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PROJECT PAPER

ON A

PROPOSED GRANT

IN THE AMOUNT OF (US\$290,000 EQUIVALENT)

TO THE

REPUBLIC OF THE UNION OF MYANMAR

FOR

IMPLEMENTATION

OF THE

EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE

June 12, 2015

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CURRENCY EQUIVALENTS

(Exchange Rate Effective June 6, 2015)

Currency Unit = Myanmar Kyat

1,113 Myanmar Kyat = US\$1

1.40 US\$ = SDR1

FISCAL YEAR

April 1 – March 31,

ABBREVIATIONS AND ACRONYMS

CPF	Country Partnership Framework
EITI	Extractive Industries Transparency Initiative
ESIA	Environmental and Social Impact Assessment
GDP	Gross Domestic Product
IDA	International Development Association
IRA	Institutional and Regulatory Assessment of the Extractive Industries in Myanmar
MATA	Myanmar Alliance for Transparency and Accountability
MDRI	Myanmar Development Resources Institute
MOF	Ministry of Finance
MOGE	Myanmar Oil and Gas Enterprise
MPFMP	Modernization of Public Financial Management Project
MSG	Multi-stakeholder Group
PFM	Public Financial Management
SCD	Systemic Country Diagnostic

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REPUBLIC OF THE UNION OF MYANMAR
Implementation of the Extractive Industries Transparency Initiative

Table of Contents

I.	STRATEGIC CONTEXT	8
	A. Country Context.....	8
	B. Sectoral and Institutional Context.....	9
	C. Higher Level Objectives to which the Project Contributes	11
II.	PROJECT DEVELOPMENT OBJECTIVES	12
	A. Project Development Objective	12
	B. PDO Level Results Indicators.....	12
III.	PROJECT DESCRIPTION	12
	A. Project Background.....	12
	B. Project Components	14
	C. Project Cost and Financing	15
	D. Lessons Learned and Reflected in the Project Design.....	15
IV.	IMPLEMENTATION	16
	A. Institutional and Implementation Arrangements	16
	B. Financial Management and Disbursement Arrangement.....	17
	C. Results Monitoring and Evaluation	17
V.	KEY RISKS AND MITIGATION MEASURES	18
	A. Risk Ratings Summary Table	18
	B. Overall Risk Rating Explanation	18
VI.	APPRAISAL SUMMARY	20
	A. Economic and Financial Analyses	20
	B. Technical Issues	20
	C. Financial Management.....	20
	D. Procurement	22
	E. Disbursement arrangements and schedule	22
	F. Environment and Social (including Safeguards)	23
	G. Coordination and Role of Partners.....	23
	H. Grievance Redress	24

Annex 1: Results Framework and Monitoring	25
Annex 2: Organization chart for EITI Secretariat.....	27
Annex 3: MEITI Workplan	28
Annex 4: Matrix of Development Partner engagements	37
Annex 5: Procurement Plan.....	38

DATA SHEET

Republic of the Union of Myanmar

Implementation of the Extractive Industries Transparency Initiative

Small RETF Grant Project Paper

East Asia and Pacific

0958

Basic Information									
Date:	12 June,2015								
Country Director:	Ulrich Zachau								
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Project ID:	P143321								
Instrument:	Investment Project Financing								
Team Leader(s):	Morten Larsen								
Sectors:	Energy and Extractives								
Themes:	Public sector governance – Other accountability/anti-corruption (60%) Public sector governance – Other public sector governance (40%)								
EA Category:	C								
Recipient: Ministry of Finance, Myanmar									
Executing Agency: EITI Unit, Budget Department, Ministry of Finance									
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Project Implementation Period:	Start Date: 15 May 2015 End Date: 31 December 2015								
Expected Effectiveness Date:	15 June 2015								
Expected Closing Date:	31 December 2015								
Project Financing Data(US\$M)									
Total Project Cost :	\$290,000								
Total Financing :	\$290,000								
Financing Gap :									
Financing Source	Amount(US\$M)								
EITI MDTF (Recipient-executed)	\$290,000								
Financing Gap	0								
Total	\$290,000								
Expected Disbursements (in USD Million)									
Fiscal Year	2015	2016							
Annual	0	290,000							
Cumulative	0	290,000							
<p>Project Development Objective(s): <i>The proposed development objective is to strengthen the institutional structure for EITI implementation and to facilitate an informed multi-stakeholder debate about the extractive industries in Myanmar.</i></p>									

Components:				
Component Name		Cost		
Component 1 – Production and publication of Myanmar’s First EITI Report		\$130,000		
Component 2 –Operation Of The National EITI Secretariat		\$160,000		
Compliance				
Policy				
Does the project depart from the CAS /CPS/CPF in content or in other significant respects?		Yes []	No [X]	
Does the project require any exceptions from Bank policies?		Yes []	No [X]	
Have these been approved by Bank management?		Yes []	No []	
Is approval for any policy exception sought from the Board?		Yes []	No [X]	
Does the project meet the Regional criteria for readiness for implementation?		Yes [X]	No []	
Safeguard Policies Triggered by the Project		Yes	No	
Environmental Assessment OP/BP 4.01			X	
Natural Habitats OP/BP 4.04			X	
Forests OP/BP 4.36			X	
Pest Management OP 4.09			X	
Physical Cultural Resources OP/BP 4.11			X	
Indigenous Peoples OP/BP 4.10			X	
Involuntary Resettlement OP/BP 4.12			X	
Safety of Dams OP/BP 4.37			X	
Projects on International Waters OP/BP 7.50			X	
Projects in Disputed Areas OP/BP 7.60			X	
Legal Covenants				
Name	Recurrent	Due Date	Frequency	
Description of Covenant				
Team Composition				
Bank Staff				
Name	Title	Specialization	Unit	UPI
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Kyemon Soe	Financial Management Specialist		GGODR		
Manush Hristov	Sr. Counsel		LEGES		
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Emma Irwin	Consultant	Energy and Extractives	GEEDR		
Shona Kirkwood	Consultant	Energy and Extractives	GEEDR		
Non Bank Staff					
Name	Title	Office Phone	City		
Locations					
Country	First Administrative Division	Location	Planned	Actual	Comments
Myanmar	Naypyitaw				

I. STRATEGIC CONTEXT

A. Country Context

1. ***Since the end of 2011, Myanmar has undergone a rapid political and economic transition.*** Following fifty years of military rule, a quasi-civilian government came to power in 2011. Government has embarked on political and economic reforms aimed at re-integrating Myanmar with the global economy, ending the country's long-running wars, and increasing political openness. Reforms include ceasefires with armed opposition groups, increasingly open budgeting and financial management processes, near elimination of controls on media and public expression, and enhanced transparency and accountability.

2. ***Myanmar joining the Extractive Industries Transparency Initiative (EITI) is among the most noteworthy reforms launched under the new administration.*** Myanmar has abundant natural resources, including petroleum, minerals, gemstones, hydropower, and timber. However poor management and lack of transparency in natural resource extraction have contributed to conflict and underdevelopment. In December 2012, Government announced that Myanmar would join EITI and assigned individuals to the crucial positions of EITI Champion and EITI National Coordinator. Myanmar became an EITI Candidate on July 9, 2014 and has until January 2, 2016 to produce its first annual EITI report.

3. ***In joining EITI, Government seeks to strengthen revenue collection, oversight, and the country's standing among reputable investors.*** Civil society groups have also supported EITI, recognizing the opportunity to build transparency and to create a platform for discussion of issues related to extractive industries. Finally both domestic and international operators see opportunities in the introduction of EITI to Myanmar. The Myanmar Development Resources Institute (MDRI), an external think-tank, was tasked with coordination of the candidacy preparation process.

4. ***EITI has already proven its relevance to the broader national reform process.*** In addition to the immediate goal of bringing transparency to extractive industry operations and revenues, EITI contributes to the national reform process in three ways: (i) it provides essential baseline information concerning not only payment streams but also ownership structures and the decision-making along the extractive industries value chain from award of contract to sustainable development derived from resource exploitation; (ii) EITI informs the public financial management (PFM) reform program by tracing the dominant revenue sources of Government; and (iii) it supports the development of a vibrant civil society and their participation in the public dialogue alongside Government and industry stakeholders.

5. ***The proposed grant supports the first phases of implementation of Myanmar's EITI Work plan.*** On April 7, 2014, the Myanmar EITI Multi-Stakeholder Group (MSG) completed an approved work plan for EITI implementation, in keeping with the EITI candidacy requirements. The total work plan cost is US \$3.9 million for two years, starting in January 2015. The proposed grant (\$290,000 recipient-execution and \$200,000 Bank-execution) from the EITI MDTF will fund the first months of EITI implementation, most importantly the production of the first EITI report by January 2, 2016. The MSG and the Ministry of Finance (MoF) have asked that the remaining US \$3.4 million be funded by partners through the Bank-managed country MDTF, to

be processed later in 2015. Taken together these two grants, from the global EITI MDTF and the Myanmar country MDTF, constitute one program of Bank support for the implementation of the Myanmar EITI work plan.

