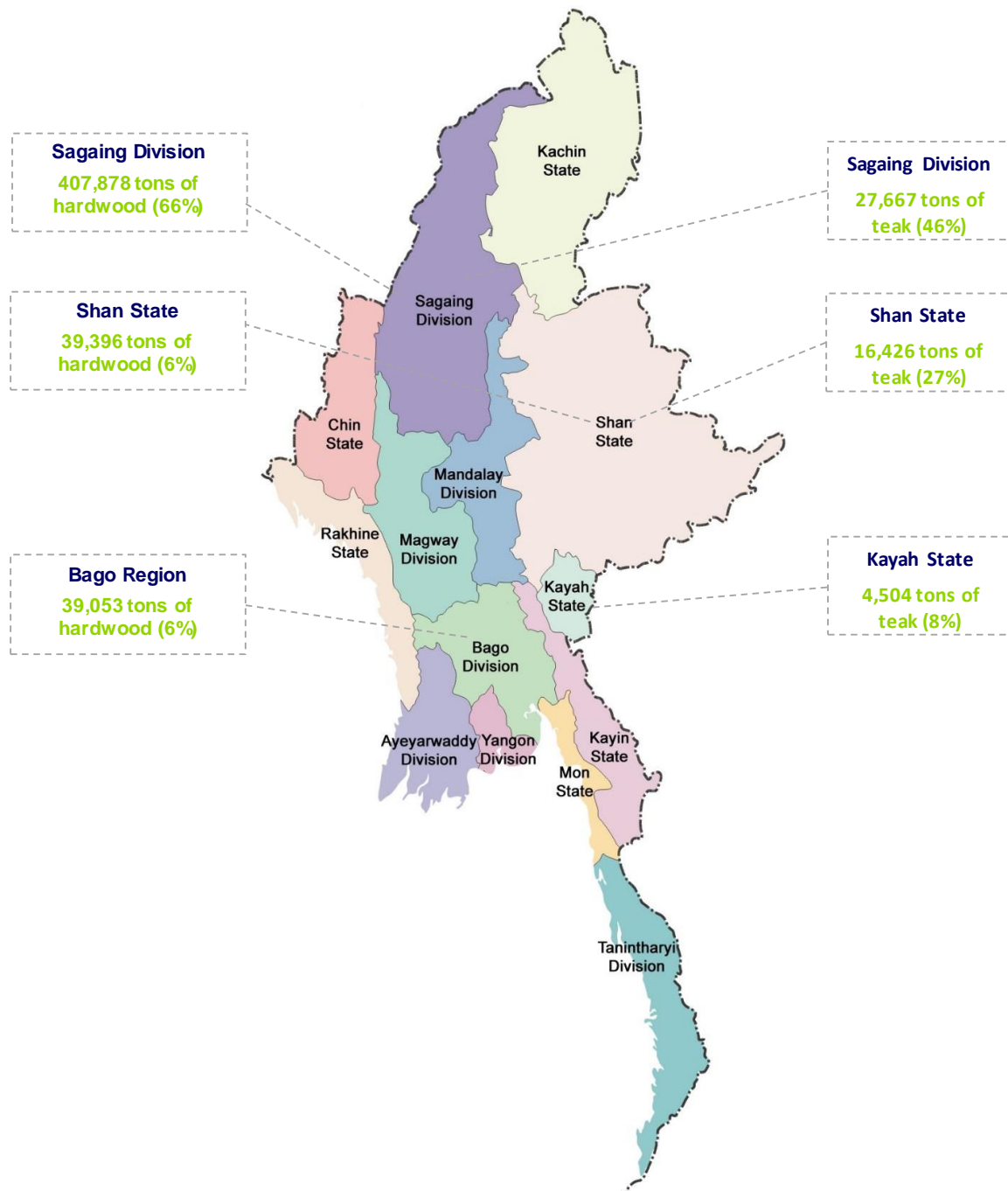
N°	Company	Quantity (Tons)	%
1	MTE	20,595	34.30%
2	Tin Myint Yee	13,678	22.78%
3	Pacific	5,102	8.50%
4	Tin Win Tun	3,008	5.01%
5	FJVC	2,968	4.94%
6	Specal (4)	2,628	4.38%
7	Myat Noe Thu	2,628	4.38%
8	MRT	2,613	4.35%
9	Ma Naw Phyu	2,495	4.15%
10	Win Marlar Aung	1,142	1.90%
	Top 10	56,857	94.68%
	Other 13 companies	3,195	5.32%
	Total	60,052	100.00%

Table 28: Quantities of teak harvested by region/state (FY 2015/16)

N°	Region/State	Quantity (Tons)	%
1	Sagaing Region	27,667	46.07%
2	Shan State	16,426	27.35%
3	Kayah State	4,504	7.50%
4	Bago Region	4,174	6.95%
5	Magway Region	3,001	5.00%
	Top 5	55,772	92.87%
	Other 3 States/Regions	4,280	7.13%
	Total	60,052	100.00%

Figure 7 shows the main geographical distribution of production of hardwood and teak during FY 2015/16 across the territory of Myanmar.

Figure 7: Main geographical distribution of production of hardwood and teak (FY 2015/16)



We **recommend** to the MSG to reconcile the production data. Both MTE and its sub-contractors would be requested to report the quantity of timber extracted in FY 2015/16.

Detail by contract

Production is detailed by contract in annex 4 to this Report.

Comparison of the actual production with the Annual Allowable Cut

The volume of hardwood and teak produced by MTE and its sub-contractors reached 96% of Annual Allowable Cut (AAC) during FY 2015/16 detailed as follows:

Product	Operator	AAC (Tons) (1)	Performance (Tons) (2)	Performance % (2) / (1)
Hardwood	MTE	197,700	193,775	98.01%
	Private	455,450	425,967	93.53%
	Total	653,150	619,742	94.89%
Teak	MTE	22,000	20,595	93.61%
	Private	31,000	39,457	127.28%
	Total	53,000	60,052	113.31%
Total	MTE	219,700	214,370	97.57%
	Private	486,450	465,424	95.68%
	Total	706,150	679,794	96.27%

Annexes 5 and 6 show the Comparison of the actual production with the AAC by State and Region and operator for teak and hardwood.

Accuracy of production data

We noted a significant discrepancy on production data between FD and MTE detailed by product as follows:

FY	Product	FD	MTE	Diff. in tons	Diff. in %
2014/15	Teak	165,926	44,360	121,566	274%
	Hardwood	694,726	627,652	67,074	11%
	Total	860,652	672,012	188,640	28%
2015/16	Teak	108,759	60,052	48,707	81%
	Hardwood	743,223	619,742	123,481	20%
	Total	851,982	679,794	172,188	25%

We have not yet obtained an explanation of this difference.

Tables 29 and 30 below show the differences on production data between FD and MTE during FYs 2014/15 and 2015/16 detailed by region and state:

Table 29: Differences on production data between FD and MTE (FY 2014/15)

No.	Region and State	Teak				Hardwood			
		FD	MTE	Diff. in tons	Diff. in %	FD	MTE	Diff. in tons	Diff. in %
1	Kachin State		603	-603	-100%	24,535	10,491	14,044	134%
2	Kayah State	4,988	1,348	3,640	270%	2,008	4,061	-2,053	-51%
3	Kayin State	22	19	3	17%	1,915	1,167	748	64%
4	Chin State	8,067	2,331	5,736	246%	4,922	5,023	-101	-2%
5	Sagaing Region	75,597	25,702	49,895	194%	387,158	401,094	-13,936	-3%
6	Tanintharyi Region			0	na	87,094	39,307	47,787	122%
7	Bago Region	25,793	6,058	19,735	326%	95,538	42,645	52,893	124%
8	Magway Region	14,310	3,689	10,621	288%	33,711	20,602	13,109	64%
9	Mandalay Region	466		466	na	10,447	7,416	3,031	41%
10	Mon State	12		12	na	6,110	4,068	2,042	50%
11	Rakhine State	1,984		1,984	na	1,699	3,007	-1,308	-44%
12	Yangon Region			0	na			0	na
13	Shan State	34,209	4,410	29,799	676%	15,529	47,050	-31,521	-67%
14	Ayeyarwady Region	17		17	na	10,801	31,093	-20,292	-65%
15	Naypyidaw Union Territory	462	200	262	131%	13,259	10,628	2,631	25%
	Total	165,926	44,360	121,566	274%	694,726	627,652	67,074	11%

Table 30: Differences on production data between FD and MTE (FY 2015/16)

No.	Region and State	Teak				Hardwood			
		FD	MTE	Diff. in tons	Diff. in %	FD	MTE	Diff. in tons	Diff. in %
1	Kachin State	1,885	1,187	698	59%	13,256	16,027	-2,771	-17%
2	Kayah State	9,905	4,504	5,401	120%	7,028	5,702	1,326	23%
3	Kayin State			0	na	1,443	2,139	-696	-33%
4	Chin State	2,479	2,970	-491	-17%	5,384	4,890	494	10%
5	Sagaing Region	51,535	27,667	23,868	86%	535,050	407,878	127,172	31%
6	Tanintharyi Region	19	0	19	na	28,800	26,361	2,439	9%
7	Bago Region	7,041	4,174	2,867	69%	43,942	39,053	4,889	13%
8	Magway Region	5,750	3,001	2,749	92%	32,018	24,507	7,511	31%
9	Mandalay Region	197	0	197	na	15,130	10,903	4,227	39%
10	Mon State	4	0	4	na	1,466	1,524	-58	-4%
11	Rakhine State	197	0	197	na	10,021	8,751	1,270	15%
12	Yangon Region	0	0	0	na			0	na
13	Shan State	28,965	16,426	12,539	76%	37,514	39,396	-1,882	-5%
14	Ayeyarwady Region	116	0	116	na	5,383	23,021	-17,638	-77%
15	Naypyidaw Union Territory	665	123	542	441%	6,787	9,590	-2,803	-29%
	Total	108,759	60,052	48,707	81%	743,223	619,742	123,481	20%

Other data from international institutions

According to ITTO (2015)¹, the industry of Myanmar produced in 2014 about 6 million m³ (or about 4.2 million cubic tons)² of logs.

Even though we cannot compare data for calendar year with data for fiscal year, we should note here a significant discrepancy with Government Agencies data, as both MTE and FD's figures are less than one million cubic tons.

Production at the beginning and end of each period

Stocks of timber in disaggregated data by States/Regions with teak and hardwood species at the beginning and end of FYs 2014/15 and 2015/16:

No.	Region and State	Teak			Hardwood		
		31 March 2014	31 March 2015	31 March 2016	31 March 2014	31 March 2015	31 March 2016
1	Kachin State	285	603	1,160	7,982	7,719	13,276
2	Kayah State	4,176	390	2,929	8,068	3,718	4,768
3	Kayin State		48		653	1,045	1,623
4	Chin State	2,729	3,645	4,027	12,799	8,586	7,241
5	Sagaing Region	66,211	40,225	35,735	421,290	435,490	474,936
6	Tanintharyi Region				40,330	27,596	26,773
7	Bago Region	5,824	3,187	2,074	58,794	34,684	18,819
8	Magway Region	9,204	5,002	3,330	29,623	29,830	31,751
9	Mandalay Region	8,921	4,234	5,227	35,761	25,203	30,258
10	Mon State				6,272	3,570	1,093
11	Rakhine State				4,197	3,445	8,346
12	Shan State	62,240	59,760	45,792	35,151	45,682	52,149
13	Ayeyarwady Region				10,384	27,787	20,231
14	Naypyidaw Union Territory	261	205	317	5,795	8,297	4,757
	Total	159,852	117,300	100,591	677,101	662,652	696,020

¹ Source: <http://www.timbertradeportal.com/countries/myanmar/>

² One cubic ton is equal to 1.415 cubic meter for teak and other hardwoods.

Volumes sold of teak and hardwood can be determined as follows:

Teak

Cubic tons

FY	Stock at the beginning of the year (1)	Production (2)	Confiscated Received From FD (3)	Stock at the end of the year (4)	Sales (Export and Local) (1) + (2) + (3) - (4)
2014/15	159,852	44,360	3,502	117,300	90,414
2015/16	117,300	60,052	3,661	100,591	80,422

Hardwood

Cubic tons

FY	Stock at the beginning of the year (1)	Production (2)	Confiscated Received From FD (3)	Stock at the end of the year (4)	Sales (Export and Local) (1) + (2) + (3) - (4)
2014/15	677,101	627,652	11,612	662,652	653,713
2015/16	662,652	619,742	8,080	696,020	594,454

These quantities will be double checked as MTE will be requested to report timber sales data (Export and Local) in its reporting templates.

3.1.5. Timber sales

Table 31 below sets out the breakdown of MTE's timber sales detailed by market.

Table 31: Timber sales (FYs 2014/15 and 2015/16)

Type	FY 2014/15 in MMK million	%	FY 2015/16 in MMK million	%
Export Sales	263,262	71%	298,314	70%
Local Sales	106,797	29%	127,468	30%
Total Sales	370,060	100%	425,782	100%

According to EITI requirement 4.2, we **recommend** to the MSG to consider timber sales through unilateral disclosure from MTE. The latter will be requested to report the detail of timber sales during FYs 2014/15 and 2015/16 including the breakdown by:

- product type,
- buying company,
- volume,
- price, and
- market.

3.1.6. Transportation of timber

MTE has not yet provided us with data related to the transportation of timber for FYs 2014/15 and 2015/16 (EITI Requirement 4.4).

3.1.7. Non-timber forest products (NTFP)

Table 32 below shows the production data provided by FD in respect of non-timber forest products (NTFP) for FYs 2014/15 and 2015/16.

Table 32: NTFP production (FYs 2014/15 and 2015/16)

No	Product	Unit	FY 2014/15		FY 2015/16	
			Target	Production	Target	Production
1	Teak	Cubic Ton	0	41,683	0	39,120
2	Hardwood	Cubic Ton	0	87,651	0	112,625
3	Post (Teak & Hardwood)	Num	87,090	101,269	88,445	50,481
4	Pole (Teak & Hardwood)	Num	132,730	103,707	134,720	51,780
5	Firewood	Cubic Ton	317,175	276,052	321,780	289,056
6	Charcoal	Cubic Ton	256,290	231,168	260,085	233,273
7	Bamboo	Num (000)	181,995	174,262	184,490	173,678
8	Rattan	Num (000)	10,137	8,848	10,385	7,035
9	Cutch	Viss ¹	392,800	172,203	398,400	153,350
10	Bark (for tanning)	Viss	1,433,800	1,297,647	1,447,900	1,227,286
11	Shaw (Fibre)	Viss	79,870	81,346	80,860	76,532
12	Kalamet (Red Sandalwood)	Viss	5,150	3,550	5,200	7,715
13	Indwe/Pwenyet	Viss	281,600	257,599	284,550	259,759
14	Thanatkha (<i>Limonia acidissima</i>)	Viss	291,430	270,217	291,920	249,450
15	Phalar (Cardamon)	Viss	1,025,000	1,015,653	1,040,000	57,918
16	Kanyin Resin (Resin of Dipterocarp)	Viss	665	665	675	675
17	Turpentine	Viss	0	13,641	0	602
18	Dani/Thekke (Thatch)	Byit	82,000	67,863	83,498	64,702
19	Te (<i>Diospyros burmanica</i>)	Viss	1,280	1,280	1,300	1,295
20	Honey	Viss	17,405	18,036	17,607	17,302
21	Bee-Wax	Viss	1,147	1,147	1,193	1,193
22	Bat's Guano	Viss	285,290	243,580	289,230	285,013
23	Lacquer (Thitsi)	Viss	32,770	32,359	33,245	33,360
24	Bomma-Yaza (<i>Rauvolfia serpentina</i>)	Viss	32,850	30,950	33,285	31,140
25	Edible Bird's Nest	Viss	1,170	1,550	1,185	1,512
26	Lac	Viss	101,490	81,080	102,905	66,368
27	Thinbaung (<i>Phoenix paludosa</i>)	Num (000)	93	103	94	94

3.1.8. Exports

a. Government data

❖ Details by product

Value of exports of wood and MFP has increased steadily over the last five FYs with an average annual growth rate of **75%**. Table 33 presents the breakdown of exports in volume and value from FY 2011/12 until FY 2015/16.²

¹ One Viss is approximately 1.633 kilograms. For more information on Weight conversion table please visit: <http://www.myanmar-dot-com.com/NMDCCConversion.aspx?typ=w>

² Forest Department.

Table 33: Breakdown of Exports of Wood and MFP (FYs 2011/12 – 2015/16)

N°	Product	Volume/Value	2011/12	2012/13	2013/14	2014/15	2015/16	CAGR (2011/12 - 2015/16)
1	Teak	Cubic tons	2,369	5,598	7,613	15,544	27,702	84.92%
		US\$ m	7.07	16.11	26.21	50.01	91.41	89.64%
2	Hardwood	Cubic tons	945	2,371	1,817	5,740	17,222	106.62%
		US\$ m	1.38	3.12	2.28	8.64	24.11	104.61%
3	Others	Cubic tons	21,807	20,363	24,295	66,336	132,131	56.89%
		US\$ m	11.63	11.42	13.45	40.86	88.10	65.89%
	Total Wood	Cubic tons	25,121	28,332	33,725	87,620	177,055	62.94%
		US\$ m	20.08	30.64	41.94	99.52	203.62	78.46%
4	Rattan	Tons	1,320	1,906	1,917	1,267	618	-17.28%
		US\$ m	0.95	1.34	1.40	1.09	1.17	5.22%
5	Bamboo	Tons	1,548	1,188	1,671	1,656	2,108	8.03%
		US\$ m	0.34	0.25	0.35	0.36	0.51	11.03%
6	Miscellaneous	Tons	1,034	1,123	515	557	526	-15.55%
		US\$ m	0.34	0.52	0.24	0.23	0.26	-6.29%
	Total MFP	Tons	3,902	4,217	4,103	3,480	3,252	-4.45%
		US\$ m	1.62	2.11	1.99	1.68	1.93	4.50%
		Total value Wood and MFP (US\$ m)	21.70	32.76	43.93	101.20	205.55	75.44%

Figures 8 and 9 below show the breakdown of Wood and Multi-Function Panel (MFP) exports in volume and value from FY 2011/12 until FY 2015/16.

Figure 8: Breakdown of wood exports in volume and value (2011/12 – 2015/16)

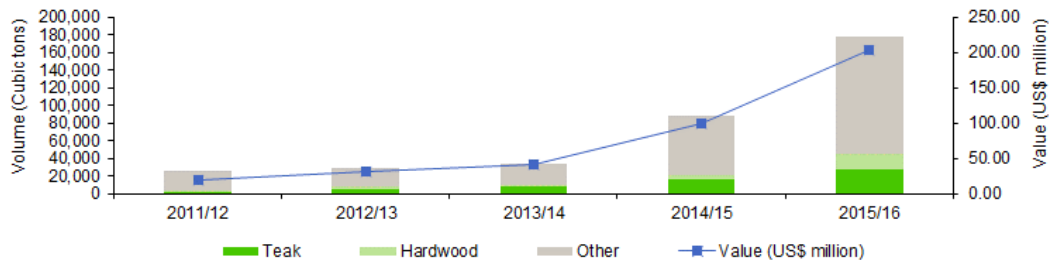
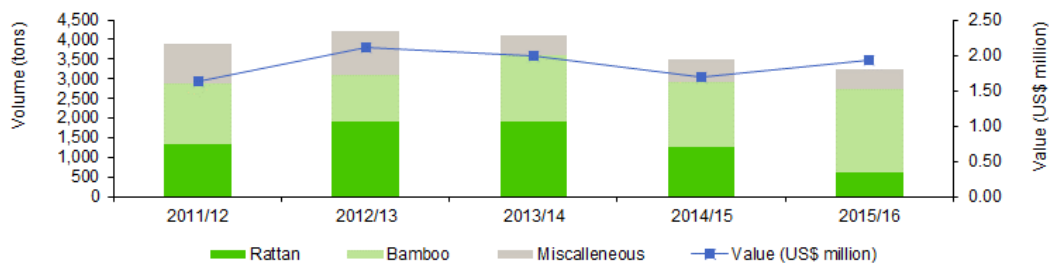


Figure 9: Breakdown of MFP exports in volume and value (2011/12 – 2015/16)



❖ **Details by destination**

FY 2014/15

We have not yet obtained the breakdown of export values by destination for the FY 2014/15.

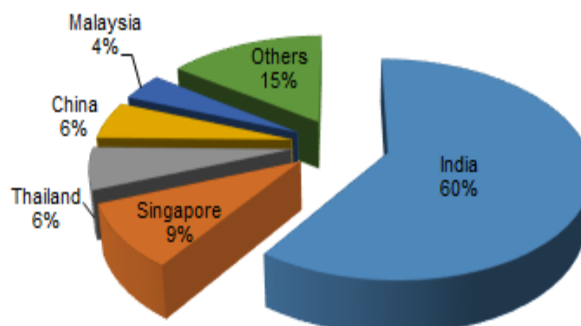
Volumes of exports are detailed by product and destination during FY 2014/15 in Annex 7 of this Report.

FY 2015/16

The analysis of Government exports by destination indicates that 5 countries accounted for approximately **85%** to total Government exports during the FY 2015/16 and that India alone accounts for almost **60%** of the country's forestry exports for that period. Table 34 and Figure 10 below present the contribution of the top 5 countries.

Table 34: Detail of exports by destination (FY 2015/16)

N°	Destination	Export value (US\$ million)	%
1	India	122.66	59.67%
2	Singapore	19.38	9.43%
3	Thailand	12.72	6.19%
4	China	11.51	5.60%
5	Malaysia	8.35	4.06%
Top 5		174.61	84.95%
Other destinations (36 countries)		30.94	15.05%
Total		205.55	100.00%

Figure 10: Detail of exports by destination (FY 2015/16)

Value and volumes of exports are detailed by product and destination during FY 2015/16 in Annex 8 of this Report.

Accuracy of exports data

We noted a significant discrepancy on exports data between FD and MOC¹ detailed as follows:

FY	Product	FD	MOC	Diff. in US\$ m	Diff. in %
2014/15	Wood	99.52	23.67	75.85	321%
2015/16	Wood	203.62	15.14	188.48	1245%

We have not yet obtained an explanation of this difference.

b. Other data from international institutions

We present below some data for the forestry sector in Myanmar as published by some relevant international institutions.

❖ International Tropical Timber Organization

The International Tropical Timber Organization (ITTO) is an intergovernmental organisation promoting the conservation and sustainable management, use and trade of tropical forest resources.

ITTO develops internationally agreed policy documents to promote sustainable forest management and forest conservation and assists tropical member countries to adapt such policies to local circumstances and to implement them in the field through projects.

ITTO's origins can be traced back to 1976 when the long series of negotiations that led to the first International Tropical Timber Agreement (ITTA) began at the fourth session of the United Nations Conference on Trade and Development (UNCTAD) as part of that organization's Programme for Commodities. The eventual outcome of these negotiations was the ITTA, 1983, which governed the Organization's work until 31 December 1996, when it was superseded by the ITTA, 1994.

¹ Source: Trade Information and Research Division.

Negotiations for a successor to this agreement were concluded in 2006, again under the auspices of UNCTAD. The ITTA, 2006 entered into force on 7 December 2011.

Myanmar is an ITTO member under ITTA, 2006. Further information on the ITTO are available on its website: <http://www.itto.int/>.

❖ **European Timber Trade Federation**

The European Timber Trade Federation (ETTF) promotes the interests of the timber trade across Europe, representing key national federations for importers, merchants and distributors.

It liaises with Governmental Agencies at national and international level, engage with environmental and other NGOs and provide a discussion and networking forum for the EU timber trade on key issues, from legislation and the environment, to sustainable timber promotion and best practice.

Further information on the ETTF are available on its website: <http://ettf.info/>.

We noted a significant difference on exports data between FD and the ETTF as detailed below:

Source	Exports by value			Exports by volume		
	Unit	Value	Period	Unit	Value	Period
FD ¹	US\$ million	85	Average FY 2013/14 and FY 2014/15	Thousand m ³	74	Average FY 2013/14 and FY 2014/15
ETTF ²	US\$ million	1,781		Thousand m ³	2,285	2014
Difference	US\$ million	-1,695		Thousand m³	-2,211	

Both FD and the Ministry of Commerce (MOC) should explain the origin of such difference.

❖ **Forest Trends**

Forest Trends is a non-profit organisation founded in 1998 and based in Washington that connects with economic tools and incentives for maintaining ecosystems.

Forest Trends works to conserve forests and other ecosystems through the creation and wide adoption of a broad range of environmental finance, markets and other payment and incentive mechanisms. Forest Trends does so by:

- providing transparent information on ecosystem values, finance, and markets through knowledge acquisition, analysis, and dissemination;
- convening diverse coalitions, partners and communities of practice to promote environmental values and advance development of new markets and payment mechanisms; and
- demonstrating successful tools, standards, and models of innovative finance for conservation.

Further information on Forest Trends are available on its website: <http://www.forest-trends.org/>.

¹ As the data we have are for fiscal years, we have tried to determine exports for the calendar year 2014 by taking 25% and 75% of exports made during FY 2013/14 and FY 2014/15 respectively.

² Source: ITTO (2015) <http://www.timbertradeportal.com/countries/myanmar/>

We noted a significant difference on exports data between FD and Forest Trends as detailed below:

Source	Exports by value			Exports by volume		
	Unit	Value	Period	Unit	Value	Period
FD ¹	US\$ million	39	Average FY 2012/13 and FY 2013/14	Thousand m ³	32	Average FY 2012/13 and FY 2013/14
Forest Trends ²	US\$ million	1,600	2013	Thousand m ³	3,300	2013
Difference	US\$ million	-1,561		Thousand m³	-3,268	

Although, Forest Trends has used importing country statistics to assess Myanmar's exports, an explanation need to be provided by both FD and the Ministry of Commerce (MOC).

❖ Environmental Investigation Agency

The Environmental Investigation Agency (EIA) is a Non-governmental organization (NGO) founded in 1984 in the United Kingdom. Its stated goal is to investigate and expose crimes against wildlife and the environment and promote policy solutions to eliminate illegally sourced wood products and commodities grown on deforested land from global markets.

EIA works to achieve tangible changes in the global economy that make local and sustainable management of the world's natural resources possible.

Further information on the EIA are available on its website: <https://eia-global.org/>.

EIA has presented some points concerning the protection of Myanmar's forests. For more information please visit: <https://eia-international.org/myanmar-forests-campaign>.

❖ Global Witness

Global Witness is an international NGO established in 1993 that works to break the links between natural resource exploitation, conflict, poverty, corruption, and human rights abuses worldwide.

Further information on Forest Trends are available on its website: <https://www.globalwitness.org/>.

Global Witness has released in 2014 some information concerning the management of natural resources (including timber). For more information please visit: <https://www.globalwitness.org/en/campaigns/myanmar/#more>.

3.1.9. Illegal logging

Forest Trends has released in December 2014 a note in respect of recent trends in the timber products trade between China and Myanmar, using Chinese customs data from 2000 through 2013.³

The main finding is that most Chinese imports of Myanmar's timber products are recorded through the Kunming customs district, implying illegality.

The Government of Myanmar requires that all timber products be exported by sea from the southern port of Yangon and be stamped by the MTE. However, in 2013, 94% of Myanmar's timber product exports to China were registered in Kunming, the capital of Yunnan, a landlocked Chinese province bordering Kachin state in Myanmar. It is likely that all Myanmar timber imports registered in Kunming were transported overland through trade posts along the Yunnan border (Kudo 2008).

¹ As the data we have are for fiscal years, we have tried to determine exports for the calendar year 2013 by taking 25% and 75% of exports made during FY 2012/13 and FY 2013/14 respectively.

² Source: Forest Trends Report Series, Commercial Agriculture Expansion in Myanmar: Links to Deforestation, Conversion Timber, and Land Conflicts, Kevin Woods, March 2015. The Report is publicly available on (http://forest-trends.org/releases/uploads/Conversion_Timber_in_Myanmar.pdf)

³ This note is publicly available on: (http://www.forest-trends.org/documents/files/doc_4775.pdf)

Confiscated timber represents approximately **6%** of the volume produced during FYs 2014/15 and 2015/16. Table 35 below presents the allocation of confiscated timber:¹

Table 35: Allocation of confiscated timber (FYs 2014/15 and 2015/16)

Designation	In tons						Total
	Teak		Hard Wood		Other		
	Log	Sawn timber	Log	Sawn timber	Log	Sawn timber	
Stock Pile of the confiscated timber as at 1 April 2014	14,249	3,998	6,138	5,097	15,746	7,136	52,363
Confiscated timber during FY 2014/15	9,985	3,147	7,706	12,307	11,748	7,510	52,402
Total	24,234	7,145	13,844	17,404	27,493	14,645	104,765
Yearly Transfer/Sale							
a. Transfer to the Military	-	-	-	28	47	1,045	1,120
b. Transfer to MTE	8,243	2,851	4,674	9,171	7,056	2,633	34,630
c. Departmental Use	126	32	298	160	390	591	1,596
d. Auction and Direct sale to Public	2,266	984	2,064	2,004	6,365	4,303	17,985
e. Destroyed	1,205	640	1,334	328	1,591	354	5,451
Total (Yearly Transfer/Sale)	11,840	4,507	8,370	11,691	15,449	8,926	60,783
Stock Pile as at 31 March 2015	12,394	2,638	5,474	5,713	12,044	5,720	43,982
Confiscated timber during FY 2015/16	12,038	4,242	4,952	9,453	16,156	9,450	56,291
Total	24,432	6,880	10,426	15,166	28,200	15,169	100,273
Yearly Transfer/Sale							
a. Transfer to the Military	-	-	6	17	8	750	782
b. Transfer to MTE	8,942	2,645	3,695	5,640	9,826	1,653	32,401
c. Departmental Use	58	55	351	408	1,161	1,378	3,411
d. Auction and Direct sale to Public	3,681	1,417	2,607	3,688	7,484	6,518	25,395
e. Destroyed	3,280	774	1,199	1,276	4,066	1,227	11,823
Total (Yearly transfer/Sale)	15,961	4,892	7,858	11,029	22,546	11,527	73,812
Stock Pile as at 31 March 2016	8,471	1,988	2,568	4,136	5,655	3,643	26,461
Adjustment (Double Entry data)	0	-	3	3	2	1	9
Adjusted Stock Pile as at 31 March 2016	8,471	1,988	2,565	4,134	5,653	3,642	26,452

FD has not yet provided us with the revenues collected from the allocation of confiscated timber for FYs 2014/15 and 2015/16.

3.1.10. Employment

The following table sets out key figures of labour force statistics in 2015:²

Designation		Male	Female	Total
Working age population (15 years and above)	(a)	15,553,856	18,380,805	33,934,661
Labour force	(b)	12,474,495	9,485,302	21,959,797
Labour force participation rate	(b) / (a)	80.20%	51.60%	64.71%
Employment		12,391,395	9,399,940	21,791,335
Unemployment	(d)	83,100	85,362	168,462
Unemployment rate	(d) / (b)	0.67%	0.90%	0.77%
Weekly average working hours		52.74	49.97	51.55
Daily average wage (in MMK)		5,320	3,990	4,760
Monthly average wage (in MMK)		147,200	119,040	134,490

¹ Source: Forest Department.

² Source: Myanmar Labour Force, Child Labour and School-to-Work Transition Survey-2015.

Employment in the forestry sector may include staff working at FD, MTE and its sub-contractors.

FD

We have yet to obtain employment data for FD.

In addition, FD does not have any information regarding the number of individuals operating on Non-Timber Forestry Products (NTFP).

