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Report No: PP1708

PROJECT PAPER

ON A

PROPOSED GRANT

IN THE AMOUNT OF (US\$3.5 MILLION EQUIVALENT)

TO THE

REPUBLIC OF THE UNION OF MYANMAR

FOR

(P156124) MYANMAR  
EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE  
IMPLEMENTATION PROJECT PHASE II

October 2015

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## CURRENCY EQUIVALENTS

(Exchange Rate Effective October 30, 2015)

Currency Unit = Myanmar Kyat

1,275.5 Myanmar Kyat = US\$1

1.40 US\$ = SDR1

## FISCAL YEAR

April 1 – March 31

## ABBREVIATIONS AND ACRONYMS

CPF	Country Partnership Framework
DGM	Director General of Mining
DGSE	Department of Geological Survey and Exploration
EITI	Extractive Industries Transparency Initiative
EU	European Union
FLEGTI	Forest Law Enforcement, Governance, and Trade Initiative
FM	Financial Management
GDP	Gross Domestic Product
IDA	International Development Association
IFR	Interim Financial Report
IRA	Institutional and Regulatory Assessment of the Extractive Industries in Myanmar
MATA	Myanmar Alliance for Transparency and Accountability
MDRI	Myanmar Development Resources Institute
MEITI	Myanmar EITI
MOE	Ministry of Energy
MOECAF	Ministry of Environmental Conservation, Agriculture and Forestry
MOF	Ministry of Finance
MOGE	Myanmar Oil and Gas Enterprise
MOM	Ministry of Mines
MPFMP	Modernization of Public Financial Management Project
MPMDTF	Myanmar Partnership Multi-donor Trust Fund
MSG	Multi-stakeholder Group
NRGI	Natural Resources Governance Institute
OAG	Office of the Auditor General
PFM	Public Financial Management
SCD	Systemic Country Diagnostic
SEE	State Economic Enterprise
SWG	Sector Working Group

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

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## APPRAISAL DATA SHEET

Myanmar

Myanmar EITI Implementation Project (P156124)

### PROJECT PAPER

EAST ASIA AND PACIFIC

0000009266

Report No.: PP1708

Basic Information			
Project ID P156124	EA Category C - Not Required	Team Leader(s) Morten Larsen	
Lending Instrument Investment Project Financing	Fragile and/or Capacity Constraints [ X ]		
	- Fragile States		- Post-Conflict
	Financial Intermediaries [ ]		
Series of Projects [ ]			
Project Implementation Start Date 01-Feb-2016	Project Implementation End Date 31-Dec-2019		
Expected Effectiveness Date 01-Mar-2016	Expected Closing Date 31-Oct-2019		
Joint IFC No			
Practice Manager/Manager Paulo De Sa	Senior Global Practice Director Anita Marangoly George	Country Director Ulrich Zachau	Regional Vice President Axel van Trotsenburg
Approval Authority			
Approval Authority CD Decision			
Borrower: Ministry of Finance			
Responsible Agency: EITI Unit, Budget Department, Ministry of Finance			
Contact: Telephone No.:	Daw Tin Tin Ohn 95-067410457	Title: Email:	Deputy Director General tintinbudget@gmail.com
Project Financing Data(in USD Million)			

Total Project Cost:	3.50	Total Bank Financing:	0.00							
Financing Gap:	0.00									
<b>Financing Source</b>		<b>Amount</b>								
Myanmar Strategic Partnership		3.50								
Total		3.50								
<b>Expected Disbursements (in USD Million)</b>										
Fiscal Year	2016	2017	2018	2019	2020					
Annual	0.25	0.70	0.80	0.80	0.95					
Cumulative	0.25	0.95	1.75	2.55	3.50					
<b>Institutional Data</b>										
<b>Practice Area (Lead)</b>										
Energy & Extractives										
<b>Contributing Practice Areas</b>										
<b>Cross Cutting Topics</b>										
[ ] Climate Change										
[ X ] Fragile, Conflict & Violence										
[ ] Gender										
[ ] Jobs										
[ ] Public Private Partnership										
<b>Sectors / Climate Change</b>										
Sector (Maximum 5 and total % must equal 100)										
Major Sector		Sector		%		Adaptation Co-benefits %		Mitigation Co-benefits %		
Energy and mining		Other Mining and Extractive Industries		100						
Total				100						
<input checked="" type="checkbox"/> I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.										
<b>Themes</b>										
Theme (Maximum 5 and total % must equal 100)										
Major theme		Theme					%			
Public sector governance		Other accountability/anti-corruption					60			

Public sector governance	Other public sector governance	40	
Total		100	
<b>Proposed Development Objective(s)</b>			
Increase transparency and accountability in Myanmar's management of extractive industry data, revenue, and impacts			
<b>Components</b>			
<b>Component Name</b>	<b>Cost (USD Millions)</b>		
Component 1 – Support to the MSG and EITI Secretariat	1.60		
Component 2 – Improving operators' readiness for EITI implementation	0.15		
Component 3 – Institutional development for EITI Implementation – Ministries	1.75		
<b>Compliance</b>			
<b>Policy</b>			
Does the project depart from the CAS in content or in other significant respects?	Yes [ ]	No [ X ]	
Does the project require any waivers of Bank policies?	Yes [ ]	No [ X ]	
Have these been approved by Bank management?	Yes [ ]	No [ ]	
Does the project meet the Regional criteria for readiness for implementation?	Yes [ X ]	No [ ]	
<b>Safeguard Policies Triggered by the Project</b>	<b>Yes</b>	<b>No</b>	
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 Waterways OP/BP 7.50		X	
Projects in Disputed Areas OP/BP 7.60		X	
<b>Legal Covenants</b>			
<b>Name</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
Institutional arrangements	X		CONTINUOUS



**Description of Covenant**

The Recipient shall maintain the EITI Secretariat throughout the period of Project implementation, with functions and resources satisfactory to the World Bank, and with competent staff in adequate numbers, for the purposes of carrying out day-to-day implementation of the Project

**Conditions**

Source Of Fund	Name	Type
MMSP	Category 3 Disbursement Condition	Disbursement

**Description of Condition**

Signing of the MOU between MDRI and the EITI Secretariat will be a disbursement condition for Category 3

**Team Composition****Bank Staff**

Name	Role	Title	Specialization	Unit
Morten Larsen	Team Leader (ADM Responsible)	Mining Specialist		GEEX2
Sirirat Sirijaratwong	Procurement Specialist (ADM Responsible)	Procurement Specialist		GGO08
Kyemon Soe	Financial Management Specialist	Consultant		GGODR
Amanda Lumun Feese	Team Member	Operations Officer		GEEX1
Andrea Maria Castro Astudillo	Team Member	Program Assistant		GEEX2
Andrew Brian Schloeffel	Peer Reviewer	E T Consultant		GEEX1
Annette Gaye Leith	Window Manager	Senior Operations Officer		EACNQ
Anu Bakshi	Team Member	Legal Analyst		LEGES
Arvind Nair	Peer Reviewer	Economist		GGO14
Christopher Gilbert Sheldon	Program Manager	Practice Manager		GEEX2
Edith H. Bowles	Team Member	Consultant		GEEX2
Habib Nasser Rab	Peer Reviewer	Senior Economist		GMF02
Helen Ba Thanh Nguyen	Team Member	Program Assistant		GEEX2
Manush A. Hristov	Counsel	Senior Counsel		LEGES
Noora Arfaa	Team Member	Operations Officer		GEEX1

Satoshi Ishihara	Safeguards Specialist	Senior Social Development Specialist		GSU02	
Shona Elaine Kirkwood	Team Member	Consultant		GEEX1	
Vidya Narasimhan	Team Member	Finance Officer		WFALN	
Waraporn Hirunwatsiri	Safeguards Specialist	Senior Environmental Specialist		GEN02	
<b>Extended Team</b>					
<b>Name</b>	<b>Title</b>	<b>Office Phone</b>	<b>Location</b>		
<b>Locations</b>					
<b>Country</b>	<b>First Administrative Division</b>	<b>Location</b>	<b>Planned</b>	<b>Actual</b>	<b>Comments</b>
Myanmar	Yangon	Yangon Region	<b>X</b>		

## 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 and 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. The reform process has generated some important and tangible achievements. These include a relatively free and vibrant media, a rapidly expanding and vocal civil society, significant improvements in macro-fiscal management, including the creation of an independent Central Bank, and steps toward improved service delivery. Although there is still active conflict in some areas, the country is also three years into a cease-fire process which offers the best hope for durable peace in the country's history. At the same time, the reform process has also created new socio-political challenges, including heightened social exclusion. Elections held on the 8<sup>th</sup> of November 2015 were the first competitive elections since 1990. The victory of the opposition National League for Democracy (NLD) offers both hope of accelerated reform, as well as uncertainty surrounding the transition in government.

2. ***Extractive industries play a central role in Myanmar's economic and political landscape.*** In 2014 natural gas exports were \$4.2 billion, equivalent to 34 percent of total exports and 6 percent of GDP. Traditionally revenue flows have been opaque, with a large proportion of revenue accruing to line ministries and State Economic Enterprises (SEE), without disclosure of revenues and ownership structures. Until 2012, restrictions on the media and freedom of assembly ensured there was little publicly available information or debate. Extractive industries are also linked to the country's decades-long conflicts. Many of the areas richest in natural resources are home to conflicts between the central government and ethnic armed groups. There are no formalized arrangements for sub-national revenue sharing. This has led to "extra-judicial fee collection" from combatants from all sides in some areas. In all areas of the country, absence of regulation of villages and rule of law has allowed forced relocation, land grabs, and pollution associated with extractive industries.