B. Sectoral and Institutional Context

6. *Myanmar is one of the most natural resource rich countries in Asia, with oil, gas, mineral and gemstone mining, timber, and abundant hydropower resources.* In 2014, natural gas exports were \$4.2 billion, equivalent to 34 percent of total exports and seven percent of GDP. Extractive industries play a central role in the national economy, and by extension have direct or indirect influence on many aspects of the economic and political landscape.

7. *Traditionally, the management of extractive industries in Myanmar has been non-transparent.* Revenues accrued to line ministries, like Mining and Energy, with limited amounts transferred to the MOF to fund public expenditures. A legacy of the previous socialist era, ministries functioned as both operators and regulators until privatization in the late 2000s. Revenues, ownership structures, and contracts have not been disclosed. The military has interests in the extractive industries, particularly mining, through the military-owned holding companies. Until 2012 restrictions on the media and freedom of assembly ensured there was little publicly available information or debate regarding the extractive industries in Myanmar. Extractive industries are also linked to the country's long conflicts. Many of the areas richest in natural resources are home to conflicts between the central government and non-state armed groups representing ethnic minorities – for example ruby and other gem mines in Shan State, gold, copper and other mines in Kayin State, the Yadana pipeline in Tanintharyi Region, and jade in Kachin State. There are no arrangements for sub-national revenue sharing. Absence of regulation and rule of law has allowed forced relocation, land grabs, and pollution associated with extractive industries. Legislation requiring Environmental and Social Impact Assessments (ESIAs) was only passed in 2012. The World Bank recently completed an Extractive Industries Institutional and Regulatory Assessment (IRA)¹ which serves as both a pre-scoping study for EITI and also as a general reference for those interested in the extractive industries in Myanmar. The IRA cautions about the challenges of implementing EITI in an environment dominated by low data accessibility and unresolved regional disputes. The proposed grant aims to introduce the EITI process in a gradual manner with gradually increasing scope over a three to five year period.

8. *Oil and gas* - According to the Ministry of Commerce, sales from off-shore gas production totaled \$3.2 billion in 2013 – increasing to \$4.2 in 2014 (this does not count smaller, mostly domestically run on-shore operations). The sector is expanding rapidly. Myanmar's gas reserves are estimated at 23 trillion cubic feet - 20 trillion are off-shore and 3 trillion on-shore. Oil reserves are estimated to be 3.2 billion barrels. There are approximately 50 on-shore oil and gas blocks and 50 off-shore blocks which remain undeveloped. Of these 16 on-shore blocks and 20 off-shore blocks were awarded to local and international companies in a bidding round

¹ Institutional and Regulatory Assessment of the Extractive Industries in Myanmar, Adam Smith International (2014)

launched in 2013. Oil and gas operations are regulated by the Ministry of Energy, which runs the bidding rounds and awards blocks. All oil and gas operations must be joint ventures with the Myanmar Oil and Gas Enterprise (MOGE), and use production sharing contracts.

9. **Mining** - The extent of mining is poorly documented in Myanmar. The Institutional and Regulatory Assessment reports an estimated 1,400 current mining licenses, of which some 1,300 are small scale and 139 medium to large-scale. It is expected that, at least the first few years of reporting will focus on the medium to large-scale operations. The controversial Letpadaung copper mine in Sagaing Region is the largest mining operation with a 2012 turn-over reported to be US\$70 million but in the process of rapid expansion. International investment mainly originates from China, Hong Kong, Thailand, and Russia. The Ministry of Mines is working on a new legislative framework, starting with extensive amendments to the 1994 Myanmar Mines Law.

10. **Gemstones** – Myanmar is among the world’s largest producers of jade, sapphires, and rubies. Data on the gems trade is very limited, with poor accounting and reporting of sales and a very large proportion of sales going through undocumented border trade. For jade alone, official sales through the quarterly Nay Pyi Taw gems emporiums in 2011 were reported at US \$2.65 billion, plus another US \$1.7 billion via other official outlets. However unofficial jade sales were estimated to total an additional US \$3.4 billion. Together with official and unofficial sales of other gems, the total gems trade could exceed gas operations and lead to substantial increases in revenue, if properly reported and effectively captured. Jade production is concentrated in Kachin State, Myanmar’s northernmost state and home to a 50-year conflict between the Kachin Independence Organization and the central government. Jade production is further associated with drug use among miners and other social ills.

11. **Hydropower** - While not typically considered under EITI, there is considerable push for the inclusion of hydropower in EITI in case of Myanmar. Because the majority of the electricity generated will be exported and there has been little transparency around major hydropower transactions, civil society and some parties within government have argued that hydropower should be included in EITI. Hydropower will not be included in the initial Scoping Study, however it is likely that a specific study regarding the viability of inclusion of hydropower will be undertaken by the MSG.

12. **Ministry of Finance and Oversight Institutions** – Historically, Myanmar has lacked independent oversight institutions, and the Ministry of Finance was weak. This is now changing with the creation of a Treasury and independent Central Bank. In mid-2013, Government also launched a PFM reform strategy, which includes reigning in off-budget revenue, reform of the tax system, and improved budget transparency, compliance, and control. The reforms are supported by a US\$50 Million project funded by IDA, DFID, and Australia, aimed at strengthening the Ministries of Finance and Planning, the Office of the Auditor General, and Parliamentary committees. There are direct links between the PFM project team and the EITI Secretariat. As such, the EITI process will explore efficiencies in compilation and reporting of revenue collection to the mutual benefit of the MOF Budget Department and the EITI MSG. This is in line with the international effort of streamlining EITI reporting as an integral part of government revenue and data collection on quarterly or semi-annual basis.

13. ***Civil Society and Media*** - Prior to 2012, there was strict censorship of the media, no freedom of association or speech, and little space for civil society. Once restrictions were lifted, civil society quickly organized to participate in EITI. In October 2013, a CSO EITI national conference was the largest gathering of CSOs ever. This was followed by the creation of the Myanmar Alliance for Transparency and Accountability (MATA), representing over 400 CSOs from all areas of the country. Civil society successfully argued for nine seats on the Multi-stakeholder Group, compared to eight for the Government and six from company constituencies. (see full list of MSG membership in Annex 3)

14. ***The EITI Multi-Stakeholder Group was formally confirmed in the National Gazette in January, 2014.*** As per Annex 4, a government committee, “The Leading Authority”, presided by Vice President U Soe Thane (EITI Champion), oversees the work of the EITI MSG. The 23-person MSG approved the initial three years EITI Work Plan in April, 2014. This Work Plan has been further refined over the course of the past year. Three standing sub-committees have been formed for (i) Technical and Reporting, (ii) Work Plan and Governance, and (iii) Communication and Outreach. The MSG has agreed that the first EITI Report (due on January 2, 2016) will cover oil and gas production as well as the “largest” mine operations (subject to definition in the forthcoming Scoping Study). Gemstones will also be considered with a view to defining a time table for full reporting. The MSG as well as the sub-committees have proven very effective and resilient with meeting frequency of the MSG at least every two months, and the sub-committees even more frequently.

C. Higher Level Objectives to which the Project Contributes

15. ***The Bank’s support to Myanmar’s implementation of EITI is fully aligned with the 2012 Interim Strategy Note.***² The engagement on EITI supports Pillar I, Transforming Institutions. EITI strengthens institutions by requiring not only new levels of public transparency and accountability, but also of inter-agency cooperation within Government. EITI is integrated into Government’s Public Financial Management Reform Strategy, which spans multiple institutions and is supported by an IDA-funded Modernization of Public Financial Management Project.

16. ***A full Country Partnership Framework (CPF) FY15 – FY17 was approved by the Board on April 23, 2015.***³ The role of extractive industries in the national economy is well documented in the CPF and in the Systemic Country Diagnostic (SCD). The CPF anticipates that support to EITI and the enabling environment, as foreseen under the 2013 EITI Standard, will continue. The EITI team has actively engaged in the SCD and CPF development.

² The World Bank Group’s Interim Strategy Note FY 13 -14 (Report No. 72458 –MM) discussed by Executive Directors on November 1, 2012

³ The World Bank Group’s Country Partnership Framework FY15-17 (Report No. 95183-MM) discussed by Executive Directors on April 23, 2015.