We propose to request this information from the Township Revenue Officer (TRO).

MTE

The table below shows MTE's employees, all of whom are locals, at 31 March 2015 and 31 March 2016:¹

Date	Permanent			Non permanent			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
End March 2015	13,694	4,016	17,710	2,510	474	2,984	16,204	4,490	20,694
End March 2016	13,226	3,873	17,099	2,456	475	2,931	15,682	4,348	20,030

MTE's sub-contractors

MTE does not have any information regarding its subcontractors' employment.

We propose to request this information directly to sub-contractors through the reporting template.

3.2. Legal Framework

3.2.1. Government Agencies

The main Government Agencies involved in the forestry sector in Myanmar are:

- Ministry of Planning and Finance;
- Ministry of Natural Resources and Environmental Conservation; and
- Ministry of Commerce.

a. Ministry of Planning and Finance

The Ministry of Planning and Finance (MoPF) aims to formulate and implement effective monetary and financial policies to meet political, economic, social, and other development objectives laid down by the State.

Further information on MoPF is available on its website <http://www.mof.gov.mm>

The main departments within MoPF involved in the forestry sector are detailed as follows:

❖ Budget Department

The Budget Department (BD) formulates and implements Annual State Budget within a macroeconomics framework under the guidance of MoPF for a given period.

According to Section 5 of the State Constitution, BD is responsible to draw the Union Budget and State/Region Budgets. To fulfil this responsibility, BD opened 14 State/Regional

¹ Source: MTE.

Budget offices, 1 Self-Administered Division Budget office and 5 Self-Administered Zone Budget offices in year 2010 and every State / Region Budget office formed 2 Budget Sections.

❖ Internal Revenue Department

The Internal Revenue Department (IRD) assist the taxpayers with taxpayer education programs and other services so that they will understand their tax obligations. Furthermore, the IRD contributes towards the building of a new modern and developed nation by collecting necessary tax revenue.

Starting from 2011/12 fiscal year onwards, the IRD is collecting the following 4 kinds of taxes and duties:

No.	Tax	Relevant Law
1	Income tax	Income Tax Law (1974)
2	Commercial tax	Commercial Tax Law (1990)
3	Stamp duty	Myanmar Stamp Act (1899)
4	State Lottery tax	Directives Pertaining to State Lottery

❖ Customs Department

The Myanmar Customs Department (MCD) aims to enhance trade facilitation through simplification of customs procedures and to ensure proper collection of customs duties and taxes. MCD is collecting Customs duties pursuant to the Sea Customs Act, (1878)¹ and the Land Customs Act (1924) as modified in 2015.²

❖ Treasury Department

The Treasury department (TD) aims mainly to manage the cash in the country. It comprises the following 6 divisions:

1. Cash Management
2. Debt Management
3. Accounting and Reporting
4. Treasury Policy and Quality Promotion
5. Information Technology
6. Administration and Accounts

❖ Central Statistical Office

The Central Statistical Organization (CSO) is the national statistical authority of the Government of Myanmar.

It aims to build a coherent National Statistical System in Myanmar that produces comprehensive, accurate and socio-economic statistics.

Further information on CSO is available on its website: <http://www.csostat.gov.mm:8888/cso-beta/>.

Statistical information can either be purchased in printed version from CSO or be downloaded in electronic version from the Myanmar Information System (MMSIS) platform: http://mmsis.gov.mm/sub_menu/statistics/fileDb.jsp.

b. Ministry of Natural Resources and Environmental Conservation

¹ This law is publicly available on: [https://www.myanmarcustoms.gov.mm/pdf/Sea%20Customs%20Act%20\(27.7.2015\).pdf](https://www.myanmarcustoms.gov.mm/pdf/Sea%20Customs%20Act%20(27.7.2015).pdf)

² This law is publicly available on: [https://www.myanmarcustoms.gov.mm/pdf/The%20Land%20Customs%20Act%20\(27.7.2015\)-1.pdf](https://www.myanmarcustoms.gov.mm/pdf/The%20Land%20Customs%20Act%20(27.7.2015)-1.pdf)

The Ministry of Natural Resources and Environmental Conservation (MONREC) is structured as follows:

N°	Department	N°	Enterprise
1	Forest Department	1	Myanma Timber Enterprise
2	Dry Zone Greening Department	2	No.1 Mining Enterprise
3	Environmental Conservation Department	3	No.2 Mining Enterprise
4	Survey Department	4	Myanmar Gems Enterprise
5	Department of Mines	5	Myanmar Pearl Enterprise
6	Department of Geological Survey and Mineral Explorer		

Further information on MONREC is available on its website <http://www.mining.gov.mm/>

The main departments within MONREC which are involved in the forestry sector are detailed as follows:

❖ Forest Department

The functions and responsibilities of the Forest Department (FD) are as follows:¹

- implementation of Government's forestry policies;
- implementation of the plans relating to conservation of water, soil, bio-diversity and environment, sustained yield of forest products and protection of forest covered land;
- management of forest lands;
- submitting proposals to the Minister Natural Resources and Environmental Conservation for the determination, alteration or cancellation of reserved forest, protected public forest and species of reserved trees;
- set up and manage schools and training courses relating to forestry and sending trainees abroad;
- administering a Forestry Institute;
- inventorying forest resources; and
- carrying out forest research.

❖ Myanma Timber Enterprise

Myanma Timber Enterprise (MTE) is the unique SOE operating in the forestry sector in Myanmar. Its responsibilities can be summarised as follows:

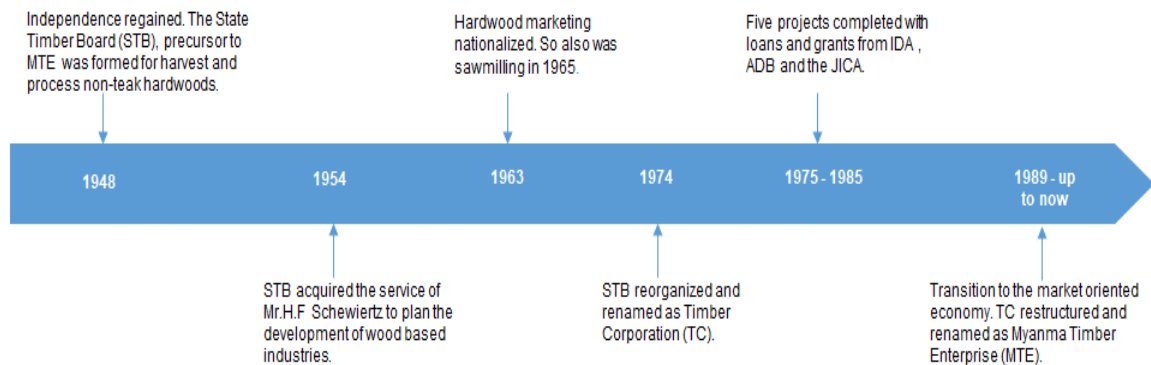
- timber harvesting;
- parcel preparation;
- milling and downstream processing; and
- marketing.

¹ Source: Forest Law, Chapter IV, Article 9.

Brief History

Figure 11 presents a brief history about how MTE was formed.

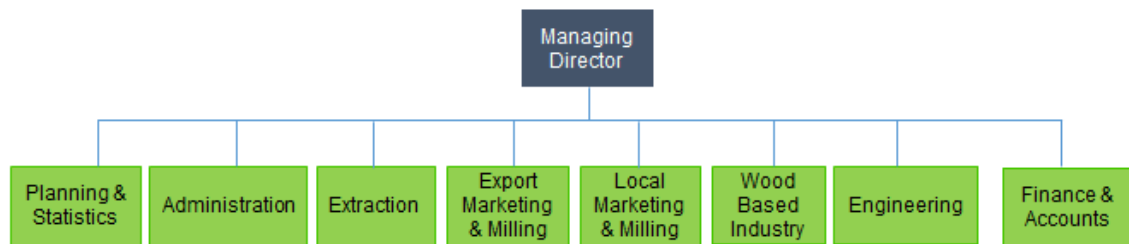
Figure 11: Brief history of MTE



Organisation

MTE comprises 8 departments as detailed in Figure 12 below.

Figure 12: Organisation of MTE



Major Tree Species in Myanmar

The following table shows the Major Tree Species in Myanmar.

Table 36: Major Tree Species in Myanmar

No.	Local Name	Scientific Name
1	Teak	Tectona grandis
2	Pyinkado	Xylia dolarbriformis
3	Padauk	Pterocarpus Macrocarpus
4	In / Kanyin	Dipterocarpus tuberculus
5	Thinwin	Mellettia pendula
6	Yemane	Gmelina arborea
7	Hnaw	Adina cordifolia
8	Thitya	Shorea oblongifolia
9	Taukkyant	Terminalia tomentosa
10	Thadi	Protium serratum

MTE's map

Figure 13: MTE's map

No.	Agency	Teak	Hardwood
1.	Myitkyina	A	A
2.	Bahmaw	B	B
3.	Loikaw	K [*]	K [*]
4.	Hpa-An	PN	PN
5.	Kalay	CD [*]	CD [*]
6.	East Mawlaik	E [*]	E [*]
7.	West Mawlaik	F [*]	F [*]
8.	East Katha	I [*]	I [*]
9.	West Katha	Cs	Cs
10.	Kawlin	D	D
11.	Shwebo	D [*]	D [*]
12.	Moxywa	G	G
13.	Dawei	ED	ED
14.	Myeik	E [*]	E [*]
15.	North Taungoo	Y [*]	Y [*]
16.	South Taungoo	Δ	Δ
17.	North Bago	F [*]	F [*]
18.	South Bago	X [*]	X [*]
19.	Sittaung	FΔ	FΔ
20.	Pyi	Q	Q
21.	Zigon	U	U
22.	Thayarwady	V	V
23.	Gan Gaw	☆J	☆J
24.	Pakokku	J [☆]	J [☆]
25.	Taungwinyi	Q [*]	Q [*]
26.	Thayet	P [*]	P [*]
27.	Minbu	M [☆]	M [☆]
28.	North Pymmana	Y [*]	Y [*]
29.	South Pymmana	K [*]	K [*]
30.	Pyin Oo Lwin	N	N
31.	Mawlamyine	H [*]	H [*]
32.	Thandwe	M	M
33.	Taunggyi	L [*]	L [*]
34.	Loi-lem	LL [*]	LL [*]
35.	Kyaing Tong	LK	LK
36.	Lashio	R	R
37.	Momeik	II [*]	II [*]
38.	Shweli/Mabein	II [○]	II [○]
39.	Hinthada	R [*]	R [*]
40.	North Pa Thein	NS [*]	NS [*]
41.	South Pa Thein	S [*]	S [*]
42.	West Pa Thein	N	N

★ State/Divisions
● D.G.M Offices
● Extraction Agency Offices



Round Logs Process

The round logs process comprises the following 7 phases:

Phase	Description
1 - Transportation	Green teak logs and hardwood logs are carried CB, rail, truck.
2 - Receiving	Counting / Measuring / Checking.
3 - Measuring	Line up / measuring tape in feet-inch / girth at mid-length of log in feet -inch / length of two extreme ends of log in feet / volume measurement in hoppus ton / measurement imperial system.
4 - Classification	<ul style="list-style-type: none"> teak veneer quality (Special, 1st, 2nd, 3rd, 4th Quality) teak sawing grade quality (SG-1, 2, 3, 4, 5, 6 and 7) Padauk (Grade 1, 2, 3, 4, 5, and 6) hardwood (export quality and non-exportable quality)
5 - Grading	Prescribed export grading rules / based on defects of the log / teak veneer quality / teak sawing grades quality.
6 - Parcel Preparation	Species wise, quality wise, grade wise / piling, stacking / numbering / paint marking / pieces per lot.
7 - Preparation of specification	Prepared lot by lot / contract no. / merchandise / grade / measurement / pieces / hoppus ton / revenue no., royalty mark, standing tree no. / price, buyer, destination.

Sales Systems

MTE has three organised committees:

- Local and Export Sales Committee;
- Open tender Sales Committee, and
- Pricing Committee.

Teak logs, hardwood logs, teak conversion and hardwood conversion are sold through the following systems:

Tender type	Open Tender	Special Open Tender
Product sold	Higher grade teak logs	Lower grade teak logs and hardwood logs Teak and hardwood conversions
Frequency	Monthly	Monthly
Sales currency	US\$	US\$
Basis	Ex-deport	Ex-site

Standing Orders for Extraction Staff

The Standing Orders for Extraction Staff known as **SOS** has been issued on 10 December 1970.

The extraction department of MTE is the responsible division of timber harvesting for the supply of logs both for local and export demands. In order to run the process of extraction activities smoothly, the whole department is comprised of one head office located in Yangon and 45 extraction/ rafting agencies throughout the country. Various sections are sub-divided for the matters of human, elephant, mechanical strength and management, budget, planning, and work.

All staff should to abide the rules, regulations, orders and instructions by its own department in addition to Forests Laws and Rules. The SOS are prescribed for the staff to facilitate the office matters as well as the harvesting operations.

The SOS include the procedures for the general office matters, pre, during and post-harvest plans, extraction of logs, aunging (straightening congested logs), neap counting (counting logs stranded along floating streams), railing of logs, rafting and management of main river depots, employing,

store management, care and management of timber working elephants, maintenance of trucks, loader, dozer, etc.¹

The SOS includes 12 chapters listed as follows:²

No.	Chapter
1	General introduction
2	Disciplines and Procedures
3	Diaries
4	Preparation for Timber Extraction
5	Felling of Teak and Logging
6	Measurement of logs
7	Facilitating smooth flow of dry teak logs in the streams and counting logs stranded along floating streams
8	Extraction of Logs
9	Log deport and Log landings
10	Transportation of logs by railway and depots
11	General Instructions for Extraction
12	Instructions for Hardwood Extraction

This SOS is publicly available on: <https://www.dropbox.com/s/82b5uwe8n9gd9rg/SOS.pdf>.

Harvesting practices

FD (district level) and MTE (agency level) agreed to exercise transparently the Annual Contract System for Timber harvesting. Harvesting will be done by MTE's own strength without any sub-contractors. But due to its own limited assets and resources, MTE will practice the service providers which can hire and provide the equipment, elephants and transportation carriers of domestic private services for the following five kinds of services:

- felling;
- stumping;
- road construction;
- trucking; and
- loading and unloading.

For these services, MTE shall not allocate the quota of timber in-kind but in cash.

Before 1 April 2016, MTE's sub-contractors were harvesting timber.

Further information on MTE are available on its website <http://www.myanmatimber.com.mm/>

c. Ministry of Commerce

The Ministry of Commerce (MOC) aims to:

- increase trade volume;
- encourage private sector development in accordance with the Market-Oriented Economic system;
- expand market shares for Myanmar Products in the world market; and
- provide support for trade facilitation.

¹ Source: <http://myanmatimber.com.mm/index.php/en/extraction-department/instruction/72-standing-orders-for-extraction-staff-sos>

² Unofficial brief translation from Myanmar Language to English made by the NCS.

Starting from 2015, the MOC is organised as follows:

- Minister Office.
- Department of Trade.
- Department of Consumer Affair.
- Myanmar Trade Promotion Organization.

3.2.2. Laws and Regulations

The forestry sector in Myanmar is mainly governed by the following legislations:

N°	Management	N°	Environment	N°	Investment	N°	National Plans
1	Forest Law, 1992	1	Protection of Wildlife and Conservation of Natural Areas Law, 1994	1	State-owned Economic Enterprises Law, 1989	1	National Forest Master Plan (2001-2002 to 2030-2031)
2	Forest Policy, 1995	2	National Environmental Conservation Rule, 1994	2	Foreign Investment Law, 2016	2	National Comprehensive Development Plan (2011-2012 to 2030-2031)
3	Community Forestry Instruction, 2016	3	Myanmar Agenda 21, 1997	3	Foreign Investment Rules, 2013	3	National Biodiversity Strategy and Action Plan (NBSAP) 2015-2020.
4	National Land Use Policy, 2016	4	Rules relating to the Protection of Wildlife and conservation of Natural Areas, 2002	4	Investment Guidebook of Forestry Sector in Myanmar, 2016		
5	FD instruction	5	Environmental Conservation Law, 2012				

a. Management

Forest Law n°8/92 (1992)

This Law highlights forest protection, environmental and biodiversity conservation. It also expands coverage of permanent forest estates and protected areas and encourages stronger community participation-based approach towards managing natural forests and plantations.¹

The law aims to:

- implement Government's forestry policies;
- implement Government's environmental conservation policies;
- promote public co-operation in implementing Government's forestry and environmental conservation policies;
- develop Myanmar's economy, satisfy public food, clothing, and shelter needs, and ensure enjoyment of the forests;
- carry out policies relating to conservation of forests and of environment in accordance with international agreements;
- prevent the dangers of forest destruction and biodiversity loss, fire outbreaks, insect infestation, and plant diseases;
- simultaneously carry out natural forest conservation and forest plantations development; and
- contribute towards the fuel requirement of the country.

This law is publicly available on: <http://www.burmalibrary.org/docs11/Forest-Law-1992.pdf>

¹ Source: <http://www.forestlegality.org/risk-tool/country/myanmar>

Forest Policy (1995)

Forest policy focuses on sustainable production, satisfying basic needs, institutional strengthening, and improvements in efficiency, forest and biodiversity protection, and participatory forestry. It also formalised the commitment and intent of the Government to ensure sustainable development of forestry resources while conserving wildlife, plants and ecosystems.¹

The rules deal with reserved forest, the declaration of areas as protected public forest, the management of forest lands, the establishment of forest plantations, and the procedures for obtaining permission to extract forestry products. They also cover procedures for:

- harvesting forest products;
- establishing and operating timber depots;
- establishment of wood-based industries;
- investigation of violations;
- administrative actions, such as imposing fines and confiscating the timber, to penalize violations; and
- offences and penalties.

This policy is publicly available on: http://www.burmalibrary.org/docs20/1995-Forest_Policy+1996-Forest_Policy_Statement-en-tu.pdf

Community Forestry Instruction (2016)

In exercise of the power conferred by Section 70 (b) of Forest Law 1992, MONREC has issued the Community Forestry Instructions (CFI).

FD issued CFI in 1995 to provide a regulatory framework to promote community forestry in the country as a policy response to the widespread forest degradation and increased demand of growing rural communities for forest products and services.

CFI has been repealed by a new instruction in 2016. It aims to:¹

- support basic forestry related needs such as wood and NTFP for local communities;
- reduce rural poverty through employment and income opportunities for local community;
- increase forest cover area and ensure sustainable utilisation of forestry products;
- promote forest management system with people participation; and
- enhance environmental services that can support climate change mitigation and adaption by protecting against deforestation and forest degradation.

Unofficial version of the CFI is publicly available on: <http://www.share4dev.info/kb/documents/5360.pdf>

National Land Use Policy (2016)

This National Land Use Policy aims to implement, manage and carry out land use and tenure rights in the country systematically and successfully, including both urban and rural areas, in accordance with the objectives of the Policy and shall be the guide for the development and enactment of a National Land Law, including harmonisation and implementation of the existing laws related to land, and issues to be decided by all relevant departments and organisations relating to land use and tenure rights.

The objectives of the National Land Use Policy are to:

¹ Source: Community Forestry Instructions, Notification N°84/2016, 16 August 2016.

- promote sustainable land use management and protection of cultural heritage areas, environment, and natural resources for the interest of all people in the country;
- strengthen land tenure security for the livelihoods improvement and food security of all people in both urban and rural areas of the country;
- recognise and protect customary land tenure rights and procedures of the ethnic nationalities;
- develop transparent, fair, affordable and independent dispute resolution mechanisms in accordance with rule of law;
- promote people centred development, participatory decision making, responsible investment in land resources and accountable land use administration in order to support the equitable economic development of the country; and
- develop a National Land Law in order to implement the above objectives of National Land Use Policy.

This policy is publicly available on: <http://extwprlegs1.fao.org/docs/pdf/mya152783.pdf>

FD instruction on confiscated timber

This instruction to FD, dated on 9 October 2015, regulates the management of confiscated timber.

FD should comply with the following procedure:

- determine the volume of damaged timber;
- inform MTE of the remaining balance within 20 days;
- transfer the balance to MTE within 10 days; and
- make public sales if MTE refuse to accept it or in case of no response within the 20 days.

b. Environment

Protection of Wildlife and Conservation of Natural Areas Law (1994)

This law aims to:

- implement Government policies for wildlife protection;
- implement Government policies for natural areas conservation;
- carry out the protection and conservation of wildlife, ecosystems and migratory birds in accordance with International Conventions;
- protect endangered species of wildlife and their natural habitats;
- contribute to the development of research on natural science; and
- protect wildlife by the establishment of zoological and botanical gardens.

This law is publicly available on: <http://www.burmalibrary.org/docs15/1994-Protection-of-Wildlife-and-Conservation-of-Natural-Areas-Law-1994.pdf>

National Environmental Policy (1994)

This Policy was drafted by the National Commission for Environmental Affairs (NCEA) in 1994 to establish sound environment policies, utilisation of water, land, forests, mineral, marine resources and other natural resources, in order to conserve the environment and prevent its degradation.¹

Myanmar Agenda 21 (1997)

Myanmar Agenda 21 was developed in 1997 and was a collaborative effort made by various government agencies including NCEA in order to form the National Land Commission (NLC) to steer a process of sustainable land use management. It is divided into 4 Parts and 19 Chapters, and it reviews policies to be undertaken for improving environmental protection in Myanmar. It also aims at creating a national framework legislation on the environment to improve coordination and cooperation between ministries on issues related to the environment; and creating legislation that

requires environmental impact assessments to be done before any development project is undertaken.

The Agenda 21 Framework is as follows:¹

- strengthening protected area management;
- promoting international cooperation;
- developing a national database of biodiversity;
- strengthening laws and legislation for biodiversity conservation management;
- protecting threatened and endangered species of plants and animals;
- strengthening sustainable use of natural resources;
- enhancing institutional capacity for biodiversity conservation and management;
- promoting education awareness and involvement of local communities in biodiversity conservation and management; and
- studying the economic issues related to biodiversity.

Rules relating to the Protection of Wildlife and conservation of Natural Areas (2002)

These rules were implemented and put into effect since October 2002 to support the previous law published in 1994. The purpose of these rules is detailed as follows:²

- to define criteria of how determining natural areas;
- how to establish zoological gardens or botanical gardens;
- how determine the wildlife that should be protected; and
- to determine rights, prohibitions and duties relating to natural areas and wildlife protected.

Environmental Conservation Law n°9 (2012)

The Law is designed to reclaim ecosystems as may be possible which are starting to degenerate and disappear and to ensure that the relevant Government Agencies and organisations shall, in accordance with the guidance of the Union Government and the Committee, carry out the conservation, management, beneficial use, sustainable use and enhancement of regional cooperation of forest resources.

The law is publicly available on:

<http://www.altsean.org/Docs/Laws/Environmental%20Conservation%20Law.pdf>

c. Investment

State-owned Economic Enterprises (SEE) Law (1989)

The SEE Law sets out 12 economic activities that can only be carried out by the Government:

1. extraction and sale of teak in Myanmar and abroad;
2. cultivation and conservation of forest plantations, with the exception of village-owned firewood plantations cultivated by the villagers for their personal use;
3. exploration, extraction and sale of petroleum and natural gas and production of products of the same;
4. exploration, extraction and exportation of pearls, jade and precious stones;
5. breeding and production of fish and prawns in fisheries that have been reserved for research by the Government;
6. postal and telecommunications services;
7. air and railway transport services;

¹ Source: <http://www.forestlegality.org/risk-tool/country/myanmar#tab-laws>

² Source: Rules relating to the Protection of Wildlife and Conservation of Natural Areas, Notification n°37/2002, October 2002.

8. banking and insurance services;
9. broadcasting and television services;
10. exploration, extraction and exportation of metals;
11. electricity generating services, other than those permitted by law to private and cooperative electricity generating services; and
12. manufacture of products relating to security and defence which the Government has, from time to time, prescribed by notification.

This law is publicly available on: <http://www.burmalibrary.org/docs12/SOEAct.pdf>

Foreign Investment Law (2016)

Myanmar's Foreign Investment Law (MFIL) published on 2 November 2012 was an important step towards creating the favourable investment climate needed to invest in building Myanmar's timber processing and manufacturing capacity.

This law was set-up to define the state's investment body regulator, principle basis and conditions to apply for foreign investors including the forestry sector.

However, this law was replaced by the Myanmar's Investment law published on 18 October 2016 as the main purpose of which is to develop responsible investment business which do not cause harm to the natural environment and the social environment for the interest of the Union and its citizens.

The new investment law aims to enforce measures already in place by the previous law with regards to the protection and preservation of the environment and the State's natural resources.

This law is publicly available on: http://www.dica.gov.mm/sites/dica.gov.mm/files/document-files/myanmar_investment_law_official_translation_3-1-2017.pdf

Foreign Investment Rules Notification n°11/2013 (2013)

This notification was published in January 2013 to prescribe relevant guidance notes in respect of the Myanmar Foreign Investment Law. It has listed the types of economic activities that are open to foreign investment.

Unofficial version of these rules is publicly available on: http://www.burmalibrary.org/docs21/2013-Foreign_Investment_Rules-en-Myanmar_Legal.pdf

Investment Guidebook of Forestry Sector in Myanmar (2016)

The investment Guidebook of Forestry Sector was implemented to support foreign companies or investors wishing to invest in the forestry sector in Myanmar, such as the setting up plantation, management and trade with the existing laws, policies, rules and regulations by using as the reference book as a guide.

This guidebook aims at:¹

- controlling illegal timber trade in Myanmar;
- understanding existing laws, rules and regulations related to plantation, management, trade and investment for the foreign investment company or investors;
- guiding the investment company or investor on the utilisation of forest resources and in accordance with existing laws, rules and regulations, and to develop their investment;
- enhance the mutual understanding and goodwill between the host and investor, and
- get mutual benefits in technology and employment opportunities for both host and investor countries.

¹ Source: Investment Guidebook of Forestry Sector in Myanmar, June 2016.

d. National Plans

The forestry sector is also governed by:

National Forest Master Plan (2001/02 to 2030-31)

The National Forest Master Plan (NFMP) outlines the long-term plan for the sector development between 2001 and 2030. NFMP is comprehensive: it covers natural forest management, forest plantation development, forest protection, forest regeneration and rehabilitation, environmental conservation, and watershed management.

It sets out community forestry as an integral part of the strategy to achieve sustainable forest management and to obtain forestry products on a sustainable basis.

National Comprehensive Development Plan (2011/12 to 2030/31)

The National Comprehensive Development Plan (NCDP) outlines the long-term plan for the sector development between 2011 and 2030.

It sets out relevant international cooperation with relevant institutions in order to maintain sustainable land management and implement environmentally sound policies and practices.

Main institutions are:

- United Nations Convention to Combat Desertification (UNCCD);
- United Nations Environment Programme (UNEP);
- Japan International Co-operation Agency (JICA); and
- Korea International Cooperation Agency (KOICA).

National Biodiversity Strategy and Action Plan (2015-2020)

The National Biodiversity Strategy and action plan (NBSAP) prepared by the Forest Department (FD) with collaboration of the International Union for Conservation of Nature (IUCN) and published in October 2015.

The revised NBSAP takes advantage of a wealth of new data and information to set targets that preserve the species and habitats that are truly irreplaceable and influence decisions across multiple sectors that impact biodiversity conservation.

The targets were designed to be specific and realistic given the 5-year timeframe and available human resources. Some of the key targets relate to:¹

- launching an initiative to restore millions of hectares of forest that are commercially exhausted and subject to conversion to plantations or agriculture;
- expanding the protected area network to cover 30% of the country's coral reefs and key gaps in the terrestrial system, including mangrove forests, through both government and community-based approaches;
- developing an ecosystem-based fisheries management plan with private sector and civil society participation and endorsement and developing an inter-agency system to control illegal and destructive fishing in the Myeik Archipelago; and
- ensuring that national law recognises customary tenure as a way to protect indigenous knowledge and genetic plant resources and provide a practical incentive for community participation in biodiversity conservation.

NBSAP is publicly available on: <https://www.cbd.int/doc/world/mm/mm-nbsap-v2-en.pdf>

¹ Source: National Biodiversity Strategy and Action Plan 2015/2020, October 2015.

3.2.3. Ongoing reform

MTE

Under the guidance of MONREC, MTE has to change and restructure the corporatization style. It will be assigned an autonomous status so that it runs on a business enterprise.

Myanmar Company Law

In 2013, the Directorate of Investment and Company Administration (DICA)¹ at the Ministry of National Planning and Economic Development (MNPED) started to draft the Myanmar Company Law (MCL). This new law is intended to be consistent with international best practice and replace the Myanmar Companies Act (MCA) of 1914.

The new law aims to improve transparency and corporate governance and alleviate the burdens on small and medium enterprises.

The official briefing seminar on the MCL (2017) was jointly organized by the DICA and the Asian Development Bank (ADB) on 13 December 2017 in Yangon.

The briefing seminar provided an overview of the new MCL and implementation plans, including key reforms in the new law, the plans for the establishment of the new electronic registry and the timeline for implementation.²

3.2.4. International Processes and Agreements

a. Myanmar REDD+ process, including the Roadmap

In 2011, Myanmar joined the UN-REDD Programme (United Nations collaborative initiative on Reducing Emissions from Deforestation and Forest Degradation in developing countries). The REDD+ Core Unit was established at the Ministry of Environmental Conservation and Forestry. A REDD + Readiness Roadmap has been prepared.

The REDD+ Readiness phase is putting in place capacities, infrastructure and systems necessary to conduct accurate national forest inventories, monitoring of forest cover and cover change, and measurement, reporting and verification (MRV) of forest-based greenhouse gas (GHG) emissions. Myanmar is taking actions in line with the REDD+ Roadmap. Preparatory studies have been completed or initiated.

In 2015, Myanmar submitted at the twelfth session of the Conference of the Parties to the United Nations Convention to Combat Desertification (UNCCD COP12) the Intended Nationally Determined Contribution (INDC), that identified mitigation actions and policies in the primary areas of forestry and energy they will deliver both reductions in GHG emissions and significant development co-benefits, and based the 2030 target on the National Forestry Master Plan targets summarized above.

b. EU FLEGT and its VPA

Myanmar is committed to the FLEGT process. It joined the programme in 2014, and officially entered the preparation stage in the beginning of 2015. The purpose of the preparation phase is to prepare and establish strong foundations for a successful negotiation should Myanmar actually pursue the VPA.

A FLEGT Interim Task Force (ITF) has been set up and is currently transitioning towards a multi-stakeholder group (MSG). It has taken some steps to develop a negotiation road map but a clearer understanding of the commitments is still being worked out. Work has also started to develop the

¹ As per its website, DICA is in charge of handling company registrations for local and foreign businesses under the Companies Act. It also serves as a secretary to the Myanmar Investment Commission (MIC), which is the responsible body for investment applications.

² Source: <http://www.dica.gov.mm/en/news/holding-official-briefing-seminar-myanmar-companies-law>

Timber Legality Assurance System (TLAS), which will assure the legality of timber exports from Myanmar. The first legality definition workshop took place in December 2017 and the existing chain of custody for timber in Myanmar is being mapped out, which are all important steps towards the development of the TLAS. The future TLAS will be expected to cover elements and controls related to compliance with legislation on taxation, royalties, duties, etc. As part of the preparation phase, the ITF (future MSG) is also discussing institutional reform needs and synergies with the peace process.