3. ***Joining the Extractive Industries Transparency Initiative (EITI) is among the most noteworthy of the recent reforms.*** Myanmar has abundant natural resources, including petroleum, minerals, gemstones, hydropower, and timber. Weak management and lack of transparency in the extractive industries have contributed to poverty, inequality, and conflict. The reform process has given rise to the expectation that resources can be better managed to leverage broad-based economic and social development. In December 2012, the Myanmar government announced its intention to join the EITI in the interest of introducing transparency in revenue management and the strengthening of natural resource governance. The country became an EITI Candidate in July 2014. The EITI multi-stakeholder group (MSG) was officially created in February 2014 and agreed a first EITI work plan in April 2014. The work plan has been revised several times since and the capacity of the MSG and its constituencies has deepened significantly as members become more familiar with EITI. A Scoping Study was completed in October 2015. The draft Reconciliation Report was completed in early December. The first report must be produced by January 2, 2016.

4. ***In addition to the immediate goal of bringing transparency to extractive industry operations and revenues, EITI is expected to contribute to the national reform process in three ways:*** (i) it will provide essential data concerning payment streams, ownership structures and the decision-making along the extractive industries value chain from award of contract to sustainable development derived from resource exploitation; (ii) the data generated by EITI can be turned into reform activities through the public financial management (PFM) reform program launched in 2013; and (iii) EITI supports the development of a vibrant civil society and their participation in the public dialogue alongside Government and industry stakeholders. The EITI process to date has generally been well supported by Government, political opposition, civil society, and private sector. The overall aim of the Bank's EITI work in Myanmar is to strengthen transparency and accountability, enhance revenue mobilization and sector governance, and foster informed debate about the extractive industries through support to the Myanmar MSG's EITI work plan.

## **B. Sectoral and Institutional Context**

### ***Sector Context:***

5. ***Oil and gas – Myanmar is the tenth largest producer of natural gas globally.*** Gas is the single largest export earner, with sales of US \$3.3 billion in 2013 -2014. After bidding rounds of on and off-shore oil and gas blocks in 2013 the sector has seen the entrance of about 25 new investors which are all planning exploration work. If this work is successful, Myanmar could see a surge in development and production over the next five to ten years. 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. The majority of the oil and gas production is exported, and Myanmar is a net importer of gasoline and diesel for domestic consumption. The proposed project will be well aligned with the Bank's existing energy portfolio.

6. ***Mining and gemstones - The extent of both mineral and gemstone mining is poorly documented.*** As of 31 July 2015, there are estimated to be 2,050 active license, of which some 1,150 are small scale, 150 large scale, 600 exploration, and 150 subsistence or artisanal. 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, resulting in under-reporting.

7. ***Hydropower and Forestry – Hydropower may become part of the EITI reporting framework in Myanmar in 2017 or '18,*** as CSOs have expressed strong interest in increasing transparency in the sector. Some of the electricity generated is exported and there has been little transparency around major hydropower transactions. Hydropower will not be included in the 2016 Reconciliation Report, but a specific study on the feasibility of including hydropower in EITI will be undertaken. CSOs have also requested that forestry be considered for inclusion in EITI, given the large volume of timber exports from Myanmar. Additionally Myanmar has joined the Forest Law Enforcement, Governance, and Trade Initiative (FLEGTI) of the EU. FLEGTI aims to reduce illegal logging and strengthen sustainable forest management. Myanmar currently has the 3<sup>rd</sup> highest rate of deforestation in the world. Forestry will not be included in the first reconciliation report in 2016 but may be included in future reports.

8. ***Civil Society - 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, with the formation of the Myanmar Alliance for Transparency and Accountability (MATA) as an umbrella coalition of CSOs concerned with extractive industries. EITI is perceived by MATA as the leading platform for dialogue with Government, presenting both significant opportunities and risks associated with high expectations. However, as the EITI process deepens, MATA and the CSO constituency have rapidly developed a better understanding of the both the uses and limitations of the EITI process and reconciliation reports. In addition, the EITI process has generated other fora for addressing complaints and grievances, specifically regular meetings between MATA and the Ministry of Mines. The Myanmar Center for Responsible Business (MCRB) have promoted increased understanding of the range of possible grievance redress mechanisms, including company level complaints mechanisms. Several international companies have established complaints mechanisms. Regular discussions between MATA and the task team, and coordination with MCRB will continue to be an important part of Bank support to Myanmar's EITI process.

### ***EITI Institutional Arrangements:***

9. **Multi-Stakeholder Group and EITI Secretariat – Myanmar became an EITI Candidate in July 2014.** The Myanmar EITI MSG currently consists of six representatives from government, six company representatives, and nine civil society representatives. The government representatives are from the ministries of Finance, Mines, Energy, Home Affairs, and Environmental Conservation, and the Office of the Auditor General. The private sector constituency represents domestic and international operators from both the oil/gas and mining sectors. The civil society representatives on the MSG are leading CSOs selected by the MATA Steering Committee, representing both national and regionally focused CSOs. An independent think-tank, the Myanmar Development Resource Institute – Center for Economic and Social Development (MDRI - CESD) was initially tasked with the coordination and implementation of EITI. The Executive Director of MDRI and Economic Advisor to the President is the National EITI Coordinator, as articulated in the Presidential decree of December 2012 which announced Myanmar's intention to sign up to EITI. Union Minister (3) of the President's Office is the national 'EITI Champion' assuring buy-in from the highest level. The day-to-day coordination of the EITI process has been led by MDRI. A transition to an EITI Secretariat unit within the Ministry of Finance has been underway since January 2015, but is likely to take until the end of 2017. It is anticipated that MDRI will retain significant responsibilities until then. The Ministry of Finance itself has undergone a series of significant reforms, including the launch of a PFM reform program supported by a \$50 million project funded by IDA, DFID, and Australia, aimed at strengthening the Ministry of Finance, the Office of the Auditor General, and Parliamentary committees. It is foreseen that full EITI implementation and coordination responsibilities will transition from MDRI to this unit over the course of 2016 and 2017. In addition, the Myanmar MSG has committed to the creation of 14 sub-national coordination units. Two, in Mandalay and Magwe, have already been successfully established.

10. ***The functioning of the MSG has steadily improved.*** The Scoping Study, completed in October 2015, and the start of the first Reconciliation Report have brought about more positive discussions in MSG meetings, including informed agreement on materiality thresholds, and good participation from companies in seminars on reporting. With these tangible outputs of the Myanmar EITI process in hand, MSG members have focused on core EITI business, including data quality,

accessibility, and modalities for dissemination and consultation. This focus has engendered a deeper understanding of both the uses and inherent limits of EITI, which will help all stakeholders manage the expectations and concerns of their constituents. Instances of disagreement are increasingly handled through consensus-building.

11. ***The recently completed EITI Scoping Study provides the most up to date analysis of the financial flows from extractive industries and baseline information on the challenges of data collection.*** It is anticipated that EITI reports will continuously expand in scope and deepen in quality, particularly with respect to reporting from the jade and gemstones sub-sector. For the first Reconciliation Report, based on fiscal year 2013-14 data, 13 oil and gas, 14 mineral mining companies, and 30 jade and gemstone companies will be reporting. The jade and gems data will only be from companies which go through the Myanmar Gems Emporium. These sales represent only a fraction of actual trade, approximately 20% of the reported Chinese import data. In order to capture data from the larger gems trade, there is an intention to expand reporting coverage to companies which trade outside the Myanmar Gems Emporium in future years. This is a priority in light of the large percentage of GDP and foregone revenues which the jade and gems sector potentially represents, based on the trade data from China. A gemstones study, to be completed in early 2016 and reviewed by the Ministry of Mines, will provide initial data on the trade practices underlying the large discrepancies, value added, and other contextual information, while indicating directions for improving data quality. A study on artisanal and small scale mining (ASM) is also planned. Based on experience from other EITI countries with large gems and ASM sector, step by step expansion in EITI sub-sector reporting could focus on centralized jade and gems trading houses. The possibility of including hydropower in EITI reporting has also been discussed. Hydropower was covered in the Institutional and Regulatory Assessment, and the EITI work plan includes a study on the feasibility of including hydropower. However there is no time-line for expansion of EITI reporting to cover hydropower, and jade and gems are the priority for expansion and deepening in EITI reporting.

12. ***The project builds on financing from the World Bank and DFID for EITI preparation and implementation.*** A \$935,000 EFO from DFID for the World Bank financed the preparatory work leading up to EITI candidacy and the early stages of EITI implementation. This included advisory services, the completion of several studies, including a legal study and the Extractive Industries Institutional and Regulatory Assessment (a pre-scoping study). In parallel DFID provided an accountable grant to MDRI to finance the basic EITI work, including MSG and sub-committee meetings. A \$290,000 grant has been financed from the global EITI MDTF. This grant has been approved, is under implementation, and will close on December 31, 2015. The grant will support the first phases of EITI implementation, including the completion of the first EITI report by January 2, 2016.

