

Who gets Myanmar's oil and gas revenues?

understanding MOGE's "other accounts"



MOGE collects the vast majority
of oil & gas revenues

FY 2013/14

Myanma Oil and Gas Enterprise (MOGE)

- Equity participation
- Sale of state share of profit oil
- Royalties
- Signature bonus

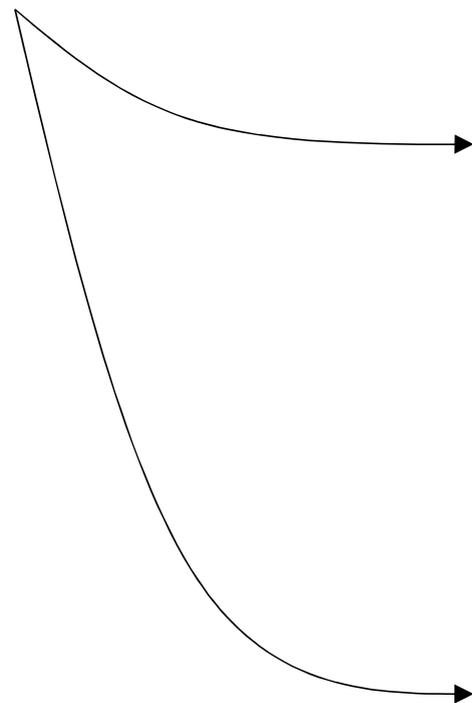
Oil & Gas Revenues

MMK
2,129,972
million

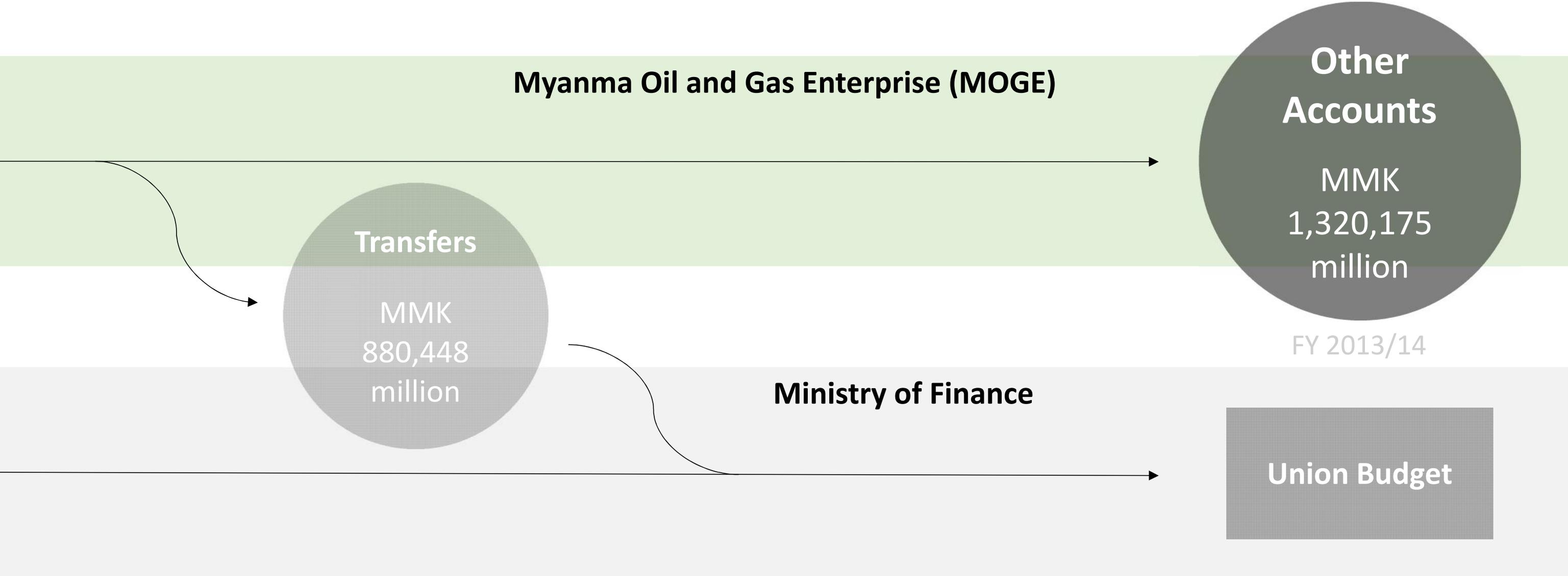
Ministry of Finance

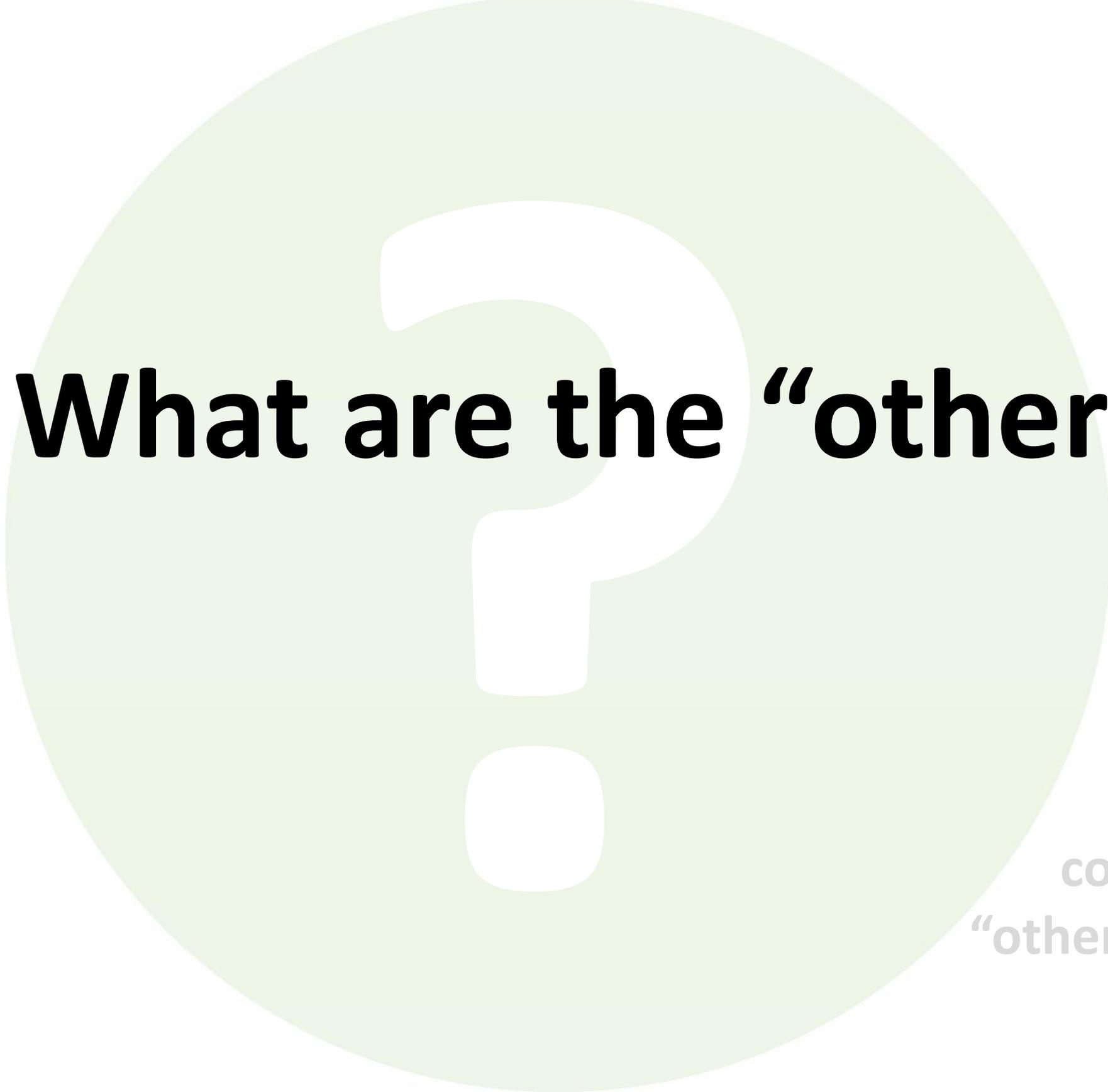
- Income tax
- Commercial tax
- Customs duties
- Other taxes & duties