II. PROJECT DEVELOPMENT OBJECTIVES

A. Project Development Objective

17. *The proposed development objective is to strengthen the institutional structure for EITI implementation and to facilitate an informed multi-stakeholder debate about the extractive industries in Myanmar.*

18. *Project Beneficiaries - The direct project beneficiaries are the multi-stakeholder group (MSG), the Myanmar EITI Secretariat, and the Government of Myanmar, while indirectly the Myanmar public.* The MSG will benefit from assistance and support for the production of the first EITI report. The MSG and EITI Secretariat will also benefit from enhanced capacity to understand the key issues and challenges pertaining to the oil sector and petroleum development. With enhanced capacity, MSG will be better equipped to influence decisions on revenue sharing and sustainable management of the resource. Civil society and the private sector will also benefit from increased access to information.

B. PDO Level Results Indicators

- (a) Operationalizing the EITI Secretariat in the Ministry of Finance which is to be measured by number of staff appointed and timely implementation of the MEITI Work Plan (See Annex 5);
- (b) Effective communication and outreach campaign among civil society, decision-makers and the national administration measured by successful publication of the EITI Report by December 31, 2015 and by number (10) of major events (MSG meetings, sub-national EITI meetings, and out-reach events) organized during 2015.

III. PROJECT DESCRIPTION

A. Project Background

19. *Myanmar became an EITI Candidate on July 9, 2014.* As part of the candidacy process, the Multi-stakeholder Group was formed and the MEITI Work Plan drafted in early 2014. The day to day coordination of the EITI process has been led by the MEITI Coordination Office established by the Myanmar Development Resources Institute (MDRI). It is unusual for the EITI coordination function to be located outside of government and the importance of the transition to an institutionalized EITI Secretariat within the Ministry of Finance was noted in the EITI Board Letter accompanying Myanmar's approval as an EITI candidate country: *"The Board takes note of the plans to transition the MEITI Coordination Office to the Ministry of Finance and encourages the government to make quick progress with the transition in order for momentum to be sustained."* This transition is taking place over a 16 months' time frame, during which MDRI is working with and training the EITI Secretariat staff in the day to day running of EITI in Myanmar.

20. ***Timeline of key events leading to EITI candidacy:***

- December 2012 - Presidential Decree issued declaring intention to join EITI and appointing Leading Authority and MDRI
- June 2013 - MEITI team and office established inside MDRI
- October 2013 - Major CSO conference in Yangon, laying groundwork for nationally representative structures and issuing statement of willingness to participate and conditions for participation
- January 2014 – Nomination of member and establishment of MSG formalized and gazetted
- February 2014 - First MSG Meeting
- May 2014 - Submission of Candidacy Application
- July 9, 2014 - Candidacy Application approved
- October 14–16, 2014 - EITI Board Meeting and Natural Resource Management Conference in Nay Pyi Taw
- November 27, 2014 - Official Government request for EITI MDTF Grant and confirmation of implementation arrangements
- December, 2014 – MSG decision to request that the balance of the work plan costs be funded by partners through the Bank-managed country MDTF
- January, 2015 – EITI Secretariat confirmed under the Budget Department of the Ministry of Finance.

21. ***EITI implementation to date in Myanmar has been supported by the World Bank and bilateral donors, primarily DFID and Australia.*** The bulk of this assistance has come from DfID which is providing approximately US\$ 2 Million through a Bank-executed Externally Financed Output, a grant to Natural Resource Governance Institute (NRGI, formerly Revenue Watch Institute), and a grant to MDRI. In addition the World Bank has provided financing from the EITI MDTF. The EU, US State Department, Norway, the International EITI secretariat, and the Natural Resource Governance Institute (NRGI) have also provided support. The World Bank and DFID function as lead donors, chairing informal monthly coordination meetings, observing MSG meetings, engaging directly with CSOs, and working closely with the Secretariat.

22. ***The proposed grant supports the first phases of the implementation of the MSG's Myanmar EITI work plan.*** The total work plan cost is \$3.9 million for approximately 24 months (January 2015 through December 2016). The work plan is structured around four objectives:

- a. Contribute to broader reform for resource governance;
- b. Create an enabling environment for EITI;
- c. Prepare and facilitate the process for implementing EITI;
- d. Increase the accessibility of data (Communication/Information Sharing). (see full MEITI work plan in Annex II).

23. ***It is proposed that the MDTF grant will support recipient-executed activities of Myanmar EITI implementation in the amount of US \$290,000 for approximately 7 months from June through December 2015.*** Separate from the proposed grant, Bank-executed activities in an amount of US \$200,000 will precede and overlap the recipient-executed activities. These activities are parallel to the proposed grant of \$290,000 but are managed separately and not part

of the present grant proposal. The Bank-executed components will support advisory activities pertaining to international EITI experience and capacity building in project execution and principles of project management. These advisory activities will address Myanmar's lack of familiarity with the EITI and the very limited exposure Government of Myanmar has had with consultative processes and general World Bank project implementation. The Government will provide in-kind contributions in the form of staff time, equipment, electricity, internet, and office space.

Box 1 – Bank Executed parallel activities - The Bank will execute assistance related to training and other capacity building in order to build the skills and institutional systems which will be required to implement the EITI. The proposed support will neither replace nor duplicate Myanmar's own efforts of EITI implementation. Instead, the Bank-executed activities are designed to develop requisite skill sets and institutional arrangements so as to assure a nationally anchored process of EITI implementation led by the EITI Secretariat within the Ministry of Finance. Totaling \$200,000, these activities fall into two categories:

- i) **Preparation of institutional arrangements and fiduciary capacity building** – This will include a financial management consultant who will build up systems and competencies in line with standard Bank requirements. A second consultant will draft a Myanmar EITI Implementation Manual, which will include financial management and procurement arrangements as well as M&E and planning systems.
- ii) **Training and technical assistance** – This will include an international Technical Advisor providing training and good practices of EITI implementation. In addition to capacity building, the Technical Advisor will conduct a training needs assessment for the Secretariat, MSG, and stakeholders. Communication expertise will also be sourced in order to advise on communication practices and a comprehensive strategy for outreach and dissemination of the EITI.

24. **The \$290,000 support from the EITI MDTF will be able to cover the very early phases of the Myanmar EITI work plan.** This will leave a financing gap of approximately \$3.4 million in the work plan. The MSG, Ministry of Finance, and donor partners have agreed in principle that this will be covered by a grant from the Myanmar Single-Country Multi-Donor Trust Fund, a Bank-managed umbrella MDTF established by the WBG, DFID, and Australia in early 2014.

B. Project Components

25. **Component 1 – Production and publication of Myanmar's First EITI Report** – Myanmar must prepare and launch its first EITI report by January 2, 2016. The report will build on the IRA completed by Adam Smith International and a Scoping Study, which is financed by the World Bank under the DFID EFO (see para. 21 above). The Scoping Study will be ready in late July, which will give sufficient time to prepare the main report. Following the recommendations of the IRA, the first EITI Report is expected to cover all major oil, gas, and

mining as well as an initial assessment of the magnitude of the jade and gemstones, based on official data from the sales through the gems emporium. This component will also include training in the use of reporting templates which will be targeted operators and government agencies who have reporting obligations. The estimated cost is US \$130,000 for the EITI Report.

26. **Component 2 – Operation of the National EITI Secretariat** – Key to EITI implementation in Myanmar is institutionalization of coordination and implementation functions within the national EITI Secretariat within the Ministry of Finance. Created in January 2015, the EITI Unit is part of the Fiscal Policy, Strategy, and EITI Division, under the Budget Department within the Ministry of Finance. The Unit will ultimately be staffed by ten staff from the Ministry of Finance, several of whom have already been identified, supplemented by some external recruits. The proposed component will finance the functioning of the Secretariat. This includes office operating expenses, such as equipment, printing, and consumables. It will also fund expenses associated with MSG meetings and outreach events. The estimated cost is \$160,000.

27. The EITI MDTF will include a retroactive financing provision, which allows the Government to fund eligible activities (including training and workshops) that started after May 10, 2015, in the total amount of up to \$30,000 with prior approval of the Bank. Eligible retroactive expenditure will include operating costs, training and goods.

C. Project Cost and Financing

Project Components	Project cost	Grant Financing	% Financing
1. Production of Myanmar’s First EITI Report	USD 130K	USD 130K	100%
2. Creation and Operation of National EITI Secretariat	USD 160K	USD 160K	100%
Total Baseline Costs			
Physical contingencies			
Price contingencies			
Total Project Costs			
Interest During Implementation			
Front-End Fees			
Total Financing Required	USD 290K	USD 290K	100%

D. Lessons Learned and Reflected in the Project Design

28. *The World Bank has been part of the Myanmar EITI process since its start in late 2012.* Bank staff accompanied the international EITI Secretariat during a first visit to Myanmar in November 2012. In the process of supporting EITI implementation several important lessons have been learned. These include:

- i. *International support and capacity building yield results* - Despite a certain degree of essential functionality in government systems, capacity in Myanmar is very low – a result

of international isolation, low telecommunications penetration, and a deep decline in the education system since the 1960s. Not only is EITI a completely unfamiliar process, but the dialogue and coordination upon which a successful EITI process depends are also unfamiliar following five decades of authoritarian rule. However the long isolation and absence of opportunity for international exchange also means that counterparts are eager to learn, and investment in support, advice, and capacity building yields results. The World Bank has funded a nearly full-time international advisor for the MEITI 18 months. This has very successfully translated into greater efficiency in the MEITI team and Myanmar successfully meeting its goals of candidacy, regular MSG meetings, and important sub-committee decisions. The MEITI team capacity has increased significantly. Building on this lesson, an international technical advisor will continue to provide support, but focusing less on day to day support and more on strategic advice, creating systems within the new Secretariat, and undertaking targeted research.