### **C. Higher Level Objectives to which the Project Contributes**

13. ***Investment in Myanmar's membership in EITI supports the Country Partnership Framework (CPF) FY15 – FY17 approved by the World Bank Group Board on April 23, 2015.*** The three focus areas of the CPF are: i) reducing rural poverty; ii) investing in people and effective institutions for people; and iii) supporting a dynamic private sector to create jobs. The CPF includes specific reference to the proposed project, under focus area three. Additionally the role of extractive industries in the national economy is well documented in the CPF and in the Systemic

Country Diagnostic (SCD). The EITI team has actively engaged in the SCD and CPF development. The Bank has a rapidly expanding portfolio in Myanmar. Several projects within the portfolio dovetail with EITI, including the Modernization of Public Financial Management Project and the energy sector projects. The Bank EITI team will maintain close collaboration with these teams and the CMU.

## II. PROJECT DEVELOPMENT OBJECTIVES

### A. Project Development Objective

14. *Increase transparency and accountability in Myanmar's management of extractive industry data, revenue, and impacts.* The Project is expected to achieve this objective through support to the implementation of the Myanmar Extractive Industries Transparency Initiative.

15. *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 project will benefit the MSG and the EITI Secretariat through support to day-to-day implementation and training. The project will also benefit the Government of Myanmar, specifically the Ministry of Mines (MOM), the Ministry of Finance (MOF) and the Ministry of Environmental, Conservation and Forestry (MOECA). The project encompasses the creation of a modern mining license registry and cadastre system which will be managed by MOM to replace the largely manual system currently in use. The creation of the registry and cadastre will benefit government, private sector, civil society, and the public through improved functionality, responsiveness, and transparency. A publicly available license registry is also a requirement of the 2013 EITI Standard. Finally the project will benefit the general public. The production of four EITI reports will allow the Myanmar public to have access to data on the country's most significant revenue streams and provide a basis for public policy debate and advocacy in any area that has conventionally been opaque.

### B. PDO Level Results Indicators

1. Successful validation and EITI compliance.
2. Media, CSO, and citizen engagement in governance and accountability of the extractive industries.
3. Improved management of the extractive industries through systematic registration and monitoring of oil, gas and mining licenses

### III. PROJECT DESCRIPTION

#### A. Project Background

16. *The current grant provides US \$3.5 million for the period of January 2016 to December 2019 to support the implementation of the Myanmar EITI Work Plan.*<sup>1</sup> The work plan is by its nature a living document and is revised and updated every six months. It is expected that other development partners (NRGI, EU, US State Department, Oil for Development and others) will provide additional contributions to the work plan based on respective work programs.

17. *The project objective and components are designed to support the delivery of the EITI Work plan.* The work plan is ambitious, an indication of the high appetite for reform among stakeholders. Against a background of high expectations, creating understanding of the distinct phases of EITI and specifically the validation requirements remains a priority in the dialogue underpinning project design and implementation. In order to manage expectations and create understanding that EITI is not a one-off “exam” but a process involving continuous improvement in quality and scope of reporting and data quality over time, the project is designed around the principle of “*meaningful progress*” as defined by the International EITI Board. Dialogue, supervision, reporting, and monitoring and evaluation will emphasize the importance of adopting a realistic and incremental approach where tangible and intermediate targets are identified (e.g. list of mineral licenses before expanding to full Mineral Cadaster). Further, a considerable part of the proposed support will go towards improving quality and access to data. Improvement in data is not only essential to the EITI process, but also reflects the Government priority of improving the quality of Myanmar’s data and statistics overall. It is expected that the Project will finance (i) goods, (ii) non-consulting services, (iii) consultants’ services, (iv) training, and (v) operating costs.

18. *The MSG selected the MP-MDTF as a mechanism for pooled funds following extensive discussion and review of four options for pooled financing.* Based on a review of four options, the MSG concluded that the MP-MDTF was the most appropriate and efficient option to receive partner funding because the mechanism has already been set up. This decision is documented in the minutes of seventh MSG, on the 8<sup>th</sup> of December 2014, and also in the request letter from the Ministry of Finance.

#### B. Project Components

##### **Component 1 – Support to the MSG and EITI Secretariat (Estimated cost: \$1.6 Million)**

19. *This component will support the activities essential to EITI implementation and meeting Myanmar’s obligations as an EITI member under the 2013 Standard.* These obligations include the production and dissemination of the annual EITI Reconciliation Report as well as the facilitation of MSG meetings, sub-committee meetings, communication, outreach activities, and Secretariat coordination. The activities related to facilitation of meetings and outreach activities will be undertaken by MDRI. MDRI will also be charged with internal communications

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<sup>1</sup> The initial Grant Agreement amount will be limited to US\$2.5 million since committed contributions of US\$1 million from one donor are pending signature. The signature is expected around March 2016. However, there is an urgency in mobilizing funding for maintaining momentum of EITI activities – following publication of the first EITI Report in January, 2016.



management across the MSG and with its sub-committees. This component will also include activities aimed at building the capacity of MSG members and staff in the EITI Secretariat unit within MoF, as well as activities related to sub-national coordination. It is anticipated that many of the planned activities will be carried out in close collaboration with civil society. The expected outcome of the activities will be to enhance public awareness of sector governance and revenue flows from the extractive industries. Overall this component will also aim to address the challenges of institutionalizing EITI implementation by the MSG and EITI Secretariat unit.

**Component 2 – Improving operators’ readiness for EITI implementation (Estimated Cost: \$150,000)**

20. *While Component 1 supports advisory services to the MSG and EITI Secretariat unit, Component 2 will cover activities aimed at improving the capacity of reporting entities to meet EITI reporting requirements and enhance the overall standard of the data the operators produce.* This will be coordinated with and build on training in reporting templates typically provided by the Independent Administrator. It will aim to improve overall quality and accessibility of EITI related data among both private sector operators and SEEs through advisory services and training focusing on financial management and reporting, audit procedures, verification of production statistics, and other areas. The planned activities will respond to recommendations from the Independent Administrator, as documented in the annual reports, in line with the MEITI work plan. Specific attention will be given to domestic companies and to SEEs. Domestic operators have less capacity and access to expertise than international companies, while many of the SEEs are at different stages of transformation. The work plan activities pertaining beneficial ownership and contract disclosure will also be included in this component.

**Component 3 – Institutional development for EITI Implementation – Ministries (Estimated Cost: \$1.75 Million)**

21. *Component 3 will support institutional capacity building of ministries and government agencies to compile and generate improved data necessary for EITI reporting.* The Scoping Study for the initial Reconciliation Report has already identified various gaps in government data, from information about license holders in the mining sector to production statistics and detailed tax collection. In line with the MSG work plan, TA support will be provided to the ministries with reporting obligations, including MOF, MOECAF and MOM. Activities under this component aimed at producing better quality data from government regulatory agencies will complement the data quality improvements for the private sector foreseen under Component 2. Both are necessary for achieving overall improvements in EITI and extractive sector data. This component will also encompass the MSG research programs related to jade and gemstone mining and legal requirements to sustain EITI compliance in Myanmar. Studies of revenue flows related to gemstones, hydropower and others will help inform the MSG about the feasibility of expanding the EITI scope to these sectors. While studies and advisory services will be carried out by specialized consultants, MDRI will facilitate training activities and outreach.

22. *The project will support MOM’s current efforts of completing the basic registry of mineral licenses* through intensive data collection, analysis and field visits to mining and exploration sites in order to validate geographical coordinates. As a second step, technical advisory services will assess existing and parallel mapping and land management initiatives, such as the One Map Initiative which is spearheaded by MOECAF, in order to ensure national integration of

land use planning. Based on findings, a comprehensive, computerized mineral cadaster management system will be designed and installed. Parallel institutional and regulatory support will recommend revisions to the responsibilities for mineral applications in order to define clear approval processes.

23. ***The project will also provide support to MoF and the Central Statistical Office in the area of improved production and export statistics from mining as well as the jade and gem industry.*** Moreover, tax revenue collection will require further disaggregation in order to determine the actual contribution from the extractive industries. The activities under this component will also include a significant amount of training and capacity building. A detailed project description and budget estimate is provided in Annex 3.

### **C. Lessons Learned and Reflected in the Project Design**

24. ***This grant builds on several important lessons learned over the course of World Bank support to Myanmar's EITI process since its inception.*** The World Bank and its key partners, DFID, DFAT, and the international EITI Secretariat have accompanied the Myanmar EITI process since the initial discussions in November 2012. The implementation of the EFO and later EITI MDTF grant in 2015 has provided additional lessons learned. These have been incorporated into the design of the current grant.

25. ***The focus on data quality and access is informed by lessons learned during the preparation of the Scoping Study and first reconciliation report.*** As expected, collection of data revealed a wide range of challenges related to authorization, confidentiality, classification, and quality. The quality of much of the data was often poor due to a lack of appropriate data classification and management systems. Most record keeping and filing systems within the Myanmar government remain manual/paper-based filing systems, requiring a lengthy process of review. Data disclosure was also delayed due to the legal conflict between EITI requirements and the Income Tax Law which includes confidentiality provisions for commercial income tax disclosure. Despite directives from the MSG, there has been significant delay in issuing special waivers/requests from government in order for the companies to disclose the required data. The fact that Myanmar does not yet have a system of unique Tax Identification Numbers (TINs) for companies renders it difficult to associate particular payments with particular companies, especially in instances where one company has many subsidiaries. This problem is further complicated by the fact that a standard phonetic orthography is not used for English transliterations of company names, leading to significant confusion. Learning from this experience, the project will, over the medium-term seek to make data disclosure more standardized while Components 2 and 3 of the Project will support enhanced data quality.

