Re: Grant No.TFOA1901
Myanmar Extractive Industries Transparency Initiative Implementation Project

Excellency:

In response to the request for financial assistance made on behalf of Republic of the Union of Myanmar ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development/International Development Association ("World Bank"), acting as administrator of grant funds provided by Australia, Denmark, and the United Kingdom ("Donors") under the Myanmar Partnership Multi-Donor Trust Fund (No.TF072229), proposes to extend to the Recipient, a grant in an amount not to exceed two million five hundred thousand United States Dollars (U.S.$2,500,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donors. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donors under the above mentioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT/INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Constantine Chikosi
Acting Country Director, Southeast Asia
(Brunei, Cambodia, Lao PDR, Malaysia, Myanmar)
AGREED:
REPUBLIC OF THE UNION OF MYANMAR

By: NWE NWE WIN
Authorized Representative
(NWE NWE WIN)
Name: DIRECTOR GENERAL
Title: MINISTRY OF PLANNING AND FINANCE
Date: January 17, 2017

Enclosures:

(2) Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants, dated October 15, 2006 and revised in January 2011
(5) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006

Cc: Mr. Rionald Silaban, Executive Director for Myanmar, World Bank Group
Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 2012 ("Standard Conditions"), constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement including, without limitation, in the paragraphs set forth below:

(a) "EITI Secretariat" means EITI Secretariat within the Ministry of Planning and Finance, headed by the National EITI Coordinator charged with the responsibility of day to day operations and coordinating the Project activities.

(b) "EITI" means extractive industry transparency initiative;

(c) "MDRI-CESD" means the Myanmar Development Resources Institute – Centre for Economic and Social Development established and operating pursuant to its permit dated March 19, 2012, registration no.1986 under Myanmar’s law relating to forming of organization.

(d) "Ministry of Planning and Finance" means the Recipient’s Ministry of Planning and Finance, or any successor thereto.

(e) “MSG” means the Recipient’s multi-stakeholder group established in January 2014, which comprises 21 representatives of government, civil society and private sector to oversee the EITI process, and published in the Recipient’s National Gazette dated February 8, 2014.

(f) “Operating Costs” means the reasonable expenditures directly related to the Project incurred by the Recipient, EITI Secretariat, or MDRI-CESD, as the case may be, on account of the implementation, management, coordination, and monitoring and evaluation of the Project (and include only expenditure that would not have been incurred in the absence of the Project), including expenditure on travel, lodging and per diems, consumable materials, office supplies, communications services (including postage handling, telephone and internet costs), publication services, translation services, operations and maintenance of office equipment and vehicles, and other administrative costs directly related to the Project, including staff costs of MDRI-CESD for expenditure that would not have been incurred in the absence of the Project, but excluding salaries, bonuses, fees and honoraria or equivalent payments of members of the Recipient’s civil service.

(g) “Results Framework” means the Recipient’s framework, dated January 15, 2016 and agreed with the World Bank, setting forth the indicators and targets for purposes of monitoring and evaluation of the progress of the Project, as the same may be revised from time to time with the prior written agreement of the World Bank, and such term includes any annexes, appendices, or schedules to such framework.
(h) “Training” means the reasonable costs of training under the Project, and directly attributable to seminars, workshops, and study tours, along with travel and subsistence allowances for training participants, course fees, services of trainers, rental of training facilities, preparation, acquisition, distribution and reproduction of training materials, and other activities directly related to course preparation and implementation.

(i) “World Bank Safeguard Policies” means the World Bank’s operational policies and procedures set forth in the World Bank’s Operational Manual and identified as OP/BPs 4.01, 4.04, 4.09, 4.10, 4.11, 4.12, 4.36, 4.37, 7.50 and 7.60 as said manual is published under www.worldbank.org/opmanual.

Article II
Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to increase transparency and accountability in Myanmar’s management of extractive industry data, revenue, and impacts. The Project consists of the following parts:

**Part 1: Support to the MSG and EITI Secretariat to implement EITI**

Carrying out a set of activities essential to EITI implementation, including:

(a) production and dissemination of the annual EITI reconciliation report;

(b) capacity building to create the necessary skills among MSG members, and the EITI Secretariat; and

(c) facilitation by MDRI-CESD of MSG meetings, sub-committee meetings, communication, outreach activities, and EITI Secretariat coordination.

**Part 2: Improve operators’ readiness for EITI implementation**

Increasing capacity of reporting entities through training in reporting templates, advisory services and training programs with a focus on financial management and reporting, audit procedures, verification of production statistics, and other related areas to improve overall quality and accessibility of EITI related data among both private sector operators and state economic enterprises.