- ii. *Consultations are a priority* – Myanmar is a large, populous, and very complex country. The legacy of authoritarian rule and long-running conflicts has left high levels of social distrust⁴ and socio-political tensions. The EITI process itself, bringing the three stakeholder groups into discussion, is itself a major step. However maintaining this dialogue requires intensive, time-consuming process management *and* ongoing outreach and communication activities. Early engagement and consultations about gender bias in the extractive industries have guided the project design. Consultations and outreach events have made a special effort to include women groups. The commitment of a significant portion of funds to outreach and communication reflects these lessons.
- iii. *Institutionalizing EITI will take time and a flexible approach* – EITI requires communication across a wide range of Government and non-government actors. This requires a nimble Secretariat, able to respond to the day to day needs of the process, stakeholders, and the MSG. Until 2010 Myanmar government was accustomed to a command and control approach to governance. EITI implementation requires flexible, timely communication across agencies within government and between government and other stakeholders. Building the necessary systems and institutional culture will take time.

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

29. ***The EITI Secretariat under the Ministry of Finance’s Budget Department will be the recipient organization, while the MSG will both be a beneficiary and have oversight of grant implementation.*** The Myanmar EITI MSG consists of six representatives from Government, six company representatives, and nine civil society representatives. An EITI Champion within the Office of the President ensures buy-in from the highest levels.

⁴ See The Asia Foundation, *Civic Knowledge and Values in a Changing Society, Myanmar 2014*.

30. ***The recipient executed portions of the grant (\$290,000) will be executed, by the EITI Secretariat unit.*** The EITI Secretariat unit sits within the Ministry of Finance’s Budget Department, and answers to the Vice Minister of Finance who is also Chair of the MSG. Under the guidance of the Myanmar EITI MSG, the Secretariat will plan and execute the activities according to the agreed procurement plan. The National EITI Secretariat will be staffed by a Senior Technical Advisor, an Outreach and Communications Expert plus 10 staff provided by the Ministry of Finance. The office is housed within the Ministry of Finance building. The World Bank/DFID financed international EITI Consultant who is currently supporting the MEITI team within MDRI will continue to work with MDRI and MOF during the transition, funded by the MDTF.

31. ***One staff officer has been assigned to handle FM and Procurement matters and a procurement plan has been prepared and would be discussed with the Bank.*** To build the staff officer’s capacity, a dedicated national Financial Management Consultant will also be recruited to provide training and international experience. In addition a consultant will be recruited to draft an implementation manual for the unit, covering FM, procurement, monitoring and evaluation, and other office procedures. The FM consultant and the consultant to draft the implementation manual will be funded by Bank execution of funds from the EITI MDTF.

B. Financial Management and Disbursement Arrangement

32. ***The grant funds will be disbursed in accordance with the disbursement procedures of the World Bank.*** Funds will be disbursed to the Myanmar EITI Secretariat’s designated bank account, as acceptable to IDA/IBRD. A procurement plan will be confirmed on the basis of the proposed budget plan (see Annex 4) for the planned activities. Procurement of contracts for goods financed by the Grant will follow the procedures specified in the World Bank’s ‘*Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers*’ dated January 2011 (revised July 2014) and “*Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers*” dated January 2011 (revised July 2014) by the World Bank Borrowers July 2014 edition will apply for selection of consultants. An unofficial Myanmar translation of the Selection and Procurement Guidelines will be made available by the World Bank Group Office in Yangon. A General Procurement Notice will be published on UNDB upon grant approval.

C. Results Monitoring and Evaluation

33. Monitoring and evaluation will be the responsibility of the EITI Unit/Ministry of Finance and the MSG. The World Bank team, both Washington and Yangon based, will provide technical support during implementation, monitor the operational progress, and provide fiduciary oversight/clearances. Specific monitoring and evaluation activities will include:

- (a) **Status Reports to the MSG:** The EITI Unit will provide regular updates on financial position and activities to the bi-monthly MSG meetings, at which the Bank team is traditionally participating.
- (b) **Completion Report:** The EITI Unit/Ministry of Finance will prepare a completion report, with input from the MSG and review by the World Bank Task Team within six months of grant closing. This report will address the status of the project results as detailed under the Project Results Framework. (See Annex 1)
- (c) **Financial Statements:** The EITI Unit/Ministry of Finance is required to prepare financial statements that reflect the operations, resources, and expenditures related to the activities detailed in the Grant Agreement. The requirements for periodic reporting and independent auditing of financial statements will be included in the Grant Agreement.

V. KEY RISKS AND MITIGATION MEASURES

A. Risk Ratings Summary Table

Risk category	Rating
1. Political and Governance	S
2. Macroeconomic	M
3. Sector Strategies and Policies	S
4. Technical Design of Project or Program	L
5. Institutional Capacity for Implementation and Sustainability	M
6. Fiduciary	S
7. Environment and Social	M
8. Stakeholders	S
9. Other: program and donors	L
OVERALL	S

B. Overall Risk Rating Explanation

34. *Myanmar is a high risk context.* The risks associated with this project itself are moderate, reflecting the strong level of commitment to EITI. However, the Myanmar context as a whole remains uncertain. The elections in 2015 may generate considerable tension, and relapse into conflict or an upsurge in communal violence is possible. While exogenous to the EITI process, any of these scenarios are likely to divert energy and attention from EITI and other aspects of the reform process. For the above reasons although the project itself has low risk ratings, an overall risk of “substantial” is recommended. In addition to the overall contextual risks, there are a number of specific EITI risks:

35. ***Sector Strategies and Policies*** - The combination of high expectations and weak governance creates specific risks for EITI. Lack of transparency, abuses associated with extractive industries, and unaddressed social and environmental impacts have created widespread grievances. At the same time poor governance of extractive operations have led to violence, most recently the shooting of a protester at the Letpadaung mine in December 2014. The CSO constituency of the MSG requested an extraordinary meeting of the MSG in response to the incident. The meeting took place and resulted in a number of productive decisions for improved communication between CSOs, Ministry of Mines, and the Letpadaung Joint Management Committee. In addition the Myanmar Centre for Responsible Business (MCRB) has come forward as a forum for mediation and discussion.⁵ However similar incidents may occur and continue to be brought to EITI as a forum for discussion and problem-solving, leading to an overload of the EITI process and frustrated expectations. The Bank team and the International EITI Secretariat have sought to mitigate this risk by working closely with the MCRB, maintaining frequent communications with CSOs, and encouraging all stakeholders to work on establishing other credible mechanisms for addressing grievances associated with extractive industries, including considering the Voluntary Principles.

36. ***Stakeholders*** - CSO mistrust of government remains significant. The enabling environment for CSOs has improved significantly, but mistrust of government remains, due to the potential for the newly opened space to narrow again. The Bank team ensured that the MSG and Government have taken the lead in creating the Myanmar EITI Work Plan and TOR for the MSG, leading to strong ownership by all stakeholders. The strong MSG involvement helps to address the mistrust of CSOs toward government and establish credibility of the Bank as a neutral player. On the other hand, vested interests in the extractive industries may resist EITI as the real demands of the process become apparent. As noted in the IRA study, data access and quality may pose considerable challenges, especially in early years of implementation. For this reason, the EITI reporting will take a gradual approach with initial emphasis on largest revenue sources which are under control of the central administration. Subsequent years are expected to expand to gemstones and to regions where conflict and autonomous administration are hindrances to data collection at the early stage.

