



THE WORLD BANK IFC International Finance Corporation

Myanmar Country Environmental Analysis



2019

ENVIRONMENTAL IMPACT ASSESSMENT (EIA) SYSTEMS DIAGNOSTIC

Background: *The EIA systems diagnostic is a part of Myanmar Country Environmental Analysis (CEA). It was developed in partnership with Environmental Conservation Department (ECD) under the Ministry of Natural Resources and Environmental Conservation (MONREC). This report enhances understanding of EIA systems and provides recommendations towards their strengthening.*

Methodology: *From October 2018 to April 2019 the World Bank and IFC carried out a review of EIA systems. The report identifies the key challenges and provides recommendations to support the ECD in effectively implementing the EIA Procedure (2015), including staffing, administrative, technical, legal, and institutional issues.*

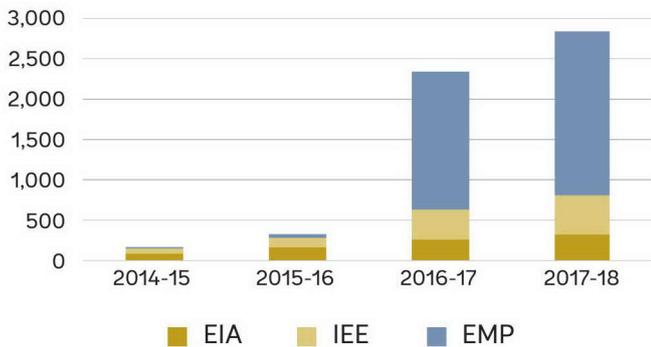
The EIA systems review included analysis of ECD data and surveys of EIA Division staff at Union and State/Region level, environmental and social consultants, private sector, third-party reviewers, and NGOs.

A robust EIA and monitoring system is critical in identifying and managing the potential impacts of large-scale development and striking a balance between economic development, environmental conservation, and social cohesion. Significant challenges remain in the review and approval of EIA reports, and an effective monitoring and inspection regime is not in place. There have been some recent investments in institutional strengthening and technical capacity.

- In 2012, the government introduced the Environment Conservation Law, supported by the Environment Conservation Rules (2014) and EIA Procedure (2015).
- In 2016, MONREC set up the EIA Division under the Environmental Conservation Department (ECD) to oversee the review and approval of EIAs, Initial Environment Examinations (IEEs), and Environmental Management Plans (EMPs).
- The number of EIAs, IEEs and EMPs submitted is increasing every year, with a significant increase of EMPs in 2016/17 and of all reports in 2017/18 (Figure 1).

Figure 1

EIA/IEE/EMP received from FY2014/15 to FY2017/18



Source: ECD data

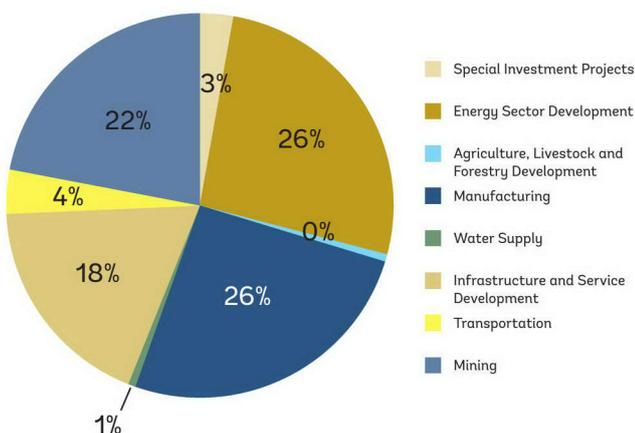
- A total of 2,783 reports were submitted as of February 2019 and 89.6 percent had been replied to.
- Yet only 6.9 percent (192) of reports had been approved, leaving 250 EIAs, 482 IEEs, and 1,851 EMPs awaiting approval.
- There is not an effective system in place for monitoring, inspection and audit of new or existing projects.

EIAs, IEEs and EMPs by sector

Currently, the Mining sector accounts for 72.2 percent (2,010) of the total reports submitted. There is a more even distribution of EIA reports across different sectors.

Figure 2

EIA received by sector from FY 2011/12 – 2017/18



Ongoing agenda for reform

The Myanmar Sustainable Development Plan (MSDP) (2018-30) and National Environment Policy (NEP) (2019) provide the foundation for mainstreaming environment and natural resources into development planning.

- **MSDP 2018:** Recognizes the importance of environment and natural resources for economic growth. Goal 3 identifies the need to build infrastructure to facilitate economic growth and also to establish effective social and environmental safeguards against negative impacts of infrastructure development.
- **NEP 2019:** Covers three strategic areas: (i) clean environment and health, (ii) functioning ecosystems, and (iii) sustainable development and mainstreaming environmental management.

Current budget, staffing and resources

MONREC and ECD have set ambitious targets to recruit more than 19,000 staff by 2025 and establish 73 offices at district level and 365 at township level. Internally, they have also recognized the urgent need to strengthen EIA systems. However, this will require significant budget, resources and capacity building.