**Part 3: Institutional development for EITI Implementation**

(a) Provision of training and technical assistance:

(i) to enhance production of quality data to the Recipient’s line ministries, including the Ministry of Natural Resources and Environmental Conservation, and the Ministry of Planning and Finance, excluding the EITI Secretariat; and

(ii) to Ministry of Planning and Finance to compile and manage EITI data across a range of governmental agencies including its Internal Revenue and Customs departments.
Facilitation by MDRI-CESD of the training and outreach activities carried out under Part 3(a) of the Project.

Development of a mineral license registry, to make publicly available the registry of mining licenses, including mandatory environmental and social performance records.

Carrying out of baseline studies on the gemstone sector and the hydro sector to analyze the institutional structure and flow of funds of such sectors to ascertain the feasibility of expanding the EITI scope to these sectors.

2.02. Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out Parts 1(a), 1(b), 2, 3(a), 3(c) and 3(d) of the Project through its EITI Secretariat, and carry out Parts 1(c) and 3(b) of the Project with the facilitation of MDRI-CESD, both in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. Institutional and Other Arrangements. (a) 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.

(b) The activities under Parts 1(c) and 3(b) of the Project shall be implemented with the facilitation of MDRI-CESD. For this purpose, the Ministry of Planning and Finance shall enter into a memorandum of understanding with MDRI-CESD, on terms and conditions acceptable to the World Bank (“Memorandum of Understanding”), detailing the technical cooperation required between the Ministry of Planning and Finance and MDRI-CESD to facilitate the carrying out of such activities, including the applicable disbursement, financial management and procurement arrangements for any Eligible Expenditures incurred by MDRI-CESD under Category 3 in the table in Section 3.01 of this Annex, and shall ensure that such activities are carried out in accordance with the Memorandum of Understanding.

(c) The Recipient shall ensure that the terms of reference for any consultants’ services in respect of any activity under the Project shall be satisfactory to the World Bank following its review thereof, and to that end, such terms of reference shall duly incorporate applicable environmental and social standards equivalent to the World Bank Safeguards Policies then in force, as applied to the advice conveyed through such technical assistance.

2.04. Donor Visit. (a) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, enable the representatives of the Donors to visit any part of the Recipient’s territory for purposes related to the Project.

2.05. Project Monitoring, Reporting and Evaluation. (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators set forth in the Results Framework. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.
(b) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

2.06. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than one month after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07(b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

2.07. **Procurement**

(a) **General.** All goods, non-consulting services and consultants' services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:


(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014) (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

(b) **Definitions.** The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

(c) **Particular Methods of Procurement of Goods, and Non-consulting Services**

(i) Except as otherwise provided in sub-paragraph (ii) below, goods, and non-consulting services shall be procured under contracts awarded on the basis of National Competitive Bidding subject to the additional provisions set forth in the Appendix to this Agreement.
(ii) The following methods, other than National Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts which are specified in the Procurement Plan: (A) Shopping; and (B) Direct Contracting.

(d) Particular Methods of Procurement of Consultants' Services

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods, other than Quality- and Cost-based Selection, may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Quality-based Selection; (B) Selection based on Consultants’ Qualifications; (C) Single-source Selection of consulting firms; (D) Least Cost Selection; (E) Selection of Individual Consultants; and (F) Single-source procedures for the Selection of Individual Consultants.

(e) Review by the World Bank of Procurement Decisions. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

Article III
Withdrawal of Grant Proceeds

3.01. Eligible Expenditures. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, non-consulting services, consultants’ services, Training under Parts 1(a), 1(b), 2, 3(a), 3(c) and 3(d) of the Project for EITI Secretariat</td>
<td>2,006,800</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Operating Costs under Parts 1(a), 1(b), 2, 3(a), 3(c) and 3(d) of the Project for EITI Secretariat</td>
<td>250,000</td>
<td>100%</td>
</tr>
</tbody>
</table>

5
(3) Goods and Operating Costs  
under Parts 1(c) and 3(b) of the Project for MDRI-CESD  

<table>
<thead>
<tr>
<th></th>
<th>243,200</th>
<th>100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL AMOUNT</td>
<td>2,500,000</td>
<td></td>
</tr>
</tbody>
</table>

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made:

(a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed $75,000 equivalent may be made for payments made prior to this date but on or after January 1, 2016, for Eligible Expenditures;

(b) under Category (3) unless the Memorandum of Understanding referred to in Section 2.03(b) of this Agreement has been entered into between the Ministry of Planning and Finance and MDRI-CESD, on terms and conditions acceptable to the World Bank.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06(c) of the Standard Conditions is December 31, 2019.

**Article IV**  
Recipient’s Representative; Addresses

4.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its Minister at the time responsible for finance.