37. ***Institutional Capacity for Implementation and Sustainability*** – The client remains relatively unfamiliar with World Bank operations and procedures. Additional orientation and training in Bank operations and procedures will be provided for Secretariat staff and other government staff. This will include “World Bank operational procedures 101” as well as more standard FM and Procurement training, provided by Yangon based Bank staff. Civil society is also unfamiliar with Bank processes and procedures, so “World Bank operational procedures 101” training will also be provided to CSOs and the MSG as a whole as needed. Additionally, EITI requires an unaccustomed level of open and speedy communication and collaboration between multiple government agencies, government and external stakeholders, and the public, in

⁵ The Myanmar National Human Rights Commission has also released a report on the incident:

<http://www.mnhrc.org.mm/en/2015/01/myanmar-national-human-rights-commission-press-statement-on-the-inquiry-of-riots-of-22nd-december-2014-at-latpadaungtaung-copper-mine-project-in-salingyi-township/>

a context in which command and control relationships have been the norm. This is likely to prove taxing, particularly to Government, in the initial periods of EITI implementation. This is mitigated by the addition of an international advisor, the ongoing support of MDRI over the transition period, and a focus on training and communication in project design.

VI. APPRAISAL SUMMARY

A. Economic and Financial Analyses

38. *The project is a technical assistance project whose benefits are long-term and not as susceptible to traditional cost-benefit analysis.* By its nature, EITI has many benefits but they are not easily quantified. Based on experience of other countries and of Myanmar in the reform context to date, significant benefits can be expected. With respect to financial benefits, it is anticipated that the EITI process will help the Myanmar government identify gaps in revenue, off-budget revenue which can be brought on budget, and consolidate oversight and management of revenue under the Ministry of Finance and the budget process, leading over time to an increase in revenues. For example, official sales of jade through the Nay Pyi Taw gems emporiums in 2011 were reported as USD 2.65 billion, plus another USD 1.7 billion via other official outlets. However unofficial jade sales were estimated to total an additional USD 3.4 billion.⁶ The EITI is also likely to generate more interest from reputable investors in the extractive industries, encouraged by Myanmar's adherence to the standard. In addition, EITI promotes a culture of dialogue and inter-agency cooperation which provides many important, but intangible benefits, in the context of reform. By making data and information on revenues publicly available, this will encourage citizen participation in the budget and other financial governance processes.

B. Technical Issues

39. The activities to be financed are all part of the MEITI work plan approved by the Myanmar MSG and submitted to the EITI Board as part of the EITI candidacy application. They are similar to activities financed under EITI MDTF grants in other countries and essential to EITI implementation.

C. Financial Management

40. Fiduciary arrangements will be managed by the EITI Secretariat unit under the Budget Department of the Myanmar Ministry of Finance. The grant is small and the activities are straightforward. The Secretariat has appointed a staff member to manage FM matters. In addition a local financial management consultant will be recruited by the Bank (*see Box 1 – Bank Execution*) to provide assistance and training to the EITI Secretariat staff in order to ensure compliance with Bank fiduciary standards. An Implementation Manual will be completed, and

⁶ *Creating a Future: Using Natural Resources for New Federalism and Unity.* Ash Center for Democratic Governance and Innovation, Kennedy School of Government, Harvard University. July 2013, p. 14. Citing Myanmar Government sources. <http://www.ash.harvard.edu/extension/ash/docs/creating.pdf>

will include financial management and procurement procedures for the EITI Secretariat, complying with Bank requirements.

41. ***The financial management (FM) arrangements for the EITI project have been designed in line with the expected simplified implementation arrangements of the project.*** The FM of the project will be managed by a staff assigned by the Fiscal Policy Strategy and EITI Division and a short term local FM consultant. Orientation to World Bank's FM requirements and training on disbursement will be provided to staff upon effectiveness. The project will adapt and follow the FM policies and procedures of the MPFM project.

42. ***Funds will flow to one designated account (DA) in MMK.*** The DA will be opened at Myanmar Economic Bank as 'OA' account to support effective project implementation. DA will have variable ceiling based on 6 months forecast of expenditure. Primary disbursement method will be advance and direct payment. Minimum value for direct payment is US\$40,000. Supporting documentation required for documenting eligible expenditures paid from the DAs are Summary Sheets with Records and Statement of Expenditures (SOE). Direct Payments will be documented by Records. The frequency of reporting of expenditures paid from the DAs shall be monthly or a period no longer than 4 months. Funds will be disbursed against one disbursement category 'Goods, Consultant Services, Non-Consulting Services, Training and Workshop and Operating Cost.' Operating costs includes the reasonable cost of goods and non-consulting services required for the day to day coordination, administration and supervision of Project activities, including fuel, office supplies, utilities, consumables, communication expenses (including postage, telephone and internet costs), translation, printing and photocopying expenses, bank charges, publications and advertising expenses, insurance, Project-related meeting expenses, Project-related travel, subsistence and lodging expenses, and other administrative costs directly related to the Project, but excluding salaries, bonuses, fees and honoraria or equivalent payments of members of the Recipient's civil service. Transactions will be recorded manually and with help of Excel. The project will follow the government's fiscal year in reporting i.e. Apr 1 to Mar 31. The project will prepare semester IFR and submit to the Bank no later than 45 days after each semester ends. Draft IFR is to be agreed.

43. ***The project will be subject to a one-time audit at the end of the project.*** The OAG will be appointed as external auditor of the project with audit terms of reference (TOR) acceptable to the World Bank. The audit ToR will be drafted by the Division and shared with WB and OAG of the Union. The WB will provide no objection on the audit TOR. The audit report and management letter will be submitted to the World Bank no later than 6 months after the closing of the project. The audit report and audited financial statements will be subject to public disclosure.

44. ***FM supervision strategy based on the FM risks for the grant.*** FM team will provide orientation on FM and disbursement requirements upon effectiveness of the project. As the project duration is one year, there will be continuous support during this period. The FM arrangements put in place above meets the minimum requirements of OP/BP 10 for simplified and small grants projects.

D. Procurement

45. The same staff member who handles FM matter will also handle procurement matters. A procurement plan will be confirmed on the basis of the proposed budget plan (see Annex 7) for the planned activities. Procurement of contracts for goods financed by the Grant will follow the procedures specified in the World Bank's '*Guidelines: Procurement of Goods, Works and non-Consulting Services under the IBRD Loans and IDA Credits & Grants by World Bank July 2014 edition*'. The '*Guidelines, Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants*' by the World Bank Borrowers July 2014 edition will apply for selection of consultants. An unofficial Myanmar translation of the Selection and Procurement Guidelines will be made available by the World Bank Group Office in Yangon. A General Procurement Notice will be published on UNDB upon grant approval.

46. In view of broader fiduciary risks in Myanmar in the context of a weak procurement environment in the country, the overall procurement risk in this project is 'Substantial'. The major risks and mitigations are summarized as follows:

47. Major risks and mitigations are summarized as follows:

- *Lack of legal framework of public procurement:* There is no national level legislation on public procurement and no official procedures in writing within the MOF. In project implementation, there may be confusions to the project as for the procedures and rules to be followed. To address this risk, it is clarified and agreed with MOF that the project will follow the World Bank Procurement/Consulting Guidelines.
- *Limited capacity and no experience with procurement:* EITI Secretariat of the Budget Department has limited experience with procurement, and will seek some help from the Budget Department officials who work on the IDA-financed Modernization of Public Financial Management Project (P144952). The Bank team will provide procurement training to the implementing agency staff to familiarize them with the Bank's procurement policy and procedures.
- *Possible lengthy process of procurement:* When the procurement plan is prepared, major milestones for each contract will be identified including the governmental internal approvals. EITI unit and the Bank team will closely monitor the progress.

48. **Frequency of Procurement Support.** The procurement capacity assessment indicated the need for at least two implementation support missions during the life of this project.

E. Disbursement arrangements and schedule

49. *The grant funds will be disbursed in accordance with the disbursement procedures of the World Bank.* Funds will be disbursed to the Myanmar EITI Secretariat's designated bank account, as acceptable to IDA/IBRD.

(a) Contracts for goods -

<u>Procurement Method</u>	<u>Prior Review Threshold</u>	<u>Comments</u>
Shopping	First Contract	

(b) Contracts for consultant services

<u>Procurement Method</u>	<u>Prior Review Threshold</u>	<u>Comments</u>
CQS	First contract and all contracts above US\$ 100,000	
Single Source	All	
Individual	First Contract, all legal and fiduciary positions and long term advisory position	

F. Environment and Social (including Safeguards)

50. *The proposed project classification is C.* It involves building client capacity on revenue management and development of EITI reports, involving accounting and disclosure of payments and revenue data. It is not expected to have potentially adverse environmental and social impacts, and therefore does not trigger safeguard policies. The ISDS was disclosed on May 22, 2105.

51. *The proposed project seeks to facilitate and support Myanmar, an EITI Candidate country, implementing the EITI Standard.* The overarching goal of the EITI process is to promote transparency and accountability in the management of public revenues from extractive industries. As a key player in the EITI process, relevant civil society representatives in Myanmar, such as Indigenous Peoples communities, Indigenous Peoples organizations, and local NGOs, should be afforded, early on, opportunities to actively and fully participate in the implementation of the EITI Standard in the country. This requires, in line with relevant World Bank Safeguard Policies, that such civil society representatives: (i) are appropriately and fully represented, and have their views taken into account in the MSG; (ii) have access to all relevant EITI-related information in a culturally appropriate and accessible form, manner and language; and (iii) operate in an enabling environment where they are allowed to be an integral part of the EITI-related debate. The project will monitor gender disaggregated data and participation throughout the EITI process. This will entail targeted outreach to women’s interest groups and tracking of female participation in training and outreach events.