MMK
433,285
million



In 2013/14, MOGE transferred only MMK 880 million of revenues to the Ministry of Finance the state-owned company retained MMK 1.3 trillion of its revenues in “other accounts”





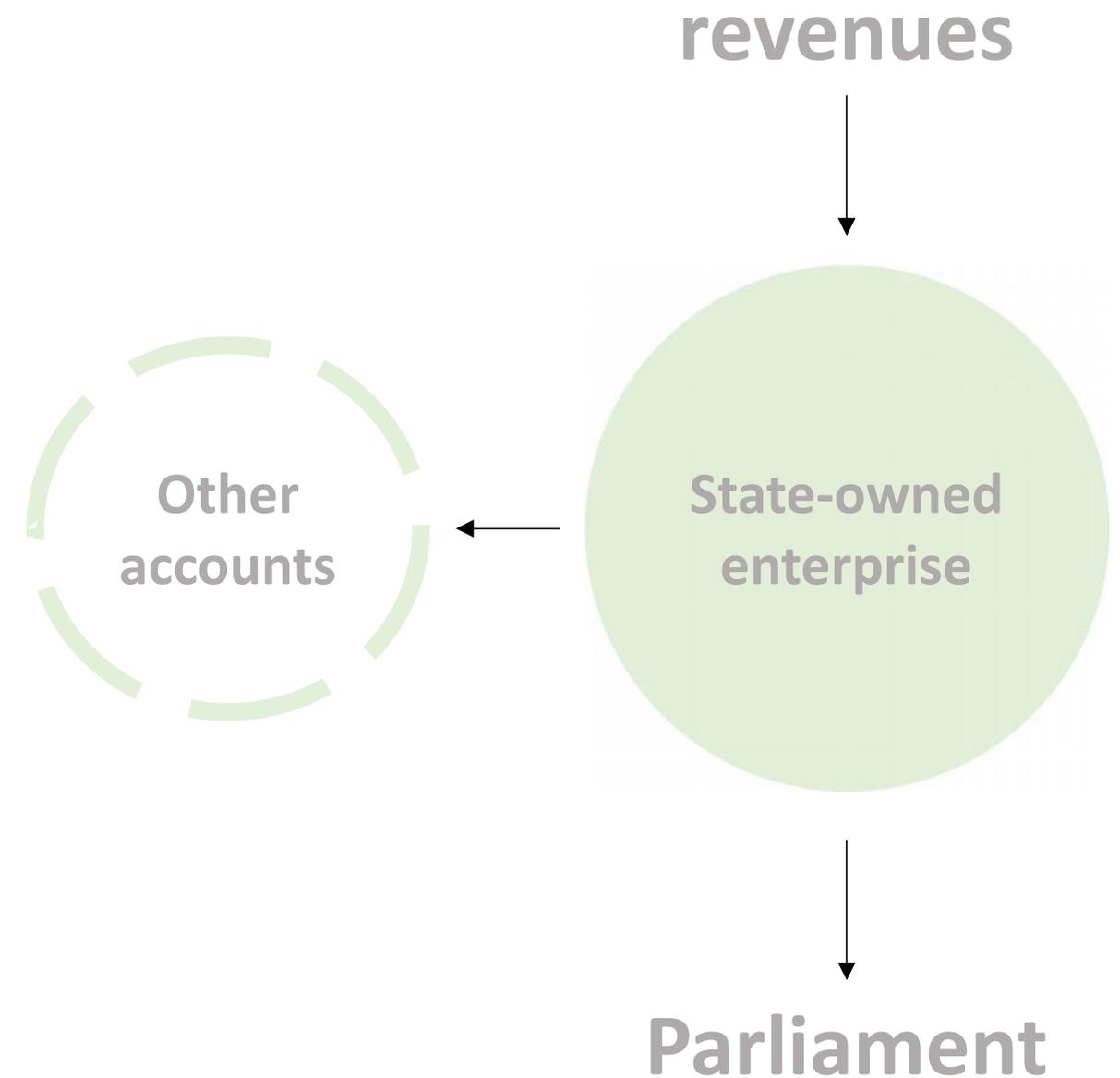
What are the “other accounts”?