There are significant synergies between VPAs and the EITI. Transparency is a key objective of VPAs, which include a specific annex on transparency and disclosure of information. The inclusion of Myanmar's timber sector into EITI reporting and the FLEGT process reinforce each other because they strengthen stakeholders' understanding on the need for greater transparency and expand multi-stakeholder engagement. Work on transparency as part of EITI reporting is expected to improve the understanding of transparency needs, which will facilitate and focus discussions once the VPA transparency annex is developed.¹

c. Forest Certification

Currently, Myanmar does not have any internationally recognised forest certification standard, such as Forest Stewardship Council (FSC) of the Programme for the Endorsement of Forest Certification (PEFC).

Myanmar Forest Certification Committee (MFCC) has been formed and is currently formulating the Myanmar Forest Certification Scheme, which will include independent Timber Certification Bodies or Auditors. PEFC International has recently announced a joint initiative with MFCC to work on sustainable forest management in the country. The ongoing revision of the Forest Law will also likely offer lead to improved chain-of-custody (CoC) systems and verification of timber legality.

3.2.5. Types of permits

a. Permits for Timber Extraction

According to MTE, there is no specific procedure for the selection of sub-contractors for timber extraction.

Both individuals and companies can apply to MTE with the indication of the volume of teak and hardwood to be extracted.

The Extraction Department of MTE will then examine the application according to the Department Instruction n°39 dated on 5 June 1958 that states the following criteria:

- priority will be given to sub-contractors that have undertaken timber extraction as main business and have already showed in the past a good performance;
- extraction permit shall be awarded based on the sub-contractor's working capacity within one or two operational seasons;
- sub-contractors shall not be assigned as individuals rather than combined with existing experienced contractors observing proven performance as reliable sub-contractor, then that sub-contractors shall be permitted individually;
- sub-contractors shall be assigned based on their working capacity which can be increased depending on the performance achieved.

After that, the application will be submitted to MONREC for decision stipulating:

- the extraction area;
- the product type (teak and hardwood); and
- the allowed quantity.

¹ Source: European Union, Myanmar.

The list of sub-contractors operating during FYs 2014/15 and 2015/16 are listed in Annexes 1 and 2 to this Report.

Some information required by the EITI Standard (section 2.3) are not yet obtained from MTE such as:

- coordinates of the license area;
- size and location of the license area;
- date of application;
- date of award; and
- duration of the license.

b. Permits for Extraction of Forest Produce

Forest produce may only be extracted after obtaining a permit. However, if it is for domestic or agricultural or piscatorial use not on a commercial scale, forest produce may be extracted in an amount not exceeding the stipulated quantity, without obtaining a permit.

In permitting the extraction of forest produce, FD shall use the competitive bidding system if the extraction is on a commercial scale. However, extraction for the following purposes may be permitted without using the competitive bidding system:

- where extraction of forest produces and sales in and outside the country are carried out as a SEE;
- where the Minister is empowered by the government in respect of the extraction of forest produce;
- where minor forest produce is permitted to be extracted on a commercial scale; and
- where forest produce to be used in the following works not on a commercial scale is permitted to be extracted:
 - research and education work; and
 - work beneficial to the public or religious work.

In respect of permission for extraction of forest produce on a commercial scale:

- the Minister may grant permission for a period of **5 years and above**;
- DG may grant permission for a term extending from **over 2 years to 4 years**; and
- the State/Divisional Forest Officer may grant permission for a term which may extend to **1 year**.

The person granting permission for extraction of forest produce may, for sufficient reason, extend the term of the permit for not more than **6 months** at a time and not more than twice.¹

c. Establishment of Forest Plantation

The Director General (DG) of FD may, with the approval of the Minister, set up the following plantations on a forest land or land at the disposal of the Government:

- commercial plantation;
- industrial plantation;
- environmental conservation plantation;
- local supply plantation;
- village firewood plantation; and
- other plantation.

If permission is obtained from the government:

¹ Source: Forest Law, Chapter VI.

- any person or any organisation has the right to carry out plantation activities in joint venture; and
- any person or any organisation has the right to carry out in accordance with the stipulation, cultivation and maintenance of forest plantations with the exception of village-owned firewood plantations cultivated by the villagers for their use.

DG may grant permission to set up with stipulation the following village-owned firewood plantations in a reserved forest or protected public forest or on land at the disposal of the government in the vicinity of the village:

- firewood plantation set up by FD for one year and then transferred to be maintained and used as village-owned; and
- village-owned firewood plantation established, maintained and used by the villages by collective labour.

An individual holding the rights to extract forest produce on a commercial scale who has the responsibility of setting up forest plantations or carrying out natural regeneration under a permit for the State shall carry out the same at his own expense and in accordance with stipulation.¹

d. Establishment of Wood-based Industry

A private entrepreneur who is desirous of establishing a sawpit, sawmill, tongue-and groove mill, plywood mill, veneer mill or a wood-based industry with the exception of wood-based cottage industries and furniture industries has to seek a permit from the Forest Officer empowered for this purpose.

DG may, with the approval of the Minister, determine the rates of royalties, and terms and conditions of the permit.²

3.3. Fiscal Regime

3.3.1. Tax administration

a. Taxable period

The taxable period of a company is the same as its financial year, which starts on 1 April and ends on 31 March.

b. Tax returns

In general, annual income tax returns must be filed within **3 months** from the end of the financial year, i.e. by 30 June of the financial year.

c. Payment of tax

Advance corporate tax payments are made in quarterly instalments within **10 days** from the end of the relevant quarter throughout the income tax year based on the estimated total income for the year. The advance payments and any taxes withheld are creditable against the final tax liability. The date for settling the final tax liability is specified in the notice of demand issued by IRD.

3.3.2. Common taxes

The table below sets out the list of common taxes applicable in Myanmar:

¹ Source: Forest Law, Chapter V.

² Source: Forest Law, Chapter IX.

N°	Taxes	Description																												
1	Income Tax	<p>Income tax rates depend on whether the joint venture company is a 'resident' (i.e., formed under Myanmar law) or a non-resident formed under a law other than Myanmar law, such as a 'branch office'. For resident companies, the income tax rate is 25% of profits. For non-resident companies, the income tax rate has been 25% since April 2015.</p> <p>For enterprises or individuals permitted and operating under the Myanmar Investment Law (MIL), and foreign organisations engaged by special permission in a state-sponsored project, enterprise or undertaking, the income tax is 25%. Foreign individuals engaged by special permission in a state-sponsored project, enterprise or undertaking are subject to income tax at a 20%.</p>																												
2	Capital Gains Tax (CGT)	<p>The sale, exchange or transfer of capital assets are levied for income tax purposes on gains calculated based on the difference between gross sales and the purchase cost of assets plus any additions less depreciation.</p> <p>Capital assets for income tax purposes are defined as lands, buildings, vehicles, or any other asset owned by an entity including shares, bonds and intangibles.</p> <p>CGT is levied at 10% on the capital gain and payments are required to be made within 30 days from the date of disposal of the capital assets.</p>																												
3	Commercial Tax (CT)	<p>Notification No. 117/2012, last amended in April 2015, prescribes commercial taxes of between 5 and 100% depending upon the different goods and services businesses concerned. The application for registration must be in the prescribed form and filed one month before the commencement of business.</p>																												
4	Stamp Duty	<p>Stamp duties collected from the sale of judicial and non-judicial stamps represent fees payable under the Court Fees Act. Non-judicial stamp duty is levied on various types of instruments required to be stamped under the Myanmar Stamp Act.</p>																												
5	Withholding Tax	<p>Withholding tax (WHT) is a tax where any person or company making certain payments is required to deduct from such payments and remit to the Government Agencies.</p> <p>The tax withheld must be paid to IRD within seven days from the date of withholding.</p> <p>Tax withheld from payments to residents will be set off against the tax due on their final tax assessments. Tax withheld from payments to non-resident companies (except the branches registered in Myanmar) is a final tax.</p> <p>Latest updates starting from 1 April 2017 Notification 2/2017</p> <p>WHT will not apply to payments in local currency of less than MMK 500,000 within a financial year.</p> <p>WHT will not apply to payments among Government organisations, SEE or interest payments made to branches of foreign banks.</p> <p>The table below sets out the changes to the rates of WHT:</p> <table border="1"> <thead> <tr> <th rowspan="3">Kind of payment</th> <th colspan="4">Percentage to be deducted from payments to:</th> </tr> <tr> <th colspan="2">Residents</th> <th colspan="2">Non-residents</th> </tr> <tr> <th>New rate from 1 April 2017</th> <th>Old rate</th> <th>New rate from 1 April 2017</th> <th>Old rate</th> </tr> </thead> <tbody> <tr> <td>Interest payment for a loan or indebtedness or a transaction of a similar nature.</td> <td>0%</td> <td>0%</td> <td>15%</td> <td>15%</td> </tr> <tr> <td>Royalties for the use of licenses, trademarks, patent rights, etc.</td> <td>10%</td> <td>15%</td> <td>15%</td> <td>20%</td> </tr> <tr> <td>Payment for the purchase of goods, work performed or supply of services, and hiring arrangements within the country under a tender, contract, quotation or other modes.</td> <td>2%</td> <td>2%</td> <td>2.5%</td> <td>3.5%</td> </tr> </tbody> </table>	Kind of payment	Percentage to be deducted from payments to:				Residents		Non-residents		New rate from 1 April 2017	Old rate	New rate from 1 April 2017	Old rate	Interest payment for a loan or indebtedness or a transaction of a similar nature.	0%	0%	15%	15%	Royalties for the use of licenses, trademarks, patent rights, etc.	10%	15%	15%	20%	Payment for the purchase of goods, work performed or supply of services, and hiring arrangements within the country under a tender, contract, quotation or other modes.	2%	2%	2.5%	3.5%
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6	Import duties	<p>Goods imported in Myanmar are subject to Customs Duties and are required to be declared to MCD accordingly. Currently, Customs Duties levied on the import of machinery, spare parts, and inputs generally range from 0% to 40% of the value of the goods imported. For exports of goods, export duty is levied on certain commodities but not on timber.</p>																												

3.3.3. Specific tax

The main specific tax paid by MTE is royalty on extraction paid to FD.

3.3.4. Other taxes

MTE

As other SEEs, MTE has to allocate its profit as follows:

- Income Tax (25%) to be paid to IRD,
- State contribution (20%) to be paid to MoPF, and
- the residual profit (55%) to be put on other accounts.¹

The template of Profit and Loss Statement used by SEEs is presented in Annex 9 of this Report.

Forest Products Joint Venture Corporation Ltd (FPJVC)

MTE and FD hold 45% and 10% respectively of the FPJVC's capital. The latter regularly distributes dividends.

FD has confirmed that dividends received from FPJVC are deposited annually to the Government Budget (the Union Fund).

FD

FD collects other forestry revenues as follows:

- Rubber Tax;
- Land rental fees;
- Fees: Sawmill license fees, elephant registration fees and premium fees for land;
- Fines: Fines from forest offences, compensation fees for clearing of trees by development projects; and
- Confiscation: Income from selling of seized forest products other than timber.

3.3.5. Public Finance Management reform

The World Bank's Board of Executive Directors approved a US\$ 30 million credit from the International Development Association (IDA) for Myanmar's Modernisation of Public Finance Management Project in 2014. The Australian Government (US\$ 8.5 million) and the UK's Department for International Development (DfID) (US\$ 16.5 million) co-financed the project through a multi-donor trust fund for Myanmar.

The project aims to support efficient, accountable and responsive delivery of public services through the modernisation of Myanmar's Public Finance Management Systems. The project will also help strengthen revenue administration, which will increase the effectiveness of tax and non-tax revenue mobilisation. Increased revenues in turn will create fiscal space for increasing expenditure on public services that will help reduce poverty and promote shared prosperity.

The project has five components:

1. Revenue Mobilisation Revenue;
2. Budget Preparation and Planning;
3. Budget Execution;
4. External Oversight; and
5. Capacity Building.

The following table sets out the objective of main components:

No.	Component	Objective
1	Revenue Mobilisation Revenue	Support developing systems and procedures for capturing more revenues from natural resource sectors on-budget and addressing identified weaknesses in tax administration. This component will be closely linked to government implementation of the EITI and will support the development of the business processes and corresponding reporting and recording systems to move revenues on-budget.

¹ Other Accounts are used by SEEs to manage their own-source revenue under the supervision of Parliament.

No.	Component	Objective
2	Budget Preparation and Planning	Support the new mandates of the budget and planning departments and the evolving decentralisation process in Myanmar. To help inform decisions and debate on budgetary allocations, this component will also work towards improving the quality and timeliness of information available both internally and externally through basic computerisation of current manual compilation process for the current and investment budgets.
3	Budget Execution	Support for effective budget execution will focus on the establishment and effective operationalisation of the Treasury department, creating an effective procurement function, and building the ability of Myanmar Economic Bank (MEB) to manage the State fund account in order to ensure business continuity in view of the Central Bank of Myanmar (CBM) separation from MoPF.
4	External Oversight	Strengthen Myanmar's nascent structures for external oversight and accountability and thus complement improvements in the quality and transparency of budgetary information.

a. Reform Progress

This includes:

- conducting Tax Policy and Tax Administration Reforms;
- establishing Large Taxpayer Office (LTO) and Medium Taxpayer Office (MTO 1, 2 & 3);
- transforming the Official Assessment System (OAS) into Self-Assessment System (SAS) and started to practice at LTO and MTO 1;
- identifying Specific Goods Tax and Enacted Specific Goods Tax Law in 2015;
- changing Commercial Tax to Value added tax and special commercial tax;
- updating the information technology system;
- installing IT Equipment; and
- increasing Tax to GDP ratio year by year.

b. Future plans

Taxation

The main future actions regarding taxation are:

- continue tax administration and policy reforms rolling out SAS to MTOs and developing a Tax Administration Procedures Law;
- enhance Tax to GDP ratio from 6.2% in FY 2012/13 to over 10% by FY 2018/19: increase tax collections from large taxpayers by strengthening the tax administration;
- review and revise existing taxation laws and enacting new laws in accordance with fiscal policies;
- centralise processing, taxpayers services and telephone management across large and medium taxpayers and installation of required IT software;
- promote the standard of auditing by using Computer Assisted Audit Technique, enhance capacity of the staff by organising trainings on local and international auditing;
- implement e-Lottery System; and
- set up the Small Taxpayer Office (STO).

Planning and Budgeting

The main future actions regarding planning and budgeting are to:

- develop more comprehensive ways to integrate Plan and Budget (current and capital budgeting process);
- enhance Budget Creditability: out-turn compared to original approved;
- reduce supplementary budget request system and to exercise yearly estimate;

- achieve fiscal transparency in line with global best practice by publishing eight key documents with comprehensive reliable information to enhance the level of fiscal transparency in timely manner;
- review the role of SEE in budgeting in order to enhance their level of fiscal transparency; and
- disseminate PFM Law and establish PFM Academy.

3.4. Budget Process

In Myanmar, most payments are made through the Myanmar Economic Bank (MEB) by cheques or bank transfers. Tax revenue is usually paid into MEB by the taxpayer directly, based on an assessment raised by the tax authorities although some fees and charges are collected in cash and remitted to the relevant Government Agency.

Accounting records are originated by the spending/revenue raising Government Agency. Aggregation and reconciliation for reporting and control purposes are conditioned by the largely manual, paper-based processes that are still used in both originating agencies and MEB.

The accounting year for the Government runs from April to March. Accounts are prepared in the form of consolidated financial statements, including several annexes. Copies of the financial statements are provided to the Minister of Finance, the Cabinet, and the President, but are not published or made available to the public.

The financial statements show cash payments and receipts as well as movements in cash balances. There are a large number of off-budget accounts (“Other accounts”), but the movements in these accounts are recorded in an annex to the main financial statements. However, the balances on these accounts are not disclosed.

Cash transactions of SEEs are also included in these financial statements, but each SEE is also required to produce separate accounts on a “commercial” accounting basis.

Since 2011, the Parliament has set up two specialised committees to provide oversight of the Government’s public finances:

- The Public Accounts Committee (PAC) has a bipartisan membership and vets the budget bill and the audit report; and
- The Planning and Finance Committee is responsible for reviewing the national development plan and legislative matters relating to the financial sector.

Since the FY 2012-13 these committees have reviewed and rationalised the executive budget proposal significantly and have been instrumental in having the approved Budget Law published in the local press.

In order to coordinate and integrate state and regional budgets with the Union budget, the government has also set up the Financial Commission and the National Planning Commission.

Further information on the Budget process are available on the MoPF’s website <http://www.mof.gov.mm/en/content/budget-department>

3.5. Revenues Collection

3.5.1. Revenues Collected by Regions or States

According to article 254 (a) of the Constitution of the Republic of the Union of Myanmar, 2008, the Region or State shall collect the taxes and revenues listed in schedule five in accordance with the law and deposit them in the Region or State fund.¹

The Region or State has the right to expend the Region or State fund in accordance with the law.

¹ Source: http://www.burmalibrary.org/docs5/Myanmar_Constitution-2008-en.pdf

The list of taxes collected by regions or States as stated in schedule five is detailed in Annex 10 to this Report.

3.5.2. Revenues Collected by the Union

According to article 231 of the Constitution, the Union shall, with the exception of the taxes and revenues listed in schedule five to be collected by Regions or States, collect all other taxes and revenues in accord with the law and deposit them in the Union Fund.

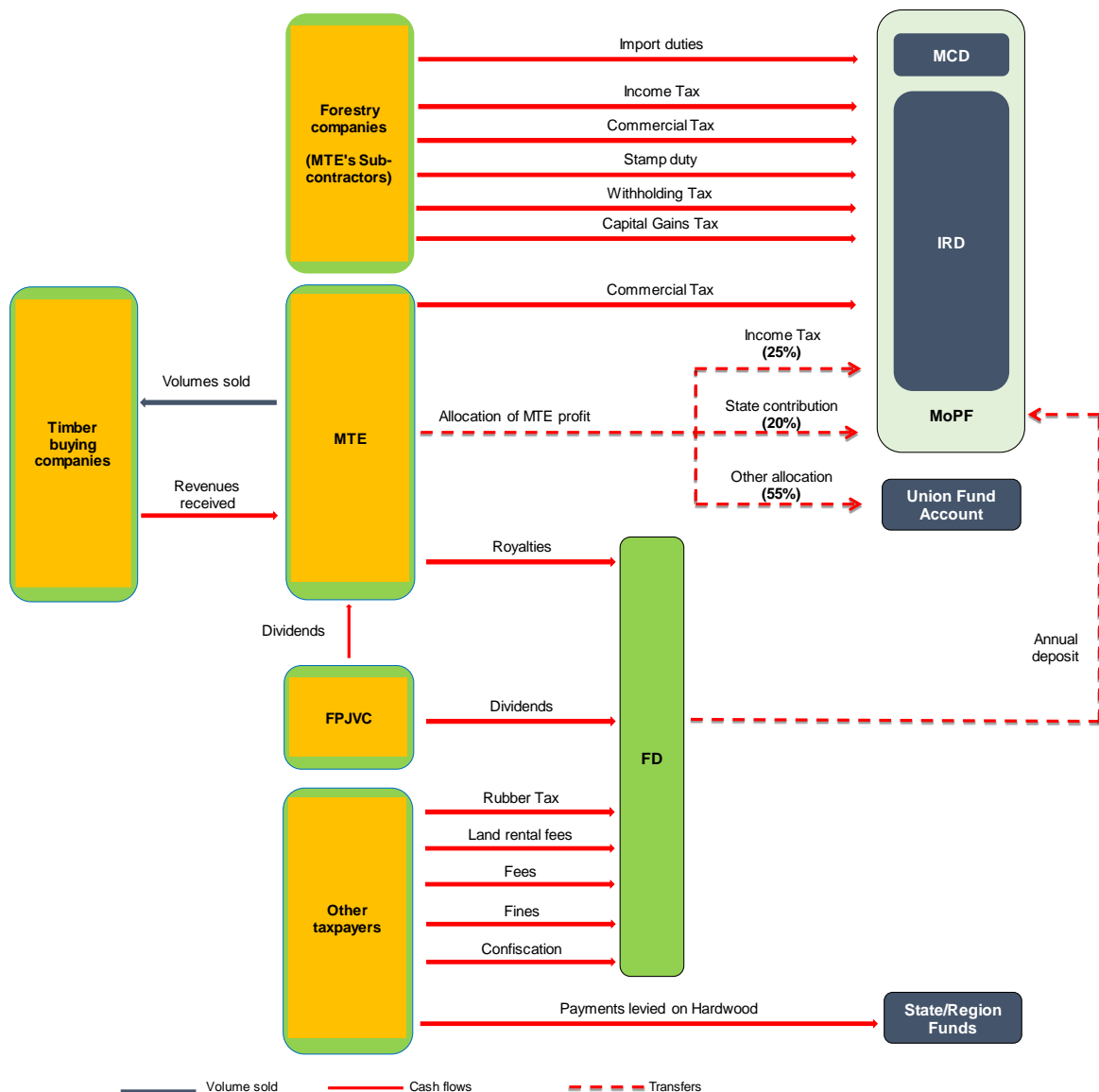
The Union has the right to expend the Union Fund in accordance with the law.

Pursuant to the notification n°17/2013 from MONREC dated on 14 February 2013, some revenue levied for Teak and Hardwood total are to be deposited in the Union Fund while others will be deposited in the State/Region Funds starting from 1 April 2013.

We have not yet obtained the detail of payments deposited in the State/Region Funds during FYs 2014/15 and 2015/16 and the relevant taxes.

Figure 14 below sets out the revenues flow chart from the forestry sector.

Figure 14: Revenue flow chart



3.5.3. Revenues allocation

In the diagrams above, the Budget and Treasury Departments within MoPF coordinate the receipt of information on the types on tax and non-taxes received from MTE and its sub-contractors.

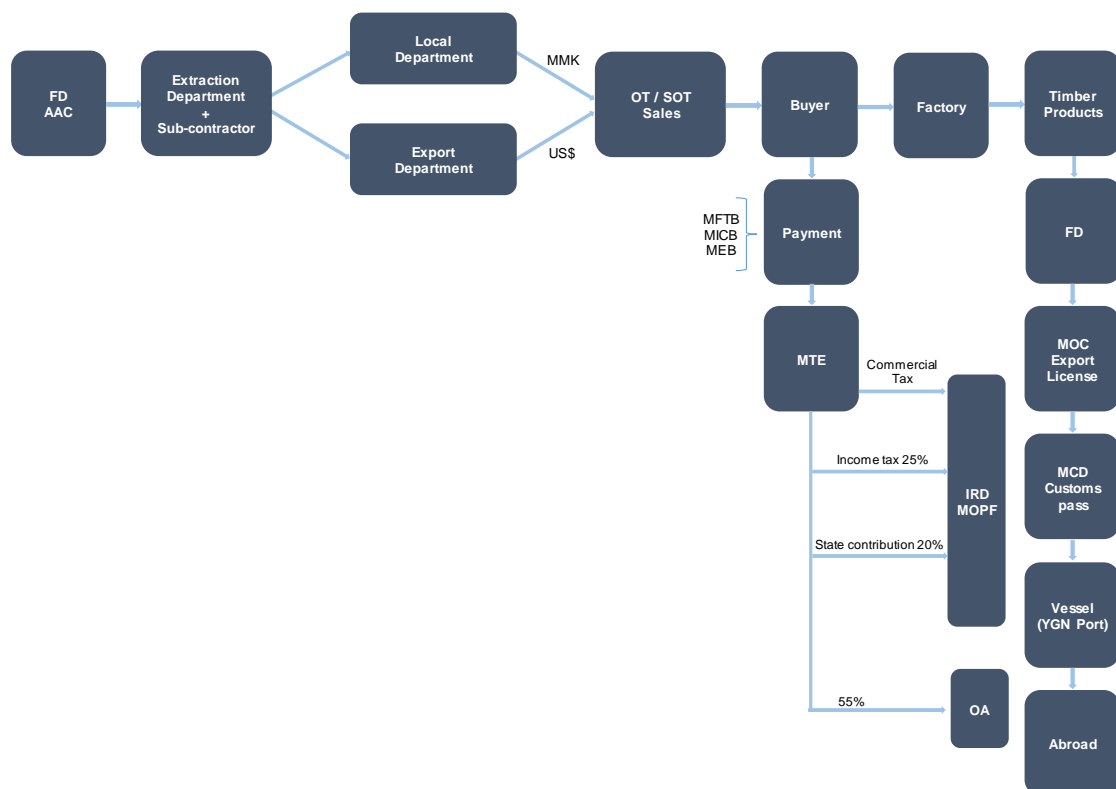
Meanwhile, IRD and MCD within MoPF collect taxes such as income tax (including withholding taxes), commercial tax, capital gains tax, stamp duties and customs duties either in local or foreign currency.

MTE is required to submit reports about their revenue sources and expenditure in cash and in kind at the time of the budget review on an annual basis.

3.6. Timber Flow Chart

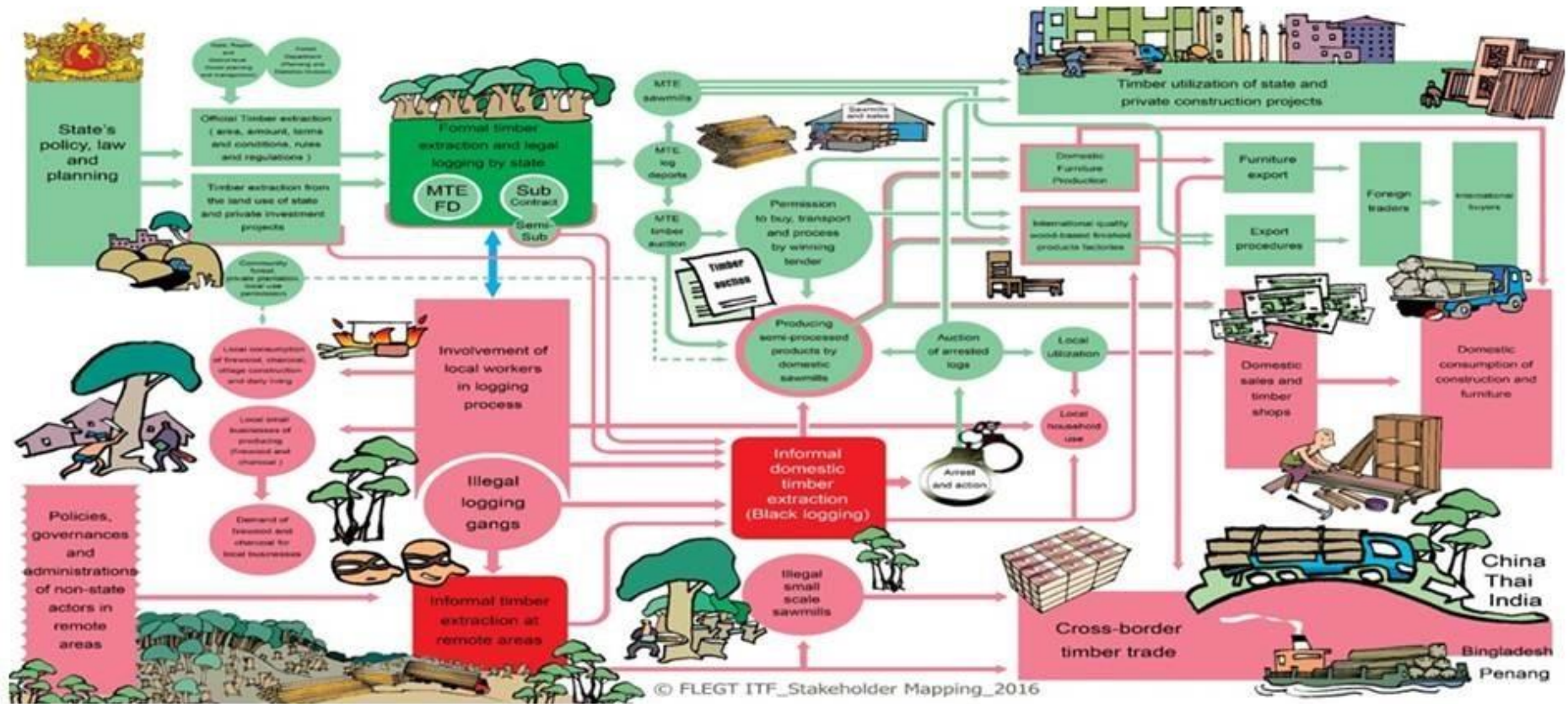
The timber flow chart in Myanmar is presented in Figures 15 and 16 below.

Figure 15: Timber flow chart (1/2)¹



¹ Source: MTE.

Figure 16: Timber flow chart (2/2)¹



¹ Source: FLEGT, 2016. NCS.

3.7. Beneficial Ownership

3.7.1. Legal and regulatory framework governing companies

The legal framework governing companies incorporated in Myanmar is the Companies Act (1914) and subsidiary legislation, Myanmar Companies Rules (1940), Myanmar Companies Regulations (1957) and Special Companies Act (1950) (if joint venture with government enterprise) (together, the “Companies Legislation”).

The Companies Legislation provides guidelines for the formation, administration, and winding up of registered corporate bodies. The Companies Legislation is expected to be reformed in the near future to include further transparency and disclosure provisions in the law.

There are various types of companies which can be formed in Myanmar; namely limited by shares, limited by guarantee and unlimited companies. Furthermore, in Myanmar a company can be classified either as a private company or a public company. A “private company” means a private company limited by shares, a company limited by guarantee or an unlimited company. On the other hand, a “public company” means a company incorporated as such, being a company satisfying §13A of the Companies Act (1914).

3.7.2. Beneficial ownership in Myanmar’s legal and regulatory framework

a. Disclosure requirements for private companies

The definition of “beneficial ownership” should not necessarily be linked to share ownership. Owning more than a certain percentage of shares certainly gives a meaningful indication of beneficial ownership. However, in identifying the real beneficial owner, the focus should also be on contractual and informal arrangements.

The notion of control or beneficial ownership has not been treated by the Companies Legislation and there is no requirement to disclose information about the ultimate beneficial owners.

b. Disclosure requirements for forestry companies

There are no obligations or restrictions on the disclosure of beneficial ownership information by the Government, SEE and private companies under the forestry legislation. MONREC and forestry companies do not currently disclose such information publicly.

It should be noted that beneficial ownership details can be fairly sensitive information for private companies to disclose, and the forestry industry in Myanmar is dominated by smaller privately owned companies with limited experience in transparency standards.

c. Disclosure requirements for Government officials

Currently, there are no specific rules for government officials to disclose their interests, incomes or assets in/from the forestry sector.

Only the members of the Anti-Corruption Commission are required to disclose money, property, assets and liabilities of their families including beneficial ownership to the President according to the provisions of the Anti-Corruption Law 2013.

3.7.3. Proposed Definition of Beneficial Ownership

Based on the review of Myanmar’s legal framework which does not include provisions relating to the beneficial ownership definition or disclosure and considering EITI Requirement 2.5, we **recommend** to the MSG the following definition of Beneficial Ownership:

Proposal for a definition of beneficial ownership

A beneficial owner is a natural person(s) who, directly or indirectly, ultimately owns or controls a public or private company or corporate entity. A person is automatically considered to be a beneficial owner if they own or control **5%** or more of the public or private company or corporate entity.

Proposal for a definition of beneficial ownership

- the individual holds, directly or indirectly, **5%** and above of the shares within reporting period which is 2014/15 and 2015/16 in the public or private company or corporate entity.
- the individual holds, directly or indirectly, **5%** and above within reporting period which is 2014/15 and 2015/16 of the voting rights in the public or private company or corporate entity. Voting rights held by the public or private company or corporate entity, itself are disregarded for this purpose.
- the individual holds, directly or indirectly, the voting rights in the public or private company or corporate entity. Voting rights held by the public or private company or corporate entity, itself are disregarded for this purpose.
- the individual holds the right, directly or indirectly, to appoint or remove a majority of the board of directors of the public or private company or corporate entity.
- the individual has the right to exercise, or actually exercises, significant influence or control over the public or private company or corporate entity.