G. Coordination and Role of Partners

52. The World Bank and DFID have played leading roles in the coordination of donor support to Myanmar’s EITI process. Extensive discussions have also been undertaken regarding the financing of the whole of the MEITI work plan of US \$3.9 Million, two million of which will finance the creation of a modern mining cadaster for Myanmar. Other work plan activities

include studies, training, and outreach as well as operation of the National EITI Secretariat and production of annual reports. The MSG has asked the Bank and partners to assess the potential for pooled donor financing through the Myanmar Multi-Donor Trust Fund, a country trust fund created by the World Bank, DFID, and Australia for joint financing of WB projects. The MMDTF permits both Bank and recipient execution. It is anticipated that a grant for the balance of US \$3.4 million will be processed in 2015 to finance the balance of the funding requirements for the MEITI work plan. The EITI MDTF and the country MDTF funds should be considered as aligned and constituting a single Bank program of support to Myanmar's EITI implementation.

H. Grievance Redress

53. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

Annex 1: Results Framework and Monitoring

Project Development Objective (PDO): The proposed development objective is to strengthen the institutional structure for EITI implementation and facilitate an informed multi-stakeholder debate about the extractive industries in Myanmar.

PDO Level Results Indicators*	Core	Unit of Measure	Baseline	Cumulative Target Values**	Frequency	Data Source/ Methodology	Responsibility for Data Collection	Description (indicator definition etc.)
				YR 1/End Target				
Indicator One: Operationalizing the EITI Secretariat in the Ministry of Finance	<input type="checkbox"/>	Text	Temporary EITI Secretariat jointly by hosted MDRI and MOF	EITI Secretariat fully staffed within Min of Finance	End of project	Budget Department of MOF	MSG	Staff recruited and Implementation of the MEITI Work Plan
Indicator Two: Effective communication and outreach campaign among civil society, decision-makers and the national administration	<input type="checkbox"/>	Text	Ad hoc outreach and communication	Annual Report on EITI activities	End of project	EITI website	EITI Secretariat	Chronological report of workshops, training and events throughout the year
INTERMEDIATE RESULTS								
Intermediate Result (Component One): Operationalizing the EITI Secretariat in the Ministry of Finance								
<i>Intermediate Result indicator One:</i> Number of staff recruited to the EITI Secretariat	<input type="checkbox"/>	No.	Two persons	10 persons	End of project	Budget Department of MOF	MSG	Staff may consist of government employees and consultants
<i>Intermediate Result indicator Two:</i> Percentage of MSG members trained	<input type="checkbox"/>	No.	0	75%	End of project	EITI Secretariat	MSG	Training, consultation, study tours...
<i>Intermediate Result indicator Three:</i> Regular review of MEITI Work Plan	<input type="checkbox"/>	Yes/No	Indicative budget approved	Budget and funding sources confirmed. Activities schedule on track	End of project	EITI Secretariat	EITI Secretariat	Three year rolling budget plan
Intermediate Result (Component Two): Effective communication and outreach campaign among civil society, decision-makers and the national administration								
<i>Intermediate Result indicator One:</i> Preparation and publication of the national EITI Report	<input type="checkbox"/>	Yes/No	No EITI Report	EITI Report on 2013 data	End of project	EITI website	MSG	EITI Report produced according to TOR and international standard
<i>Intermediate Result indicator Two:</i> Number of companies	<input type="checkbox"/>	No.	No reporting companies	50 companies	End of project	EITI website	MSG	The total number of oil,

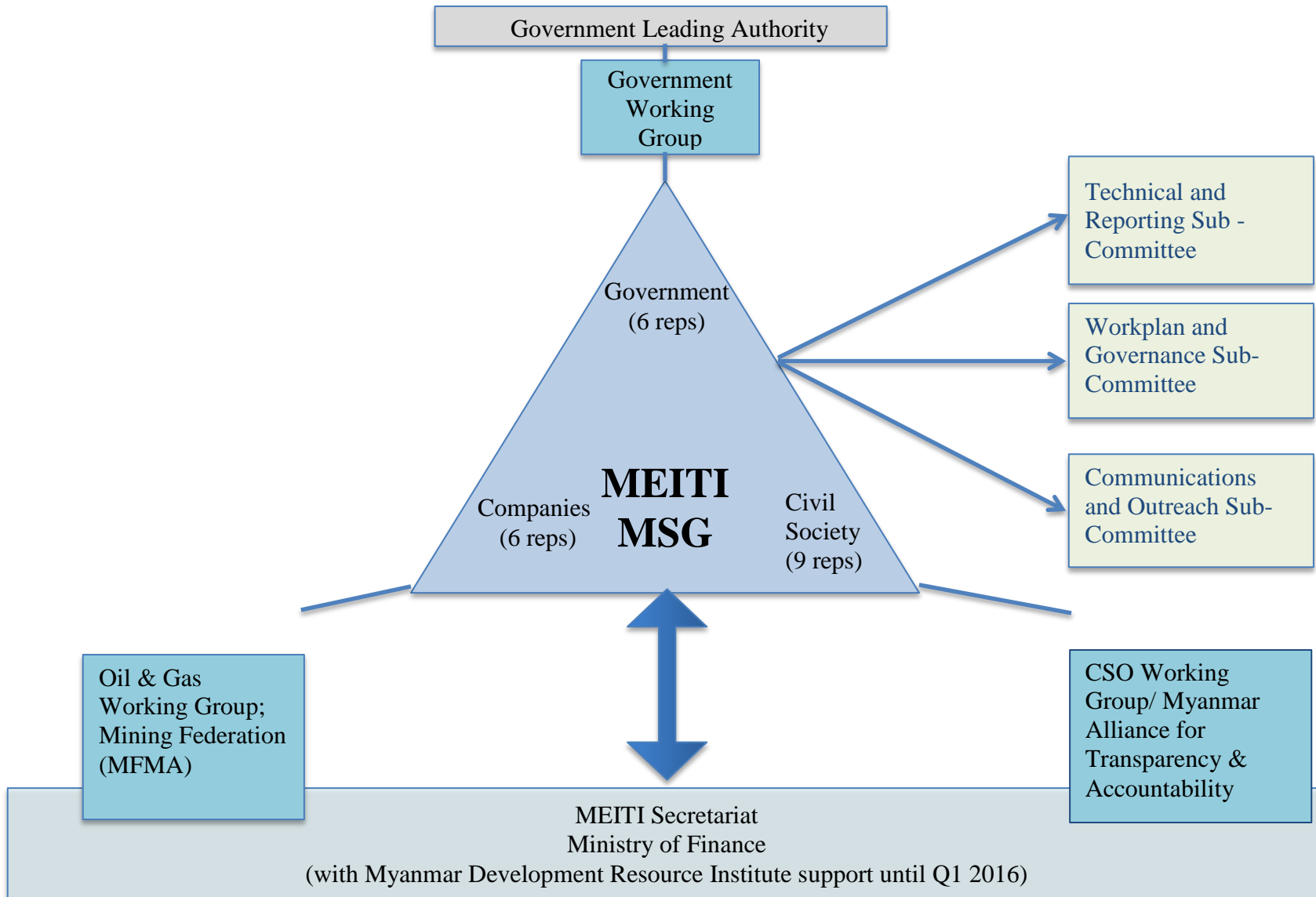
participating in reporting								gas and mining companies who will report payments to government
<i>Intermediate Result indicator Three: Number of outreach events</i>	<input type="checkbox"/>	No.	0	10 major events	End of project	EITI Secretariat	MSG	Training, consultation, study tours...