26. ***The institutionalization of the EITI Secretariat unit within the Ministry of Finance will take time and a significant shift in institutional culture.*** International isolation, a deep decline in the education system since the 1960s, and an institutional culture shaped by two generations of authoritarian rule have left deficits in administrative capability which have an impact on the capacity of government agencies to support the EITI process in Myanmar. EITI is a technically unfamiliar process. More importantly, Government administrative systems and procedures currently cannot support the kind dialogue, coordination, and rapid communication required by a

multi-stakeholder process. The EITI Secretariat within MoF remains bound by both Government rules and institutional norms when carrying out their work. This severely impedes the capacity to respond to the needs of the EITI process and the requirements of the three constituencies. For this reason, MDRI continues to play an important role in EITI execution for both coordination of the process and technical knowledge. Notwithstanding, the anticipated transition to the EITI Secretariat is in progress as staff become more familiar with EITI. However it is at this point anticipated that MDRI will continue to play a large role in the EITI implementation through 2017.

27. ***Consultations are a priority.*** Myanmar is a large, populous, and very complex country. The legacy of authoritarian rule and long-running conflicts have left damagingly high levels of social distrust<sup>2</sup> and socio-political tensions. The EITI process itself, bringing the three stakeholder groups into discussion, is a major step. However maintaining this dialogue requires intensive, time-consuming process management *and* ongoing outreach and communication activities. A particular focus is essential to ensuring women’s engagement in the EITI process. 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.

28. ***Coordination with other mechanisms for dialogue and complaint resolution is essential to calibration of expectations to EITI.*** At its start in early 2013, the MEITI MSG was the only institutionalized forum for Government, civil society, and the private sector to meet together. This rapidly led to expectations that the MSG could in essence function as an internationally monitored mechanism for resolving the range of concerns related to extractive industries in Myanmar. Addressing legitimate grievances and concerns regarding extractive industries in Myanmar which fall outside the remit of EITI has necessitated the creation of other fora. The best example to date is the initiative of the Myanmar Alliance for Transparency and Accountability (MATA) and Ministry of Mines which now meet monthly to address related specifically to mining operations. In addition, MATA is now working on public consultations and technical input on several laws with bearing on extractive industries.

#### IV. IMPLEMENTATION

##### A. Institutional and Implementation Arrangements

29. ***The EITI Secretariat Unit under the MoF Budget Department will execute the project, while the Multi-Stakeholder Group (MSG) will have oversight of grant implementation.*** The EITI Secretariat Unit 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 annual work plan and agreed procurement plan. The National EITI Secretariat currently has six staff but will increase to a team of 10 government officers. Moreover, the World Bank will provide intensive implementation support with at least one full-time EITI staff/consultant located in Yangon as well as financial management and procurement support. An organization chart is presented in Annex 2.

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<sup>2</sup> See The Asia Foundation, *Civic Knowledge and Values in a Changing Society, Myanmar 2014*.

30. ***The Ministry of Finance will have overall fiduciary and coordination responsibility for the entire grant, including in instances in which line ministries assume technical leadership of specific activities.*** In these instances the line ministry will lead design and execution of technical advisory activities, while MoF maintains fiduciary responsibility and ensures that such activities are well-coordinated with the overall goals of the project. Inter-ministerial cooperation will follow agreed guidelines for inter-ministerial implementation arrangements laid out in the implementation manual. The tasks of line ministries will include definition of work plans and technical design of activities, supervision of services and validation of quality and installation. In the case of the mineral cadaster development, the Ministry of Mines will provide technical oversight and quality assurance. This will include providing technical input into the drafting of TORs, serving on procurement evaluation boards, verifying the technical quality of work completed, and coordinating with other efforts both within the MoM and other ministries. Line ministries, as the designated implementing agencies will also be responsible for communication with the EITI MSG and its sub-committees, although it is expected that both MDRI and the EITI Secretariat will be required to facilitate the communication.

31. ***MDRI will continue to support the EITI Secretariat unit.*** MDRI will undertake specific activities to support and train the EITI Secretariat unit. MDRI's support is planned for the first two years of the grant, with gradual phasing out of support over the course of 2016, 2017, and first quarter 2018. MDRI activities will include responsibility for leading and facilitating MSG meetings and technical matters, including facilitating data collection, support to the Independent Administrator, review and drafting of documentation, presentations to the MSG on technical issues, review of terms of reference for studies foreseen under the work plan, updating the work plan, and other matters requiring technical expertise. MDRI will also undertake mentoring of the Secretariat unit staff and transfer of both technical and coordination skills. MDRI will be remunerated from the project funds for these support activities, based on an MOU to be concluded with the EITI Secretariat unit. The MOU will spell out the details of the technical cooperation between the two parties. These funds will be treated and justified based on procedures laid out in the Implementation Manual in accordance with World Bank fiduciary requirements. All expenditures will be reimbursed based on actual expenses, including eligible incremental staff costs. Documentation of existing staff salary rates and detailed costings of activities will be required as part of prior review of the MOU.

32. ***The government of Myanmar will increase its support to EITI.*** Currently the Myanmar government provides in-kind support to EITI implementation, in the form of EITI Secretariat unit staff, office space, utilities, and some communications. Over the life of the grant, support will expand to encompass a financial stake in EITI. This will proceed by increments, starting in FY17 (April 2017 to March 2018).

33. ***Grant implementation builds on intensive support in FM and procurement provided under the preceding EITI MDTF grant.*** A full time Myanmar financial management expert has worked with the EITI Secretariat unit from May 2015, and will continue through the end of the EITI MDTF grant in December 2015. The consultant has trained staff in financial management, reporting, disbursement, and compliance with World Bank financial management requirements. A comprehensive Implementation Manual has been prepared and will be supported by detailed

guidelines for book-keeping, accounting and reporting. This manual will guide the implementation of the proposed grant. It includes the financial management procedures, procurement procedures, job descriptions and designation of functions, and overall office and administrative procedures. It incorporates the financial management procedures drawn up by the financial management expert. The EITI Secretariat unit will also hire financial management and procurement technical assistance to continue the process of building capacity and systems started under the EITI MDTF grant.

## **B. Results Monitoring and Evaluation**

34. Monitoring and evaluation will be the responsibility of the EITI Secretariat unit/Ministry of Finance and the MSG. Monitoring is built into the EITI process through the regular reporting and the transparency of MSG and sub-committee proceedings. Regular reporting which contributes to monitoring and evaluation includes: (a) Reports to the MSG, (b) Production of MSG and Sub-committee Meeting Minutes, and (c) publication of Annual Activity Reports: The EITI Standard requires that each EITI member country complete an activity report each year.

35. In addition to the MSG and EITI Secretariat unit monitoring, the World Bank and the International EITI Secretariat will undertake regular monitoring and supervision activities. The World Bank team, both Washington and Yangon based, will provide technical support during implementation, monitor the operational progress, and provide fiduciary oversight/clearances. World Bank Yangon project staff will attend MSG meetings and maintain day to day to contact with the EITI Secretariat and MDRI to ensure ongoing knowledge of the progress of grant activities. Specific monitoring and evaluation activities will include:

- (a) **Implementation Progress Reports:** The World Bank requires yearly implementation progress reports. If it is sufficiently rigorous in its detail and analysis the annual activity report can be accepted in lieu of an additional report.
- (b) **Interim Financial Reports:** The EITI Unit/Ministry of Finance is required to prepare six-monthly 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. The financial reporting will also be the basis for funding partners' (DFID and DFAT) disbursement arrangements to the MP-MDTF
- (c) **Implementation Support Missions:** The World Bank will undertake implementation support missions at least twice a year. Whenever possible, these will be accompanied by DFID and DFAT staff, and include meetings with DFID and DFAT . When possible missions will be undertaken jointly with the International Secretariat.
- (d) **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)

## 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

36. ***Commitment to EITI is strong, however Myanmar is a high risk context.*** The traditional institutional culture of authoritarian management is contrary to the principles embedded in the EITI of consultation and open data access. As mentioned in the section of lessons learnt, various procedures have been put in place for information-sharing among multiple government agencies, government and external stakeholders, and the public. Moreover, the national elections in November 2015 produced a victory for Myanmar’s opposition National League for Democracy (NLD). While commitment to and interest in EITI remains strong, the change in government may affect EITI implementation. In particular it is not yet clear how the elections will affect the key positions of EITI Champion, National Coordinator, and Chairman of the MSG. 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:

37. ***Sector Strategies and Policies.*** The combination of high expectations and weak governance presents risks. Lack of transparency and unaddressed social and environmental impacts have created widespread grievances. Such issues may 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 EITI team has sought to mitigate this risk by working closely with the Myanmar Center for Responsible Business, maintaining frequent communications with CSOs, and encouraging all stakeholders to work on establishing other credible mechanisms for addressing grievances. It also remains to be seen how the ongoing peace process affects policy-making on the extractive industries, including issues of revenue sharing.

38. ***Stakeholders.*** The EITI process in Myanmar remains fragile and vested interests in the extractive industries may resist EITI as the real demands of the process become apparent. This risk is highest at local level where the EITI process may not have the same political support as found

in Nay Pyi Taw. The result may be obstacles to accessing basic data on production and revenue flows. In addition to general issues of data access and quality, the EITI reporting requirements on revenue flows and ownership structures are unprecedented in Myanmar where fiscal obligations have traditionally been defined in terms of production sharing and in-kind payments. Moreover, the privatization efforts of previous state-owned companies have left a variety of legal issues unresolved. For this reason, operators (private as well as SEEs) have expressed some reservations about their ability to provide the required disaggregated revenue data. The proposed project will address this problem by strengthening reporting systems among both relevant line ministries and operators, both private and public.