Reference to “ultimately owns or controls” refer to situations in which ownership/control is exercised through a chain of ownership or by means of control other than direct control. This definition should also apply to a beneficiary under a life or other investment.”

We **recommend** to the MSG the following definition of Politically Exposed Persons (PEPs):

Politically Exposed Persons (PEPs)

PEPs are defined as individuals belong to one of the following categories:

- **Domestic PEPs:** individuals who are or have been entrusted domestically with prominent public functions, for example, Cabinet Members at Union level & State and regional level, Members of Parliament both Union level and state and regional level, senior government (Deputy Ministers, Permanent secretaries, DGs, DDGs, Directors, Auditor General, Central Bank, etc..) , judicial or military officials including Ethnic Armed Organisations' senior leaders and officials, senior executives of state owned corporations, important political party central committee members and key influencers.
- **Foreign PEPs:** individuals who are or have been entrusted with prominent public functions by a foreign country, for example Heads of State or of government, senior politicians, senior government Officials, judicial or military officials, senior executives of state owned corporations, important political party officials and diplomats.
- **International organisation PEPs:** persons who are or have been entrusted with a prominent function by an international organisation, refers to members of senior management or individuals who have been entrusted with equivalent functions, i.e. directors, deputy directors and members of the board or equivalent functions, International Financial institution's leaders and senior staffs.

PEPs shall also be defined to include:

- **Family members** who are related to a PEP in one of the categories above either directly (consanguinity) or through marriage or similar (civil) forms of partnership, to the second degree of relation.
- **Close associates** who are closely connected to a PEP in one of the categories above, either socially or professionally.

As the country moves towards compliance for this EITI requirement, a roadmap was developed by the MSG that would address the definition of beneficial ownership and the threshold or percentage of ownership to be considered material. Details of the roadmap can be found in the following link: https://eiti.org/sites/default/files/documents/bo_roadmap_-_myanmar.pdf

3.7.4. Beneficial ownership declaration

According to the above proposed definition, the companies to be selected for reporting information on their beneficial ownership would be required to submit a beneficial ownership declaration (See annex 15 to this Report). Accordingly, the following information should be made available:

- **Name of beneficial owner.** full name(s) of the company's beneficial owner(s) and information on their identity (ies) including:
 - **Name of any politically exposed person**, where any owner is also a 'politically involved person', this should be mentioned.
 - **Identifying details.** Additional details are required in order to narrow down a beneficial owner to one individual.

- **Contact.** Means of contacting the beneficial owner such as business address.
- **Means of control.** A description of how the beneficial owner and any politically engaged persons exercise control over the company. If there is a chain of companies between the beneficial owner and the natural resource asset, for example, this would mean the name of every company within the chain. In some cases, there may be an additional link, such as a private agreement between the beneficial owner and the owner of the last company in the chain, in which case this additional link should also be declared. Third parties should then be in a position to verify some, if not all, information declared in the shareholder registers.
- **Signed statement of accuracy:** a senior official from the company should sign a statement to confirm that the information provided is accurate.

3.8. Auditing and Accounting

3.8.1. Private companies

Under the Myanmar Companies Act (MCA), companies must keep proper books of accounts at their registered office. Financial statements must be prepared in accordance with Myanmar Accounting Standards (MAS).

Accounting practices in Myanmar have been historically based on British accounting standards and Generally Accepted Accounting Principles (GAAPs). For several years, Myanmar adopted International Accounting Standards (IAS) for reporting purposes, while the Myanmar Accountancy Council (MAC), through the Myanmar Institute of Certified Accountants (MICPA) has adopted the majority of International Accounting Standards that existed in 2003 and 2004. In 2010, MAC withdrew all 30 International Accounting Standards and replaced them with 29 new Myanmar Accounting Standards and 8 new Myanmar Financial Reporting Standards (MFRS) that were identical to the 2010 International Financial Reporting Standards (IFRS). Such standards were published in the Official Gazette and became effective on 4 January 2011.

Currently, Myanmar has no stock exchange, only an over the counter market for the sale of shares of a number of publicly accountable companies.

Public companies and financial institutions are required to apply MFRS (which are a word-for-word equivalent of IFRS). Small and Medium Enterprises (SMEs) must apply MFRS for SMEs (word-for-word equivalent of IFRS for SMEs).

The tax assessment year runs from 1 April to 31 March. This is mandatory even for branches of foreign companies which may have a different financial year-end.

MCA requires companies to appoint an auditor and companies are required to submit audited financial statements to the tax authorities annually by 30 June.

Section 145 (1) of the MCA requires an auditor to report to the members of a company on the financial statements examined by the auditor at the annual general meeting. The auditor's report must state, amongst others, whether or not in their opinion the balance sheet and profit and loss account referred to in the auditor's report are drawn up in accordance with law, whether or not the balance sheet gives a true and fair view of the state of affairs of the company. The opinion should also state whether the company's accounting records have been kept by the company as required by law.

3.8.2. Public sector and SEEs

In Myanmar there is a special Government Agency (the Office of the Auditor General) "OAG" the supreme audit institution, which is accountable to Parliament through the President. This Agency carries out controls over the execution of the State's budget and payment of taxes and other mandatory payments, including payments from SOEs and partners.

OAG was set up under the 2008 Constitution as an independent agency, for the appointment of the Auditor General. This was made by the President with the approval of the Parliament.

OAG performs audits consistent with International Organisation of Supreme Audit Institutions (INTOSAI) audit standards.

All SEEs are required to submit bi-annual financial reports which have been prepared in accordance with General Accepted Accounting Standards to OAG. According to OAG, the annual audit includes all tax and non-tax payments made by all partners to the extractive industries sector project.

OAG has the power to audit joint venture partners as well as private companies, but currently lacks the capacity and the resources to do so.

The Auditor General is also Chairman of the Myanmar Accountancy Board which deals with accounting standards in Myanmar. Accounting standards have been developed for the commercial sector which is also applicable to SEEs in the “commercial” form of their accounts. But, to date, there are no standards or statements of practice that apply to the Government's financial statements which include SEE activities prepared on a cash basis in parallel.

4. MATERIALITY ANALYSIS

4.1. Introduction

The EITI Standard defines materiality as follows: “Payments and revenues are considered material if their omission or misstatement could significantly affect the comprehensiveness of the EITI Report.”

The purpose of this section is to propose thresholds so that the reconciliation report covers all material payments and revenues from the forestry sector in Myanmar for the FYs 2014/15 and 2015/16. The materiality analysis in this Report was based on company data provided by Government Agencies.

The aggregate tax data used include all relevant benefit streams stated in the forestry legislations. Common taxation including Income Tax, Commercial Tax (CT), Stamp Duty, Withholding Tax (WHT), Capital Gains Tax (CGT) and import duties were also considered for the materiality analysis.

4.2. Analysis of Payments to Government Agencies

Total forestry taxes amounted to MMK 249,641 million and MMK 328,938 million in FYs 2014/15 and 2015/16 respectively.

The table below shows the taxes collected by Government Agencies and by revenue stream from the forestry sector including MTE during FYs 2014/15 and 2015/16:

N°	Paid by / Tax	Paid to	FY 2014/15		FY 2015/16	
			in MMK million	in %	in MMK million	in %
MTE			238,170	95.40%	321,538	97.75%
1	Royalty	FD	1,911	0.77%	4,021	1.22%
2	Commercial Tax	IRD	73,733	29.54%	87,314	26.54%
3	Corporate Income Tax	IRD	40,631	16.28%	57,551	17.50%
4	State Contribution	TB	32,505	13.02%	46,041	14.00%
5	Other accounts	Other accounts	89,389	35.81%	126,612	38%
Sub-contractors			9,708	3.89%	4,121	1.25%
6	Corporate Income Tax	IRD	4,262	1.71%	2,105	0.64%
7	Commercial Tax	IRD	5,300	2.12%	1,697	0.52%
8	Withholding Tax	IRD	74	0.03%	187	0.06%
9	Import duties	MCD	72	0.03%	129	0.04%
10	Capital Gains Tax	IRD	0	0.00%	2	0.00%
11	Stamp Duty	IRD	0	0.00%	1	0.00%
FPJVC			124	0.05%	146	0.04%
12	Dividend	MTE	101	0.04%	124	0.04%
13	Dividend	FD	23	0.01%	23	0.01%
Other entities			1,639	0.66%	3,133	0.95%
14	Land rental fees	FD	1,147	0.46%	2,188	0.67%
15	Fees	FD	345	0.14%	772	0.23%
16	Fines	FD	61	0.02%	70	0.02%
17	Confiscation	FD	3	0.00%	18	0.01%
18	Rubber Tax	FD	0	0.00%	0	0.00%
19	Other income	FD	83	0.03%	85	0.03%
Total			249,641	100.00%	328,938	100.00%

These figures are incomplete as some payments made by certain MTE's sub-contractors are missing. In fact, IRD was not able to identify their payments (more details on this point are provided in sub-section 4.2.4 below).

4.2.1. Specific tax

a. Royalty (Ref # 1)

Royalty is the main specific tax in the forestry sector. It is levied on MTE’s production and paid to FD. It accounts for approximately 1% of total forestry revenues in FYs 2014/15 and 2015/16.

During FY 2014/15, royalties on hardwood amounted to MMK 1,201.07 million or approximately 63% of total royalties collected by the FD.

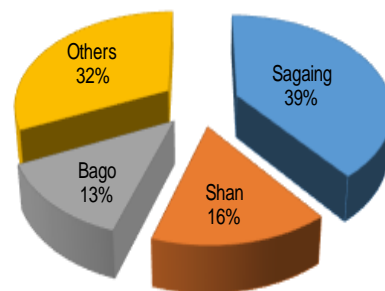
Table 37 shows the breakdown of royalties in FY 2014/15 by region and product while Figure 17 shows breakdown of royalties in the same period by region/state.

Table 37: Breakdown of royalties by region/state and product (FY 2014/15)

(in MMK million)

No.	Region / State	Hardwood	Teak	Total	%
1	Sagaing	470.77	281.87	752.64	39.39%
2	Shan	140.01	157.38	297.39	15.56%
3	Bago	141.74	111.18	252.92	13.24%
Top 3		753	550	1,303	68.19%
4	Kachin	116.61	22.38	138.99	7.27%
5	Mandalay	107.54	4.63	112.17	5.87%
6	Magway	56.42	52.36	108.78	5.69%
7	Tanintharyi	84.99	0.00	84.99	4.45%
8	Kayar	27.27	30.14	57.42	3.00%
9	Chin	7.27	31.33	38.60	2.02%
10	NayPyiTaw	18.64	11.85	30.49	1.60%
11	Ayarwaddy	15.30	0.18	15.47	0.81%
12	Rakaing	4.51	5.48	9.99	0.52%
13	Mon	6.56	0.35	6.91	0.36%
14	Yangon	1.58	0.61	2.19	0.11%
15	Kayin	1.85	0.10	1.95	0.10%
Other		449	159	608	31.81%
Total		1,201.07	709.82	1,910.89	100.00%
%		62.85%	37.15%	100.00%	

Figure 17: Breakdown of royalties by region/state (FY 2014/15)



Royalties collected on timber produced and confiscated during FY 2014/15 are detailed by region/state in Annex 12 to this Report.

During FY 2015/16, royalties on hardwood amounted to MMK 2,658.65 million or 66% of total royalties collected by FD.

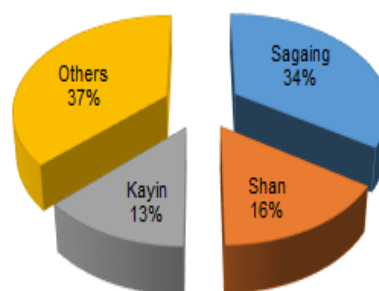
Table 38 shows the breakdown of royalties in FY 2015/16 by region and product while Figure 18 shows the breakdown of royalties in the same period by region/State.

Table 38: Breakdown of royalties by region/State and product (FY 2015/16)

(in million MMK)

No.	Region / State	Hardwood	Teak	Total	%
1	Sagaing	991.04	382.66	1,373.71	34.17%
2	Shan	390.48	243.69	634.17	15.77%
3	Kayin	524.29	0.74	525.03	13.06%
	Top 3	1,906	627	2,533	63.00%
4	Bago	97.99	195.57	293.56	7.30%
5	Kachin	78.51	161.50	240.01	5.97%
6	Kayar	57.24	170.25	227.49	5.66%
7	Mandalay	161.68	46.28	207.96	5.17%
8	Magwe	111.54	73.86	185.40	4.61%
9	Tanintharyi	149.80	0.07	149.87	3.73%
10	Naypyitaw	30.42	46.66	77.07	1.92%
11	Chin	18.78	27.03	45.81	1.14%
12	Rakaing	33.08	2.24	35.32	0.88%
13	Mon	7.57	3.90	11.47	0.29%
14	Ayarwaddy	6.21	4.29	10.50	0.26%
15	Yangon	0.00	3.30	3.30	0.08%
	Other	753	735	1,488	37.00%
	Total	2,658.65	1,362.03	4,020.68	100.00%
	%	66.12%	33.88%	100.00%	

Figure 18: Breakdown of royalties by region/State (FY 2015/16)



Royalties collected on timber produced and confiscated during FY 2015/16 are detailed by region/state in Annex 13 to this Report.

Proposed scope

We **recommend** to the MSG to include royalties in the reconciliation scope for the 2014/15 and 2015/16 EITI Reports.

4.2.2. Common taxes

a. Commercial tax (Ref # 2 and Ref # 7)

Commercial tax (CT) is levied on the gross sales of timber as defined in the Commercial Tax Law (Schedule 5). It is levied at 5%.

CT is paid to IRD by MTE and its sub-contractors. It accounts for approximately **32%** and **27%** of total forestry revenues in FYs 2014/15 and 2015/16 respectively:

Paid by	FY 2014/15		FY 2015/16	
	Value (MMK million)	Contribution to Total Revenues (%)	Value (MMK million)	Contribution to Total Revenues (%)
MTE	73,732.78	29.54%	87,313.99	26.54%
Sub-contractors	5,299.95	2.12%	1,696.87	0.52%
Total CT	79,032.73	31.66%	89,010.87	27.06%

Proposed scope

We **recommend** to the MSG to include commercial tax paid by MTE in the reconciliation scope for the 2014/15 and 2015/16 EITI Reports.

CT paid by MTE’s sub-contractors may be either reconciled or considered in the EITI Reports though unilateral disclosure by IRD depending on the size of company and the tax itself. (please see sub-section 4.2.4)

b. Income Tax (Ref # 3 and Ref # 6)

Companies are subject to income tax at the rate of 25% levied on net profits.

Income Tax is paid to IRD by MTE and its sub-contractors. It accounts for approximately **18%** of total forestry revenues in FYs 2014/15 and 2015/16:

Paid by	FY 2014/15		FY 2015/16	
	Value (MMK million)	Contribution to Total Revenues (%)	Value (MMK million)	Contribution to Total Revenues (%)
MTE	40,631.47	16.28%	57,550.81	17.50%
Sub-contractors	4,262.16	1.71%	2,105.00	0.64%
Total IT	44,893.63	17.99%	59,655.81	18.14%

Proposed scope

We **recommend** to the MSG to include income tax paid by MTE in the reconciliation scope for the 2014/15 and 2015/16 EITI Reports.

Income tax paid by MTE’s sub-contractors may be either reconciled or considered in the EITI Reports though unilateral disclosure by IRD depending on the size of company and the tax itself. (please see sub-section 4.2.4)

c. Withholding Tax (Ref # 8)

Withholding tax (WHT) is a tax where any person or company making certain payments is required to deduct from such payments and remit to the Government Agencies.

The tax withheld must be paid to IRD within seven days from the date of withholding.

Tax withheld from payments to residents will be set off against the tax due on their final assessments. Tax withheld from payments to non-resident companies (except the branches registered in Myanmar) is a final tax.

WHT is paid to IRD by MTE’s sub-contractors and accounts for less than **1%** of total forestry revenues in FYs 2014/15 and 2015/16.

Proposed scope

WHT may be either reconciled or considered in the EITI Reports though unilateral disclosure by IRD depending on the size of company and the tax itself. (please see sub-section 4.2.4)

d. Import duties (Ref # 9)

Customs Duties levied on the import of equipment, spare parts, and inputs generally range from 0% to 40% of the value of the goods imported.

Import duties are paid to MCD by MTE’s sub-contractors and account for less than **1%** of total forestry revenues in FYs 2014/15 and 2015/16.

Proposed scope

Import duties may be either reconciled or considered in the EITI Reports though unilateral disclosure by MCD depending on the size of company and the tax itself (please see sub-section 4.2.4).

e. Capital Gains Tax (Ref # 10)

The sale, exchange or transfer of capital assets are levied for income tax purposes on gains calculated based on the difference between gross sales and the purchase cost of assets plus any additions less depreciation.

Capital assets for income tax purposes are defined as lands, buildings, vehicles, or any other asset owned by an entity including shares, bonds and intangibles.

Capital gains tax (CGT) is levied at 10% on the capital gains and payments are required to be made within 30 days from the date of disposal of the assets.

CGT is paid to IRD by MTE's sub-contractors and accounts for less than **1%** of total forestry revenues in FYs 2014/15 and 2015/16.

No payment has been reported for FY 2014/15 and an amount of MMK 2.4 million (or 0.01%) was collected during FY 2015/16.

Proposed scope

CGT may be either reconciled or considered in the 2015/16 EITI Report though unilateral disclosure by IRD depending on the size of company and the tax itself. (please see sub-section 4.2.4)

f. Stamp Duty (Ref # 11)

Stamp duty applies to a number of transactions. Its rates vary from 0.1% to 2%.

Stamp duty is paid to the IRD by MTE's sub-contractors. It accounts for less than **1%** of total forestry revenues in FYs 2014/15 and 2015/16.

Proposed scope

Stamp duty may be either reconciled or considered in the EITI Reports though unilateral disclosure by IRD depending on the size of the company and the tax itself (please see sub-section 4.2.4).

4.2.3. Other taxes

a. State contribution (Ref # 4)

State contribution is levied on MTE profit at 20%.

It is paid to MoPF and accounts for **13%** and **14%** of total forestry revenues in FYs 2014/15 and 2015/16 respectively.

Proposed scope

We **recommend** to the MSG to include state contribution in the reconciliation scope for the 2014/15 and 2015/16 EITI Reports.

b. Other accounts (Ref # 5)

The remaining amount paid by MTE (55%) is allocated to "other accounts". It accounts for approximately **36%** and **38%** of total forestry revenues in FYs 2014/15 and 2015/16 respectively.

Proposed scope

We **recommend** to the MSG to include the allocation to "other accounts" in the reconciliation scope for the 2014/15 and 2015/16 EITI Reports.

c. Dividends (Ref # 12 and 13)

Dividends are paid by Forest Products Joint Venture Corporation Ltd (FPJVC) to MTE and the FD as shareholders. They account for approximately **0.05%** and **0.04%** of total forestry revenues in FYs 2014/15 and 2015/16 respectively.

Paid to	FY 2014/15		FY 2015/16	
	Value (MMK million)	Contribution to Total Revenues (%)	Value (MMK million)	Contribution to Total Revenues (%)
MTE	101.25	0.04%	123.75	0.04%
FD	22.50	0.01%	22.50	0.00%
Total dividends	123.75	0.05%	146.25	0.04%

Proposed scope

We **recommend** to the MSG to include dividends in the reconciliation scope for the 2014/15 and 2015/16 EITI Reports.

As FD confirmed us that dividends are deposited to the Government Budget (the Union Fund), we **recommend** to the MSG to reconcile this transfer as well.

d. FD's other revenues (Ref # 14-19)

FD collects other forestry revenues:

- Rubber Tax;
- Land rental fees;
- Fees: Sawmill license fees, elephant registration fees and premium fees for land;
- Fines: Fines from forest offences, compensation fees for clearing of trees by development projects;
- Confiscation: Income from selling of seized forest products other than timber; and
- Other income.

These revenues account for less than **1%** of total forestry revenues in FYs 2014/15 and 2015/16 respectively:

Revenue	FY 2014/15		FY 2015/16	
	Value (MMK million)	Contribution to Total Revenues (%)	Value (MMK million)	Contribution to Total Revenues (%)
Land rental fees	1,146.79	0.46%	2,187.91	0.67%
Fees	345.08	0.14%	771.51	0.23%
Other income	83.05	0.03%	85.37	0.03%
Fines	60.54	0.02%	69.75	0.02%
Confiscation	3.31	0.00%	18.39	0.01%
Rubber Tax	0.41	0.00%	0.00	0.00%
Total FD's other revenues	1,639.17	0.66%	3,132.93	0.95%

Proposed scope

As these revenues are not identifiable by taxpayer and are not material, we **recommend** to the MSG to consider them in both 2014/15 and 2015/16 EITI Reports though unilateral disclosure by FD.

4.2.4. Materiality analysis of taxes paid by MTE's sub-contractors**Materiality according to the payments****FY 2014/15**

Following our request, IRD has provided us with payments made by **36** sub-contractors out of 63. It confirmed also that no payment was collected from 12 sub-contractors.

However, IRD was unable to identify the position of the following 15 other sub-contractors due to the lack of their contact details:

No.	Name	No.	Name	No.	Name
1	Ayar Ahar Mann	6	Regional ADAE	11	U Saw Maung
2	East Than Lwin	7	Tah Moe Ngel	12	U Saw Toe
3	MRT	8	U Kyayaw Minelar Special Part IV	13	U Tun Naing
4	Myat Mikhin	9	U Maung Win	14	U Win Aung
5	Phyo Si Thu	10	U San Shar	15	U Ye Htun

MTE is currently preparing the contact details of these sub-contractors.

MCD has confirmed receiving import duties from 5 sub-contractors out of 63.

The table below sets out the breakdown by tax of payments made by MTE's sub-contractors to IRD and MCD in FY 2014/15 (in MMK million):

No.Name	CT	Income tax	WHT	Import duties	Stamp Duty	CGT	Total	Weight (%)	Cumulative weight (%)
1 Golden Flower	3,319.39	1,165.84					4,485.24	46.20%	46.20%
2 Ma Naw Phyu	21.85	537.43	17.23				576.50	5.94%	52.14%
3 Myat Noe Thu	356.97	208.83		8.89			574.69	5.92%	58.06%
4 Htoo Trading Co., Ltd	262.78	256.85					519.63	5.35%	63.41%
5 FPJVC	80.50	305.00					385.50	3.97%	67.38%
6 Nature Timber	174.86	193.44					368.30	3.79%	71.18%
7 Wood World	222.16	128.71					350.87	3.61%	74.79%
8 Chin Su (Myanmar)	80.38	209.00		31.11			320.49	3.30%	78.09%
9 Lucre Wood	125.86	175.13					300.99	3.10%	81.19%
10 Tin Myint Yee	177.86	116.09					293.94	3.03%	84.22%
11 Pacific Timber	118.02	120.26					238.29	2.45%	86.67%
12 Green Hard Wood	70.16	151.49	5.78				227.43	2.34%	89.02%
13 Moementun	31.45	175.37					206.82	2.13%	91.15%
14 Htun Myat Aung		179.79					179.79	1.85%	93.00%
15 Shwe Moe Thar	102.57	50.74		21.58			174.89	1.80%	94.80%
16 Nant Thar Phyu		91.74					91.74	0.95%	95.75%
17 Kaung Myat	51.48	26.78		9.96			88.22	0.91%	96.66%
18 Asia Ability	35.31	33.53					68.84	0.71%	97.36%
19 Win Marlar Aung	30.13	25.18					55.31	0.57%	97.93%
20 Pyae Phyo Tun		44.61					44.61	0.46%	98.39%
21 Global Star	32.22						32.22	0.33%	98.73%
22 NTC	3.94	9.08	14.11				27.13	0.28%	99.00%
23 U Htay Kyaw	0.69	12.79					13.48	0.14%	99.14%
24 Century Dragon	0.04	7.19	5.72		0.15		13.11	0.13%	99.28%
25 Pong Long Wood		8.10	3.76				11.86	0.12%	99.40%
26 Wood Industry		8.37	1.77				10.14	0.10%	99.51%
27 Tin Win Tun		8.85	0.76				9.61	0.10%	99.60%
28 Pann Thi Group Co. Ltd	1.32	0.51	4.25				6.08	0.06%	99.67%
29 Nay Wun Myat			5.30				5.30	0.05%	99.72%
30 Sure Co.		4.44	0.69				5.13	0.05%	99.77%
31 Daw Than Htay			5.06				5.06	0.05%	99.83%
32 Zaw Than Oo			4.92				4.92	0.05%	99.88%
33 U Saw Kabaw Saii			4.55				4.55	0.05%	99.92%
34 Htee Pwint Kan		2.98					2.98	0.03%	99.95%
35 Win & Win	0.01	2.78		0.03			2.82	0.03%	99.98%
36 May Thu Htike		1.23	0.37				1.60	0.02%	100.00%
Total	5,299.95	4,262.16	74.26	71.57	0.15	0.00	9,708.09	100.00%	
%	54.59%	43.90%	0.76%	0.74%	0.00%	0.00%	100.00%		

Proposed scope

We **recommend** to the MSG to include in the reconciliation scope for the 2014/15 EITI Report sub-contractors paying taxes of more than **MMK 100 million** and individual revenue streams above **MMK 20 million**.

All sub-contractors paying taxes not exceeding MMK 100 million and all individual revenues streams not exceeding MMK 20 million will be considered in the 2014/15 EITI Report through unilateral disclosure declared by IRD and MCD.

This option allows a coverage of approximately **95%** of the total revenues collected by IRD and MCD from MTE's sub-contractors:

Taxes	To be reconciled		To be considered through unilateral disclosure		Total	
	in MMK million	in %	in MMK million	in %	in MMK million	in %
CT	5,144.82	97.07%	155.13	2.93%	5,299.95	100.00%
IT	3,974.00	93.24%	288.16	6.76%	4,262.16	100.00%
WHT	0.00	0.00%	74.26	100.00%	74.26	100.00%
Import duties	52.69	73.62%	18.88	26.38%	71.57	100.00%
Stamp Duty	0.00	0.00%	0.15	100.00%	0.15	100.00%
Total	9,171.50	94.47%	536.59	5.53%	9,708.09	100.00%

Accordingly, **15** sub-contractors will be included in the reconciliation scope and 21 others will be considered in the 2014/15 EITI Report through unilateral disclosure from the IRD and MCD.

We will adopt the same approach towards the remaining 15 sub-contractors which have yet to submit their data.

FY 2015/16

Following our request, IRD has provided us with payments made by **31** sub-contractors out of 54. It also confirmed that no payment was collected from 12 sub-contractors.

However, IRD was unable to identify payments made of the following 11 others due to the lack of their contact details:

No.	Name	No.	Name	No.	Name
1	AD/ AE	5	Myat Mikhin	9	U Saw Toe
2	Army Group	6	Specal (2)	10	U Tun Naing
3	East Than Lwin	7	Specal (4)	11	U Ye Htun
4	MRT	8	U Saw Maung		

MTE is currently in the process of obtaining the contact details of these sub-contractors. MCD has confirmed receiving import duties from 6 sub-contractors out of 54.

The table below sets out the breakdown by tax of payments made by MTE's sub-contractors to IRD and MCD in FY 2015/16 (in MMK million):

No.	Name	Income tax	CT	WHT	Import duties	CGT	Stamp Duty	Total	Weight (%)	Cumulative weight (%)
1	Tin Myint Yee	367.53	406.42					773.96	18.78%	18.78%
2	Golden Flower	188.43	331.39			2.40		522.22	12.67%	31.46%
3	Myat Noe Thu	372.17	110.51					482.68	11.71%	43.17%
4	Green Hard Wood	311.33	2.05	51.95				365.33	8.87%	52.03%
5	Nature Timber	194.85	166.70					361.55	8.77%	60.81%
6	Kaung Myat	70.63	113.23		105.14		0.89	289.88	7.03%	67.84%
7	Wood World	79.19	203.69					282.89	6.86%	74.71%
8	Ma Naw Phyu	79.42	87.21	9.99				176.62	4.29%	78.99%
9	Pacific Timber	65.85	72.54		0.09			138.48	3.36%	82.36%
10	Lucer Wood	49.40	78.80					128.20	3.11%	85.47%

No.	Name	Income tax	CT	WHT	Import duties	CGT	Stamp Duty	Total	Weight (%)	Cumulative weight (%)
11	Tin Win Tun	30.78		68.69				99.47	2.41%	87.88%
12	FPJVC	52.91	32.31					85.22	2.07%	89.95%
13	Win & Win	51.35		2.59	1.95			55.89	1.36%	91.30%
14	Htun Myat Aung	55.55						55.55	1.35%	92.65%
15	NTC	44.59						44.59	1.08%	93.74%
16	Payae Phyo Tun	41.63						41.63	1.01%	94.75%
17	Century Dragon	17.85		18.68				36.53	0.89%	95.63%
18	Win Marlar Aung	17.32	16.94					34.26	0.83%	96.46%
19	Daw Than Htay			27.03				27.03	0.66%	97.12%
20	Global Star		23.63					23.63	0.57%	97.69%
21	Wood Industry	2.06	16.84	1.15				20.05	0.49%	98.18%
22	Myeik Plywood Co Ltd				19.25			19.25	0.47%	98.65%
23	Shwe Moe Thar	4.46	12.35					16.81	0.41%	99.05%
24	Asia Ability	2.38	11.78					14.17	0.34%	99.40%
25	U Haty Kyaw	4.02	7.17					11.19	0.27%	99.67%
26	Htee Pwint Kan	0.39	3.30					3.70	0.09%	99.76%
27	Pann Thi Group Co. Ltd	0.91		0.90	1.75			3.56	0.09%	99.85%
28	U Saw Kabaw Saii			2.51				2.51	0.06%	99.91%
29	Zaw Than Oo			2.11				2.11	0.05%	99.96%
30	Nay Wun Myat			0.96				0.96	0.02%	99.98%
31	Mya Htay Kywe Linn				0.79			0.79	0.02%	100.00%
Total		2,105.00	1,696.87	186.57	128.96	2.40	0.89	4,120.69	100.00%	
%		51.08%	41.18%	4.53%	3.13%	0.06%	0.02%	100.00%		

Proposed scope

Similar to the 2014/15 EITI Report, we **recommend** to the MSG to include in the reconciliation scope for the 2015/16 EITI Report, sub-contractors paying taxes of more than **MMK 100 million** and individual revenue streams above **MMK 20 million**.

All sub-contractors paying taxes not exceeding MMK 100 million and all individual revenues streams not exceeding MMK 20 million will be considered in the 2015/16 EITI Report through unilateral disclosure by IRD and MCD.

This option allows a coverage of approximately **85%** of the total revenues collected by IRD and MCD from MTE's sub-contractors:

Taxes	To be reconciled		To be considered through unilateral disclosure		Total	
	in MMK million	in %	in MMK million	in %	in MMK million	in %
IT	1,778.81	84.50%	326.19	15.50%	2,105.00	100.00%
CT	1,570.49	92.55%	126.38	7.45%	1,696.87	100.00%
WHT	51.95	27.84%	134.62	72.16%	186.57	100.00%
Import duties	105.14	81.53%	23.82	18.47%	128.96	100.00%
CGT	0.00	0.00%	2.40	100.00%	2.40	100.00%
Stamp Duty	0.00	0.00%	0.89	100.00%	0.89	100.00%
Total	3,506.39	85.09%	614.30	14.91%	4,120.69	100.00%

Accordingly, **10** sub-contractors will be included in the reconciliation scope and 21 others will be considered in the 2015/16 EITI Report through unilateral disclosure by IRD and MCD.