Myanmar’s state-owned companies control hundreds of “other accounts,” of which MOGE’s appears to be the largest

“Other accounts” allow state-owned enterprises to keep revenues **off-budget**

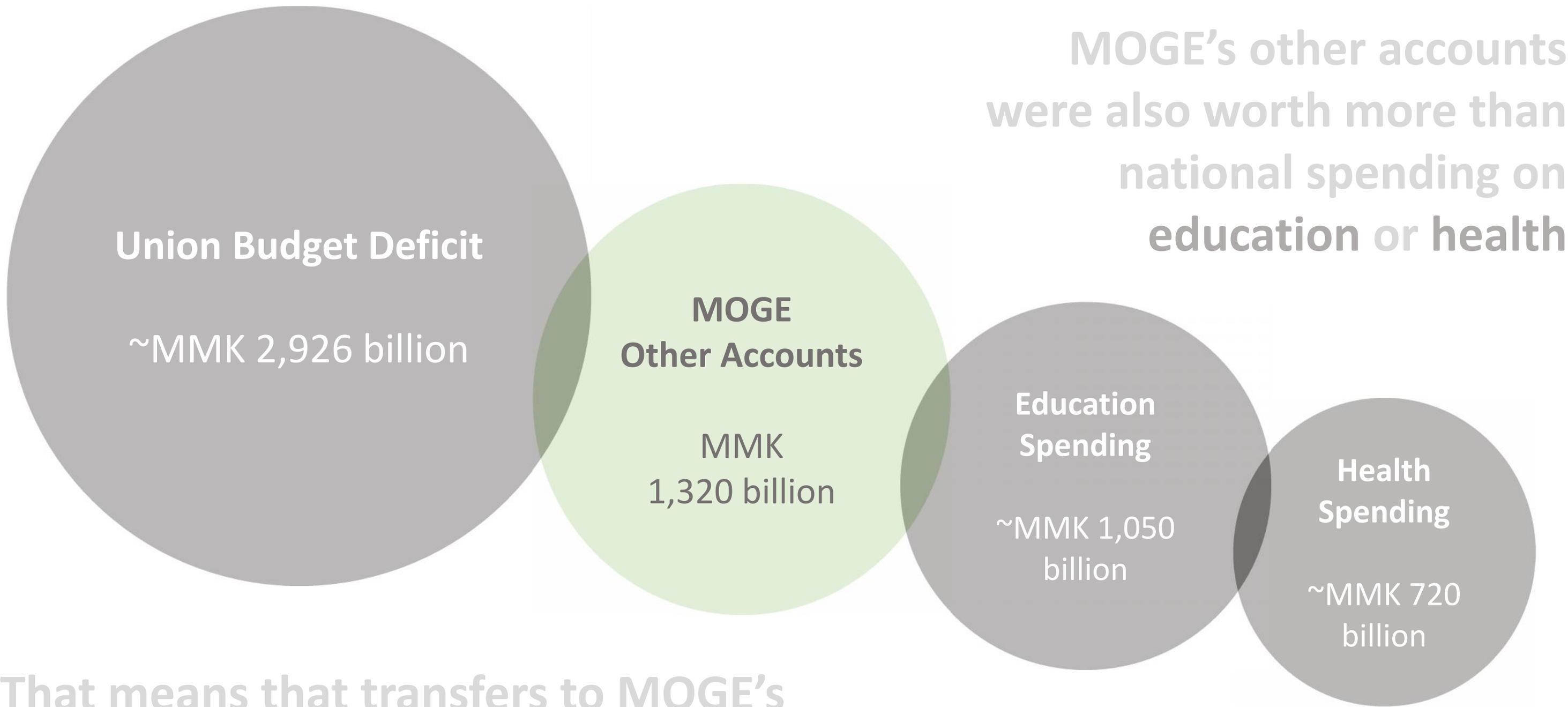
This means that **public money controlled by these companies does not pass through the normal budgeting process**