39. ***Peace Process.*** The Myanmar government has concluded a comprehensive ceasefire with eight armed groups, to be followed by political dialogue aimed at durably resolving the long-running conflicts between the central government and ethnic armed groups. Several ethnic armed groups did not join the ceasefire agreement and fighting continues in areas of Kachin and Shan States. EITI reporting from areas under the administration of ethnic armed groups will need to be carefully sequenced, given the historic lack of trust and conflict. Ethnic armed groups may be reluctant to provide information that could be perceived as affecting their dialogue position vis-à-vis government. On the other hand, EITI report data may provide a more informed basis for discussion of fiscal decentralization and federalism, both envisaged as part of the long-term solutions to Myanmar's prolonged conflicts. The MSG has already agreed that not all states and regions can be expected to provide reliable EITI data in the early years, and for that reason EITI reporting will expand gradually at the same pace as the peace negotiations.

## VI. APPRAISAL SUMMARY

### A. Technical Issues

40. A traditional economic analysis (i.e. Net Present Value, Economic Rate of Return) was not conducted as part of the preparation process of this TA operation. However, the possible economic benefits are related to ensuring that revenues from the oil, gas and mining sector are properly accounted for. The annual EITI Reconciliation Report will highlight discrepancies and ensure that these are addressed. The associated advisory services which are planned under the project will support Government in strengthening systems and procedures for accountability of revenue from the extractive industries.

### B. Financial Management and Disbursements

41. The overall FM arrangements will follow the current EITI MDTF grant FM arrangements. The FM unit within the EITI secretariat will be responsible for project FM. The Secretariat has assigned government staff for these functions and these staff have received training from a Myanmar financial management expert who has worked with the EITI Secretariat unit since May 2015, who may continue to support the team. The FM staff have received training in project financial management, reporting, disbursement, and compliance with World Bank financial management requirements. They have been providing the required financial reports under the project in timely manner. In addition World Bank procurement and financial management staff have ensured that EITI Secretariat staff have participated in trainings for Government staff working on World

Bank projects, offered support and advice, and put the EITI Secretariat unit's FM and procurement staff in touch with counterparts in other ministries with more experience in implementing World Bank projects. These arrangements have improved the FM performance of the staff and presently it is assessed that the project FM arrangements meets the Bank's FM requirements for small grants in accordance with OP/BP 10.00.

42. Funds will flow to two designated accounts (DAs): one in MMK and another in US\$. The DA will be opened at Myanmar Economic Bank as 'OA' account to support effective project implementation. The DAs will have variable ceiling based on 6 months forecast of expenditure. Primary disbursement method will be advances for both accounts. Supporting documentation required for documenting eligible expenditures paid from the DAs are Summary Sheets with Records and Statement of Expenditures (SOE). The frequency of reporting of expenditures paid from the DAs shall be monthly or a period no longer than 3 months. Funds will be disbursed against three disbursement categories: i) 'Goods, Consultant Services, Non-Consulting Services, Training and Workshop; ii) 'Incremental operating costs,' with a cap of 10% of total grant funds; and iii) MDRI activities, which may include 'goods, training, and incremental operating costs' for which reimbursement will be made against actual expenditure. The signing of the MOU between MDRI and the EITI Secretariat unit is a condition of disbursement of expenditures in category (iii). 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. Eligible activities (including training and workshops) that started after January 1, 2016, in the total amount of up to \$75,000 may be financed with prior approval of the Bank. Eligible retroactive expenditure will include all expenses in all three disbursement categories.

43. 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 and finalized during appraisal.

44. The project will be subject to yearly audits. The Office of the Auditor General 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 EITI Secretariat and shared with WB and Union Office of the Auditor General (OAG). The WB will provide no objection on the audit TOR. The audit report and management letter will be submitted yearly to the World Bank. The audit report and audited financial statements will be subject to public disclosure.

45. FM supervision strategy is based on the FM risks for the grant. The FM team will provide orientation on FM and disbursement requirements upon effectiveness of the project. The FM arrangements put in place above meets the minimum requirements of OP/BP 10 for simplified and small grants projects.



## C. Procurement

46. The same staff members who handle FM matter will also handle procurement matters. Procurement will be based on a procurement plan, confirmed on the basis of the proposed budget plan for the planned activities. The procurement plan will be updated periodically in consultation with the task team and Bank procurement specialists. 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.

47. 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:

- *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 regards 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 experience with procurement:* EITI Secretariat of the Budget Department has limited experience with procurement, and will seek support 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 implementation support missions at least twice yearly during the life of this project.

### (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>

QCBS and 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	

#### **D. Environment and Social (including Safeguards)**

49. 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.

##### **a. Project location and salient physical characteristics relevant to the safeguards analysis (if known)**

The Project will provide only TA and there are no physical investments on the ground. Trainings will take place in Yangon, Naypyitaw and regions affected by extractive industries with a broad set of stakeholders, including communities and civil society and community based organizations and oil/gas and mining companies. The project will only support the multi-stakeholder group and government agencies to make recommendations related to improving transparency and reporting on financial and sector-specific information and will not make recommendations related to investments for specific sites. Studies or reports developed under this grant will not contribute to further infrastructure investments or policy interventions in the oil and gas; mining and gemstones, or hydropower sectors.

##### **b. Borrower's Institutional Capacity for Safeguard Management**

Client institutional capacity for implementation of safeguard policies is low. However there is a significant amount of technical assistance being provided to government to upgrade safeguards capacity and some progress has been made in terms of stakeholder consultation and responsiveness.

##### **c. Environmental and Social Safeguards Specialists on the Team**

Waraporn Hirunwatsiri, Senior Environmental Specialist (GENDR)

Satoshi Ishihara, Senior Social Development Specialist (GSURR)

#### **Safeguards Policies that Might Apply**

<b>Safeguard Policies</b>	<b>Triggered?</b>	<b>Explanation (Optional)</b>
Environmental Assessment OP/BP 4.01	No	This is a technical assistance project focused specifically on improving the institutional management of extractive industries, including some relevant

		consultations and training. There are no physical investments being supported under the project. Also, the grant will not finance technical studies or assessments linked to oil and gas; mining and gemstones, or hydropower sectors development or relevant infrastructure. Since none of the project activities have any impact on the ground and have zero environmental footprint, the category is proposed to be C.
Natural Habitats OP/BP 4.04	No	This policy is not triggered as project activities are not expected to have any impacts on natural habitats.
Forests OP/BP 4.36	No	This policy is not triggered as project activities are not expected to have any impacts on the management of forest.
Pest Management OP 4.09	No	This policy is not triggered as the project will not finance the procurement or use of pesticides.
Physical Cultural Resources OP/BP 4.11	No	This policy is not triggered as project activities are not expected to have any impact on physical cultural resources.
Indigenous Peoples OP/BP 4.10	No	<p>This policy is not triggered given that project activities are not expected to cause any impacts on Indigenous Peoples.</p> <p>The team notes that the EITI is inherently a multi-stakeholder initiative with responsibility to increase transparency and accountability of the extractive industries by publishing and disseminating yearly reports. Myanmar EITI is governed by a multi-stakeholder Group (MSG) which includes nine members of civil society with a diverse representation of states and regions. Moreover, two decentralized MSG committees have been established in Mandalay and Maway regions. Furthermore, the EITI Standard EITI requires that the report is “comprehensible, actively promoted, publicly accessible, and contribute to public debate” (Requirement 6). In this regard, the Myanmar EITI is in the process of developing a communication strategy with the</p>

		support of the World Bank EITI MDTF first grant (P143321). This will include procedures for consultations and dissemination of EITI material in local languages.
Involuntary Resettlement OP/BP 4.12	No	This policy is not triggered given that project activities are not expected to cause any physical or economic displacement, nor any restriction in access to natural resources.
Safety of Dams OP/BP 4.37	No	This policy is not triggered given the project is not financing any dam construction or rehabilitation nor any activities that rely on the operations of existing dams.
Projects on International Waterways OP/BP 7.50	No	This policy is not triggered given the project is not financing any activities in international waterways as defined by the policy.
Projects in Disputed Areas OP/BP 7.60	No	This policy is not triggered given the project is not financing any activities in disputed areas as defined by the policy.

## **E. Coordination and Role of Partners**

50. DFID and DFAT are the financial partners in this project through their contribution to the MP-MDTF. In addition DFID, DFAT, and the World Bank are partners in the Modernization of Public Financial Management project. In addition several other partners follow and have some involvement in EITI. These include Norway, the EU, Canada, US State Department, and Finland, as well as international NGOs like Natural Resource Governance Institute, Open Society Institute, and Global Witness. Norway's Oil for Development Program and the US State Department have specifically sought to partner with MOGE. To date the Bank and DFID have led donor coordination through a bi-monthly informal coordination meeting which is also attended by MDRI, as well as through continuous engagement with specific partners as needed. This role has been appreciated and has contributed to relatively joined-up efforts in a complex implementing environment. This will continue for the duration of this project. Additionally the Bank will report regularly to the Steering Committee meetings of the MP-MDTF as part of the partnership requirements of the MP-MDTF. In addition to convening the EITI donor coordination meeting members of the Bank EITI team will also periodically attend other Sector Working Groups (SWGs) with relevance to EITI, specifically the environment, public administration reform, and public financial management SWGs. Attendance at these SWGs will aim to provide updates to the broader donor community, and thereby both ensure engagement on larger policy issues and manage expectations of EITI.