We will adopt the same approach towards the remaining 11 sub-contractors which have yet to submit their data.

Materiality according to the production

Following a request made by the Technical and Reporting Sub-committee to add material companies according to their production, we have proposed to include companies producing 10,000 tons of timber or more.

FY 2014/15

Accordingly, 11 companies will be included in the reconciliation scope that contributed for approximately 80% to the total timber harvested during the FY 2014/15.

The remaining companies will be considered in the 2015/16 EITI Report through unilateral disclosure by IRD and MCD.

The following table sets out the breakdown of companies by quantity produced in FY 2014/15:

No.	Company	Production (Tons)	Weight (%)	Cumulative weight (%)
1	MTE	215,035	32.00%	32.00%
2	Myat Noe Thu	93,115	13.86%	45.85%
3	Tin Win Tun	55,934	8.32%	54.18%
4	Moementun	35,013	5.21%	59.39%
5	Nature Timber	29,668	4.41%	63.80%
6	FPJVC	26,621	3.96%	67.76%
7	MRT	26,438	3.93%	71.70%
8	Pacific Timber	16,589	2.47%	74.17%
9	Global Star	14,705	2.19%	76.36%
10	Wood World	12,087	1.80%	78.15%
11	Lucre Wood	10,000	1.49%	79.64%
12	NTC	9,292	1.38%	81.02%
13	Green Hard Wood	8,029	1.19%	82.22%
14	Chin Su (Myanmar)	7,624	1.13%	83.35%
15	Daw Than Htay	7,565	1.13%	84.48%
16	Kaung Myat	6,188	0.92%	85.40%
17	Win Marlar Aung	6,120	0.91%	86.31%
18	Win & Win	6,020	0.90%	87.21%
19	Tin Myint Yee	5,842	0.87%	88.08%
20	Pyae Phyo Tun	5,491	0.82%	88.89%
21	Htun Myat Aung	5,000	0.74%	89.64%
22	Tah Moe Ngel'	4,834	0.72%	90.36%
23	Shwe Moe Thar	4,000	0.60%	90.95%
24	Poung Long Wood	3,750	0.56%	91.51%
25	U Ye Htun	3,661	0.54%	92.06%
26	Ma Naw Phyu	3,478	0.52%	92.57%
27	U Soe Lwin	3,160	0.47%	93.04%
28	Great Apex	2,791	0.42%	93.46%
29	Htay Family	2,762	0.41%	93.87%
30	Ayar Ahar Mann	2,459	0.37%	94.24%
31	Hlaing Kyaw Oo	2,308	0.34%	94.58%
32	Wa - 4	2,279	0.34%	94.92%
33	U Saw Maung	2,101	0.31%	95.23%
34	U Tun Naing	2,037	0.30%	95.53%
35	Zaw Than Oo	2,020	0.30%	95.83%
36	Century Dragon	2,000	0.30%	96.13%
37	U Saw Toe	1,993	0.30%	96.43%
38	Myat Mikhin	1,670	0.25%	96.68%
39	Phyo Si Thu	1,561	0.23%	96.91%
40	Pann Thi	1,438	0.21%	97.12%
41	Myeik Ply	1,365	0.20%	97.33%
42	Regional ADAE	1,317	0.20%	97.52%
43	Gloden One Star	1,300	0.19%	97.72%

No.	Company	Production (Tons)	Weight (%)	Cumulative weight (%)
44	Htoo	1,250	0.19%	97.90%
45	Yadana Moe Pyae Tun	1,153	0.17%	98.07%
46	Asia Ability	1,149	0.17%	98.24%
47	Wa - 2	1,084	0.16%	98.41%
48	U Htay Kyaw	1,069	0.16%	98.56%
49	Wood Industry	999	0.15%	98.71%
50	Golden Flower	960	0.14%	98.86%
51	Nant Thar Phyu	909	0.14%	98.99%
52	U Win Aung	881	0.13%	99.12%
53	U Kyayaw Minelar Special Part IV	839	0.12%	99.25%
54	Stark Industries	837	0.12%	99.37%
55	Htee Pwint Kan	827	0.12%	99.49%
56	Mya Htay Kywe Linn	712	0.11%	99.60%
57	Win Kaday	522	0.08%	99.68%
58	U Maung Win	434	0.06%	99.74%
59	East Than Lwin	431	0.06%	99.81%
60	Sure Co.,	422	0.06%	99.87%
61	Khaing Thit	419	0.06%	99.93%
62	Nay Wun Myat	195	0.03%	99.96%
63	May Thu Htike	144	0.02%	99.98%
64	U Saw Kabaw Saii	63	0.01%	99.99%
65	U San Shar	53	0.01%	100.00%
Total		672,012	100.00%	

Based on the above, three (3) new companies will be added to the reconciliation scope detailed as follows:

No.	Name	Total payments (in MMK million)
1	Tin Win Tun	9.61
2	MRT (*)	-
3	Global Star	32.22
Total		41.83

(*) IRD was unable to provide us with payments made by MDT due to the lack of its contact details.

FY 2015/16

Accordingly, **14** companies will be included in the reconciliation scope that contributed for 85% to the total timber harvested during the FY 2015/16.

The remaining companies will be considered in the 2015/16 EITI Report through unilateral disclosure by IRD and MCD.

The following table sets out the breakdown of companies by quantity produced in FY 2015/16:

No.	Company	Production (Tons)	Weight (%)	Cumulative weight (%)
1	MTE	214,370	31.53%	31.53%
2	Myat Noe Thu	92,127	13.55%	45.09%
3	Tin Win Tun	56,605	8.33%	53.41%
4	Pacific	42,799	6.30%	59.71%
5	MRT	29,680	4.37%	64.08%
6	Nature Timber	29,154	4.29%	68.36%
7	FPJVC	23,201	3.41%	71.78%
8	Tin Myint Yee	17,170	2.53%	74.30%
9	Green Hard Wood	15,018	2.21%	76.51%
10	Htun Myat Aung	14,002	2.06%	78.57%
11	Century Dragon	13,021	1.92%	80.49%

No.	Company	Production (Tons)	Weight (%)	Cumulative weight (%)
12	Kaung Myat	10,823	1.59%	82.08%
13	Global Star	10,025	1.47%	83.55%
14	Lucer Wood	10,000	1.47%	85.03%
15	Wood World	9,100	1.34%	86.36%
16	Daw Than Htay	8,076	1.19%	87.55%
17	NTC	8,036	1.18%	88.73%
18	Payae Phyo Tun	6,903	1.02%	89.75%
19	Ma Naw Phyu	6,299	0.93%	90.68%
20	Tar Moe NgelChantha	5,003	0.74%	91.41%
21	Win & Win	4,506	0.66%	92.07%
22	Win Marlar Aung	4,442	0.65%	92.73%
23	U Saw Toe	4,182	0.62%	93.34%
24	Shwe Moe Thar	4,000	0.59%	93.93%
25	Specal (4)	3,237	0.48%	94.41%
26	U Ye Tun	3,166	0.47%	94.87%
27	Golden One Star	3,018	0.44%	95.32%
28	Htee Pwint Kan	2,700	0.40%	95.71%
29	Yadana Moe Payae Tun	2,665	0.39%	96.11%
30	Specal (2)	2,567	0.38%	96.48%
31	Asia Abality	2,505	0.37%	96.85%
32	Great Apex	2,025	0.30%	97.15%
33	U Tun Naing	2,001	0.29%	97.45%
34	U Saw Maung	2,001	0.29%	97.74%
35	Army Group	1,406	0.21%	97.95%
36	Myat Mikin	1,157	0.17%	98.12%
37	Zaw Than Oo	1,151	0.17%	98.29%
38	Phuu Pwint Wai Si	1,007	0.15%	98.43%
39	Wood Industry	999	0.15%	98.58%
40	Chi Su	940	0.14%	98.72%
41	AD/ AE	936	0.14%	98.86%
42	Myeik Ply	885	0.13%	98.99%
43	U Saw Kabaw Saii	761	0.11%	99.10%
44	Pann Thi	754	0.11%	99.21%
45	East Than Lwin	651	0.10%	99.31%
46	Nant Thar Phyu	645	0.09%	99.40%
47	May Thu Htike	640	0.09%	99.49%
48	U Haty Kyaw	518	0.08%	99.57%
49	Khaing Thit	510	0.08%	99.65%
50	Zar Ni Zaw	503	0.07%	99.72%
51	Golden Flower	500	0.07%	99.79%
52	Mya Htay Kywe Linn	497	0.07%	99.87%
53	Nay Wun Myat	401	0.06%	99.93%
54	U Soe Lwin	351	0.05%	99.98%
55	SI	155	0.02%	100.00%
Total		679,794	100.00%	

Based on the above, five (5) new companies will be added to the reconciliation scope detailed as follows:

No.	Name	Total payments (in MMK million)
1	Htun Myat Aung	55.55
2	Tin Win Tun	99.47
3	MRT ^(*)	-
4	Global Star	23.63
5	Century Dragon	36.53
Total		215.18

^(*) IRD was unable to provide us with payments made by MDT due to the lack of its contact details.

4.3. Selection of Payment Flows

4.3.1. Results of the proposed approach

FY 2014/15

According to the above, seven (7) revenues streams will be included in the 2014/15 reconciliation scope detailed by taxpayer as follows:

No.	Revenue stream	Paid by		
		MTE	Sub-contractors	FPJVC
1	Royalty	✓		
2	Commercial Tax	✓	✓	
3	Income Tax	✓	✓	
4	State Contribution	✓		
5	Other accounts	✓		
6	Import duties		✓	
7	Dividends			✓

This approach allows a coverage of **99.14%** of the total revenues in the forestry sector as follows:

No.	Paid by / Tax	Paid to	To be reconciled		To be considered through unilateral disclosure		Total	
			in MMK million	in %	in MMK million	in %	in MMK million	in %
MTE			238,170	100.00%	-	-	238,170	100.00%
1	Royalty	FD	1,911	100.00%	-	-	1,911	100.00%
2	Commercial Tax	IRD	73,733	100.00%	-	-	73,733	100.00%
3	Income Tax	IRD	40,631	100.00%	-	-	40,631	100.00%
4	State Contribution	TD	32,505	100.00%	-	-	32,505	100.00%
5	Other accounts	Other accounts	89,389	100.00%	-	-	89,389	100.00%
Sub-contractors			9,204	94.80%	504	5.20%	9,708	100.00%
6	Income Tax	IRD	3,974	93.24%	288	6.76%	4,262	100.00%
7	Commercial Tax	IRD	5,177	97.68%	123	2.32%	5,300	100.00%
8	Import duties	MCD	53	73.61%	19	26.39%	72	100.00%
9	Withholding Tax	IRD	-	-	74	100.00%	74	100.00%
10	Stamp Duty	IRD	-	-	0	100.00%	0	100.00%
FPJVC			124	100.00%	-	-	124	100.00%
11	Dividend	MTE	101	100.00%	-	-	101	100.00%
12	Dividend	FD	23	100.00%	-	-	23	100.00%
Other entities			-	-	1,639	100.00%	1,639	100.00%
13	Land rental fees	FD	-	-	1,147	100.00%	1,147	100.00%
14	Fees	FD	-	-	345	100.00%	345	100.00%
15	Fines	FD	-	-	61	100.00%	61	100.00%
16	Confiscation	FD	-	-	3	100.00%	3	100.00%
17	Rubber Tax	FD	-	-	0	100.00%	0	100.00%
18	Other income	FD	-	-	83	100.00%	83	100.00%
Total			247,497	99.14%	2,144	0.86%	249,641	100.00%

FY 2015/16

According to the above, eight (8) revenues streams will be included in the 2015/16 reconciliation scope detailed by taxpayer as follows:

No.	Revenue stream	Paid by		
		MTE	Sub-contractors	FPJVC
1	Royalty	✓		
2	Commercial Tax	✓	✓	
3	Income Tax	✓	✓	
4	State Contribution	✓		
5	Other accounts	✓		
6	Withholding Tax		✓	
7	Import duties		✓	
8	Dividends			✓

This approach allows a coverage of **98.92%** of the total revenues in the forestry sector as follows:

No.	Paid by / Tax	Paid to	To be reconciled		To be considered through unilateral disclosure		Total	
			in MMK million	in %	in MMK million	in %	in MMK million	in %
MTE			321,538	100.00%	-	-	321,538	100.00%
1	Royalty	FD	4,021	100.00%	-	-	4,021	100.00%
2	Commercial Tax	IRD	87,314	100.00%	-	-	87,314	100.00%
3	Income Tax	IRD	57,551	100.00%	-	-	57,551	100.00%
4	State Contribution	TD	46,041	100.00%	-	-	46,041	100.00%
5	Other accounts	Other accounts	126,612	100.00%	-	-	126,612	100.00%
Sub-contractors			3,685	89.43%	436	10.57%	4,121	100.00%
6	Income Tax	IRD	1,865	88.61%	240	11.39%	2,105	100.00%
7	Commercial Tax	IRD	1,594	93.94%	103	6.06%	1,697	100.00%
8	Withholding Tax	IRD	121	64.66%	66	35.34%	187	100.00%
9	Import duties	MCD	105	81.53%	24	18.47%	129	100.00%
10	Capital Gains Tax	IRD	-	-	2	100.00%	2	100.00%
11	Stamp Duty	IRD	-	-	1	100.00%	1	100.00%
FPJVC			146	100.00%	-	-	146	100.00%
12	Dividend	MTE	124	100.00%	-	-	124	100.00%
13	Dividend	FD	23	100.00%	-	-	23	100.00%
Other entities			-	-	3,133	100.00%	3,133	100.00%
14	Land rental fees	FD	-	-	2,188	100.00%	2,188	100.00%
15	Fees	FD	-	-	772	100.00%	772	100.00%
16	Fines	FD	-	-	70	100.00%	70	100.00%
17	Confiscation	FD	-	-	18	100.00%	18	100.00%
18	Other income	FD	-	-	85	100.00%	85	100.00%
Total			325,369	98.92%	3,569	1.08%	328,938	100.00%

4.3.2. Other consideration

To avoid omissions that may be considered significant, a line entitled "Other significant payments flows" has been included in the reporting template for extractive companies to report any significant payment not already included in the scope which is above **MMK 20 million**.

4.4. Selection of Forestry Companies

4.4.1. Results of the proposed approach

Based on the proposed approach, **19** and **17** forestry companies will be included in the reconciliation scope and will form part of the reconciliation exercises for the EITI Reports 2014/15 and 2015/16 respectively. These companies are presented as follows:

No.	Name	FY 2014/15	Materiality	FY 2015/16	Materiality
1	MTE	✓	Payments and Production	✓	Payments and Production
2	Myat Noe Thu	✓	Payments and Production	✓	Payments and Production
3	FPJVC	✓	Payments and Production	✓	Payments and Production
4	Nature Timber	✓	Payments and Production	✓	Payments and Production
5	Wood World	✓	Payments and Production	✓	Payments
6	Pacific Timber	✓	Payments and Production	✓	Payments and Production
7	Lucre Wood	✓	Payments and Production	✓	Payments and Production
8	Moementun	✓	Payments and Production		
9	Kaung Myat			✓	Payments and Production
10	Tin Myint Yee	✓	Payments	✓	Payments and Production
11	Green Hard Wood	✓	Payments	✓	Payments and Production
12	Golden Flower	✓	Payments	✓	Payments
13	Ma Naw Phyu	✓	Payments	✓	Payments
14	Htoo Trading Co., Ltd	✓	Payments		
15	Chin Su (Myanmar)	✓	Payments		
16	Htun Myat Aung	✓	Payments	✓	Production
17	Shwe Moe Thar	✓	Payments		
18	Tin Win Tun	✓	Production	✓	Production
19	MRT	✓	Production	✓	Production
20	Global Star	✓	Production	✓	Production
21	Century Dragon			✓	Production
Total		19		17	

4.4.2. Other consideration

Even though FPJVC's payments to IRD did not exceed the threshold of MMK 100 million in FY 2015/16,¹ we **recommend** to the MSG that it reports these payments given that it will be completing a template to report dividends paid to MTE and FD.

4.4.3. Forestry companies below the materiality threshold

Based on the proposed approach, **21** and **20** forestry companies will be included in the EITI reports through unilateral disclosure from Government Agencies in FYs 2014/15 and 2015/16 respectively. These companies are presented in Annex 14 to this Report.

4.5. Selection of Government Agencies

Based on the proposed approach of forestry companies and payments flows selected for 2014/15 and 2015/16 EITI Reports, **5** Government Agencies and **1** SEE will be required to report the revenues collected from forestry sector as follows:

No.	Name
State Economic Enterprise (SEE)	
1	Myanma Timber Enterprise (MTE)
Government Agencies	
2	Forest Department (FD)
3	Internal Revenue Department (IRD)
4	Treasury Department (TD)
5	Budget Department (BD)
6	Myanmar Customs Department (MCD)

¹ As per the IRD, FPJVC has made payments regarding IT and CT of MMK 85.22 million in FY 2015/16.

4.6. Fiscal Year

The periods covered by the first and second EITI Reports for Myanmar are the FYs 2014/15 and 2015/16. Therefore, payment flows made between 1 April 2014 and 31 March 2015 and 1 April 2015 and 31 March 2016 should be reported by forestry companies and Government Agencies in the 2014/15 and 2015/16 EITI Repository.

The dates to be considered are those mentioned on the flag receipts or the dates of the cheques/bank transfers.

4.7. Materiality Deviation

The materiality deviation is the threshold of immaterial differences per revenue stream for which the Independent Administrator (IA) will not investigate the discrepancies.

As this is our first reconciliation exercise, we **recommend** to the MSG to set the final reconciliation difference at **0.1%** as a maximum. This threshold can be revised following the current reconciliation results.

Based on the proposed reconciliation scopes detailed above, the projected final reconciliation difference should not exceed MMK 247.46 million and MMK 325.19 million in FY 2014/15 and FY 2015/16 respectively:

Designation	MMK million	
	FY 2014/15	FY 2015/16
Total revenue streams included in the reconciliation scope	247,497.04	325,369.19
Projected final reconciliation difference	247.50	325.37

This amount should be allocated to each revenue stream.

FY 2014/15

The 19 forestry companies made payments in respect of 39 revenue streams during the FY 2014/15, detailed as follows:

No.	Name	Income tax	CT	Import duties	Dividends	State Contribution	Other accounts	Royalty	Total
1	MTE	✓	✓			✓	✓	✓	5
2	Myat Noe Thu	✓	✓						2
3	FPJVC	✓	✓		✓				4
4	Nature Timber	✓	✓						2
5	Wood World	✓	✓						2
6	Tin Myint Yee	✓	✓						2
7	Pacific Timber	✓	✓						2
8	Green Hard Wood	✓	✓						2
9	Golden Flower	✓	✓						2
10	Ma Naw Phyu	✓	✓						2
11	Lucre Wood	✓	✓						2
12	Htoo Trading Co., Ltd	✓	✓						2
13	Chin Su (Myanmar)	✓	✓	✓					3
14	Moementun	✓	✓						2
15	Tun Myat Aung	✓							1
16	Shwe Moe Thar	✓	✓	✓					3
17	Tin Win Tun								0
18	MRT								0
19	Global Star	✓							1
	Total	17	15	2	2	1	1	1	39

The materiality deviation per revenue stream, can therefore be obtained by dividing the projected final reconciliation difference by the number of revenue streams, which gives a total MMK 6.35 million.

FY 2015/16

The 17 forestry companies made payments in respect of 34 revenue streams during the FY 2015/16, detailed as follows:

No.	Name	Income tax	CT	Dividends	WHT	Import duties	State Contribution	Other accounts	Royalty	Total
1	MTE	✓	✓				✓	✓	✓	5
2	Tin Myint Yee	✓	✓							2
3	Golden Flower	✓	✓							2
4	Myat Noe Thu	✓	✓							2
5	Green Hard Wood	✓			✓					2
6	Nature Timber	✓	✓							2
7	Kaung Myat	✓	✓			✓				3
8	Wood World	✓	✓							2
9	Ma Naw Phyu	✓	✓							2
10	Pacific Timber	✓	✓							2
11	Lucer Wood	✓	✓							2
12	FJVC	✓	✓	✓	✓					4
13	Tin Win Tun	✓			✓					2
14	MRT									0
15	Global Star		✓							1
16	Century Dragon									0
17	Htun Myat Aung	✓								1
	Total	14	12	2	2	1	1	1	1	34

The materiality deviation per revenue stream, can therefore be obtained by dividing the projected final reconciliation difference by the number of revenue streams, which gives a total MMK 9.57 million.

As a simplified measure, we **recommend** to the MSG to set the materiality deviation per revenue stream at **MMK 8 million** for both exercises.

Accordingly, the worst-case scenario in which all revenue streams will be showing an immaterial difference of MMK 8 million (accepted by IA with no further investigation), which gives a total reconciliation differences of MMK 312 million (or 0.13%) and MMK 272 million (or 0.08%) in FY 2014/15 and FY 2015/16 respectively.

4.8. Level of Disaggregation

We **recommend** to the MSG that the Reporting Templates and the data are submitted:

- by forestry company;
- by Government Agency; or SEE for each company selected in the reconciliation scope; and
- by tax and by type of payment flows as detailed in the Reporting Template.

For each payment flow reported, companies and Government Agencies should produce details by receipt payment, by date and by beneficiary.

The companies will also be requested to provide:

- information on their beneficial ownership; and
- the audited financial statements for FYs 2014/15 and 2015/16.

All data and the level of detail that would be required as part of the reconciliation period are presented in Annex 15 to this Report.

4.9. Reliability and Certification of Data to be Reported

In order to comply with EITI Requirement 4.9 of the EITI Standard (2016) which seeks to guarantee the credibility of the data submitted by reporting entities, we **recommend** to the MSG the following approach in the preparation of the 2014/15 and 2015/16 MEITI Reports:

4.4.1. Forestry companies

The Reporting Templates submitted by forestry companies selected in the reconciliation scope should be:

- signed by a person authorised to represent the extractive company (Chief Financial Officer or Chief Executive Officer/Director); and
- supported by detail of payments reported.

Forestry companies are also requested to provide a copy of the audit report of their financial statements, so that a review could be undertaken of the assurance procedures applied to them, e.g. use of international auditing standards.

4.4.2. Government Agencies

The Reporting Templates submitted by Government Agencies included in the reconciliation scope must be:

- signed by a person authorised to represent the Government Agency;
- accompanied by detail of payments reported; and
- certified by the Office of the Auditor General of the Union.

4.10. Other Considerations

4.10.1. Revenue levied on Hardwood in State/Region Funds

We understood that some payments levied on hardwood were paid to state/region funds during FYs 2014/15 and 2015/16 detailed as follows:

Payments made to	FY 2014/15		FY 2015/16	
	MMK million	%	MMK million	%
Union Fund	249,641	99.91%	328,852	99.84%
State/Region Funds	228	0.09%	517	0.16%
Total	249,869	100.00%	329,369	100.00%

Since those payments were not material, we **recommend** considering them in the EITI Reports through unilateral disclosure.

These payments are detailed by state/region in Annex 11 to this Report.

4.10.2. Companies operating in both forestry and non-forestry activities

During the scoping phase we have identified some forestry companies making material payments to the IRD despite their relatively low volume of production.

We understood that those companies are operating in both forestry and non-forestry activities, thus their payments are not fully extractive.

MTE has not yet provided with the full list of companies operating in both forestry and non-forestry activities, but we understood already that Golden Flower is an example of these companies.

The MSG has decided to include these payments in the reconciliation scope.

4.10.3. Procedures for the management and protection of the collected data

In order to protect the confidentiality of the data collected from the reporting entities, we **recommend** to the MSG to apply the following measures:

- only the data required by the EITI Standard, ToR and reconciliation exercise will be requested. Any irrelevant information inadvertently communicated will be deleted and/or destroyed by the IA;
- data collected by the IA is processed on password-protected laptops and e-mail communications are performed via secure messaging servers;
- reporting entities will be requested to address the completed reporting template and any information considered sensitive or confidential directly to the IA's generic email address: meiti.forestry@moorestephens.com
- all requests for additional information from Government Agencies or extractive companies for the reconciliation purposes are processed in accordance with the above protocol.

4.10.4. Sub-national payments

Based on the information collected and interviews held with Government focal points no revenue stream was paid by forestry companies directly to subnational Government Agencies (EITI Requirement 4.6).

As a result, sub-national payments are not applicable in the context of forestry sector in Myanmar.

4.10.5. Sub-national transfers

We understand that 5% of commercial taxes are transferred to the regional states.

We understand that dividends received by FD from FPJVC are transferred annually to the Government Budget (the Union Fund).

Accordingly, we **recommend** to the MSG to reconcile these sub-national transfers (EITI Requirement 5.2).

4.10.6. Social expenditures

Based on the information collected and meetings held with Government focal points no social expenditure was made by forestry companies (EITI Requirement 6.1).

As a result, social expenditure is not applicable in the context of the forestry sector in Myanmar.

4.10.7. Infrastructure provisions and barter arrangements

Based on the information collected and meetings held with Government focal points, no infrastructure provisions and barter arrangements (including loans, grants and infrastructure works) took place or were ongoing during FYs 2014/15 and 2015/16 (EITI Requirement 4.3).

As a result, infrastructure provisions and barter arrangements are not applicable in the context of the forestry sector in Myanmar.

4.10.8. Quasi fiscal expenditures

Quasi-fiscal expenditure includes arrangements whereby SEE(s) undertake public social expenditure such as payments for social services, public infrastructure, fuel subsidies and national debt servicing, etc. outside of the national budgetary process (EITI Requirement 6.2).

We **recommend** to the MSG that MTE discloses unilaterally any quasi fiscal expenditure made during FYs 2014/15 and 2015/16 despite the fact no such expenditures appear as per its Consolidated Income Statement.

5. RECOMMENDATIONS

5.1. Timber Trade and Traceability

The complexity and lack of transparency relating to the transfer of logs from harvest sites to the export site is considered to be a challenge for the Myanmar forestry sector. Although a log tracking system is in place, the actual log transport and ownership transfers are complex and involve multiple transactions where the risks for human errors and corrupt practices can take place. Additionally, the current data collection system does not provide sufficient details of the origin of the wood. The current log tracking and reporting system does not separate timber from sustainably managed natural forests and tree plantations properly. The system is unable to distinguish between the timber flows and as a result confiscated timber and timber originating from illegal conversion of forest lands could easily be mixed with timber from sustainably managed natural forests.

We therefore **recommend**, that the efforts towards improved chain-of-custody, data collection and reporting systems are strengthened. This includes investments in modern log-tracking systems and as well as capacity building of relevant FD staff.

Over the past decade, several major timber product consumer regions and countries have put into place new regulations aimed at curtailing the import of illegally sourced wood products (e.g. the Lacey Act in the US, EU Timber Regulation (EUTR), the Australian Illegal Logging Prohibition Act). Illegal logging, as defined in these three regulations, is the harvesting of timber in contravention of the laws and regulations of the country of harvest. The main requirements of these regulations can be summarised as follows:

- illegal timber should not be placed on the market; and
- due diligence is required, including calls for importers to:
 - provide access to information about the origin and legality of the material;
 - conduct risk assessment that timber originates from illegal sources; and
 - mitigate any significant risks.¹

These new regulations have changed the timber markets, providing challenges to timber exporting countries such as Myanmar.²

In order to remain abreast of developments in the international timber markets and to ensure market access for the export industry, we **recommend** that the Government of Myanmar adopts these new regulations. Some initiatives already exist to ensure compliance with the relevant standards (e.g. the development of Myanmar's Timber Legality Assurance System, MTLAS), but more effort is still required to the practical implementation of the standards (i.e. capacity building and reporting systems).

5.2. Regulatory Framework and Law Enforcement

5.2.1. Forest Law

In paper, the current legislation and regulations for harvesting and transportation of forest products seem to form a relatively solid framework for the sustainable utilisation of Myanmar's forest resources. However, in practice it has been acknowledged that the framework governing forest resources appears inadequate to fully ensure legal and sustainable forest management. Therefore, the Forestry Law is currently being revised. It is important to ensure that the new law is in line with international best practices and promotes all aspects of sustainable forest management.

¹ Tackling Timber Regulations: A Guide for Myanmar, Forest Trends, 2013.

² <http://www.flegt.org/news/content/viewItem/swedish-court-rules-myanmar-timber-documentation-inadequate-for-eu-importers/15-11-2016/57>

To ensure this, we **recommend** that the Government of the Union of Myanmar (GOUM) follow an international consultation process in the law's revision which involves international and non-governmental organisations as well as the private sector including EITI MSG Members.

This process may comprise the following stages:

- setting the agenda;
- planning the revision project;
- publishing a discussion paper;
- publishing an exposure draft; and
- publishing the final new law.

5.2.2. Law enforcement

Forest Law enforcement in Myanmar is weak. FD is continuously making efforts to improve law enforcement and fight illegal timber trade, but its resources are extremely limited. Although the theoretical framework for sustained yield forest management exists, the policies, laws and rules do not appear to be followed in practice. FD does not have a presence in many areas where illicit timber trafficking occurs (especially along the border with China¹), and there is a general lack of resources to investigate possible crimes. This allows organised crime, as well as low/mid-level players, to continue trafficking timber with minimal fear of prosecution.

We **recommend** that the Government of Myanmar allocates more resources to FD and focuses on building its institutional capacity to improve forest law compliance. Guidance for this can be found, for example, from the FAO, which has gathered best practices to improve legal compliance in the forestry sector, based on the experiences of countries in Asia, Latin America and Africa, and supports countries in the efforts through the FAO-EU FLEGT Programme.

5.3. Reliability of the Data Reported

In accordance with EITI Requirement 4.9, the reliability of data is one of the critical points for assessing a country's transparency and therefore compliance process.

The Office of the Auditor General does not publish any reports relating to audits carried out on Government Agencies. We requested audit reports from OAG for the Government Agencies involved in the forestry sector. However, we were informed that these documents are not available to the public and could not therefore be shared with us.

With the view to ensuring the reliability of financial information relating to the forestry sector in accordance with international standards, we **recommend** that OAG reports are made publicly available. This would at the same time raise awareness of the citizens of importance of the forestry sector in Myanmar.

5.4. Budget Comprehensiveness and Transparency

The EITI standard stipulates that the EITI Report should indicate which extractive industry revenues, are recorded in the national budget and whether these include cash or in-kind payments. When revenues are not recorded in the national budget, the allocation of these revenues must be explained (EITI Requirement 5.1).

The Union's budget for FY 2015/16 does not give a breakdown of "other accounts". These 'other accounts' are held by ministries and MTE at the Myanmar Economic Bank (MEB) for the management of their own activities. The functionality and use of these accounts were not made available to us either. Additionally, we were not provided with an explanation on rules and practices

¹ Analysis of the China-Myanmar Timber Trade, Forest Trends, 2014.

governing transfers of funds between MTE and the State, retained earnings, reinvestment and third-party financing.

In order to improve the transparency and comprehensiveness of the budgeting process, we **recommend** that MoPF considers disclosing more information with regards to “other accounts” in the budget.

5.5. Enactment of EITI Reporting Regulations

In Myanmar EITI has been adopted by Presidential Decree n°99/2012 of December 2012 which formally states the Government’s intention and commitment to implement EITI.