Currently, the other accounts are not regularly reviewed by **Myanmar’s Parliament**



50%

**of total oil & gas
revenues went to
MOGE's other
accounts in 2013/14**



That means that transfers to MOGE's other accounts were worth **45 percent** of that year's Union budget deficit



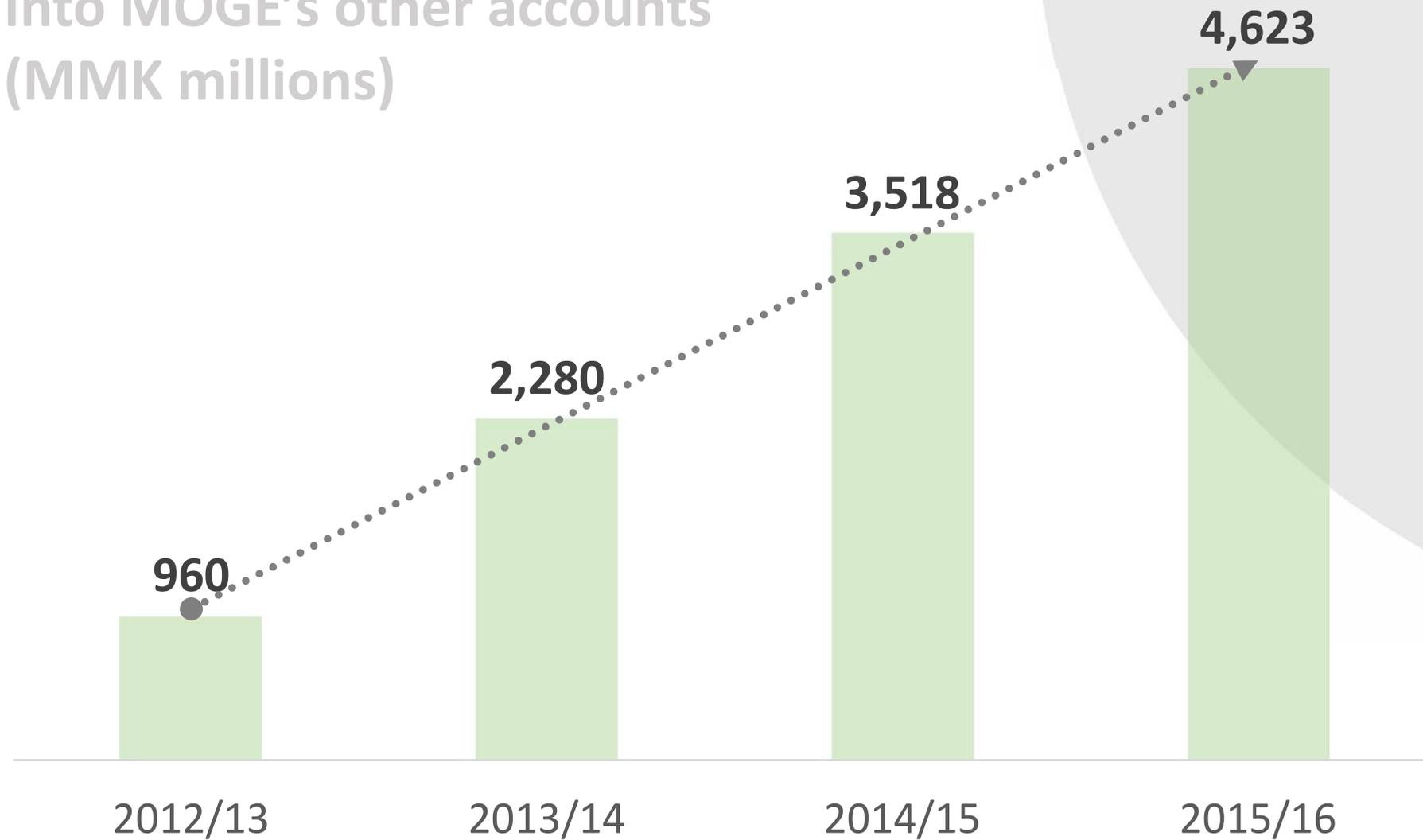
we don't know

how much money

MOGE has accumulated

The Ministry of Energy
does not publish information
on MOGE's other accounts

Cumulative estimated transfers
Into MOGE's other accounts
(MMK millions)



The amount in MOGE's
other accounts could
be as high as

MMK
~4.6 trillion

Where do these numbers come from?

Calculations of petroleum revenues and transfers to MOGE's other accounts in the 2013/14 fiscal year are based on data published in Myanmar's first Extractive Industries Transparency Initiative (EITI) report.

Based on Myanmar's EITI report and 2013/14 Union Budget Law, it is possible to calculate the percentage of total revenues from state-owned enterprises under the Ministry of Energy accruing to MOGE's other accounts. We used this ratio to extrapolate possible amounts transferred into MOGE's other accounts in fiscal years 2012/13, 2014/15, and 2015/16 based on the Union Budget Laws for each year. Adding these figures together, we roughly estimate that the cumulative amount in MOGE's other accounts could be as high as MMK 4.6 trillion.

Our ability to accurately assess the size of MOGE's other accounts is limited by a lack of data on how much money is regularly transferred into the accounts, and how the funds are managed and spent. We welcome additional information from Myanmar's government that will allow us to provide a clearer picture.