51. DFID and DFAT will be invited to participate in all implementation support missions. In addition all missions will include a meeting specifically with DFAT and DFID to review project progress and specific partnership issues. The Bank will also undertake to ensure that DFID and DFAT receives sufficiently detailed financial information to allow DFID and DFAT to disburse its funding tranches. This information will specifically include: i) records of all donor funds (DFAT and DFID) transferred to the Bank through the MP-MDTF for the purposes of EITI; ii) disbursements to date from the MP-MDTF for both the grant and implementation support; iii) updated disbursement forecasts until the next payment, typically 6 months. The Bank will ensure that DFID and DFAT receive copies of all the EITI progress and financial reports produced by the EITI Secretariat. In addition the Bank will undertake to keep DFAT and DFID apprised of any extraordinary circumstances which arise and have impact on disbursement.

## **F. Grievance Redress**

52. 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](http://www.inspectionpanel.org)



## Annex 1: Results Framework and Monitoring

**Country: Myanmar**

**Project Name: Myanmar EITI Implementation Project (P156124)**

### Results Framework

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#### Project Development Objectives

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PDO Statement

Increase transparency and accountability in Myanmar's management of extractive industry data, revenue, and impacts

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**These results are at** | Project Level

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#### Project Development Objective Indicators

Indicator Name	Baseline	Cumulative Target Values				
		YR1	YR2	YR3	YR4	End Target
Successful validation and EITI compliance (Text)	EITI Scoping Study completed	Publication of First EITI Reconciliation Report	Publication of Second EITI Reconciliation Report	Publication of Third EITI Reconciliation Report	Publication of Fourth EITI Reconciliation Report	Publication of fourth EITI Reconciliation Report
Media, CSO, and citizen engagement in governance and accountability of the extractive industries (Text)	Limited understanding of and access to information on resource governance and EITI	15% of respondents report improved understanding of the EITI compared to previous year	25% of respondents report improved understanding of the EITI compared to previous year	30% of respondents report improved understanding of the EITI compared to previous year	35% of respondents report improved understanding of the EITI compared to previous year	35% of respondents report improved understanding of the EITI compared to previous year

Improved management of the extractive industries through systematic registration and monitoring of oil, gas and mining licenses (Text)	No publicly available mineral or hydrocarbons license registry	Computerized databases of hydrocarbons and mineral licenses	Digitization of license information and re-verification of datasets and geographic coordinates	Design and installation of a computerized mineral cadastre	Public access to mineral cadaster system and hydrocarbons registry	Public access to mineral cadaster system and hydrocarbons registry
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### Intermediate Results Indicators

Indicator Name	Baseline	Cumulative Target Values				
		YR1	YR2	YR3	YR4	End Target
Completion and documentation of MSG meetings and sub-committee meetings according to EITI work plan. (Text)	11 MSG meetings held to date	At least 6 MSG meetings At least 18 sub-committee meetings (6 each sub-committee)	At least 6 MSG meetings At least 18 sub-committee meetings (6 each sub-committee)	At least 6 MSG meetings At least 18 sub-committee meetings (6 each sub-committee)	At least 6 MSG meetings At least 18 sub-committee meetings (6 each sub-committee)	At least 6 MSG annual meetings At least 18 annual sub-committee meetings (6 each sub-committee)
Number of recommendations from previous EITI Reconciliation Report to which the MSG has responded (Number)	0.00	0.00	10.00	10.00	10.00	10.00
Number of Secretariat staff	12 workshops and training	23 Training events	23 Training events	15 Training events	15 Training events	15 annual training events



and stakeholders completing training courses (Text)	events January to October, 2015	Male participants: 650 Female participants: 440	Male participants: 650 Female participants: 440	Male participants: 500 Female participants: 350	Male participants: 500 Female participants: 350	Male participants: 500 Female participants: 350
Number of outreach activities (Text)	Two events in 2015	Nine outreach events implemented Male participants: 450 Female participants: 230	Ten outreach events implemented Male participants: 500 Female participants: 250	Ten outreach events implemented Male participants: 500 Female participants: 250	Three outreach events implemented Male participants: 150 Female participants: 90	Three outreach events implemented Male participants: 150 Female participants: 90

## Indicator Description

### Project Development Objective Indicators

Indicator Name	Description (indicator definition etc.)	Frequency	Data Source / Methodology	Responsibility for Data Collection
Successful validation and EITI compliance	Publication of EITI Reconciliation Reports and compliance with EITI Validation criteria	Annual	National EITI Secretariat and EITI website	National EITI Secretariat
Media, CSO, and citizen engagement in governance and accountability of the extractive industries	Perceived improvements will be measured as a function of respondents who report positive developments since the previous survey	Annual	EITI Perception Survey	National EITI Secretariat
Improved management of the extractive industries through systematic registration and monitoring of oil, gas and mining licenses	Installation of a computerized mineral cadaster system which is consistent with the legislation and with public access to basic information. Moreover, public access to hydrocarbons registry	Annual	Ministry of Mines and Ministry of Energy	National EITI Secretariat

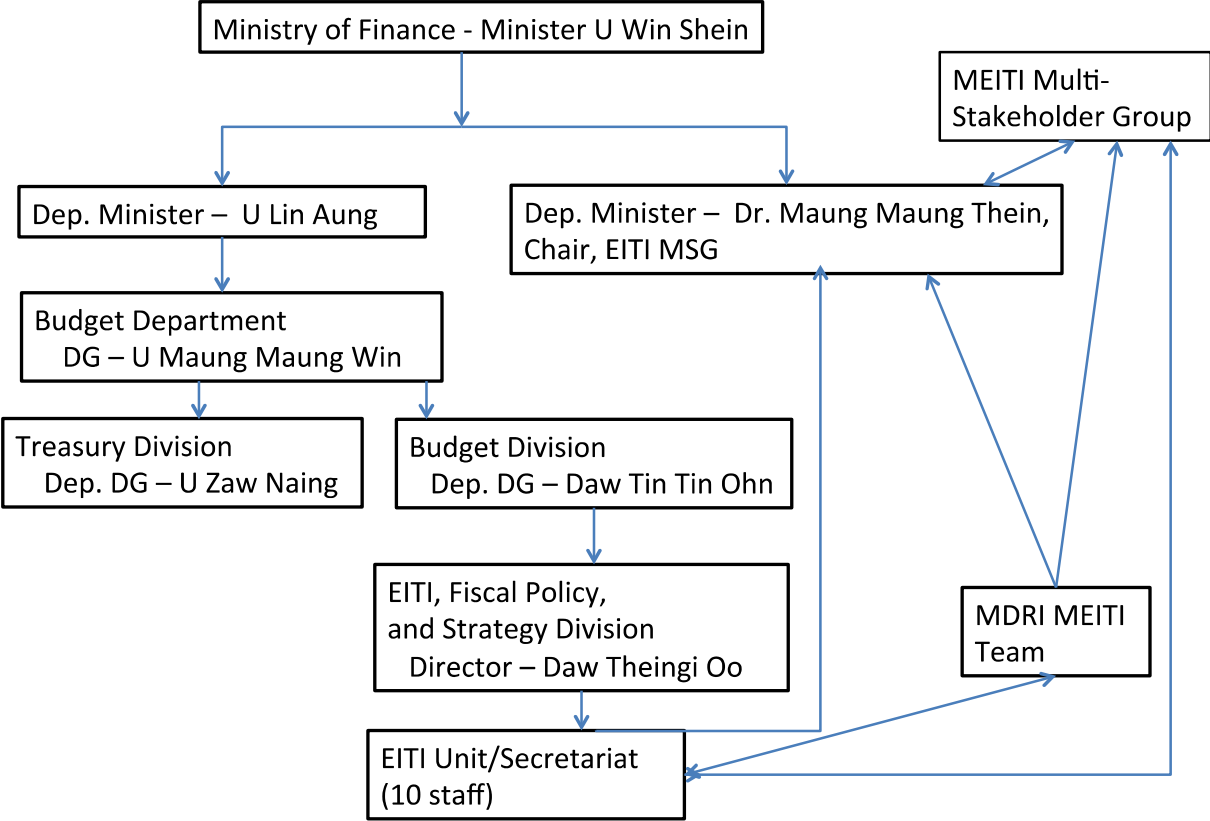
### Intermediate Results Indicators

Indicator Name	Description (indicator definition etc.)	Frequency	Data Source / Methodology	Responsibility for Data Collection
Completion and documentation of MSG meetings and sub-committee meetings according to EITI work plan.	Record of MSG meeting and subcommittee meeting minutes held throughout the year, published on MEITI website, including records of attendance (men/women)	Semi-annual	MEITI website	National EITI Secretariat
Number of recommendations from previous EITI Reconciliation Report to which the MSG has responded	Measurement of MSG's adoption/rejection of recommendations from the annual Reconciliation Report	Annual	EITI Reconciliation Report	EITI Multi-Stakeholder Group

Number of Secretariat staff and stakeholders completing training courses	Staff may consist of government employees and consultants. Stakeholders may consist of government employees, MSG members or other direct stakeholders	Annual	Minutes and summary reports	National EITI Secretariat
Number of outreach activities	Outreach events are expected to support: (i) EITI Report dissemination and (ii) sub-national constituency building	Annual	Annual Activity Report	National EITI Secretariat and Outreach Sub-committee

**Annex 2: Implementation Arrangements**

**Structure of the Myanmar EITI Secretariat**



## **Annex 3: Detailed Project Description:**

### **Component 1 – Support to the MSG and EITI Secretariat**

#### ***1.A EITI Reconciliation Reports and dissemination (US\$400,000)***

Preparation of three annual EITI reports, as required for Myanmar to become and remain EITI compliant. These will be the reports for the fiscal years 2014, 2015, 2016 (and possibly 2017 if data will be available at the time of execution). These reports will be published in January 2017, 2018, and 2019 respectively. Each of these will require financing for the Independent Administrator and related EITI Secretariat unit expenses. The reports will be carefully disseminated and communicated, based on the plans laid out in the communications strategy currently under development. Costs to be financed under this sub-component will include consultants' services, goods, non-consulting services and operating costs.