However, we understand that the EITI reporting obligations are not covered by any existing law in the country aimed at organising the process of collection. This can lead to delays in submitting EITI reporting templates by some forestry companies and also the lack of contextual information covering the forestry sector in Myanmar.

We **recommend** the strengthening of the legal framework for EITI in Myanmar, by enacting an EITI act that can be harmonised with existing legislations. The EITI act can include provisions relating to:

- reporting obligations for forestry companies and Government Agencies, while specifying the level of disaggregation of the data to be submitted; and
- a time schedule for updating and publishing reporting templates and instructions as well as the selection of the reporting entities to be included within the scope and submission of declarations and completion of the reconciliation exercise.

5.6. Lack of Unique Taxpayer Identification Number

During the scoping phase, we noted that the statements of revenues received from IRD and MCD do not include the Taxpayer Identification Number (TIN) of the companies. The names of some companies have been spelt differently from one Government Agency to another. These differences may be also due to the translation of these statements from Burmese to English.

Moreover, we noted that IRD and MCD do not hold a comprehensive list of the extractive companies neither do they have any specific identification number for the forestry companies.

IRD and MCD identified the revenues based on the list of forestry companies provided by MTE only, which emphasises the risk regarding the comprehensiveness of their statements of revenues.

We **recommend** that all Government Agencies use a unique TIN to record the payments received from the extractive companies. This will require a perpetual and close cooperation among all Government Agencies in order to address the situation of the existing companies.

For the new companies, the TIN should be allocated at the time they are incorporated and their TIN should be communicated to all Government Agencies. Their use should be mandatory for EITI reporting.

5.7. Lack of Distinction Between Forestry and Non-Forestry Revenues

During the scoping phase we have identified some forestry companies making material payments to IRD despite their relatively low volume of production.

We understand that these companies are operating in both forestry and non-forestry activities, thus their payments are not entirely related to the extractive sector.

It is therefore not currently possible for IRD to establish how much of each payment relates to forestry activity and how much relates to non-forestry at the time the payment is made.

When making payments to IRD, companies are highly encouraged to distinguish forestry from non-forestry payments so that the payment can be allocated to the appropriate tax stream.

It is also highly **recommended** that IRD seeks to make amendments to its data recording systems to enable this distinction and include the information about the company activity(ies).

5.8. Reporting System for Employment data

The EITI Standard stipulates that implementing countries must disclose information about employment in the forestry sector in absolute terms and as a percentage of the total employment (EITI Requirement 6.3 (e)).

We note that neither FD nor MTE have a system providing data on the direct impact of employment in the forestry sector. Thus, employment data collected and stated in this report is partial and does not reflect the comprehensive forestry sector contribution to the country's total workforce.

In order to improve the accuracy and accessibility of contextual information, we **recommend** that FD and MTE periodically (at least annually) update their system with data on employment in the forestry sector.

5.9. Accuracy of Production Data

In accordance with the EITI Standard, implementing countries must disclose production data in volume and value (EITI Requirement 3.2).

We note that production data provided by both MTE and FD was in volume only.

Furthermore, we note a significant discrepancy on production data between FD and MTE detailed by product as follows:

FY	Product	FD	MTE	Diff. in tons	Diff. in %
2014/15	Teak	165,926	44,360	121,566	274%
	Hardwood	694,726	627,652	67,074	11%
	Total	860,652	672,012	188,640	28%
2015/16	Teak	108,759	60,052	48,707	81%
	Hardwood	743,223	619,742	123,481	20%
	Total	851,982	679,794	172,188	25%

Neither FD nor MTE have been able to explain this discrepancy to date.

We **recommend** that FD and MTE set up their own mechanisms, processes and procedures to collect and control production data.

It is also **recommended** that FD and MTE carry out periodic reconciliations of the production volumes declared by the forestry companies with the measurements of the agency for each reporting year. These reconciliations should be done at least quarterly and any significant discrepancies should be fully investigated and reported to the EITI Secretariat.

5.10. Accuracy of Exports Data

In accordance with the EITI Standard, implementing countries must disclose information about exports from the forestry sector in absolute terms and as a percentage of total exports (EITI Requirement 6.3 (c)).

We note a significant discrepancy on export data reported by FD when compared with that of MOC, detailed as follows:

FY	Product	FD	MOC	Diff. in US\$ m	Diff. in %
2014/15	Wood	99.52	23.67	75.85	321%
2015/16	Wood	203.62	15.14	188.48	1245%

MOC has not been able to explain this discrepancy to date.

We **recommend** that FD and MOC set up their own mechanisms, processes and procedures to collect and control exports data.

It is also **recommended** that FD and MOC carry out periodic reconciliations of the export volumes declared by forestry companies with the data reported by each agency. These reconciliations should be done at least quarterly and any significant discrepancies should be fully investigated and reported to the EITI Secretariat.

5.11. Award of contracts

The information we received from MTE regarding the licensing process for timber does not disclose clearly the technical and financial criteria used to evaluate the license application.

Even though MTE follows an internal instruction for selecting sub-contractors for timber extraction, we note that this instruction has not been updated for approximately 60 years.

Permits have been awarded to sub-contractors based mainly on their production capacities and experience without clear technical and financial criteria.

Although, MTE no longer uses sub-contractors for timber extraction, it nevertheless uses external providers for equipment, elephants and transportation.

We **recommend** that these contracts are awarded in an open and competitive process. The evaluation of the bidders should be based on clear technical and financial criteria. MTE must disclose the identity of all the candidates and should investigate and record the beneficial owners of the licenses.

5.12. Unclear NTFP Licencing Process

The information we received from FD regarding the licensing process for non-timber forest products (NTFP) does not disclose clearly the technical and financial criteria used to evaluate the license application.

Even though FD follows an internal procedure for private plantations (rubber, palm oil and industrial raw materials), we note that this procedure is inadequately detailed to enable proper performance monitoring and assessment of outcomes of the sector.

We **recommend** that these rights are awarded in the form of an open and competitive process. The evaluation of the bidders should be based on clear technical and financial criteria. FD must disclose the identity of all candidates and should investigate and record the beneficial owners of the licenses.

5.13. Completeness of the Data Reported on License Register

The EITI Standard requires implementing countries to maintain a publicly available register or cadastral system including comprehensive information regarding each of the licenses relating to companies covered in the EITI Report (EITI Requirement 2.3-b).

This register should cover the following information:

- i. license holder(s);
- ii. coordinates of the license area;
- iii. date of application, date of award and duration of the license; and

iv. in the case of production licenses, the commodity being produced.

We note that license register does not include information about the application date, award date, duration and coordinates of the licensed area.

We **recommend** that MTE and FD systematically update these data in the register and that the register is made accessible to the public via their websites.

5.14. Resource Revenue Sharing System for Forestry Revenues

Forestry revenues are generated in nearly every state and region in Myanmar and mainly in the Sagaing Region, Shan State, Bago Region, Tanintharyi Region, Magway Region, Ayeyarwady Region, Kayah State and Chin State.

In these areas and others, forestry activities have significantly impacted livelihoods of local inhabitants as well as the environment.

Even though there are some payments made to these Region/State funds, the largest share is deposited in the Union Fund.

Given that local communities are the ones directly affected by forestry activities, we **recommend** that the Government should consider setting up a special fund arising from revenues earned from forestry companies or revenue sharing mechanisms so that these may be allocated towards projects that would contribute to:

- the rehabilitation and development of communities impacted by extractive operations;
- mitigate or prevent violent conflicts;
- respond to local claims for benefits, based on ideas of local ownership; and
- promote regional income equality between resource and non-resource rich regions.

For better transparency and efficiency, the revenue sharing system would require stakeholder consensus on any revenue sharing formula.

5.15. Governance of MTE

We understand that MTE has to change and restructure to become a business enterprise. This will avoid conflicts of interests, improve its governance and will lead to better and longer-term regulations in the forestry sector.

We **recommend** that this restructuring is completed as soon as possible. It is also recommended that MTE publishes regular statistical reports including key financial indicators including revenues collected, profit margins, cash flow from forestry activities, gross investment, as well as transfers to the Government.

ANNEXES

Annex 1: Detail of Production during FY 2014/15

Name	Contract No.	Area	Region/State	Teak (Tons)	Hardwood (Tons)
Asia Ability	46/AD-AE/2014-2015	Mawlaik (West)	Sagaing Region		1,149
Ayar Ahar Mann	36/MP/2014-2015	Myeik	Tanintharyi Region		2,459
Century Dragon	56/AD-AE/2014-2015	Kawlin	Sagaing Region		2,000
Chin Su (Myanmar)	64/AD-AE/2014-2015	Mawlaik (East)	Sagaing Region		7,624
Daw Than Htay	33/AD-AE/2014-2015	Momeik	Shan State		7,565
East Than Lwin	19/MP/2014-2015	Loikaw	Kayah State		431
FJVC	90/AD-AE/2014-2015	Katha (West)	Sagaing Region	1,011	
FJVC	60/AD-AE/2014-2015	Kawlin	Sagaing Region		7,319
FJVC	65/AD-AE/2014-2015	Mawlaik (East)	Sagaing Region	1,504	15,000
FJVC	54/AD-AE/2014-2015	Taungoo (North)	Bago Region	420	1,367
Global Star	71/AD-AE/2014-2015	Mawlaik (East)	Sagaing Region		14,705
Gloden One Star	47/AD-AE/2014-2015	Mawlaik (West)	Sagaing Region	300	1,000
Golden Flower	37/MP/2014-2015	Myeik	Tanintharyi Region		960
Great Apex	45/AD-AE/2014-2015	Mawlaik (West)	Sagaing Region	244	2,547
Green Hard Wood	69/AD-AE/2014-2015	Katha (West)	Sagaing Region		2,002
Green Hard Wood	29/AD-AE/2014-2015	Kawlin	Sagaing Region		6,027
Hlaing Kyaw Oo	8/Army group/2013-14	Loi-Lem	Shan State		2,308
Htay Family	91/AD-AE/2014-2015	Katha (West)	Sagaing Region		2,762
Htee Pwint Kan	38/MP/2014-2015	Loikaw	Kayah State	190	637
Htoo	40/AD-AE/2014-2015	Taungoo (South)	Bago Region		1,250
Kaung Myat	41/MP/2014-2015	Dawei	Tanintharyi Region		923
Kaung Myat	93/AD-AE/2014-2015	Katha (West)	Sagaing Region		2,250
Kaung Myat	57/AD-AE/2014-2015	Kawlin	Sagaing Region		2,002
Kaung Myat	81/AD-AE/2014-2015	Myeik	Tanintharyi Region		1,013
Khaing Thit	17/MP/2014-2015	Loikaw	Kayah State		419
Lucre Wood	63/AD-AE/2014-2015	Mawlaik (East)	Sagaing Region		10,000
Ma Naw Phyu	14/AD-AE/2014-2015	Gangaw	Magway Region	468	
Ma Naw Phyu	31/AD-AE/2013-2014	Kalay	Sagaing Region		26
Ma Naw Phyu	79/AD-AE/2014-2015	Kawlin	Sagaing Region		2,984
May Thu Htike	20/MP/2014-2015	Loikaw	Kayah State		144
Moementun	25/AD-AE/2014-2015	Homalin	Sagaing Region		20,012
Moementun	72/AD-AE/2014-2015	Mawlaik (East)	Sagaing Region		15,001
MRT	26/AD-AE/2014-2015	Homalin	Sagaing Region		22,359
MRT	101/MP/2014-2015	Loikaw	Kayah State	888	
MRT	21/MP/2013-2014	Myeik	Tanintharyi Region		3,191
MTE	na	Nay Pyi Taw (North)	Naypyidaw Union Territory		3,088
MTE	na	Nay Pyi Taw (South)	Naypyidaw Union Territory	200	4,818
MTE	na	Myintkyina	Kachin State	603	3,676
MTE	na	Bamaw	Kachin State		6,815
MTE	na	Kalay	Chin State	2,331	5,023
MTE	na	Homalin	Sagaing Region		7,016
MTE	na	Mawlaik (East)	Sagaing Region	1,102	16,613
MTE	na	Mawlaik (West)	Sagaing Region	2,540	9,410
MTE	na	Katha (East)	Sagaing Region	1,639	7,188
MTE	na	Katha (West)	Sagaing Region	4,995	6,767
MTE	na	Kawlin	Sagaing Region	3,010	9,326
MTE	na	Shwebo	Sagaing Region	707	3,900
MTE	na	Monywa	Sagaing Region		7,955
MTE	na	Taungoo (North)	Bago Region	708	2,159
MTE	na	Taungoo (South)	Bago Region	1,016	4,006

Name	Contract No.	Area	Region/State	Teak (Tons)	Hardwood (Tons)
MTE	na	Bago (North)	Bago Region	1,347	3,052
MTE	na	Bago (South)	Bago Region		2,477
MTE	na	Sittaung Rft	Bago Region		1,971
MTE	na	Paya	Bago Region		4,505
MTE	na	Zikone	Bago Region	825	2,936
MTE	na	Tharyarwady	Bago Region	306	4,416
MTE	na	Gangaw	Magway Region	2,097	9,672
MTE	na	Taung Dwin Gyi	Magway Region		4,004
MTE	na	Thayet	Magway Region	502	3,536
MTE	na	Minbu	Magway Region		3,390
MTE	na	Thandwei	Rakhine State		3,007
MTE	na	PyinOoLwin	Mandalay Region		7,416
MTE	na	Taunggyi	Shan State	3	4,034
MTE	na	Momeik	Shan State		7,004
MTE	na	Shweli Mabein	Shan State		6,001
MTE	na	Hintada	Ayeyarwady Region		5,768
MTE	na	Pathein (North)	Ayeyarwady Region		7,020
MTE	na	Pathein (South)	Ayeyarwady Region		9,074
MTE	na	Pathein (West)	Ayeyarwady Region		4,061
Mya Htay Kywe Linn	73/MP/2014-2015	Mawlamyine	Mon State		712
Myat Mikhin	53/AD-AE/2014-2015	Taungoo (North)	Bago Region	296	1,374
Myat Noe Thu	78/AD-AE/2014-2015	Katha (West)	Sagaing Region	2,000	6,000
Myat Noe Thu	27/AD-AE/2014-2015	Kawlin	Sagaing Region		25,698
Myat Noe Thu	67/AD-AE/2014-2015	Mawlaik (East)	Sagaing Region		45,000
Myat Noe Thu	6/MP/2014-2015	Myeik	Tanintharyi Region		14,417
Myeik Ply	35/MP/2014-2015	Myeik	Tanintharyi Region		1,365
Nant Thar Phyu	77/AD-AE/2014-2015	Mawlaik (West)	Sagaing Region	366	543
Nature Timber	11/AD-AE/2014-2016	Homalin	Sagaing Region		20,071
Nature Timber	22/MP/2013-2014	Myeik	Tanintharyi Region		870
Nature Timber	99/AD-AE/2014-2015	Nay Pyi Taw (North)	Naypyidaw Union Territory		2,722
Nature Timber	19/AD-AE/2013-2014	Taunggyi	Shan State		6,005
Nay Wun Myat	21/MP/2014-2015	Loikaw	Kayah State	39	156
NTC	95/AD-AE/2014-2015	Sittaung Rft	Sagaing Region	511	3,026
NTC	80/AD-AE/2014-2015	Taungoo (South)	Bago Region	500	2,251
NTC	44/AD-AE/2014-2015	Zigon	Bago Region		3,004
Pacific Timber	102/AD-AE/2014-2015	Kalay	Sagaing Region	994	1,017
Pacific Timber	75/AD-AE/2014-2015	Mawlaik (East)	Sagaing Region	1,001	5,836
Pacific Timber	31/AD-AE/2014-2015	Mawlaik (West)	Sagaing Region	1,342	4,012
Pacific Timber	9/AD-AE/2014-2015	Taung Dwin Gyi	Shan State		2,387
Pann Thi	43/AD-AE/2014-2015	Taungoo (North)	Bago Region	297	1,141
Phyo Si Thu	16/MP/2013-2014	Myeik	Tanintharyi Region		1,561
Poung Long Wood	7/MP/2014-2015	Myeik	Tanintharyi Region		3,750
Pyae Phyo Tun	5/MP/2014-2015	Myeik	Tanintharyi Region		5,491
Regional ADAE	145/Deve;/2013-14	Myeik	Tanintharyi Region		1,317
Shwe Moe Thar	66/AD-AE/2014-2015	Mawlaik (East)	Sagaing Region		4,000
Stark Industries	3/MP/2014-2015	Dawei	Tanintharyi Region		591
Stark Industries	71/MP/2014-2015	Myeik	Tanintharyi Region		246
Sure Co.,	18/MP/2014-2015	Loikaw	Kayah State	200	222
Tah Moe Ngel'	62/AD-AE/2014-2015	Mawlaik (East)	Sagaing Region		4,834
Tin Myint Yee	106/MP/2014-2015	Loi-Lem	Shan State	3,245	598
Tin Myint Yee	58/MP/2014-2015	Taunggyi	Shan State		1,999
Tin Win Tun	61/AD-AE/2014-2015	Homalin	Sagaing Region	1,385	24,549
Tin Win Tun	68/AD-AE/2014-2015	Mawlaik (East)	Sagaing Region		30,000

Name	Contract No.	Area	Region/State	Teak (Tons)	Hardwood (Tons)
Htun Myat Aung	28/AD-AE/2014-2015	Kawlin	Sagaing Region		5,000
U Htay Kyaw	55/AD-AE/2014-2015	Taungoo (North)	Bago Region	343	726
U Kyayaw Minelar Special Part IV	59/ (1)/2014-2015	Loi-Lem	Shan State		839
U Maung Maung Win	164/Deve;/2013-14	Loi-Lem	Shan State		434
U San Shar	138/AD-AE/2013-2014	Kalay	Sagaing Region	53	
U Saw Kabaw Saii	22/MP/2014-2015	Loikaw	Kayah State		63
U Saw Maung Maung	98/AD-AE/2014-2015	Patheingyi (North)	Ayeyarwady Region		2,101
U Saw Toe Toe	16/AD-AE/2014-2015	Momeik	Shan State		1,993
U Soe Lwin	82/MP/2014-2015	Taunggyi	Shan State	1,162	
U Soe Lwin	39/MP/2014-2015	Taunggyi	Shan State		1,998
U Tun Naing	92/AD-AE/2014-2015	Kawlin	Sagaing Region		2,037
U Win Aung	72/MP/2013-2014	Pha-An	Kayin State	19	862
U Ye Htun	52/MP/2014-2015	Mawlamyine	Mon State		3,356
U Ye Htun	24/MP/2014-2015	Pha-An	Kayin State		305
Wa - 2	84/MP/2014-2015	Loi-Lem	Shan State		1,084
Wa - 4	83/MP/2014-2015	Loi-Lem	Shan State		2,279
Win & Win	41/AD-AE/2014-2015	Bago (North)	Bago Region		3,005
Win & Win	42/AD-AE/2014-2015	Sittaung Rft	Sagaing Region		3,015
Win Kunday	9/Army group/2013-14	Loi-Lem	Shan State		522
Win Marlar Aung	35/AD-AE/2013-2014	Gangaw	Magway Region	622	
Win Marlar Aung	30/AD-AE/2014-2015	Mawlaik (West)	Sagaing Region	998	4,500
Wood Industry	8/AD-AE/2014-2015	Bago (South)	Bago Region		999
Wood World	13/AD-AE/2014-2015	Bago (North)	Bago Region		2,006
Wood World	76/AD-AE/2014-2015	Mawlaik (East)	Sagaing Region		7,012
Wood World	85/AD-AE/2014-2015	Patheingyi (West)	Ayeyarwady Region		3,069
Yadana Moe Pyae Tun	34/MP/2014-2015	Myeik	Tanintharyi Region		1,153
Zaw Than Oo	33/MP/2014-2015	Loikaw	Kayah State	31	
Zaw Than Oo	23/MP/2014-2015	Loikaw	Kayah State		1,989
Total				44,360	627,652

Annex 2: Comparison of Hardwood Produced during FY 2014/15 with the AAC

No.	Region/State	Operator	AAC (Tons) (1)	Performance (Tons) (2)	Performance % (2) / (1)	
1	Naypyidaw Union Territory	Sub-total	15,000	10,628	70.85%	
		Naypyidaw (North)	10,000	5,810	58.10%	
		MTE	5,500	3,088	56.15%	
		NTT	4,500	2,722	60.49%	
	Naypyidaw (South)	MTE	5,000	4,818	96.36%	
2	Kachin State	Sub-total	20,001	10,491	52.45%	
		Myintkyinar	MTE	4,000	3,676	91.90%
		Bahmaw	MTE	16,001	6,815	42.59%
3	Kayah State	Sub-total	9,000	4,061	45.12%	
		Nay Wun Myat	600	156	26.00%	
		Htee Pwint Kan	2,200	637	28.95%	
		Sure	600	222	37.00%	
		Zaw Than Oo (MRT)	3,600	1,989	55.25%	
		East Than Lwin	350	431	123.14%	
		May Thu Thike	400	144	36.00%	
		Khaing Thit	450	419	93.11%	
		Saw Kabaw Saii	800	63	7.88%	
4	Kayin State	Sub-total	5,000	1,879	37.58%	
		U Win Aung	1,000	862	86.20%	
		U Ye Tun	3,000	305	10.17%	
		Mya Htay Kywe Linn	1,000	712	71.20%	
5	Chin State	Sub-total	7,000	6,066	86.66%	
		MTE	4,750	5,023	105.75%	
		PTE	1,500	1,017	67.80%	
		Ma Naw Phyu	750	26	3.47%	
6	Sagaing Region	Sub-total	414,500	394,010	95.06%	
		Homalin	98,500	94,007	95.44%	
		MTE	7,000	7,016	100.23%	
		NTT	20,000	20,071	100.36%	
		Momentun	20,000	20,012	100.06%	
		MRT	22,000	22,359	101.63%	
		Tin Win Tun	24,500	24,549	100.20%	
		Tar Moe Ngel Chantha	5,000		0.00%	
		Mawlaik (East)	Sub-total	180,000	175,625	97.57%
		MTE	20,200	16,613	82.24%	
Wood World	7,000	7,012	100.17%			
Momentun	15,000	15,001	100.01%			
Tin Win Tun	30,000	30,000	100.00%			
Global Star	15,000	14,705	98.03%			
FJV	15,000	15,000	100.00%			
Tar Moe Ngel Chantha	5,000	4,834	96.68%			
Lucre Wood	10,000	10,000	100.00%			
Myat Noe Thu	45,000	45,000	100.00%			
Pacific	5,800	5,836	100.62%			
Chi Su Myanmar	8,000	7,624	95.30%			
Shwe Moe Thar	4,000	4,000	100.00%			
Mawlaik (West)	Sub-total	30,000	23,161	77.20%		
MTE	12,000	9,410	78.42%			
GA	2,500	2,547	101.88%			
AA	2,000	1,149	57.45%			
WMLA	4,500	4,500	100.00%			
GOS	1,000	1,000	100.00%			
PTE	4,000	4,012	100.30%			
NTP	4,000	543	13.58%			

No.	Region/State	Operator	AAC (Tons) (1)	Performance (Tons) (2)	Performance % (2) / (1)
	Katha (East)	MTE	10,000	7,188	71.88%
	Katha (West)	Sub-total	20,000	19,781	98.91%
		MTE	7,000	6,767	96.67%
		Green Hard Wood	2,000	2,002	100.10%
		Htay Family	2,750	2,762	100.44%
		Kaung Myat	2,250	2,250	100.00%
		Myat Noe Thu	6,000	6,000	100.00%
	Kawlin	Sub-total	62,000	62,393	100.63%
		MTE	9,000	9,326	103.62%
		MNT	25,500	25,698	100.78%
		TMA	5,000	5,000	100.00%
		GHW	6,000	6,027	100.45%
		KM	2,000	2,002	100.10%
		CD	2,000	2,000	100.00%
		MNP	3,000	2,984	99.47%
		UNT	2,000	2,037	101.85%
		FJV	7,500	7,319	97.59%
	Shwe Bo	MTE	6,000	3,900	65.00%
	Monywa	MTE	8,000	7,955	99.44%
7	Tanintharyi Region	Sub-total	30,000	39,307	131.02%
	Dawei	Sub-total	5,000	1,514	30.28%
		Kaung Myat	2,000	923	46.15%
		Stark Industries	3,000	591	19.70%
	Myeik	Sub-total	25,000	37,793	151.17%
		Regional (AD/AE)	0	1,317	na
		PPT	6,000	5,491	91.52%
		Myeik Ply	2,250	1,365	60.67%
		KM	2,250	1,013	45.02%
		Yadana Moe Pyae Tun	2,920	1,153	39.49%
		Myat Noe Thu	4,610	14,417	312.73%
		Poung Long Wood	3,750	3,750	100.00%
		Ayar Ahar Mann	1,460	2,459	168.42%
		Gloden Flower	1,460	960	65.75%
		MRT	0	3,191	na
		NTT	0	870	na
		SI	0	246	na
		Phyo Sithu	0	1,561	na
		MAE	300	0	0.00%
8	Bago Region	Sub-total	52,500	48,686	92.74%
	Taungoo (North)	Sub-total	7,500	6,767	90.23%
		MTE	2,200	2,159	98.14%
		MMK	1,400	1,374	98.14%
		JV	1,750	1,367	78.11%
		UHK	900	726	80.67%
		PT	1,250	1,141	91.28%
	Taungoo (South)	Sub-total	7,500	7,507	100.09%
		MTE	4,000	4,006	100.15%
		NTC	2,250	2,251	100.04%
		Htoo	1,250	1,250	100.00%
	Bago (North)	Sub-total	8,000	8,073	100.91%
		MTE	3,000	3,052	101.73%
		Win & Win	3,000	3,015	100.50%
		Wood World	2,000	2,006	100.30%
	Bago (South)	Sub-total	4,000	3,476	86.90%
		MTE	3,000	2,477	82.57%
		Wood Industry	1,000	999	99.90%
	Sittaung Rft	Sub-total	8,000	8,002	100.03%
		MTE	2,000	1,971	98.55%

No.	Region/State	Operator	AAC (Tons) (1)	Performance (Tons) (2)	Performance % (2) / (1)
		NTC	3,000	3,026	100.87%
		Win & Win	3,000	3,005	100.17%
	Bago (West)		17,500	14,861	84.92%
		MTE	5,500	4,505	81.91%
		MTE	4,000	2,936	73.40%
		NTC	3,000	3,004	100.13%
	Tharyarwady	MTE	5,000	4,416	88.32%
10	Magway Region	Sub-total	35,000	22,989	65.68%
	Gangaw	Sub-total	15,000	9,672	64.48%
		MTE	9,000	9,672	107.47%
		Pacific	3,500	0	0.00%
		Ma Naw Phyu	1,500	0	0.00%
		U Myot Phyu	1,000	0	0.00%
	Taung Twin Gyi	Sub-total	8,000	6,391	79.89%
		MTE	5,000	4,004	80.08%
		Pacific	3,000	2,387	79.57%
	Thayet	MTE	6,000	3,536	58.93%
	Minbu	MTE	6,000	3,390	56.50%
11	Mon State	Sub-total	7,000	3,356	47.94%
		U Ye Tun	2,000	3,356	167.80%
		Regional	5,000	0	0.00%
12	Rakhine State	MTE	3,000	3,007	100.23%
13	Mandalay Region	MTE	8,000	7,416	92.70%
14	Shan State	Sub-total	40,000	44,663	111.66%
	Taunggyi	Sub-total	15,000	14,036	93.57%
		MTE	4,000	4,034	100.85%
		Tin Myint Yee	2,000	1,999	99.95%
		U Soe Lwin	2,250	1,998	88.80%
		NTT	6,750	6,005	88.96%
	Loi-Lem	Sub-total	1,000	8,064	806.40%
		Tin Myint Yee	1,000	598	59.80%
		"Wa" - 4	0	2,279	na
		"Wa" - 2	0	1,084	na
		Hlaing Kyaw OO	0	2,308	na
		Win Kyday	0	522	na
		U Kyayaw	0	839	na
		U Maung Maung Win	0	434	na
	Momeik	Sub-total	18,000	16,562	92.01%
		MTE	9,000	7,004	77.82%
		Than Than Htay	7,000	7,565	108.07%
		Saw Toe Toe	2,000	1,993	99.65%
	Shweli-Mabain	MTE	6,000	6,001	100.02%
16	Ayeyarwady Region	Sub-total	32,000	31,093	97.17%
	Hinthada	MTE	6,000	5,768	96.13%
	Pathein (North)	Sub-total	9,000	9,121	101.34%
		MTE	5,000	7,020	140.40%
		Saw Maung Maung	2,000	2,101	105.05%
		U Kyaw Ohn	2,000	0	0.00%
	Pathein (South)	MTE	10,000	9,074	90.74%
	Pathein (West)	Sub-total	7,000	7,130	101.86%
		MTE	4,000	4,061	101.53%
		Wood World	3,000	3,069	102.30%
	Total		678,001	627,652	92.57%

Annex 3: Comparison of teak produced during FY 2014/15 with the AAC

No.	Region/State	Operator	AAC (Tons) (1)	Performance (Tons) (2)	Performance % (2) / (1)
1	Naypyidaw Union Territory	MTE	500	200	40.00%
2	Kachin State	MTE	2,000	603	30.15%
3	Kayah State	Sub-total	5,250	1,348	25.68%
		MRT	4,000	888	22.20%
		Nay Wun Myat	350	39	11.14%
		Htee Pwint Kan	500	190	38.00%
		U Zaw Than Oo	200	31	15.50%
		Sure	200	200	100.00%
4	Kayin State	U Win Aung	1,000	19	1.90%
5	Chin State	Sub-total	3,000	3,378	112.60%
		MTE	2,000	2,331	116.55%
		Pacific	1,000	994	99.40%
		San Shar		53	na
6	Sagaing Region	Sub-total	27,000	24,144	89.42%
	Mawlaik (East)	Sub-total	4,500	3,607	80.16%
		MTE	2,000	1,102	55.10%
		Pacific	1,000	1,001	100.10%
		FJVC	1,500	1,504	100.27%
	Mawlaik (West)	Sub-total	7,000	5,790	82.71%
		MTE	3,000	2,540	84.67%
		Great Apex	300	244	81.33%
		Win Marlar Aung	1,000	998	99.80%
		Golden One Star	500	300	60.00%
		Pacific	1,200	1,342	111.83%
		Nant Thar Phyu	1,000	366	36.60%
	Katha (East)	MTE	2,000	1,639	81.95%
	Katha (West)	Sub-total	8,000	8,006	100.08%
		MTE	5,000	4,995	99.90%
		FJVC	1,000	1,011	101.10%
		Myat Noe Thu	2,000	2,000	100.00%
	Kawlin	MTE	3,000	3,010	100.33%
	Shwe Bo	Sub-total	2,500	2,092	83.68%
		MTE	1,000	707	70.70%
		Homalin	1,500	1,385	92.33%
7	Bago Region	Sub-total	6,500	6,569	101.06%
	Taungoo (North)	Sub-total	2,000	2,064	103.20%
		MTE	700	708	101.14%
		Myat Mi Khin	300	296	98.67%
		FJVC	400	420	105.00%
		U Htay Kyaw	300	343	114.33%
		Pann Thi	300	297	99.00%
	Taungoo (South)	Sub-total	1,500	1,516	101.07%
		MTE	1,000	1,016	101.60%
		NTC	500	500	100.00%
	Bago (North)	Sub-total	1,700	1,858	109.29%
		MTE	1,200	1,347	112.25%
		Sittaung Rft	500	511	102.20%
	Bago (West)	Sub-total	1,300	1,131	87.00%
	Zigon	MTE	1,000	825	82.50%
	Tharyarwady	MTE	300	306	102.00%
8	Magway Region	Sub-total	3,000	3,689	122.97%
	Gangaw	Sub-total	2,500	3,187	127.48%
		MTE	2,000	2,097	104.85%
		Ma Naw Phyu	500	468	93.60%