we don't know how MOGE's potential

MMK 4.6 trillion

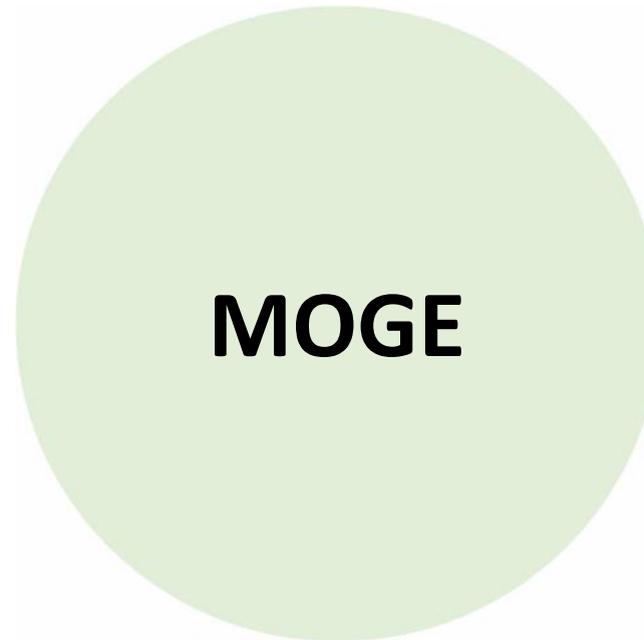
is managed

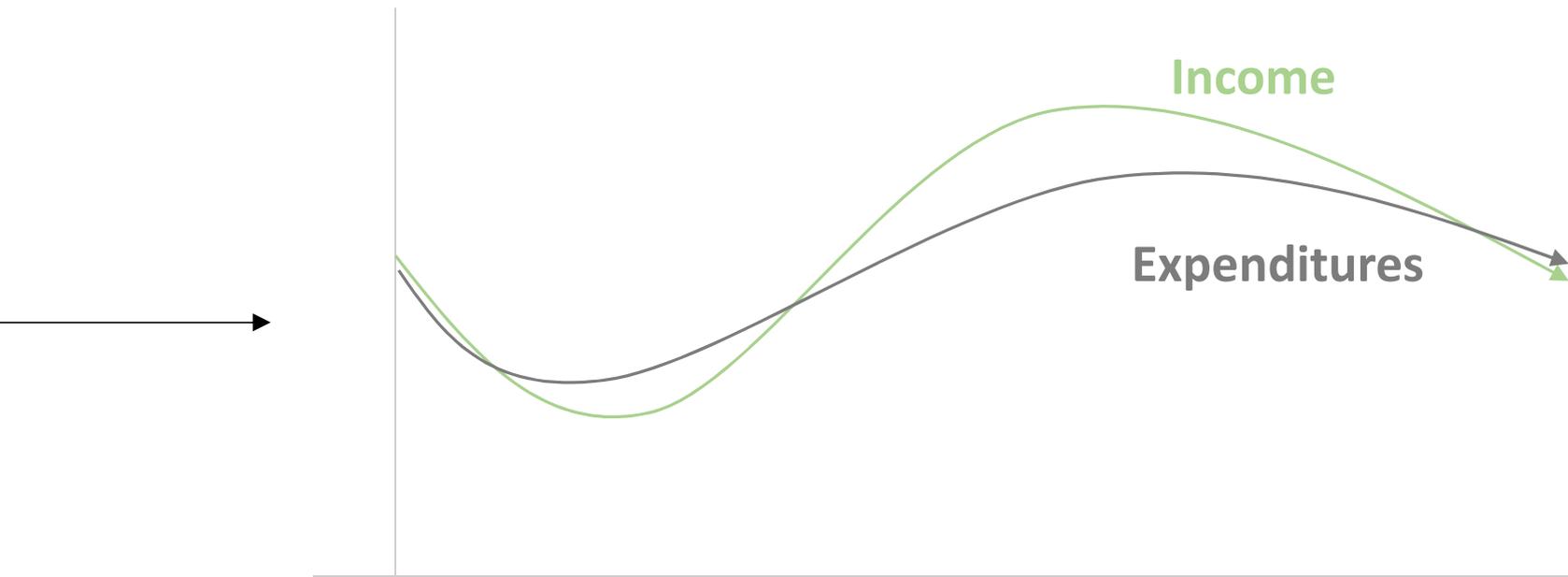
It's uncertain what
MOGE does with the
money in its other accounts

In other countries, sophisticated state-owned enterprises (SOEs) may retain revenues to fund commercial investments