#### ***1.B MSG, sub-committees and regional MSG meetings, sub-national production of annual activity reports (US\$400,000)***

MSG meetings take place on a bi-monthly basis, with regular sub-committee meetings in between. In addition the MSG intends to continue the creation of 'sub-national coordination units' to broaden involvement of local communities in regions rich in natural resources. Costs associated to meetings will be covered – including production of meeting materials, venue rental, travel costs as needed, and other operational costs. This sub-component will finance operating costs and goods.

#### ***1.C Outreach and communications (US\$200,000)***

Essential EITI activities will also include outreach and awareness-raising activities as defined in the communications plan. This includes the preparation of various communication tools explaining the EITI (such as cartoons, radio/TV clips, etc.), maintenance of the MEITI website, and press releases. In providing accurate information on EITI, communication activities will also aim to manage expectations of EITI over the long-term. Communications activities will build on a communications strategy developed under the EITI MDTF grant. Building on experience from other EITI countries and other sectors in Myanmar, the communications activities will also include pilot 'Extractives Data Literacy Bootcamps', where journalists, coders, civil society, and civic hackers will team up to strengthen their understanding of the available data on the Extractives Sector. The Natural Resource Governance Institute has a program of training for Parliamentarians on EITI and extractive governance. Project activities will remain coordinated with and build on these efforts as feasible. All activities will be documented in the annual activity reports required from each EITI country every year. These reports are produced by MSG and maintained on the country EITI webpage as well as the EITI international Secretariat site. Costs financed will include training and workshops, consultant services, non-consulting services, goods, and operating costs.

#### ***1.D Capacity building, training and study tours for EITI implementation and project execution (US\$300,000)***

A Training Plan has been prepared and endorsed by the MSG in October, 2015. It will aim to benefit the EITI Secretariat, the MSG, government agencies, and MSG constituents. It includes skills development at multiple levels, from basic administration to negotiation to improved technical understanding of the extractive industries and financial management. Parallel to the Training Plan, funds will be allocated to cover travel to EITI conferences, Board meetings, training events, and study tours. With respect to cross-country, peer learning, the Philippines presents a particularly good example, given its well-functioning

secretariat and CSO constituency, Bantay Kita, and inclusion of sub-national communication and engagement. Costs to be financed under this component will include consultant services, non-consulting services, training and workshops, and operating costs.

***1.E Secretariat Office functioning and coordination (US\$300,000)***

This component will finance the costs of consultants to support the national EITI Secretariat, including financial management, monitoring and evaluation and other technical aspects of EITI implementation. Financing will also be allocated for operational costs of the National EITI Secretariat in order to cover office equipment. Since government is contributing office space and up to 10 staff, the incremental operating costs will be limited. This sub-component will finance consultant services, non-consulting services, goods, and operating costs.

**Component 2 – Improving operators’ readiness for EITI implementation**

***2.A Training and advisory services on improving data quality for private operators and SEEs (US\$90,000)***

While Component 1 supports advisory services to the MSG and EITI Secretariat unit, Component 2 will cover activities aimed at improving the capacity of reporting entities to meet EITI reporting requirements and enhance the overall standard of the data they produce. This will be coordinated with and build on training in reporting templates typically provided by the Independent Administrator. It will aim to improve overall quality and accessibility of EITI related data among both private sector operators and SEEs through advisory services and training focusing on financial management and reporting, audit procedures, verification of production statistics, and other areas. The planned activities will respond to recommendations from the Independent Administrator, as documented in the annual reports, in line with the MEITI work plan. Moreover, EITI globally is seeking to move away from annual reporting cycles led by dedicated teams of consultants to the adoption of integrated government systems capable of generating EITI data on an automated basis. As a new EITI country, Myanmar has the opportunity to start working toward the creation of such a system. Costs financed will include training and workshops and consultant services.

***2.B Support to beneficial ownership reporting and contract disclosure (US\$60,000)***

Support to the MSG in defining a methodology for beneficial ownership reporting, and piloting beneficial ownership reporting during the grant period. This activity will take into account data available through the new Myanmar Stock Exchange. This sub-component will be financed training and workshops, consultant services.

**Component 3. Institutional Development for EITI Implementation**

***3A Mineral license registration (US\$475,000)***

Requirement 3.9 of the EITI Standard stipulates that the EITI Reconciliation Report must contain information about the complete list of license holders in the country with permits to development or exploitation of natural resources including geographical coordinates of the licenses, the dates of award and expiration as well as production statistics. Myanmar currently does not have a nationwide license registry of mineral licenses (whereas the management of petroleum blocks is centralized and recorded by MOGE). Further license holders do not have unique ID numbers or even standardized transliterations of

Burmese names, making tracking and reconciliation difficult. In the mineral sector, the Department of Mines (MOM), Department of Geological Surveys and Exploration (DGSE) and Myanmar Gems Enterprise (MGE) are in the process of compiling and digitizing all active mineral licenses, including jade and gem enterprises as well as small-scale operators. However, license compilation is hampered by incomplete data and the absence of a national digital map. The design and creation of the mineral cadastre system will proceed in carefully sequenced steps, starting with the creation of a list of licenses. Costs financed under this component will include training and workshops, consultant services, non-consulting services, goods, and operating costs.

### ***3B Integrated mapping and mineral cadaster design (US\$525,000)***

An essential part of the support will concern the definition of a uniform geographical coordinate system for mapping of existing mineral licenses. The project will assess the progress of introducing the OneMap Myanmar Initiative and the requirements for a common interface. This activity will require collaboration between MOECAAF and MOM. Once existing resources and data sets are known, a Mineral Cadaster Management System will be designed in order to (i) systematically compile in-put data upon registration or validation of mineral licenses, (ii) map business processes, work-flows and decision-making in the process of review and approval or rejection of mineral licenses and (iii) generate reports and make basic license information publicly available and easily accessible for government authorities.

It is also envisaged that project funding will be used for purchase of necessary hardware and software for government agencies. A limited number of mobile devices (such as GPS and others) will also be procured for field inspection and verification of the geographical coordinates. Limited funding is also allocated for refurbishment of existing offices in the Ministry of Mines with a view to provide office facilities which are accessible to investors and other stakeholder who wish to consult publicly available records of mineral licenses. Costs financed will include training and workshops, consultant services, non-consulting services, goods, and operating costs.

### ***3.C Extractive industries statistics and tax administration including sub-national level (US\$100,000)***

The project will support improved mechanisms for monitoring of production data and inspection of tax filings from SOEs as well as private operators in the country. Successful implementation of EITI will require that the Ministry of Finance improve the quality of data generated by its own agencies, such as the Internal Revenue Department and the Customs Department. This will include enhanced procedures for evaluation and certification of the quantity and quality of mined resources. Currently, company registration and tracking is hampered by the absence of unique Tax Identification Numbers and the inability of segregating extractive industry figures from other operations which conglomerates may undertake. In collaboration with the PFM Modernization Project recommendations will be made concerning improved tax filings in order to better assess sales and revenue data accruing from the extractive industries. Costs financed will include training and workshops, consultant services, and non-consulting services.

### ***3.D Capacity building and training (US\$350,000)***

The project will support the DGSE in its current compilation, mapping and analysis of existing mineral licenses. This support will require recruitment of advisors with international experience who will work closely together with DGSE, DoM, Mining Enterprise No.1, Mining Enterprise No.2, MGE, and regional authorities in the compilation and verification of license information. The services will also include training of staff in GIS utilization, database management and data analysis. Training will also be offered

to tax inspectors and officers in MOF, MOM as well as the Central Statistical Office. Costs financed will include training and workshops, consultant services, and non-consulting services.

### **3.E Legal, sector reports, legislative strengthening and research (US\$300,000)**

Given the breadth of extractive industries in Myanmar, the MSG has identified the need to undertake specific reports on certain sectors with a view to ascertain the relevance and feasibility of expanding the scope of EITI reporting to sectors such as gemstones, hydropower and others. The scope of these studies will be limited to EITI implementation, they will not consider investment potential or sector planning. Studies on the gemstone sector and hydropower have been included in the work plan. The gemstone sector study is likely to proceed first, following the conclusion of the Scoping Study. The study will provide an estimate of the annual production and export value of gemstones and jade. It is also envisaged that the study will identify the agencies (official or para-legal) involved in sector management and operations. In addition a further legal study will be carried out after the completion of the first Reconciliation Report to assess the extent of legal and regulatory bottle-necks of sector transparency and EITI implementation, and recommend steps toward the drafting of legal requirements for mandatory EITI disclosure. Costs financed will include training and workshops and consultant services.

