Who gets Myanmar’s oil and gas revenues?

understanding MOGE’s “other accounts”
MOGE collects the vast majority of oil & gas revenues

Myanmar 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.
of total oil & gas revenues went to MOGE’s other accounts in 2013/14
Union Budget Deficit
~MMK 2,926 billion

MOGE Other Accounts
MMK 1,320 billion

Education Spending
~MMK 1,050 billion

Health Spending
~MMK 720 billion

MOGE’s other accounts were also worth more than national spending on education or health.

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.
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. Require regular reporting to Parliament on MOGE’s revenues and commercial activities.
4. Authorize external audits of MOGE’s finances, including the other accounts.
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