*Please indicate whether the indicator is a Core Sector Indicator (see further <http://coreindicators>)


**Target values represent December, 2015. With grant effectiveness on (or before) June 1, 2015, the reporting will span two fiscal years

Annex 2: Organization chart for EITI Secretariat

Myanmar EITI MSG, Secretariat and Committees Chart



Annex 3: MEITI Workplan

				
MEITI 3 Year Work Plan 2014-2016				
Expected Outcome	Activities	Expected Output	Responsible Entity	Budget
				Total
				USD
Objective 1 : Contribute to broader reform for resource governance				
1.1 EITI sign-up steps complete and candidacy application submitted	1.1.1 Government unequivocal public statement of intention to implement EITI	Presidential Decree 99/2012	President's Office, Senior Ministers/Leading Authority	0
	1.1.2 Government appointment of senior individual to lead on EITI implementation	Leading Authority appointed by President, EITI Champion identified/ nominated - U Soe Thane	President's Office	0
	1.1.3 Government commitment to work with civil society and companies - Government establishment of multi-stakeholder group (MSG) - MSG to develop and agree TOR	Government public statement of commitment / Presidential Decree 99/2012/ President's speech in UK/ MSG Formal Notification / TOR	Senior Government	0
	1.1.4 MSG to develop Workplan (fully costed and aligned with the reporting and validation deadlines established by EITI board)	MSG MEITI Workplan agreed and approved by MSG	MSG and MSG Workplan Sub-Committee	0

	1.1.5 MSG and MEITI Secretariat to prepare and submit candidacy application	Candidacy application prepared, approved by MSG and Leading Authority, submitted to International Secretariat	MSG and MEITI Coordination Office	0
1.2 Institutionalization of EITI	1.2.1 Carry out legal study to build on recommendations of legal review and scoping study	Legal study to move institutionalization process and legal framework of MEITI forwards	MEITI Coordination Office, Experts, MSG	51,650
	1.2.2 Prepare for drafting EITI bill including consultation with legislators and other key stakeholders	Basic draft framework prepared	MEITI Coordination Office, Experts, CSO Working Group, Government Working Group	3,575
	1.2.3 Government EITI Coordination 1. Establish inter-departmental EITI working group under each key EITI-related ministry (EITI Special Units) 2. Review and strengthen existing government EITI coordination mechanism	Government coordination and communications improved	Leading Authority/ Government Working Committee Relevant Ministries/ MEITI Coordination Office	0
	1.2.4 MEITI Coordination Office/ Secretariat transition to Ministry of Finance (MDRI-MEITI team to work with Leading Authority to agree and implement step by step plan)	Transition Plan developed and agreed	MEITI Leading Authority, Ministry of Finance, Government Working Committee, MEITI Coordination Office	140,850
	1.2.5 Identify and plan the support required to the government (central and regional offices) to understand and calculate: 1. regional/ local extractive industries contribution to national economy and 2. production and export volumes and pricing	Government Working Committee agrees what is required e.g. procure expert assistance	Relevant Ministries, Regional Governments, GADs, MEITI Coordination Office	5,450

1.2.6 To establish centralized government register of licenses which covers national and sub-national levels	Publicly available cadastre in place	Consultant, Relevant Ministries, MEITI Coordination Office, (MSG)	2E+06
1.2.7 Carry out review of the illegal and artisanal and small scale mining (ASM) sector to understand potential contribution to national economy and estimation of production data	Clarity about existence of illegal mining activities and potential contribution to national economy/estimation of production	Ministry of Mines, MSG and CSO Working Group	27,700
1.2.8 Carry out review of the jade and gemstone sectors for potential inclusion in scope of 2nd MEITI report (If not effectively covered and/or included in scoping study and first EITI report)	Jade and gemstone sector report	Ministry of Mines, Consultant, MEITI Coordination Office	34,100
1.2.9 Government (including SOE) needs to identify its level of ownership in the sector	Government level of ownership identified	Government (Relevant Ministries), MEITI Coordination Office	6,340
1.2.10 Government to review availability of EITI related data among SOEs for disclosure in EITI report	Government to agree and provide SOE data	Government (Relevant Ministries), MEITI Coordination Office	1,000
1.2.11 Government to review extractive industry-related sub-national practices, payments and revenues	Government clarity about local-level practices	Government (Relevant Ministries), MEITI Coordination Office	5,000
1.2.12 Carry out a study to map and identify levels of beneficial ownership in the extractive sectors in Myanmar (If not effectively covered and/or included in scoping study)	Mapping of beneficial ownership in sector in Myanmar produced	Consultant, Government and Companies, MSG, MEITI Coordination Office	40,950

	1.2.13 1. Government to agree procedure for disclosure of information related to the allocation of licenses 2. Disclose information about bidding process including list of applicants and the bid criteria (2013-2014) in line with EITI 2013 Standard Requirement 3.10	Government procedure agreed and bidding information publicly disclosed	Government (Relevant Ministries), MEITI Coordination Office	1,000
	1.2.14 MSG members will explore methodology and extent of contract disclosure and social expenditures	Methodology and extent of contract disclosure and social expenditures explored	MSG	0
			Total estimate	2,317,615
Objective 2 : Create enabling environment for EITI				
2.1 Identification Of Capacity Constraints	2.1.1 1. Carry out Training Needs Assessment for MSG and key stakeholders 2. Design training plan, training manual materials etc. -to include training of trainers (TOT)	TNA carried out and training plan produced	Consultant, MSG, MEITI Coordination Office	37,550
2.2 MSG and Other Stakeholders Capacity Enhanced	2.2.1 Two or 3 training activities per year depending on training needs identified/training plan - for MSG members	Training activities carried out	Consultant, MSG, MEITI Coordination Office	13,150
	2.2.2 MSG Study Tour & Exchange visit to Mongolia	Better understanding of other countries' EITI implementation	MSG, MEITI Coordination Office	33,250
	2.2.3 MSG Study Tour & Exchange visit to the Philippines	Better understanding of other countries' EITI implementation	MEITI Coordination Office, MSG	25,000

	<p>2.2.4 Government training and capacity development (as requested by government)</p> <ol style="list-style-type: none"> 1. Basic natural resource governance training to EITI related (Union) ministries 2. Basic natural resource governance and EITI training to regional governments (especially from resource rich states and regions) 3. Advance Natural Resource Governance and Reporting Practice Training to MEITI Government, Working Group and Working Group/Focal Group from Each EITI Related Government Agencies 4. Fiscal regime in EI related training 5. International accounting standard and project financing and evaluation training 	Improved government understanding and capacity for EITI Implementation	Experts, MEITI Coordination Office and Government Working Group	35,000
	<p>2.2.5 Civil Society Organization (CSOs) training and capacity development</p> <p><u>Training activities to be developed as per Training Needs Assessment</u></p>	<p>Training conducted for CSOs</p> <p>Trainers Pool established</p>	Experts, MEITI Coordination Office and CSOs Working Group	20,950
	<p>2.2.6 Private Sector training and capacity development</p> <p><u>Training activities to be developed as per Training Needs Assessment</u></p>	Training conducted for private sector	Experts, MEITI Coordination Office Companies Working Group	16,800
2.3 Identification Of Institutional Constraints	2.3.1 Legal Review	Comprehensive Legal Review identifying potential legal obstacles to the process and giving recommendations	World Bank Consultant supported by MEITI Office	0

	2.3.2 Political Economy Study (Pre-Scoping Study)	Comprehensive report mapping EITI related government and other EITI institutions and procedures including both sector assessment, financial analysis and sub-national revenue flows	Consultant/ Adam Smith International supported by the World Bank and in collaboration with the MEITI Coordination Office	0
			Total estimate	181,700
Objective 3 : Prepare and facilitate the process for implementing EITI				
3.1 Sustainable Funding of MEITI (Funding Secured)	3.1.1 Prepare and secure World Bank Multi Donor Trust Fund (MDTF) funding until end 2015	Funding secured	MEITI Leading Authority and MEITI Coordination Office	0
	3.1.2 Prepare and Secure DFID and/or alternative development partner for short-medium-long term funding	Funding secured	MSG and MEITI Coordination Office	0
	3.1.3 Prepare and secure government contribution to EITI	Funding secured	MEITI Leading Authority and EITI Government Working Committee	0
	3.1.4 Prepare and secure core funding for MEITI Coordination Office	Funding secured	MEITI Coordination Office	0
3.2 Successful Production of First MEITI Report in line with EITI Standard	3.2.1 Hold MSG Meeting every two months	MSG meetings held every two months as per MSG TOR	MSG, MEITI Coordination Office	36,000
	3.2.2 Establish MSG Sub-Committees, Taskforces, Supporting Committees or Monitoring Committees as necessary and hold Meetings accordingly	Committees etc. established as necessary	MSG, MEITI Coordination Office	45,600