#### **Estimated budget:**

<b>Component</b>	<b>Estimated Cost</b>
<b>Component 1: Support to the MSG and EITI Secretariat -</b>	<b>1,600,000</b>
1A: EITI Reconciliation Reports and dissemination	400,000
1B: MSG, sub-committees, regional MSG meetings, sub-national production of annual activity reports	400,000
1C: Outreach and communications	200,000
1D: Capacity building, training, and study tours for EITI implementation and project execution	300,000
1E: Secretariat Office functioning and coordination	300,000
<b>Component 2 – Improving data quality and operators’ readiness for EITI implementation</b>	<b>150,000</b>
2A: Training and advisory services on improving data quality for reporting entities, including SEEs	90,000
2B: Defining and piloting a methodology for beneficial ownership reporting and contract disclosure	60,000
<b>Component 3 – Institutional development for EITI Implementation – Ministries</b>	<b>1,750,000</b>
3A: Mineral license registration	475,000
3B: Integrated mapping and mineral cadaster design	525,000
3C: Extractive industries statistics and tax information, including on sub-national	100,000
3D: Capacity building and training	350,000
3E: Legal, sector reports, legislative strengthening, research	300,000



## **Annex 4: Arrangements for implementation support**

The approach to supervision and implementation support has been developed based on the experience from the MEITI Implementation Project I, the Myanmar context, and the demands of the EITI process. The approach has been developed in consultation with the MP-MDTF partners. The main elements of the approach are: i) in-country presence; ii) flexibility; and iii) ongoing access to technical advice from Bank staff or consultants.

### **Implementation Support**

The World Bank task team consists of the Task Team Leader (TTL) plus operational support which will be equivalent to at least one full-time position but which may be split between two staff. The operational support staff will be based in Yangon. The TTL has overall responsibility for the design, implementation, oversight, coordination with partners, supervision and reporting, and monitoring and evaluation. The operational support staff back-stop the TTL in all aspects of this responsibility.

In the design of the project the task team, client, and partners agreed on the importance of enhanced implementation support to ensure smooth implementation of the project. Experience in implementing EITI preparation activities, funded through an EFO from DFID (2013 – 2015), and MEITI Implementation Project I (2015), funded from the Bank-managed global EITI MDTF, have demonstrated the importance of in-country implementation support. The EITI is by its nature a technically demanding, fast-moving, process driven by strict deadlines. At the same time the Myanmar government faces limitations in capacity, and is also relatively unfamiliar with World Bank project procedures and requirements. Bank operational staff and consultants in Yangon have proven essential to implementation of the two previous projects in support of EITI. An in-country presence allows the Bank to respond quickly to questions, identify and resolve bottlenecks, and anticipate and address implementation support needs, including linking project staff and Bank fiduciary staff as needed. For example, bi-weekly meetings at the Ministry of Finance in Nay Pyi Taw between the Ministry of Finance EITI Secretariat unit, MDRI, and Bank staff have proven an important mechanism to maintaining momentum on implementation of project activities.

To this end the implementation support plan includes the full-time presence of experienced Bank operations staff or consultants dedicated to the project in Yangon.. These consultants will be based at the World Bank office in Yangon, with twice monthly trips to Nay Pyi Taw to meet with the EITI Secretariat and other stakeholders as needed. They will also be able to ensure liaison with development partners and World Bank staff not based in-country.

In addition to the task team, the implementation support plan includes funds for World Bank safeguards staff. Although the project is a Category C project and no safeguards are triggered, the task team and Regional Safeguards Advisor have agreed on the importance of safeguards training being built in to the project design. It is anticipated that safeguards staff may be called on to provide training in overall safeguards principles in conjunction with specific project activities. Therefore a Safeguards Specialist will be part of the Task Team to help design training sessions on good sector management related to environmental and social safeguards. In order to maximize flexibility and responsiveness, the implementation support plan also includes technical advice. The inclusion of this technical advice will allow the task team to respond in real time to technical needs and requests from the client. The MEITI Work Plan includes a significant amount of capacity building, training, and advisory services, particularly in Component 3, however experience of

EITI implementation to date shows the importance of flexibility and capacity to respond to unforeseen needs.

*Skills Mix Required*

<i>Skills Needed</i>	<i>Number of Staff Weeks annually</i>	<i>Number of Trips annually</i>	<i>Comments</i>
TTL/Mining Specialist	8 SW	3	HQ Based
Operations Consultant	30 SW	15 trips Yangon - NPT	Yangon based
Sr. Operations Consultant	10 SW	5 trips Yangon- NPT	Yangon based
Procurement	2 SW		Yangon based
Financial Management	2 SW		Yangon based
Social and Environmental Safeguards	3 SW	As required	HQ Based, Yangon, or Region based
Consultant Technical Advice	12 SW	As required	

## **Annex 5: Scoping Study Findings – Extractive Industry Revenue Flows**

*31.4% of revenue from the extractive industries for fiscal year 2013 – 2014 were collected by ministries, including the Ministry of Finance, while 68.4% of revenues were collected by State Economic Enterprises (SEE) operating under the Ministry of Mines and the Ministry of Energy. Oil and gas accounts for over 79% of non-tax revenue collected while mining only accounts for 21%. Within this 21%, jade and gems accounts for 97% of revenue<sup>3</sup>. Quantifying revenue from the artisanal and small scale mining (ASM) presents a particular challenge, given the low level of formalization and limited record-keeping in this sub-sector. The Scoping Study identified 33 different payment flows for oil, gas, and mining operations to be included in the EITI Reconciliation Report. The Scoping Study calls for reporting by five government agencies (including MoM, MoE, MoF (IRD), Custom, and Ministry of Environment, Conservation, and Forestry (MoECAF) as well as six SEEs (Mining Enterprises 1 – 3, Myanmar Oil and Gas Enterprise (MOGE), Myanmar Gems, and Myanmar Pearl Enterprises). MOGE is an essential player in the EITI process, and to date has been a regular and active participant in the MSG. Among the SEEs, MOGE’s record-keeping is the best, due to their long-term exposure to international company standards.*

*According to data made available for the Scoping Study from the Central Statistical Organization, gas accounted for 29% of exports at US \$3.3billion in 2013 – 2014. Jade and gems sales in 2014 were estimated at a value of US \$3.4 billion, based on data from the official Myanmar Gems Emporium, although the share of exports is less clear. All jade and gems sales are in principle supposed to proceed through the official emporium however there is evidence that many sales circumvent the emporium. Customs data from China shows imports of US \$12.3 billion worth of jade and gemstones in 2014 (see New Crossroads Asia, Myanmar Business Update, June 22, 2015). A 2013 study by Harvard University estimated jade exports at US \$7.9 billion. A recent study by Global Witness asserts that the jade trade alone is worth over \$30 Billion annually.*

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<sup>3</sup> Source: Myanmar EITI Scoping Study, 2015, Moore Stephens LLP

Figure 1:

# Mining Payment Flows (Mining Enterprise No. 1)

(adapted from Moore Stephens, Scoping Study)

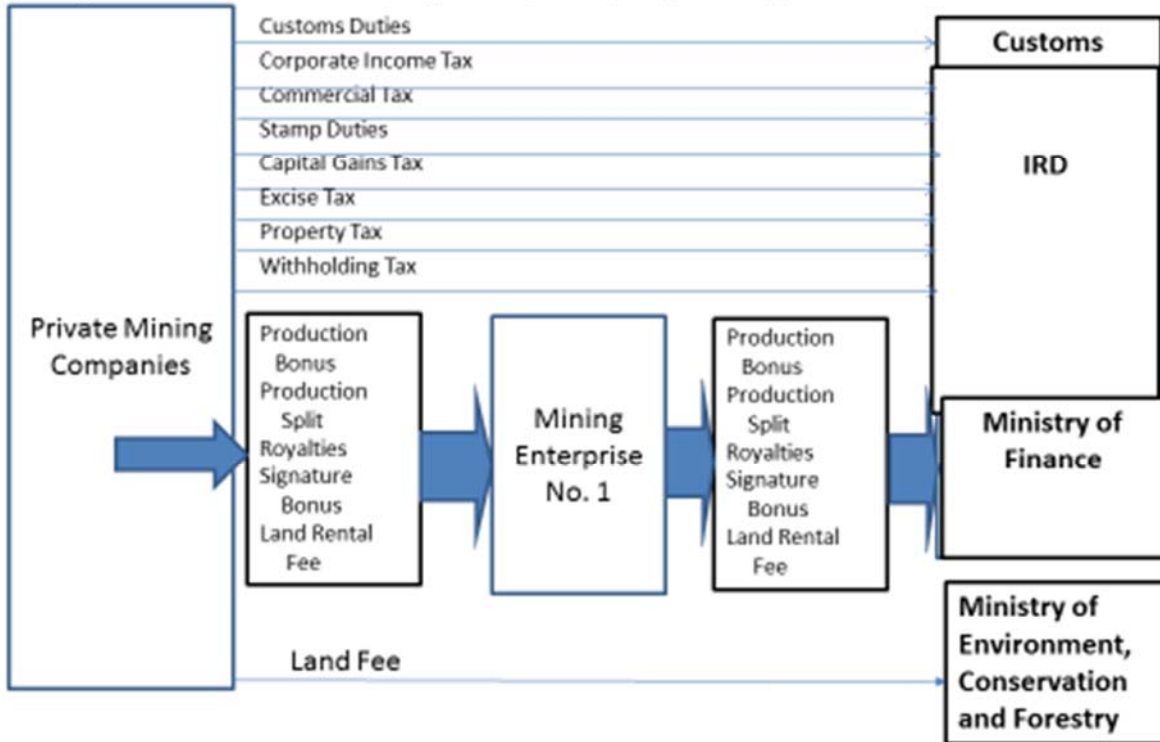


Figure 2:

## Oil and Gas Payment Flows (adapted from Moore Stephens, Scoping Study)