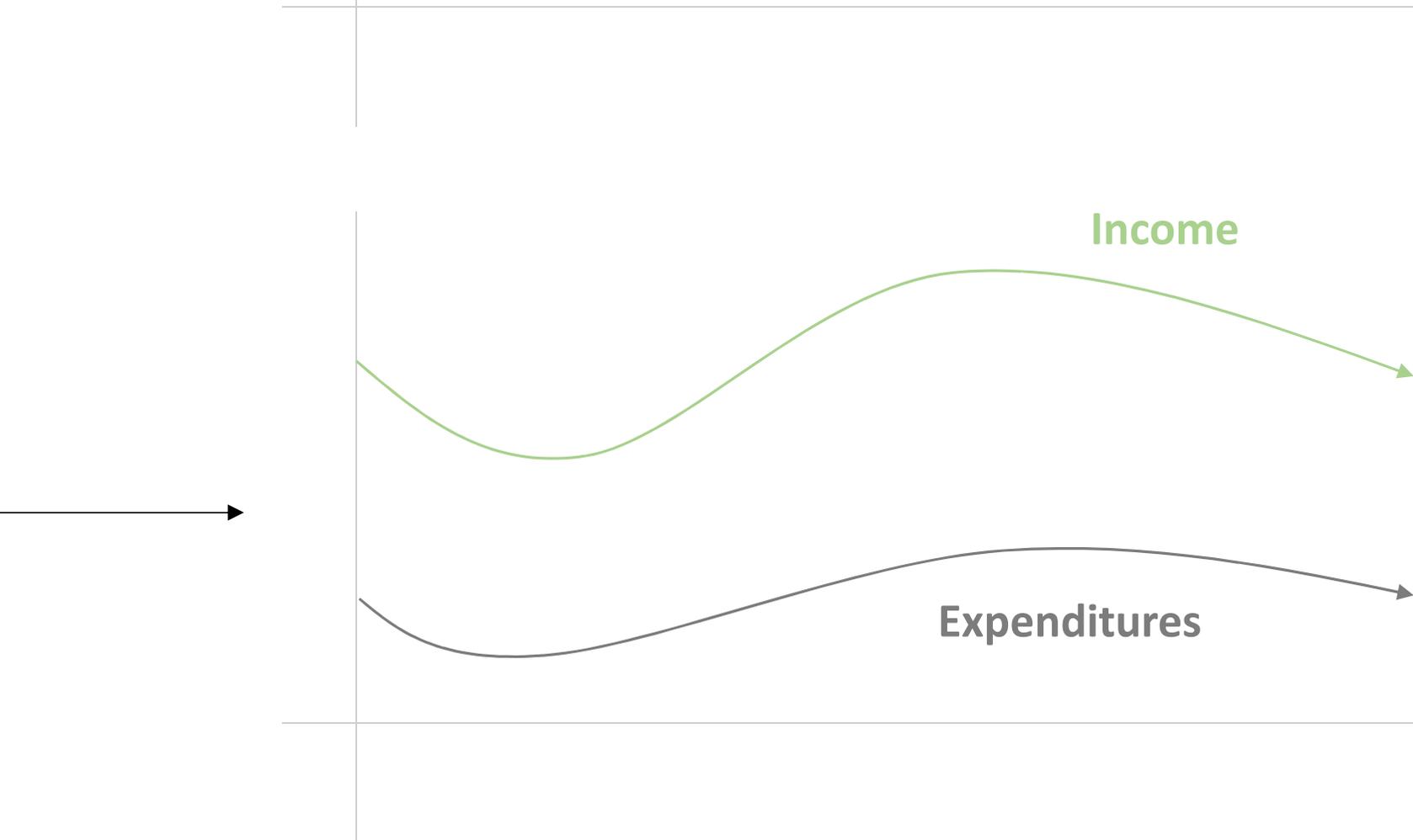


However, we don't have clear information on which of MOGE's own costs must be covered by its other accounts





Successful governments generally align SOEs income with their expenditure needs



Since MOGE does not have significant commercial responsibilities, there is reason to suspect that the company is sitting on large – and growing – sums of money



What can be done

to improve oversight of these revenues?

Governance of other accounts
can be strengthened through
targeted policy reform



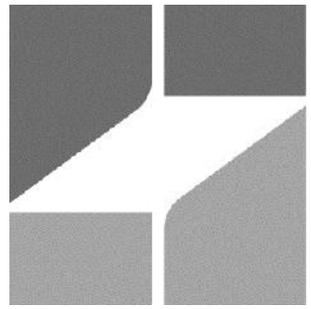
**Next
Steps**

1 disclose financial data on MOGE's other accounts, including how these funds are spent

2 reexamine the formula that allows MOGE and other state-owned companies to retain such large sums

3 authorize external audits of MOGE's finances, including the other accounts

4 require regular reporting to Parliament on MOGE's revenues and commercial activities



Natural
Resource
Governance
Institute

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Who are we?

The Natural Resource Governance Institute (NRGI) works to help people realize the benefits of their countries' natural resource wealth through technical advice, advocacy, applied research, policy analysis, and capacity development. Our Yangon-based country team has been active since 2012.

Where can I find more information?

Additional analysis is available in NRGI's recent report, "Gilded Gatekeepers: Myanmar's State-Owned Oil, Gas and Mining Enterprises." This report, and other research conducted by NRGI, can be accessed via our website:

www.resourcegovernance.org