	3.2.3 Procure reconciler firm to carry out detailed scoping study and prepare first MEITI report	Reconciler procured	MSG, MEITI Coordination Office	200,000
	3.2.4 Scoping Study	Comprehensive MEITI Scoping Study with recommendations produced by reconciler	World Bank, MSG, MEITI Coordination Office, Reconciler	
	3.2.5 1. MSG to agree scope and definition of materiality threshold for the first report based on the results of the scoping study 2. Reconciler to develop reporting templates with MSG in line with agreed scope 3. MSG to approve the reporting templates	MEITI templates agreed and produced by reconciler in collaboration with MSG/Secretariat	MSG, MEITI Coordination Office, Reconciler	
	3.2.6 Training on EITI reporting and templates for all Reporting Entities	Training delivered by reconciler	Reconciler, MEITI Coordination Office	
	3.2.7 Preparation and Production of MEITI report	Draft MEITI Report produced	MEITI Coordination Office,MSG, Reconciler	
	3.2.8 Approve and Launch Of MEITI Report by MSG	Final MEITI Report Approved	MSG , MEITI Coordination Office	
3.3 Second MEITI Report	3.3.1 Prepare for the 2nd Report including procurement of Reconciler and possible second scoping study	2nd MEITI Report prepared	MEITI Coordination Office/Secretariat, Reconciler, MSG	200,000
	3.3.2 Production of 2nd MEITI Report	2nd MEITI Report produced and launched	Reconciler, MEITI Coordination Office	
3.4 Validation	3.4.1 Engage in validation, review and approval of validation report	Draft validation report produced by validator - reviewed and approved	MSG, key MEITI stakeholders, EITI International Secretariat	0
			Total estimate	484,600

Objective 4: Increase the accessibility of data (Communication and Information Sharing)				
4.1 Dissemination of the MEITI report	4.1 Widespread communication and dissemination of MEITI report, ensuring contribution to public debate including e.g.: - Press Release - (Media) Including TV, Radio, Print, events and activities	1st MEITI Report Widely Disseminated and contributed to public debate	MEITI Coordination Office, MSG, Government Working Group, CSO Working Group, Companies Working Group	47,500
4.2 Public Awareness Raising and Information Sharing	4.2.1 MEITI Website (regular updating and maintenance)	Website available	MEITI Coordination Office, MSG input	3,000
	4.2.2 MEITI Secretariat to establish online and physical 'library' of EITI related information for EITI stakeholders (where the information is not publicly available, it should be approved by MSG)	Information available	MEITI Coordination Office/Secretariat	2,500
	4.2.3 Develop MEITI communications plan/strategy	Communication strategy developed and approved by MSG	Consultant, MEITI Coordination Office and MSG	36,475
	4.2.4 Implement communications plan/strategy including e.g. information, education and communication materials, outreach events, workshops, seminars etc.	Ongoing implementation of communications plan including wide range of activities	MEITI Coordination Office and MSG	168,100
	4.2.5 Possible Outreach Events to include: 1. Seminars and workshops (approx. 15) 2. National EITI Conference	Various outreach events and activities held in line with the communications plan	MSG, MEITI Coordination Office, MEITI Stakeholders	
	4.2.6 Outreach events for each constituency group	EITI-related event/activity held by each constituency group	MSG, Government Committee, CSOs Working Group, Companies Working Group, MEITI Coordination Office	

	4.2.7 MSG to discuss and agree options for establishing regional CSO-government EITI support groups - options for establishing groups followed up	Options discussed and agreed by MSG, follow-up activities planned	MEITI Coordination Office and MSG, Government Working Committee, CSO Working Group	23,200
4.3 On-going Monitoring, Evaluation and Improvement	4.3.1 MSG to establish internal monitoring and evaluation mechanism e.g. MSG Monitoring and Evaluation Sub-Committee	Monitoring process in place and follow up actions agreed for second year of implementation	MSG, and members of MEITI-CSO from State/ Region Constituencies	1,550
	4.3.2 Post MEITI First Report Activities - - Evaluate and review first report process - Follow up MEITI Report recommendations - Carry out any research/ studies as necessary including CSO study using participatory action research methodology and PAME	Preparation for 2nd MEITI Report	MEITI Coordination Office, MSG, Government Working Group, CSO Working Group	12,000
	4.3.3 1. Carry out review of government financial data management system needs for effective EITI implementation (Consultant) 2. Consultant to develop the system based on the needs identified, and provide training accordingly	Review carried out by early 2015 System in place by 2016	MEITI Coordination Office, Government Working Group, Consultant	300,000
	4.3.4 MSG to review and revise the workplan	Annual review of workplan carried out by MSG and workplan updated/amended as necessary	MEITI Coordination Office/Secretariat, MSG	2,500
	4.3.5 MSG to review annual progress (workplan), produce annual activity/progress report and send to International Secretariat	Annual progress of workplan reviewed, activity/progress report produced and sent to International Secretariat	MEITI Coordination Office/Secretariat, MSG	2,500
			Total estimate	3,583,240

Annex 4: Matrix of Development Partner engagements

Myanmar EITI Support Funds

	Executing Agency	Objective	Confirmed / Tentative Budget
DFID Accountable Grant ‘for Strategic Coordination of EITI in Myanmar’	MDRI	Effective EITI implementation for the benefit of the people and government of Myanmar	<ul style="list-style-type: none"> - 1 May 2013 - 30 June 2014: GBP 289,000 - 1 July – 31 October 2014: No cost extension - 1 November 2014 - 28 February 2016: Cost extension agreed USD 331,318
DFID Externally Funded Output (EFO)	World Bank	Effective EITI implementation for the benefit of the people and government of Myanmar	Overall technical support 29 May 2013 – 28 May 2015 No time extension, only cost extension agreed GBP 599,600
World Bank EITI Multi Donor Trust Fund (MDTF)	Ministry of Finance MEITI Secretariat / World Bank	MEITI Workplan implementation	2014- 31 December 2015: USD 490,000 (to be confirmed)
EU Direct Support	International Management Group (IMG)	MDRI/ MEITI MSG key stakeholders	Technical Assistance: <ul style="list-style-type: none"> - International resident EITI technical adviser from March-August 2014 - International EITI expert to produce MEITI Institutional Options Study and MEITI Guidebook, 2013
WB CSO Grant	MATA/Paung Ku/Pyoe Pin	CSO capacity building and engagement in EITI	USD 90,000 (to be confirmed)
DFID – NRGi accountable grant	NRGI	CSOs engagement in EITI	1 September 2013 – April 2015: GBP 335,000
Myanmar Country Support Multi-Donor Trust Fund (DfID, DFAT and potentially DFAT-D and Canada)	MEITI Secretariat and World Bank	EITI implementation as per 2013 Standard	Expected from December 2015 – December 2018 Estimated budget: US\$ 4 million

Annex 5: Procurement Plan

Public disclosure authorized

SIMPLIFIED PROCUREMENT PLAN FOR SMALL AND MICRO GRANTS⁷

*Grant name EITI Implementation Grant,
Country The Republic of the Union of Myanmar
Grant No. TF# P143321*

Prepared:

By Daw Theingi Oo, Director, Fiscal Policy, Strategy and EITI Unit

Updated: May 8, 2015

Approved by the Bank: _____[date]

Approved by: _____[insert TTL name]

Update approved: _____[date/TTL name]

⁷ Use this template for stand-alone RETFs only. If RETF co-financing an investment project, it should be part of the overall Procurement Plan for the entire operation with addition of a column to show financiers/source of funding, if necessary.

1	2	3	4	5	6	7	8	9	10	11
Package /Contract Ref. No.	Activity Description	Estimate Cost ⁸ (US\$)	Type of Expenditure ⁹	Procurement Method	Review by Bank (Prior/Post)	Contract Signing Date (Planned) mm/dd/yy	Contract Completion Date (planned) mm/dd/yy	Contract amount ¹⁰ (US\$)	Contract Signing Date (Actual) mm/dd/yy	Contract Execution Infor ¹¹
1	Independent Administrator for 1 st EITI Report (3.2.3)	130,000		SSS	Prior	2015	12/31/15			Jointly selected with the Bank-executed Scoping Study
2	Office equipment for MEITI Secretariat Office (MOF)	14,800	G	Shopping	Prior	2015	12/31/15			
	Office furniture for MEITI Secretariat Office (MOF)– 9 computers; 2 fax and printers; 1 photocopy machine; licensed software	6,050	G	Shopping	Post	2015	12/31/15			
Total		\$150,850								

Other Requirements. Thresholds approved by the Bank:

I. Selection of Consultants

(a) Contracts with consulting firms below US\$100,000 equivalent (including taxes) may be procured using Consultants Qualifications Selection (CQS) method;

(b) The ceiling for the short lists comprising national consulting firms only is US\$50,000

⁸ Include applicable taxes.

⁹ Indicate “G” for goods, “W” for works, “NCS” for non-consulting services, “CS” for consultant services, “TR” for training (excluding hiring consultants), and “OP” for operating cost,

¹⁰ Insert after contract signing

¹¹ Complete after contract award to include name of contractor/supplier/consultant and, later, list any contract amendments if applicable, and the actual completion date once the contract is completed.

II. Procurement methods thresholds for Goods, Works and Non-Consulting Services (applies in the case of grants that finance any of these type of expenditures):

(a) Shopping for Goods: below US\$50,000 equivalent, including applicable taxes

(b) Shopping for Non-Consulting Services: below US\$50,000 equivalent, including applicable taxes