No.	Region/State	Operator	AAC (Tons) (1)	Performance (Tons) (2)	Performance % (2) / (1)
		Win Marlar Aung		622	na
	Thayet	MTE	500	502	100.40%
9	Shan State		10,000	4,410	44.10%
	Taunggyi		3,000	1,165	38.83%
		MTE	0	3	na
		U Soe Lwin	3,000	1,162	38.73%
	Loi-Lem	Tin Myint Yee	7,000	3,245	46.36%
	Total		58,250	44,360	76.15%

Annex 4: Detail of Production during FY 2015/16

Name	Contract No.	Area	Region/State	Teak (Tons)	Hardwood (Tons)
AD/ AE	78/ AD-AE/ 2015-16	Dawei	Tanintharyi Region		936
Army Group	292/293	Loi-Lem	Shan State		1,406
Asia Abality	16/ AD-AE/ 2015-16	Bahmaw	Kachin State		2,505
Century Dragon	7/ AD-AE/ 2015-16	Homalin	Sagaing Region		8,014
Century Dragon	72/ AD-AE/ 2015-16	Katha (West)	Sagaing Region		1,005
Century Dragon	67/ AD-AE/ 2015-16	Kawlin	Sagaing Region		2,001
Century Dragon	60/ AD-AE/ 2015-16	Mawlaik (West)	Sagaing Region		2,001
Chi Su	64/ AD/ AE/ 2014-15	Mawlaik (East)	Sagaing Region		940
Daw Than Than Htay	51/ AD-AE/ 2015-16	Momeik	Shan State		8,076
East Than Lwin	19/ MP/ 2014-2015	Kayah/Loikaw	Kayah State	301	350
FPJVC	24/ AD-AE/ 2015-16	Katha (West)	Sagaing Region	1,465	3,433
FPJVC	25/ AD-AE/ 2015-16	Kawlin	Sagaing Region		3,000
FPJVC	23/ AD-AE/ 2015-16	Mawlaik (East)	Sagaing Region	1,503	10,000
FPJVC	53/ AD-AE/ 2015-16	Taungoo (South)	Bago Region		1,800
FPJVC	39/ AD-AE/ 2015-16	Zigone	Bago Region		2,000
Global Star	31/ AD-AE/ 2015-16	Mawlaik (East)	Sagaing Region		10,025
Golden Flower	37/ MP/ 2014-2015	Myeik	Tanintharyi Region		500
Golden One Star	30/ AD-AE/ 2015-16	Mawlaik (West)	Sagaing Region		3,018
Great Apex	74/ AD-AE/ 2015-16	Mawlaik (East)	Sagaing Region		2,025
Green Hard Wood	8/ AD-AE/ 2015-16	Homalin	Sagaing Region		8,013
Green Hard Wood	71/ AD-AE/ 2015-16	Katha (West)	Sagaing Region		2,003
Green Hard Wood	66/ AD-AE/ 2015-16	Kawlin	Sagaing Region		3,001
Green Hard Wood	61/ AD-AE/ 2015-16	Mawlaik (East)	Sagaing Region		2,001
Htee Pwint Kan	19/ AD-AE/ 2015-16	Kayah/Loikaw	Kayah State		2,200
Htee Pwint Kan	19/ AD-AE/ 2015-16	Kayah/Loikaw	Kayah State	500	
Kaung Myat	4/ MP/ 2014-2015	Dawei	Tanintharyi Region		898
Kaung Myat	70/ AD-AE/ 2015-16	Homalin	Sagaing Region		2,001
Kaung Myat	55/ AD-AE/ 2015-16	Katha (West)	Sagaing Region		2,005
Kaung Myat	34/ AD-AE/ 2015-16	Myeik	Tanintharyi Region		5,919
Khaing Thit	17/ AD-AE/ 2014-16	Kayah/Loikaw	Kayah State	200	310
Lucer Wood	36/ AD-AE/ 2015-16	Mawlaik (East)	Sagaing Region		10,000
Ma Naw Phyu	75/ AD-AE/ 2015-16	Chin State/ Kalay	Chin State	2,027	
Ma Naw Phyu	49/ AD-AE/ 2015-16	Gangaw	Magway Region	468	802
Ma Naw Phyu	63/ AD-AE/ 2015-16	Kawlin	Sagaing Region		3,002
May Thu Htike	20/ AD-AE/ 2015-16	Kayah/Loikaw	Kayah State	240	400
MRT	33/ AD-AE/ 2015-16	Homalin	Sagaing Region		22,261
MRT	37/ AD-AE/ 2015-16	Kayah/Loikaw	Kayah State	2,613	779
MRT	32/ AD-AE/ 2015-16	Mawlaik (East)	Sagaing Region		4,027
MTE	na	Naypyidaw (North)	Naypyidaw Union Territory		1,247
MTE	na	Naypyidaw (South)	Naypyidaw Union Territory	123	7,038
MTE	na	Myintkyinar	Kachin State	1,159	4,007
MTE	na	Bahmaw	Kachin State	28	5,009
MTE	na	Kalay	Chin State	943	3,883
MTE	na	Homalin	Sagaing Region		7,002
MTE	na	Mawlaik (East)	Sagaing Region	689	23,068
MTE	na	Mawlaik (West)	Sagaing Region	1,280	8,758
MTE	na	Katha (East)	Sagaing Region	2,962	5,034
MTE	na	Katha (West)	Sagaing Region	4,934	6,028
MTE	na	Kawlin	Sagaing Region	3,014	11,270
MTE	na	Shwe Bo	Sagaing Region	826	5,897

Name	Contract No.	Area	Region/State	Teak (Tons)	Hardwood (Tons)
MTE	na	Monywa	Sagaing Region		8,048
MTE	na	Taungoo (North)	Bago Region	506	2,527
MTE	na	Taungoo (South)	Bago Region	800	4,201
MTE	na	Bago (North)	Bago Region	989	5,516
MTE	na	Bago (South)	Bago Region		2,756
MTE	na	Pyay	Bago Region	197	2,163
MTE	na	Zigone	Bago Region	2	1,975
MTE	na	Tharrawadi	Bago Region	196	4,358
MTE	na	Gangaw	Magway Region	1,403	4,710
MTE	na	Taungdwingyi	Magway Region		5,753
MTE	na	Thayet	Magway Region	544	4,942
MTE	na	Minbu	Magway Region		4,515
MTE	na	PinOoLwin	Mandalay Region		9,384
MTE	na	Thandwi	Rakhine State		8,751
MTE	na	Taunggyi	Shan State		5,002
MTE	na	Moemeik	Shan State		6,886
MTE	na	Shweli-Mabain	Shan State		3,027
MTE	na	Hinthada	Ayeyarwady Region		6,019
MTE	na	Pathein (North)	Ayeyarwady Region		5,000
MTE	na	Pathein (South)	Ayeyarwady Region		10,001
Mya Htay Kywe Linn	80/ AD-AE/ 2015-16	Kayin/ Hpa-An	Kayin State		497
Myat Mikin	41/ AD-AE/ 2015-16	Taungoo (North)	Bago Region	151	1,006
Myat Noe Thu	4/ AD-AE/ 2015-16	Katha (West)	Sagaing Region	1,475	9,999
Myat Noe Thu	5/ AD-AE/ 2015-16	Kawlin	Sagaing Region	1,153	20,000
Myat Noe Thu	3/ AD/AE/ 2014-15	Mawlaik (East)	Sagaing Region		52,000
Myat Noe Thu	6/ AD-AE/ 2015-16	Myeik	Tanintharyi Region		7,500
Myeik Ply	35/ MP/ 2014-2015	Myeik	Tanintharyi Region		885
Nant Thar Phyu	77/ AD/AE/ 2014-15	Mawlaik (West)	Sagaing Region	279	366
Nature Timber	11/ AD-AE/ 2015-16	Homalin	Sagaing Region		24,330
Nature Timber	47/ AD-AE/ 2015-16	Mawlaik (East)	Sagaing Region		2,000
Nature Timber	99/ AD-AE/2014-15	Naypyidaw(North)	Naypyidaw Union Territory		1,305
Nature Timber	58/ AD-AE/ 2015-16	PyinOoLwin	Mandalay Region		1,519
Nay Wun Myat	18/ AD-AE/ 2015-16	Kayah/Loikaw	Kayah State	301	100
NTC	45/ AD-AE/ 2015-16	Taungoo (North)	Bago Region	101	2,030
NTC	52/ AD-AE/ 2015-16	Taungoo (South)	Bago Region	400	2,500
NTC	38/ AD-AE/ 2015-16	Zigone	Bago Region		3,005
Pacific	28/ AD-AE/ 2015-16	Gangaw	Magway Region	586	3,785
Pacific	26/ AD-AE/ 2015-16	Mawlaik (East)	Sagaing Region	2,500	24,000
Pacific	27/ AD-AE/ 2015-16	Mawlaik (West)	Sagaing Region	1,437	9,217
Pacific	40/ AD-AE/ 2015-16	Zigone	Bago Region	579	695
Pann Thi	42/ AD-AE/ 2015-16	Taungoo (North)	Bago Region	150	604
Payae Phyo Tun	48/ AD-AE/ 2015-16	Myeik	Tanintharyi Region		6,903
Phuu Pwint Wai Si	76/ AD-AE/ 2015-16	Chin/ Kalay	Chin State		1,007
Shwe Moe Thar	12/ AD-AE/ 2015-16	Mawlaik (East)	Sagaing Region		4,000
SI	3/ MP/ 2014-2015	Dawei	Tanintharyi Region		155
Specal (2)	84/MP/ 2013-2014	Loi-Lem	Shan State		2,567
Specal (4)	28/ MP/ 2013-2014	Loi-Lem	Shan State	2,628	609
Tar Moe NgelChantha	57/ AD-AE/ 2015-16	Homalin	Sagaing Region		3,000
Tar Moe NgelChantha	14/ AD-AE/ 2015-16	Mawlaik (East)	Sagaing Region		2,003
Tin Myint Yee	35/ AD-AE/ 2015-16	Loi-Lem	Shan State	13,678	492
Tin Myint Yee	15/ AD-AE/ 2015-16	Mawlaik (East)	Sagaing Region		3,000
Tin Win Tun	46/ AD-AE/ 2015-16	Homalin	Sagaing Region	1,503	30,057
Tin Win Tun	47/ AD-AE/ 2015-16	Mawlaik (East)	Sagaing Region	1,505	23,540

Name	Contract No.	Area	Region/State	Teak (Tons)	Hardwood (Tons)
Htun Myat Aung	9/ AD-AE/ 2015-16	Homalin	Sagaing Region		8,002
Htun Myat Aung	73/ AD-AE/ 2015-16	Katha (West)	Sagaing Region		1,000
Htun Myat Aung	68/ AD-AE/ 2015-16	Kawlin	Sagaing Region		3,000
Htun Myat Aung	62/ AD-AE/ 2015-16	Mawlaik (East)	Sagaing Region		2,000
U Haty Kyaw	43/ AD-AE/ 2015-16	Taungoo (North)	Bago Region	103	415
U Saw Kabaw Saii	22/ AD-AE/ 2014-15	Kayah/Loikaw	Kayah State	150	611
U Saw Maung Maung	50/ AD-AE/ 2015-16	Pathein (North)	Ayeyarwady Region		2,001
U Saw Toe Toe	56/ AD-AE/ 2015-16	Katha (East)	Sagaing Region		2,182
U Saw Toe Toe	54/ AD-AE/ 2015-16	Momeik	Shan State		2,000
U Soe Lwin	65/ AD-AE/ 2015-16	Taung Gyi	Shan State	120	231
U Tun Naing	69/ AD-AE/ 2015-16	Homalin	Sagaing Region		2,001
U Ye Tun	24/ MP/ 2014-2015	Kayin/ Hpa-An	Kayin State		1,642
U Ye Tun	64/ AD-AE/ 2015-16	Mon/ Mawlamyine	Mon State		1,524
Win & Win	29/ AD-AE/ 2015-16	Bahmaw	Kachin State		4,506
Win Marlar Aung	13/ AD-AE/ 2015-16	Mawlaik (West)	Sagaing Region	1,142	3,300
Wood Industry	17/ AD-AE/ 2015-16	Bago (South)	Bago Region		999
Wood World	10/ AD-AE/ 2015-16	Momeik	Shan State		9,100
Yadana Moe Payae Tun	77/ AD-AE/ 2015-16	Dawei	Tanintharyi Region		150
Yadana Moe Payae Tun	79/ AD-AE/ 2015-16	Myeik	Tanintharyi Region		2,515
Zar Ni Zaw	44/ AD-AE/ 2015-16	Taungoo (North)	Bago Region		503
Zaw Than Oo	21/ AD-AE/ 2015-16	Kayah/Loikaw	Kayah State	199	952
			Total	60,052	619,742

Annex 5: Comparison of Hardwood Produced during FY 2015/16 with the AAC

No.	Region/State	Operator	AAC (Tons) (1)	Performance (Tons) (2)	Performance % (2) / (1)
1	Naypyidaw Union Territory	Sub-Total	7,000	9,590	137.00%
	Naypyidaw (North)	Sub-Total	0	2,552	na
		MTE	0	1,247	na
		NTT	0	1,305	na
	Naypyidaw (South)	Sub-Total	7,000	7,038	100.54%
		MTE	7,000	7,038	100.54%
2	Kachin State	Sub-Total	16,000	16,027	100.17%
	Myintkyinar	Sub-Total	4,000	4,007	100.18%
		MTE	4,000	4,007	100.18%
	Bahmaw	Sub-Total	12,000	12,020	100.17%
		MTE	5,000	5,009	100.18%
		Asia Ability	2,500	2,505	100.20%
		Win & Win	4,500	4,506	100.13%
3	Kayah State	Sub-Total	5,400	5,702	105.59%
		Htee Pwint Kan	2,200	2,200	100.00%
		May Thu Thike	500	400	80.00%
		Nay Wun Myat	800	100	12.50%
		Khaing Thit	0	310	na
		Saw Kabaw Saii	800	611	76.38%
		Zaw Than Oo	600	952	158.67%
		East Than Lwin	500	350	70.00%
		MRT	0	779	na
4	Kayin State	Sub-Total	1,000	2,139	213.90%
		U Ye Tun	0	1,642	na
		Mya Htay Kywe Linn	1,000	497	49.70%
5	Chin State	Sub-Total	5,000	4,890	97.80%
		MTE	4,000	3,883	97.08%
		Phuu Pwint Wai Si	1,000	1,007	100.70%
6	Sagaing Region	Sub-Total	411,500	407,878	99.12%
	Homalin	Sub-Total	110,000	110,679	100.62%
		MTE	7,000	7,002	100.03%
		NTT	24,000	24,330	101.38%
		MRT	22,000	22,261	101.19%
		Green Hard Wood	8,000	8,013	100.16%
		Century Dragon	8,000	8,014	100.18%
		Tun Myat Aung	8,000	8,002	100.03%
		Tar Moe Ngel Chantha	3,000	3,000	100.00%
		TWT	30,000	30,057	100.19%
	Mawlaik (East)	Sub-Total	172,000	176,630	102.69%
		MTE	19,500	23,068	118.30%
		Shwe Moe Thar	4,000	4,000	100.00%
		NTT	2,000	2,000	100.00%
		Tun Myat Aung	2,000	2,000	100.00%
		Century Dragon	2,000	2,001	100.05%
		Green Hard Wood	2,000	2,001	100.05%
		Tar Moe Ngel Chantha	2,000	2,003	100.15%
		Tin Myint Yee	3,000	3,000	100.00%
		Lucre Wood	10,000	10,000	100.00%
		Global Star	10,000	10,025	100.25%
		MRT	4,000	4,027	100.68%
		FJV	10,000	10,000	100.00%
		Great Apex	2,000	2,025	101.25%
		Pacific	24,000	24,000	100.00%

No.	Region/State	Operator	AAC (Tons) (1)	Performance (Tons) (2)	Performance % (2) / (1)
		Myat Noe Thu	52,000	52,000	100.00%
		Chin Su Myanmar	0	940	na
		TWT	23,500	23,540	100.17%
	Mawlaik (West)	Sub-Total	30,000	24,659	82.20%
		MTE	10,500	8,758	83.41%
		GOS	3,500	3,018	86.23%
		PTE	10,000	9,217	92.17%
		NTP	0	366	na
		WMLA	6,000	3,300	55.00%
	Katha (East)	Sub-Total	7,500	7,216	96.21%
		MTE	5,000	5,034	100.68%
		U Saw Toe Toe	2,500	2,182	87.28%
	Katha (West)	Sub-Total	26,000	25,473	97.97%
		MTE	6,000	6,028	100.47%
		KM	2,000	2,005	100.25%
		FJV	4,000	3,433	85.83%
		Myat Noe Thu	10,000	9,999	99.99%
		Tun Myat Aung	1,000	1,000	100.00%
		Green Hard Wood	2,000	2,003	100.15%
		CD	1,000	1,005	100.50%
	Kawlin	Sub-Total	50,000	49,276	98.55%
		MTE	11,000	11,270	102.45%
		CD	2,000	2,001	100.05%
		Ma Naw Phyu	3,000	3,002	100.07%
		TMA	3,000	3,000	100.00%
		UNT	2,000	2,001	100.05%
		KM	2,000	2,001	100.05%
		Green Hard Wood	3,000	3,001	100.03%
		FJV	4,000	3,000	75.00%
		MNT	20,000	20,000	100.00%
	Shwe Bo	MTE	8,000	5,897	73.71%
	Monywa	MTE	8,000	8,048	100.60%
7	Tanintharyi Region	Sub-Total	34,750	26,361	75.86%
	Dawei	Sub-Total	3,500	2,139	61.11%
		Yadana Moe Pyae Tun	2,000	150	7.50%
		AD/AE	0	936	na
		KM	0	898	na
		SI	0	155	na
		Regional	1,500	0	0.00%
	Myeik	Sub-Total	31,250	24,222	77.51%
		Pyae Phyo Thu	10,000	6,903	69.03%
		Myeik Ply	0	885	na
		Kaung Myat	6,750	5,919	87.69%
		Yadana Moe Pyae Tun	2,500	2,515	100.60%
		Gloden Flower	0	500	na
		Myat Noe Thu	12,000	7,500	62.50%
8	Bago Region	Sub-Total	42,500	39,053	91.89%
	Taungoo (North)	Sub-Total	7,000	7,085	101.21%
		MTE	2,500	2,527	101.08%
		MMK	1,000	1,006	100.60%
		PT	600	604	100.67%
		UHK	400	415	103.75%
		NTC	2,000	2,030	101.50%
		Zarni Zaw	500	503	100.60%

No.	Region/State	Operator	AAC (Tons) (1)	Performance (Tons) (2)	Performance % (2) / (1)
	Taungoo (South)	Sub-Total	8,500	8,501	100.01%
		MTE	4,200	4,201	100.02%
		FJV	1,800	1,800	100.00%
		NTC	2,500	2,500	100.00%
	Bago (North)	MTE	5,500	5,516	100.29%
	Bago (South)	Sub-Total	4,000	3,755	93.88%
		MTE	3,000	2,756	91.87%
		Wood Industry	1,000	999	99.90%
	Pyay	MTE	3,000	2,163	72.10%
	Zigone	Sub-Total	9,500	7,675	80.79%
		MTE	3,000	1,975	65.83%
		NTC	3,000	3,005	100.17%
		FJV	2,000	2,000	100.00%
		PTE	1,500	695	46.33%
	Tharyarwady	MTE	5,000	4,358	87.16%
9	Magway Region	Sub-Total	30,000	24,507	81.69%
	Gangaw	Sub-Total	12,000	9,297	77.48%
		MTE	7,000	4,710	67.29%
		Pacific	4,000	3,785	94.63%
		Ma Naw Phyu	1,000	802	80.20%
	Taung Twin Gyi	MTE	6,000	5,753	95.88%
	Thayet	MTE	6,000	4,942	82.37%
	Minbu	MTE	6,000	4,515	75.25%
10	Mandalay Region	Sub-Total	14,000	10,903	77.88%
	PinOoLwin	Sub-Total	14,000	10,903	77.88%
		MTE	11,500	9,384	81.60%
		NTT	2,500	1,519	60.76%
11	Mon State	Sub-Total	7,000	1,524	21.77%
		U Ye Tun	3,000	1,524	50.80%
		Regional	4,000	0	0.00%
12	Rakhine State	MTE	9,000	8,751	97.23%
13	Shan State	Sub-Total	47,000	39,396	83.82%
	Taunggyi	Sub-Total	7,000	5,233	74.76%
		MTE	5,000	5,002	100.04%
		U Soe Lwin	2,000	231	11.55%
	Loi-Lem	Sub-Total	1,000	5,074	507.40%
		Special (4)	0	609	na
		Special (2)	0	2,567	na
		Tin Myint Yee	1,000	492	49.20%
		Army Group	0	1,406	na
	Momeik	Sub-Total	33,000	26,062	78.98%
		MTE	8,000	6,886	86.08%
		Than Than Htay	8,000	8,076	100.95%
		Saw Toe Toe	2,000	2,000	100.00%
		Wood World	15,000	9,100	60.67%
	Shweli-Mabain	MTE	6,000	3,027	50.45%
14	Ayeyarwady Region	Sub-Total	23,000	23,021	100.09%
	Hinthada	MTE	6,000	6,019	100.32%
	Pathein (North)	Sub-Total	7,000	7,001	100.01%
		MTE	5,000	5,000	100.00%
		Saw Maung Maung	2,000	2,001	100.05%
	Pathein (South)	MTE	10,000	10,001	100.01%
	Total		653,150	619,742	94.89%

Annex 6: Comparison of Teak Produced during FY 2015/16 with the AAC

No.	Region/State	Operator	AAC (Tons) (1)	Performance (Tons) (2)	Performance % (2) / (1)
1	Naypyidaw Union Territory	MTE	500	123	24.60%
2	Kachin State	Sub-Total	1,000	1,187	118.70%
	Myintkyinar	MTE	1,000	1,159	115.90%
	Bahmaw	MTE	0	28	na
3	Kayah State	Sub-Total	4,500	4,504	100.09%
		Htee Pwint Kan	400	500	125.00%
		May Thu Htike	200	240	120.00%
		MRT	3,000	2,613	87.10%
		Khaing Thit	0	200	na
		U Saw Kabaw Saii	200	150	75.00%
		Nay Wun Myat	200	301	150.50%
		Zaw Than Oo	200	199	99.50%
		East Than Lwin	300	301	100.33%
4	Chin State	Sub-Total	3,000	2,970	99.00%
		MTE	1,000	943	94.30%
		Ma Naw Phyu	2,000	2,027	101.35%
5	Sagaing Region	Sub-Total	28,500	27,667	97.08%
	Homalin	Tin Win Tun	1,500	1,503	100.20%
	Mawlaik (East)	Sub-Total	6,000	6,197	103.28%
		MTE	500	689	137.80%
		Tin Win Tun	1,500	1,505	100.33%
		FJVC	1,500	1,503	100.20%
		Pacific	2,500	2,500	100.00%
	Mawlaik (West)	Sub-Total	5,000	4,138	82.76%
		MTE	1,500	1,280	85.33%
		Win Marlar Aung	1,500	1,142	76.13%
		Pacific	2,000	1,437	71.85%
		Nant Thar Phyu	0	279	na
	Katha (East)	MTE	3,000	2,962	98.73%
	Katha (West)	Sub-Total	8,000	7,874	98.43%
		MTE	5,000	4,934	98.68%
		FJVC	1,500	1,465	97.67%
		Myat Noe Thu	1,500	1,475	98.33%
	Kawlin	Sub-Total	4,000	4,167	104.18%
		MTE	3,000	3,014	100.47%
		Myat Noe Thu	1,000	1,153	115.30%
	Shwe Bo	MTE	1,000	826	82.60%
6	Bago Region	Sub-Total	4,500	4,174	92.76%
	Taungoo (North)	Sub-Total	1,000	1,011	101.10%
		MTE	500	506	101.20%
		Pann Thi	150	150	100.00%
		U Htay Kyaw	100	103	103.00%
		Myat Mi Khin	150	151	100.67%
		NTC	100	101	101.00%
	Taungoo (South)	Sub-Total	1,200	1,200	100.00%
		MTE	800	800	100.00%
		NTC	400	400	100.00%
	Bago (North)	MTE	1,000	989	98.90%
	Pyay	MTE	200	197	98.50%
	Zigon	Sub-Total	800	581	72.63%
		MTE	800	2	0.25%
		Pacific	0	579	na
	Tharyarwady	MTE	300	196	65.33%

No.	Region/State	Operator	AAC (Tons) (1)	Performance (Tons) (2)	Performance % (2) / (1)
7	Magway Region	Sub-Total	3,000	3,001	100.03%
	Gangaw	Sub-Total	2,500	2,457	98.28%
		MTE	1,400	1,403	100.21%
		Pacific	600	586	97.67%
		Ma Naw Phyu	500	468	93.60%
	Thayet	MTE	500	544	108.80%
8	Shan State	Sub-Total	8,000	16,426	205.33%
	Taunggyi	U Soe Lwin	0	120	na
	Loi-Lem	Sub-Total	8,000	16,306	203.83%
		Tin Myint Yee	8,000	13,678	170.98%
		Special (4)	0	2,628	na
	Total		53,000	60,052	113.31%

Annex 7: Details of Exports by Product and Destination during FY 2014/15

N°	Country	Teak	Hardwood	Others	Total wood
		Volume CBT	Volume CBT	Volume CBT	Volume CBT
1	India	4,597	2,548	60,728	67,874
2	Singapore	5,370	578	3,072	9,020
3	Thailand	893	1,943	343	3,179
4	China	2,176	575	278	3,029
5	Japan	68	6	1,473	1,547
6	Malaysia	903	84	168	1,155
7	Italy	288			288
8	USA	215			215
9	Sri Lanka	16		142	158
10	Turkey	136			136
11	Belgium	122		11	133
12	Dubai	120			120
13	Vietnam			116	116
14	Israel	109			109
15	Denmark	108			108
16	UAE	100			100
17	Korea	65			65
18	Australia	56	1		57
19	France	52			52
20	Germany	40		5	45
21	Netherlands	43			43
22	Sweden	17			17
23	Lebanon	16			16
24	Mauritius	12			12
25	Brunei	12			12
26	Poland	9			9
27	Phillipines		6		6
28	Canada	1			1
	Total	15,544	5,740	66,336	87,620

Annex 8: Details of Exports by Product and Destination during FY 2015/16

N°	Country	Teak		Hardwood		Other		Total Wood		MFP	Total Value US\$ m	%
		Volume CBT	Value US\$ m	Volume CBT	Value US\$ m	Volume CBT	Value US\$ m	Volume CBT	Value US\$ m	Value US\$ m		
1	India	7,574	25.69	13,432	16.19	121,038	80.64	142,043	123	0.14	122.66	59.67%
2	Singapore	5,188	15.41	718	0.99	4,440	2.88	10,347	19	0.10	19.38	9.43%
3	Thailand	3,736	10.76	1,391	1.63	170	0.29	5,297	13	0.04	12.72	6.19%
4	China	1,232	5.02	1,356	4.71	3,256	1.76	5,845	11	0.01	11.51	5.60%
5	Malaysia	2,482	7.71	81	0.10	539	0.54	3,102	8		8.35	4.06%
6	UAE	1,653	5.64					1,653	6		5.64	2.75%
7	USA	1,342	4.48					1,342	4	0.04	4.52	2.20%
8	Italy	959	3.74					959	4		3.74	1.82%
9	Vietnam	306	2.66					306	3		2.66	1.30%
10	Pakistan	661	1.76	4	0.00			665	2	0.54	2.30	1.12%
11	Germany	515	1.76			15	0.02	531	2	0.04	1.82	0.89%
12	Belgium	338	1.18			15	0.01	353	1	0.04	1.24	0.60%
13	Bangladesh	104	0.30	25	0.04	1,061	0.70	1,190	1		1.04	0.50%
14	Nepal			169	0.33	781	0.63	950	1		0.97	0.47%
15	Japan	143	0.42	4	0.02	518	0.41	665	1	0.02	0.87	0.42%
16	Denmark	217	0.71					217	1		0.71	0.35%
17	France	117	0.46					117	0	0.10	0.56	0.27%
18	Korea	53	0.17			219	0.15	272	0	0.19	0.51	0.25%
19	Taiwan	136	0.39	21	0.08			158	0		0.47	0.23%
20	Israel	117	0.44					117	0		0.44	0.22%
21	Turkey	131	0.44					131	0	0.00	0.44	0.21%
22	Indonesia	142	0.44			0	0.00	142	0		0.44	0.21%
23	Netherland	66	0.25					66	0	0.10	0.35	0.17%
24	Australia	65	0.25					65	0	0.09	0.34	0.16%
25	Srilanka	71	0.23	13	0.01	72	0.06	156	0	0.01	0.31	0.15%
26	UK									0.29	0.29	0.14%
27	Finland	85	0.27					85	0		0.27	0.13%
28	New Zealand	63	0.22					63	0	0.02	0.25	0.12%
29	Croatia	57	0.20					57	0		0.20	0.10%
30	Mauritius	66	0.13			3	0.00	69	0		0.13	0.07%
31	Sweden	29	0.10					29	0		0.10	0.05%
32	Brazil									0.10	0.10	0.05%
33	Colombia	12	0.04	7	0.01	4	0.01	24	0		0.05	0.03%
34	Slovenia	13	0.04					13	0		0.04	0.02%
35	Hongkong									0.04	0.04	0.02%
36	Brunei	12	0.03					12	0		0.03	0.01%
37	Portugal	11	0.03					11	0		0.03	0.01%
38	Lebanon	5	0.02					5	0		0.02	0.01%
39	Uruguay									0.01	0.01	0.01%
40	Switzerland									0.00	0.00	0.00%
41	Seychelles									0.00	0.00	0.00%
Total		27,702	91.41	17,223	24.11	132,131	88.10	177,055	203.62	1.93	205.55	100.00%

Annex 9: SEE's Profit and Loss Statement

Calculation Procedures	
1	Proceeds of sales of goods or of services
2	Production Cost or Cost of Services
3	Gross Profit (+) or Loss (-) (1-2)
4	Administrative Expenditure
5	Sales and Distribution Expenditure
6	Invention and Research Expenditure
7	Export Expenditure
8	Commercial Tax
9	Total Expense (4+5+6+7+8)
10	Profit or Loss {3-9}
11	Other Income
12	Financial Cost and Write off
13	Net Profit (+) / Loss (-) {10+(11-12)}
14	Income Tax {13x25%}
15	State Contribution {13x20%}
16	Total Revenue (1+11)
17	Total Expenditure (2+9+12)
	Operating Ratio (Excluding Interest) (17/16) %

Annex 10: Taxes Collected by Region or States

No.	Tax
1	Land revenue.
2	Excise revenue.
3	Water tax and embankment tax based on dams and reservoirs managed by the Region or State and tax on use of electricity generated by such facilities managed by the Region or State.
4	Toll fees from using roads and bridges managed by the Region or State.
5	(a) Royalty collected on fresh water fisheries. (b) Royalty collected on marine fisheries within the permitted range of territorial water.
6	Taxes collected on vehicles on road transport and vessels on inland waterway transport, in accord with law, in a Region or a State.
7	Proceeds, rent fees and other profits from those properties owned by a Region or a State.
8	Fees, taxes and other revenues collected on services enterprises by a Region or a State.
9	Fines imposed by judicial courts in a Region or a State including Region Taya Hluttaw or State Taya Hluttaw and taxes collected on service provision and other revenues.
10	Interests from disbursed by a Region or State.
11	Profits returned from investment of a Region or State.
12	Taxes collected on extraction of the following items from the forests in a Region or a State: (a) Taxes collected on all other woods except teak and other restricted hard woods; (b) Taxes collected on firewood, charcoal, rattan, bamboo, bird nests, catch, thanetkha, turpentine, eaglewood and honey-based products.
13	Registration fees.
14	Taxes on entrainments.
15	Salt tax.
16	Revenue received from the Union Fund Account.
17	Contributions by development affairs organizations in a Region or State concerned.
18	Unclaimed cash and property.
19	Treasure trove.