The planned budget allocation for the 2017/18 FY was just under US\$2 million. The share of Union budget allocated to environmental conservation activities has increased steadily (albeit modestly) from 0.15 per cent in 2011/12 to 0.23 per cent in 2016/17.

Significant challenges remain in effectively implementing the EIA Procedure (2015). This is largely due to the limited resources and institutional capacity of ECD to review, approve, and follow-up on EIAs for investments and developments across all sectors. This limited capacity is causing a significant backlog of unprocessed EIAs, IEEs and EMPs.



Key findings

- **Limited capacity and resources for the timely review and approval of EIA.** By February 2019, only 37 out of 287 EIAs (or 13 percent) submitted had been approved.
- **Delays in issuing Environmental Compliance Certificates (ECCs).** By June 2018, fewer than 10 ECCs had been approved and issued by ECD.
- **Poor quality of EIAs, IEEs and EMPs submitted.** The ECD is dealing with a constant stream of documents that are largely inadequate due to poor impact and risk assessments. This is resulting in deficient EMPs and mitigation measures, particularly in the mining sector.
- **Limited monitoring, inspection and compliance.** Currently, there is not an effective monitoring and inspection regime in place. Through discussions with ECD Headquarters and State/Region offices, it was reported that the Pollution Control Division (PCD) normally only conducts monitoring or inspection in response to complaints received from local communities.
- **The process of establishing committees involving representatives from ECD, General Administration Department, Township authorities and other departments has started in some state/regions.** Their purpose is to conduct monitoring and inspections on large projects including cement plants, hydropower and mining. However, the subnational PCD offices only have limited staff, equipment and facilities to conduct effective monitoring.
- **Challenges in applying EIA Procedure (2015) to Special Economic Zones (SEZs).**
- **Limited use of Strategic Environmental Assessment (SEA) for planning.**
- **Inadequate public participation and disclosure and provisions for social impact assessment (SIA).** This includes a lack of clarity on which Ministry or Department is responsible for dealing with social issues.

Way Forward

The recommendations for improving the EIA systems aim to ensure that the government has a modernized information system for managing the EIA process.

It also seeks to equip the ECD with the appropriate technical capacity, tools, budget, and resources to become a more effective environmental regulator.

The CEA recommends several actions to improve environmental management in Myanmar.

Short term actions include:

- **Develop an Environmental Management Information System (EMIS).** This includes the existing ICT, process flow and document control at Union and state/region ECD offices to inform the design of Phase 1 of the EMIS for the review and approval of EIAs, IEEs and EMPs.
- **Adopt a risk-based approach and delegate approval for EIAs, IEEs and EMPs.** Develop a risk-based approach for categorizing projects and conduct a legal review to determine how delegations for approvals can be revised in the EIA Procedures (2015).
- **Establish a third party review panel.** Develop scope and funding mechanisms for an independent review panel so that experts can be mobilized to assist ECD with the review of EIAs and IEEs.
- **Invest in capacity building and training.** Conduct training needs assessment to prioritize training topics for EIA Division and PCD staff, consultants and the private sector.
- **Finalize draft sectoral guidelines and prepare additional guidance.** ECD need to approve the draft sectoral guidelines for mining, oil and gas, hydropower and public participation. They also need to prepare and prioritize additional sector guidelines including SEZ, infrastructure, transport, and compliance for artisanal and small-scale mining.
- **Reorganize the EIA Division.** Conduct an organizational review to reorganize the EIA Division to separate administrative and technical functions for review and approval.

- **Improve environmental compliance and enforcement.** Conduct a legal and institutional review on EIA Division and PCD on compliance, inspection and monitoring.
- **Operationalize financial mechanisms.** Assess the ECL (2012), ECR (2014) and EIA Procedure (2015) to design a process for obtaining fees, the review and approval of EIA, and monitoring and compliance.
- **Establish an Environmental Management Fund.** This could potentially provide significant sources of funding that could be used to improve the review and approval process as well as environmental inspection and monitoring (Schulte & Baird 2018).

Development partner support

Over the last three years, the World Bank, IFC, Asian Development Bank (ADB), Japanese International Cooperation Agency (JICA), United Nations Development Programme (UNDP), Norwegian Environment Agency (NEA), Myanmar Centre for Responsible Business (MCRB) and other development partners have invested in building the capacity of ECD through support to training and development of sector specific guidelines.

Safeguards Learning Center

The World Bank, in coordination with the ADB and JICA, is in the process of establishing a functioning environmental and social Safeguard Learning Centre (SLC) within ECD, through the World Bank Australia Safeguard Partnership (WBASP), to provide training to EIA Division, PCD and other staff. The IFC will continue to work with the private sector to improve risk assessment and management skills on topics such as social survey methods and resettlement action plans, designing impact assessments and management plans, conducting biodiversity and health impact assessments.

REFERENCES

Schulte, William J., and M. H. Baird. 2018. "Myanmar's Nascent Environmental Governance System: Challenges and Opportunities." *Natural Resources and Environment* 33 (2): 21–26.