Comment on the Requirement 4.1 Data Comprehensiveness:

*Validation report notes that the pilot and 2017 EITI Report do not comment on significance of uranium ore mining sub-sector and its part in total revenues from the mining industry in the 2017 fiscal year.*

***MSG comment:***

At the MSG meeting held on 22 November 2019 (MSG protocol was sent earlier) during the presentation and approval of the feasibility study and Initial Report in preparation of the 2017 EITI Report the following approach to identifying material sectors to be included into the 2017 EITI Report was introduced:

“Based on the State Tax Service data, revenues were analysed sector wise. Natural gas production remains principal donor from the prospective of sectors generating the most tax and non-tax revenues in favour of the state. In total production of natural gas, crude oil, coal and iron ore along with pipeline transportation account for more than 95% of budget revenues. These sectors are sufficient to meet the EITI Standard materiality requirements. Based on the previous years practice, sectors that do not generate as much revenue but are of interest to MSG were included into the EITI Report, namely titanium and manganese ore mining. The Independent Administrator’s recommendation was to limit data reconciliation to the same sectors. Potentially interesting sectors are building stones, sand, refractory and high-melting clays production. These sectors are specific as their payments are not large and there are many small companies operating in the areas. Therefore, the Independent Administrator's recommendation was not to include the sand, building stones, refractory and high-melting clays into the reconciliation scope.”

This approach to the selection of the sectors to be included into the EITI Report was supported by MSG members.

Accordingly, some extractive sectors as, for example, uranium ores production contributing less than 5% to the total Ukrainian government revenues from extractive industries are not included into the EITI Report, which does not contradict the requirements of the EITI Standard.

The State Tax Service is responsible for comprehensiveness of the data provided on total Ukrainian government revenues from the extractive industries. The data was obtained from the State Tax Service in an approved by MSG manner.