Annex 11: Revenues levied on Hardwood in State/Region Funds during FYs 2014/15 and 2015/16

MMK million

No.	State / Region	Revenue for FY 2014/15			Revenue for FY 2015/16		
		MTE	Private	Total	MTE	Private	Total
1	Kachin	0.21	3.07	3.27	19.93	17.07	37.01
2	Kayah		0.19	0.19		0.06	0.06
3	Kayin	0.44	1.66	2.10	0.72	3.17	3.88
4	Chin		0.02	0.02	0.01	4.16	4.17
5	Sagaing		11.08	11.08	0.77	16.00	16.77
6	Tanintharyi	12.22	39.65	51.87	82.96	46.05	129.01
7	Bogo	5.08	25.10	30.18	11.41	50.96	62.37
8	Magway	1.35	12.64	13.99	1.57	17.16	18.73
9	Mandalay	1.10	13.48	14.58	3.72	30.79	34.51
10	Mon	1.55	4.98	6.54	2.25	4.27	6.53
11	Rakhine	3.57	25.29	28.86	4.38	28.03	32.42
12	Yangon		8.08	8.08	0.00	9.77	9.77
13	Shan	6.46	7.73	14.19	8.87	22.94	31.81
14	Ayeyarwady	9.87	33.26	43.13	13.50	116.36	129.86
	Total	41.84	186.22	228.06	150.09	366.81	516.90

Annex 12: Royalties Collected on Timber during FY 2014/15

No.	Region and State	Production				Confiscated Timber				Total	
		Teak		Hardwood		Teak		Hardwood		Ton	000, MMK
		Ton	000, MMK	Ton	000, MMK	Ton	000, MMK	Ton	000, MMK		
1	Kachin			24,535	22,894	3,895	24,376	13,643	91,718	42,073	138,988
2	Kayah	4,988	18,695	2,008	5,614	2,907	11,456	4,224	21,652	14,127	57,417
3	Kayin	22	82	1,915	1,858	4	14			1,941	1,954
4	Chin	8,067	30,309	4,922	6,443	225	1,026	56	819	13,271	38,597
5	Sagaing	75,597	274,914	387,158	378,519	1,049	17,136	3,710	82,070	467,513	752,638
6	Tanintharyi			87,094	80,755			257	4,237	87,352	84,992
7	Bago	25,793	91,318	95,538	138,134	3,713	19,835	322	3,630	125,366	252,917
8	Magway	14,310	49,911	33,711	47,130	287	2,462	261	9,272	48,568	108,776
9	Mandalay	466	303	10,447	12,188	966	5,246	5,748	94,433	17,627	112,169
10	Mon	12	30	6,110	4,444	27	319	88	2,116	6,236	6,909
11	Rakhine	1,984	5,006	1,699	1,593	342	473	114	2,917	4,138	9,989
12	Yangon					42	586	35	1,605	77	2,191
13	Shan	34,209	128,384	15,529	26,832	6,402	28,716	10,952	113,460	67,092	297,392
14	Ayeyarwaddy	17	117	10,801	11,535	14	50	191	3,770	11,022	15,472
15	Naypyitaw	462	1,731	13,259	15,121	1,211	10,123	285	3,515	15,218	30,489
	Total	165,926	600,801	694,726	753,060	21,082	121,817	39,887	435,215	921,622	1,910,892

Annex 13: Royalties Collected on Timber during FY 2015/16

No.	Region and State	Production				Confiscated Timber				Total	
		Teak		Hardwood		Teak		Hardwood		Ton	000, MMK
		Ton	000, MMK	Ton	000, MMK	Ton	000, MMK	Ton	000, MMK		
1	Kachin	1,885	29,159	13,256	26,511	1,794	132,916	6,533	51,424	23,468	240,010
2	Kayah	9,905	123,603	7,028	56,948	326	46,678	24	258	17,284	227,486
3	Kayin			1,443	5,562	24	745	2,540	518,720	4,008	525,026
4	Chin	2,479	9,300	5,384	6,342	740	17,695	585	12,473	9,188	45,810
5	Sagaing	51,535	215,170	535,050	670,078	1,698	165,543	3,273	322,918	591,555	1,373,708
6	Tanintharyi	19	169	28,800	125,230	3	90	376	24,385	29,198	149,874
7	Bago	7,041	29,203	43,942	54,067	2,409	165,342	846	44,954	54,239	293,565
8	Magway	5,750	50,445	32,018	85,863	173	22,936	309	26,158	38,250	185,402
9	Mandalay	197	2,680	15,130	35,430	241	41,830	2,939	128,022	18,507	207,961
10	Mon	4	346	1,466	5,181	32	3,552	42	2,391	1,545	11,470
11	Rakhine	197	2,242	10,021	29,416			62	3,667	10,281	35,324
12	Yangon	0	1			28	3,295			29	3,295
13	Shan	28,965	176,127	37,514	133,955	3,874	69,093	17,915	254,996	88,267	634,170
14	Ayeyarwaddy	116	499	5,383	5,460	24	3,801	18	741	5,542	10,501
15	Naypyitaw	665	3,523	6,787	9,900	479	42,332	632	21,318	8,564	77,074
	Total	108,759	642,465	743,223	1,249,942	11,846	715,844	36,095	1,412,425	899,923	4,020,677

Annex 14: List of Forestry Companies Below the Materiality Threshold

No.	Name	FY 2014-15	FY 2015-16
1	Asia Ability	✓	✓
2	Pyae Phyo Tun	✓	✓
3	NTC	✓	✓
4	Century Dragon	✓	
5	Pann Thi Group Co., Ltd	✓	✓
6	Nay Wun Myat	✓	✓
7	Daw Than Than Htay	✓	✓
8	Htee Pwint Kan	✓	✓
9	Win & Win	✓	✓
10	Wood Industry	✓	✓
11	Zaw Than Oo	✓	✓
12	U Htay Kyaw	✓	✓
13	U Saw Kabaw Saii	✓	✓
14	Win Marlar Aung	✓	✓
15	Nant Thar Phyu	✓	
16	Kaung Myat	✓	
17	Poung Long Wood	✓	
18	Sure Co.,	✓	
19	May Thu Htike	✓	
20	Shwe Moe Thar		✓
21	Mya Htay Kywe Linn		✓
22	Myeik Plywood Co Ltd		✓
Total		19	16

Annex 15: Reporting Templates and Supporting Schedule

We present below the reporting and supporting schedules for the FY 2014/15 that are almost identical to those for the FY 2015/16:

MTE

EITI Payment/Receipt Report

Name of the Entity			
Identification/Registry Number			
Reporting template prepared by		Position	
Email address		Tel.	

Ref.	Type of payment	Amount paid		Comments
		Kyat	US\$	
<i>Ministry of Planning and Finance (MoPF) Internal Revenue Department (IRD)</i>				
		0.00	0.00	
1	Income Tax			
2	Commercial Tax (CT)			
3	Other significant payments (> MMK 20 million)			
<i>Ministry of Natural Resources and Environmental Conservation (MONREC) Forest Department (FD)</i>				
		0.00	0.00	
4	Royalty			
5	Other significant payments (> MMK 20 million)			
<i>Ministry of Planning and Finance (MoPF) Treasury Department (TD)</i>				
		0.00	0.00	
6	State Contribution			
7	Other significant payments (> MMK 20 million)			
<i>Ministry of Planning and Finance (MoPF) Budget Department (BD)</i>				
		0.00	0.00	
8	Other accounts			
9	Other significant payments (> MMK 20 million)			
Total payments		0.00	0.00	

Ref.	Type of Revenue	Amount received		Comments
		Kyat	US\$	
<i>Forest Products Joint Venture Corporation Ltd (FPJVC)</i>				
		0.00	0.00	
10	Dividends			

Management sign-off

I acknowledge for and on behalf of the above Entity's responsibility for the truthful and fair presentation of the attached reporting template in accordance with the reporting

- The information provided in respect of amounts paid/received is complete and has been faithfully extracted from the Entity accounting records;
- All the amounts paid/received are supported by genuine receipts and substantiated by documentary evidence;
- The amounts paid/received exclude payments/income made before 1 April 2014 and payments/income made after 31 March 2015;
- The classification of amounts paid/received on each line is accurate and does not include amounts due to be reported on other lines;
- The amounts paid/received do not include amounts paid/received on behalf of other Entities;
- The amounts paid/received only include amounts paid/received by the Entity; and
- The accounts of the Entity on which the figures are based have been audited and an unqualified audit opinion issued thereon in accordance with International Standards on Auditing

NAME

POSITION

SIGNATURE (sign or tick box)

STAMP

Payments Flow Details

Date	Payment No.	Tax Kind / Type (*)	Description	Amount Kyat	Amount US\$	Comments
			Total	0.00	0.00	

(*) Please insert the reference of the tax for which the detail is being provided. The reference should be the same as mentioned in the column B of sheet 2 "Reporting Template"

Management sign-off

I, undersigned, for and on behalf of the reporting entity confirm that all information provided in the above declaration is accurate and reliable.

NAME

POSITION

SIGNATURE (sign or tick box)

STAMP

Extraction Data

Name of Sub-Contractors	Hardwood		Teak	
	Extraction Volume	Unit	Extraction Volume	Unit

Management sign-off

I, undersigned, for and on behalf of the reporting entity confirm that all information provided in the above declaration is accurate and reliable.

NAME

POSITION

SIGNATURE (sign or tick box)

STAMP

Timber Sales

Name of Buying company	Product typ	Volumes sold		Revenues received (Price)		Market
		Total	Unit	Amount Kyat	Amount US\$	

Management sign-off

I, undersigned, for and on behalf of the reporting entity confirm that all information provided in the above declaration is accurate and reliable.

NAME

POSITION

SIGNATURE (sign or tick box)

STAMP

Quasi-fiscal expenditures

Identity of Beneficiary	Beneficiary Location	Cash Payments		In Kind payments (Projects)		Purpose of payment ("Resettlement" or "Sustainability")
		Amount (Kyat)	Date	Project Description (activities undertaken, beneficiaries, objectives, outcomes ..)	Project cost incurred during 2014-2015	
Total						

**(Attach the copy of the agreement of applicable)*

Management sign-off

I, undersigned, for and on behalf of the reporting entity confirm that all information provided in the above declaration is accurate and reliable.

NAME

POSITION

SIGNATURE (sign or tick box)

STAMP

MTE's sub-contractors

Identification sheet

Full legal name of the company	
Registry number	
Date of the company establishment	
Company's Capital	[Currency Unit]
Contact address (registered office for legal entities)	

Employment 2014/2015	Average number of direct domestic employees	
	Average number of direct foreign employees	
	Average number of direct employees	0

Are you operating in any activity other than Forestry? <Yes/No>

If YES, please state your other business activities

	Revenues generated during FY 2014/2015	[Currency Unit]
From forestry activity (As per your Financial Statements)		
From non-forestry activities (As per your Financial Statements)		
Total	0	

Please state if the 2014/2015 financial statements have been audited. <Yes/No>

Name of the 2014/2015 financial statements Auditor

A scanned copy of the audit report should be submitted along with the reporting templates. If the audit report is publicly available, it is sufficient to include the reference or the link:

Management sign-off

I, undersigned, for and on behalf of the reporting entity confirm that all information provided in the above declaration is accurate and reliable.

NAME

POSITION

SIGNATURE (sign or tick box)

STAMP

EITI Payment/Receipt Report

Name of the Entity (Forestry company)			
Identification/Registry Number			
Reporting template prepared by		Position	
Email address		Tel.	

Ref.	Type of payment	Amount paid		Comments
		Kyat	US\$	
<i>Ministry of Planning and Finance Internal Revenue Department (IRD)</i>		0.00	0.00	
1	Income Tax			
2	Commercial Tax (CT)			
3	Withholding Tax (WHT)			
4	Other significant payments (> MMK 20 million)			
<i>Ministry of Planning and Finance Myanmar Customs department (MCD)</i>		0.00	0.00	
5	Customs Duties			
6	Other significant payments (> MMK 20 million)			
Total payments		0.00	0.00	

Management sign-off

I acknowledge for and on behalf of the above Entity's responsibility for the truthful and fair presentation of the attached reporting template in accordance with the reporting guidelines. Specifically, I confirm the following:

1. The information provided in respect of amounts paid/received is complete and has been faithfully extracted from the Entity accounting records;
2. All the amounts paid/received are supported by genuine receipts and substantiated by documentary evidence;
3. The amounts paid/received exclude payments/income made before 1 April 2014 and payments/income made after 31 March 2015;
4. The classification of amounts paid/received on each line is accurate and does not include amounts due to be reported on other lines;
5. The amounts paid/received do not include amounts paid/received on behalf of other Entities;
6. The amounts paid/received only include amounts paid/received by the Entity; and
7. The accounts of the Entity on which the figures are based have been audited and an unqualified audit opinion issued thereon in accordance with International Standards on Auditing

NAME

POSITION

SIGNATURE (sign or tick box)

STAMP

Payments Flow Details

Date	Payment No.	Tax Kind / Type (*)	Description	Amount Kyat	Amount US\$	Comments
Total				0.00	0.00	

(*) Please insert the reference of the tax for which the detail is being provided. The reference should be the same as mentioned in the column B of sheet 2 "Reporting Template"

Management sign-off

I, undersigned, for and on behalf of the reporting entity confirm that all information provided in the above declaration is accurate and reliable.

NAME

POSITION

SIGNATURE (sign or tick box)

STAMP

Beneficial Ownership Declaration Form

In accordance with the EITI Standard, Requirement 2.5.f.i, "a beneficial owner in respect of a company means the natural person(s) who directly or indirectly ultimately owns or controls the corporate entity". Further to Requirement 2.5.f.ii and in accordance with the decision of the MSG, a beneficial owner is defined as:

A beneficial owner is a natural person(s) who, directly or indirectly, ultimately owns or controls a public or private company or corporate entity. A person is automatically considered to be a beneficial owner if they own or control 5% or more of the public or private company or corporate entity.

- The individual holds, directly or indirectly, 5% and above of the shares in the public or private company or corporate entity.
- The individual holds, directly or indirectly, 5% and above of the voting rights in the public or private company or corporate entity. Voting rights held by the public or private company or corporate entity, itself are disregarded for this purpose.
- The individual holds, directly or indirectly, the voting rights in the public or private company or corporate entity. Voting rights held by the public or private company or corporate entity, itself are disregarded for this purpose.
- The individual holds the right, directly or indirectly, to appoint or remove a majority of the board of directors of the public or private company or corporate entity.
- The individual has the right to exercise, or actually exercises, significant influence or control over the public or private company or corporate entity.

Reference to "ultimately owns or controls" refer to situations in which ownership/control is exercised through a chain of ownership or by means of control other than direct control. This definition should also apply to a beneficiary under a life or other investment."

In accordance with this beneficial ownership definition, as per 31 March 2015 the beneficial owner/s of the company are:

	Entry	Entry	Entry	Entry					
Identity of the Beneficial Owner									
Full name as it appears on national identify card	<text>								
Politically exposed person (PEP) (I)	<Yes/No>								
Applicable from	<YYYY-MM-DD>								
Applicable to	<YYYY-MM-DD>								
Date of Birth	<YYYY-MM-DD>								
National identity number (National Registration Numbers (NRC))	<number>								
Nationality	<text>								
Country of residence	<text>								
Residential address	<text>								
Service address	<text>								
Other means of contact	<text>								
Information about how ownership is held or control over the company is exercised									
By direct shares	<Yes/No>	Number of shares	<number>	% of shares	<number>				
By direct voting rights	<Yes/No>	Number of votes	<number>	% of voting rights	<number>				
By indirect shares	<Yes/No>	Number of indirect shares	<number>	% of indirect shares	<number>	Legal name of intermediate company 1	<text>	Unique identification number	<number>
						Legal name of intermediate company 2 (Add rows as necessary)	<text>	Unique identification number (Add rows as necessary)	<number>
By indirect voting rights	<Yes/No>	Number of indirect votes	<number>	% of indirect voting rights	<number>	Legal name of intermediate company 1	<text>	Unique identification number	<number>
						Legal name of intermediate company 2 (Add rows as necessary)	<text>	Unique identification number (Add rows as necessary)	<number>
By other means	<Yes/No>	Explanation of how ownership is exercised	<text>						
Date when beneficial interest was acquired	<YYYY-MM-DD>								

It is required that fields marked in orange are completed by the company

It is optional that fields marked in green are completed by the company

(I) Domestic PEPs: individuals who are or have been entrusted domestically with prominent public functions, for example, Cabinet Members at Union level & State and regional level, Members of Parliament both Union level and state and regional level, senior government (Deputy Ministers, Permanent secretaries, DGs, DDGs, Directors, Auditor General, Central Bank, etc.), judicial or military officials including Ethnic Armed Organizations' senior leaders and officials, senior executives of state owned corporations, important political party central committee members and key influencers.

Foreign PEPs: individuals who are or have been entrusted with prominent public functions by a foreign country, for example Heads of State or of government, senior politicians, senior government Officials, judicial or military officials, senior executives of state owned corporations, important political party officials and diplomats.

International organization PEPs: persons who are or have been entrusted with a prominent function by an international organization, refers to members of senior management or individuals who have been entrusted with equivalent functions, i.e. directors, deputy directors and members of the board or equivalent functions, International Financial Institution's leaders and senior staffs.

Management sign-off

I acknowledge for and on behalf of the above Entity's responsibility for the truthful and fair presentation of the attached reporting template in accordance with the reporting guidelines.

NAME

POSITION

SIGNATURE (sign or tick box)

STAMP

FPJVC

Identification sheet, Payments Flow Details, Extraction Data, Legal Ownership Declaration Form and Beneficial Ownership Declaration Form

The same templates as other MTE's sub-contractors.

EITI Payment/Receipt Report

Name of the Entity (Forestry company)			
Identification/Registry Number			
Reporting template prepared by		Position	
Email address		Tel.	

Ref.	Type of payment	Amount paid		Comments
		Kyat	US\$	
Ministry of Planning and Finance Internal Revenue Department (IRD)		0.00	0.00	
1	Income Tax			
2	Commercial Tax (CT)			
3	Withholding Tax (WHT)			
4	Other significant payments (> MMK 20 million)			
Ministry of Planning and Finance Myanmar Customs department (MCD)		0.00	0.00	
5	Customs Duties			
6	Other significant payments (> MMK 20 million)			
Myanma Timber Enterprise (MTE)		0.00	0.00	
7	Dividends			
Forest Department (FD)		0.00	0.00	
8	Dividends			
Total payments		0.00	0.00	

Management sign-off

I acknowledge for and on behalf of the above Entity's responsibility for the truthful and fair presentation of the attached reporting template in accordance with the reporting guidelines. Specifically, I confirm the following:

1. The information provided in respect of amounts paid/received is complete and has been faithfully extracted from the Entity accounting records;
2. All the amounts paid/received are supported by genuine receipts and substantiated by documentary evidence;
3. The amounts paid/received exclude payments/income made before 1 April 2014 and payments/income made after 31 March 2015;
4. The classification of amounts paid/received on each line is accurate and does not include amounts due to be reported on other lines;
5. The amounts paid/received do not include amounts paid/received on behalf of other Entities;
6. The amounts paid/received only include amounts paid/received by the Entity; and
7. The accounts of the Entity on which the figures are based have been audited and an unqualified audit opinion issued thereon in accordance with International Standards on Auditing

NAME

POSITION

SIGNATURE (sign or tick box)

STAMP

FD

EITI Receipt Report

Name of the Agency			
Identification/Registry Number			
Reporting template prepared by		Position	
Email address		Tel.	

Ref.	Type of revenue	Amount received		Comments
		Kyat	US\$	
<i>Myanma Timber Enterprise (MTE)</i>		0.00	0.00	
1	Royalty			
2	Other significant payments (> MMK 20 million)			
<i>Forest Products Joint Venture Corporation Ltd. (FPJVC)</i>		0.00	0.00	
3	Dividends			
Total revenues		0.00	0.00	

Management sign-off

I acknowledge for and on behalf of the above Agency's responsibility for the truthful and fair presentation of the attached reporting template in accordance with the reporting guidelines. Specifically, I confirm the following:

1. The information provided in respect of amounts paid/received is complete and has been faithfully extracted from the Entity accounting records;
2. All the amounts paid/received are supported by genuine receipts and substantiated by documentary evidence;
3. The amounts paid/received exclude payments/income made before 1 April 2014 and payments/income made after 31 March 2015;
4. The classification of amounts paid/received on each line is accurate and does not include amounts due to be reported on other lines;
5. The amounts paid/received do not include amounts paid/received on behalf of other Entities;
6. The amounts paid/received only include amounts paid/received by the Entity; and
7. The accounts of the Entity on which the figures are based have been audited and an unqualified audit opinion issued thereon in accordance with International Standards on Auditing

NAME

POSITION

SIGNATURE (sign or tick box)

STAMP

Auditors Certification

The Office of the Auditor General has examined the foregoing Myanmar EITI reporting template of [insert name of SEE/Government Agency] and can confirm the completeness and accuracy of the extraction of the payments data included on the reporting template from the audited accounting records/financial statements of the Entity for the period(s) [state dates] under International Auditing Standards.

Based on this examination, we confirm that the transactions reported therein are in accordance with instructions issued by Myanmar EITI, are complete and are in agreement with the books of account for the respective period.

NAME

POSITION

SIGNATURE (sign or tick box)

STAMP

Receipt Flow Details

The same template as other reporting entities.

IRD

EITI Receipt Report

Name of the Agency		Name of taxpayer	Please use from the list in sheet "3.Reporting Entities"
Identification/Registry Number			
Reporting template prepared by		Position	
Email address		Tel.	

Ref.	Type of Revenue	Amount received		Comments
		Kyat	US\$	
	<i>Myanmar Timber Enterprise (MTE) and its sub-contractors</i>	0.00	0.00	
1	Income Tax			
2	Commercial Tax (CT)			
3	Withholding Tax (WHT)			
4	Other significant payments (> MMK 20 million)			

Management sign-off

I acknowledge for and on behalf of the above Agency's responsibility for the truthful and fair presentation of the attached reporting template in accordance with the reporting guidelines. Specifically, I confirm the following:

1. The information provided in respect of amounts paid/received is complete and has been faithfully extracted from the Entity accounting records;
2. All the amounts paid/received are supported by genuine receipts and substantiated by documentary evidence;
3. The amounts paid/received exclude payments/income made before 1 April 2014 and payments/income made after 31 March 2015;
4. The classification of amounts paid/received on each line is accurate and does not include amounts due to be reported on other lines;
5. The amounts paid/received do not include amounts paid/received on behalf of other Entities;
6. The amounts paid/received only include amounts paid/received by the Entity; and
7. The accounts of the Entity on which the figures are based have been audited and an unqualified audit opinion issued thereon in accordance with International Standards on Auditing

NAME

POSITION

SIGNATURE (sign or tick box)

STAMP

Auditors Certification

The Office of the Auditor General has examined the foregoing Myanmar EITI reporting template of [insert name of SEE/Government Agency] and can confirm the completeness and accuracy of the extraction of the payments data included on the reporting template from the audited accounting records/financial statements of the Entity for the period(s) [state dates] under International Auditing Standards.

Based on this examination, we confirm that the transactions reported therein are in accordance with instructions issued by Myanmar EITI, are complete and are in agreement with the books of account for the respective period.

NAME

POSITION

SIGNATURE (sign or tick box)

STAMP

Receipt Flow Details

The same template as other reporting entities.

MCD

EITI Receipt Report

Name of the Agency		Name of taxpayer	Please use from the list in sheet "3.Reporting Entities"
Identification/Registry Number			
Reporting template prepared by		Position	
Email address		Tel.	

Ref.	Type of Revenue	Amount received		Comments
		Kyat	US\$	
	<i>Myanma Timber Enterprise (MTE) and its sub-contractors</i>	0.00	0.00	
1	Customs Duties			
2	Other significant payments (> MMK 20 million)			

Management sign-off

I acknowledge for and on behalf of the above Agency's responsibility for the truthful and fair presentation of the attached reporting template in accordance with the reporting guidelines. Specifically, I confirm the following:

- The information provided in respect of amounts paid/received is complete and has been faithfully extracted from the Entity accounting records;
- All the amounts paid/received are supported by genuine receipts and substantiated by documentary evidence;
- The amounts paid/received exclude payments/income made before 1 April 2014 and payments/income made after 31 March 2015;
- The classification of amounts paid/received on each line is accurate and does not include amounts due to be reported on other lines;
- The amounts paid/received do not include amounts paid/received on behalf of other Entities;
- The amounts paid/received only include amounts paid/received by the Entity; and
- The accounts of the Entity on which the figures are based have been audited and an unqualified audit opinion issued thereon in accordance with International Standards on Auditing

NAME

POSITION

SIGNATURE (sign or tick box)

STAMP

Auditors Certification

The Office of the Auditor General has examined the foregoing Myanmar EITI reporting template of [insert name of SEE/Government Agency] and can confirm the completeness and accuracy of the extraction of the payments data included on the reporting template from the audited accounting records/financial statements of the Entity for the period(s) [state dates] under International Auditing Standards.

Based on this examination, we confirm that the transactions reported therein are in accordance with instructions issued by Myanmar EITI, are complete and are in agreement with the books of account for the respective period.

NAME

POSITION

SIGNATURE (sign or tick box)

STAMP

Receipt Flow Details

The same template as other reporting entities.

TD

EITI Receipt Report

Name of the Agency			
Identification/Registry Number			
Reporting template prepared by		Position	
Email address		Tel.	

Ref.	Type of Revenue	Amount received		Comments
		Kyat	US\$	
	<i>Myanmar Timber Enterprise (MTE)</i>	0.00	0.00	
1	State Contribution			
2	Other significant payments (> MMK 20 million)			

Management sign-off

I acknowledge for and on behalf of the above Agency's responsibility for the truthful and fair presentation of the attached reporting template in accordance with the reporting guidelines. Specifically, I confirm the following:

1. The information provided in respect of amounts paid/received is complete and has been faithfully extracted from the Entity accounting records;
2. All the amounts paid/received are supported by genuine receipts and substantiated by documentary evidence;
3. The amounts paid/received exclude payments/income made before 1 April 2014 and payments/income made after 31 March 2015;
4. The classification of amounts paid/received on each line is accurate and does not include amounts due to be reported on other lines;
5. The amounts paid/received do not include amounts paid/received on behalf of other Entities;
6. The amounts paid/received only include amounts paid/received by the Entity; and
7. The accounts of the Entity on which the figures are based have been audited and an unqualified audit opinion issued thereon in accordance with International Standards on Auditing

NAME

POSITION

SIGNATURE (sign or tick box)

STAMP

Auditors Certification

The Office of the Auditor General has examined the foregoing Myanmar EITI reporting template of [insert name of SEE/Government Agency] and can confirm the completeness and accuracy of the extraction of the payments data included on the reporting template from the audited accounting records/financial statements of the Entity for the period(s) [state dates] under International Auditing Standards.

Based on this examination, we confirm that the transactions reported therein are in accordance with instructions issued by Myanmar EITI, are complete and are in agreement with the books of account for the respective period.

NAME

POSITION

SIGNATURE (sign or tick box)

STAMP

Receipt Flow Details

The same template as other reporting entities.

BD

EITI Receipt Report

Name of the Agency			
Identification/Registry Number			
Reporting template prepared by			Position
Email address			Tel.

Ref.	Type of Revenue	Amount received		Comments
		Kyat	US\$	
	<i>Myanmar Timber Enterprise (MTE)</i>	0.00	0.00	
1	Other accounts			
2	Other significant payments (> MMK 20 million)			

Management sign-off

I acknowledge for and on behalf of the above Agency's responsibility for the truthful and fair presentation of the attached reporting template in accordance with the reporting guidelines. Specifically, I confirm the following:

1. The information provided in respect of amounts paid/received is complete and has been faithfully extracted from the Entity accounting records;
2. All the amounts paid/received are supported by genuine receipts and substantiated by documentary evidence;
3. The amounts paid/received exclude payments/income made before 1 April 2014 and payments/income made after 31 March 2015;
4. The classification of amounts paid/received on each line is accurate and does not include amounts due to be reported on other lines;
5. The amounts paid/received do not include amounts paid/received on behalf of other Entities;
6. The amounts paid/received only include amounts paid/received by the Entity; and
7. The accounts of the Entity on which the figures are based have been audited and an unqualified audit opinion issued thereon in accordance with International Standards on Auditing

NAME

POSITION

SIGNATURE (sign or tick box)

STAMP

Auditors Certification

The Office of the Auditor General has examined the foregoing Myanmar EITI reporting template of [insert name of SEE/Government Agency] and can confirm the completeness and accuracy of the extraction of the payments data included on the reporting template from the audited accounting records/financial statements of the Entity for the period(s) [state dates] under International Auditing Standards.

Based on this examination, we confirm that the transactions reported therein are in accordance with instructions issued by Myanmar EITI, are complete and are in agreement with the books of account for the respective period.

NAME

POSITION

SIGNATURE (sign or tick box)

STAMP

Receipt Flow Details

The same template as other reporting entities.

Annex 16: Persons Contacted or Involved**Independent Administrator (IA)**

Tim Woodward	Partner - Moore Stephens LLP
Ben Toorabally	Mission Director - Moore Stephens LLP
Radhouane Bouzaiane	Team Leader - Moore Stephens LLP
Hedi Zaghouni	Audit Supervisor - Moore Stephens LLP
Lauri Tamminen	Forestry Expert, Indufor Oy
Cho Cho Toe	Partner, Cho Cho Toe & Associates
Ghazi Khiari	Audit Senior - Moore Stephens LLP
Khin Thandar Kyaw	Senior Auditor, Cho Cho Toe & Associates

National Coordination Secretariat (NCS)

U Soe Win	National Coordinator
U Aung Khine	Deputy National Coordinator
U Htun Paw Oo	Technical Specialist
Phway Phway	Program Manager
Daw Zin Mar Myaing	Program Manager
Daw Tar Yar Maung	Technical Advisor
Aye Chan Wai	Communication Assistant

Budget Department (BD)

Sun Win	Director
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Forest Department (FD)

Nyi Nyi Kyaw	Director General
Kyaw Kyaw Lwin	Deputy Director General
Tin Htun	Director
U Kyaw Zaw	Director
U Tint Swe	Director, Research and Training Division
U Pyo Zin Mon Naing	Assistant Director

Myanmar Timber Enterprise (MTE)

U Saw John Shwe Ba	Managing Director
U Thwin Naing	Deputy General Manager (Finance)
Gyaw Thet Aung	Deputy General Manager (Marketing)

Myanmar Alliance for Transparency and Accountability (MATA)

Su Hlaing Myint	MSG member
Htoo Aung	Program Coordinator (EITI / Communication)

Natural Resource Governance Institute (NRGI)

Maw Htun Aung	Myanmar Country Manager
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