4.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Planning and Finance  
Building No. 26  
Nay Pyi Taw  
Myanmar  
Facsimile: 95-67-410-198

4.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development/  
International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America  
Facsimile: 1-202-477-6391
APPENDIX

CONDITIONS FOR USE OF NATIONAL COMPETITIVE BIDDING PROCEDURE IN MYANMAR
(MARCH 2014)

The procurement procedure to be followed for National Competitive Bidding shall be the *Open Tender Procedure* set forth in the Republic of the Union of Myanmar, *Tender Directive No. 1/2013* dated April 5, 2013 (the “Directive”) and Instruction from the President’s Office dated June 2, 2011 on “Changing the Procurement Method from Close Tender to Open Tender” (the “Instruction”), provided, however, that such procedure shall be subject to the provisions of Section I and Paragraphs 3.3 and 3.4 of the “Guidelines for Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers” (January 2011) (the “Procurement Guidelines”) and the following additional provisions:

1. **Eligibility**

   (1) Eligibility to participate in a procurement process for and to be awarded a World Bank-financed contract shall be as defined under Section I of the Procurement Guidelines; accordingly, no bidder or potential bidder shall be declared ineligible for contracts financed by the World Bank for reasons other than those provided in Section I of the Procurement Guidelines.

   (2) Foreign bidders shall not be required to form a joint venture or to sub-contract part of the supply of goods, works and services as a condition for submitting bids or the award of the contract. Bidding documents shall be made available, by mail or in person, to all international bidders who are willing to participate and pay the required fee, if so required.

2. **Government-owned Enterprises**

   Government-owned enterprises in Myanmar shall be eligible to participate in bidding only if they can establish: (i) that they are legally and financially autonomous, (ii) operate under commercial law, and (iii) are not dependent agencies of the Recipient or Sub-Recipient.

3. **Domestic Preference**

   No domestic preference may be applied in bid evaluation on the basis of bidder nationality, the origin of goods, services or labor, and/or preferential programs, including any preference for government-owned enterprises.

4. **Registration of Contractors and Suppliers**

   (1) Registration shall not be used to assess bidders’ qualifications.

   (2) A foreign bidder shall not be required to register as a condition for submitting its bid, and a foreign bidder recommended for contract award shall be given a reasonable opportunity to register with the reasonable cooperation of the Recipient, prior to contract signing, if registration is required by the regulation of related ministry implementing the project and is explicitly specified in the bidding documents.
5. Bidding Documents

Bidding documents, including contract provisions, acceptable to the World Bank shall be used, and shall be prepared so as to ensure economy, efficiency, transparency, and broad consistency with the provisions of Section I of the Procurement Guidelines. Technical requirements should be based on relevant characteristics and/or performance requirements. References to brand names, catalogue numbers or similar classifications shall be avoided. If it is necessary to quote a brand name or catalogue number of a particular manufacturer to clarify an otherwise incomplete specification, the words "or equivalent" shall be added after such reference.

6. Advertising; Time for Bid Preparation

Prospective bidders shall be given at least thirty (30) days from the date of publication of the invitation to bid or the date of availability of the bidding documents, whichever is later, to prepare and submit bids. The advertisement shall be published in a national newspaper of wide circulation or in the official gazette, provided that it is of wide circulation, or on a widely used website or electronic portal with free national and international access.

7. Qualification

(1) Qualification criteria shall be clearly specified in the bidding documents. All criteria so specified, and only such specified criteria, shall be used to determine whether a bidder is qualified. Qualification shall be assessed on a "pass or fail" basis, and merit points shall not be used. Such assessment shall be based entirely upon the bidder’s or prospective bidder’s capability and resources to effectively perform the contract, taking into account objective and measurable factors, including: (i) relevant general and specific experience, and satisfactory past performance and successful completion of similar contracts over a given period; (ii) financial position; and where relevant (iii) capability of construction and/or manufacturing facilities and key personnel.

(2) In the procurement of goods and works where pre-qualification is not used, the qualification of the bidder who is recommended for award of contract shall be assessed by post qualification, applying the qualification criteria stated in the bidding documents.

8. Cost Estimate

The detailed cost estimates shall be confidential and shall not be disclosed to prospective bidders. No bids shall be rejected on the basis of comparison with the cost estimates without the World Bank’s prior written concurrence. Bidders shall not be required to negotiate the bid price for the purpose of meeting the estimated price.

9. Bid Submission and Bid Opening

A single-envelope procedure shall be used for the submission of bids. Bids shall be opened in public immediately after the deadline for submission of bids; bidders or their representatives who choose to attend shall be allowed to be present, but their attendance shall not be mandatory. Bids received after the deadline for bid submission shall be rejected and returned to bidders unopened. Bidders shall not be allowed or required to modify their bid prices after the deadline for submission of bids. A copy of the bid opening minutes shall be promptly provided to all bidders who submitted bids, and to the World Bank with respect to contracts subject to the World Bank’s prior review.
10. Bid Evaluation

(1) Evaluation of bids shall be made in strict adherence to the evaluation criteria disclosed in the bidding documents. Evaluation criteria other than price shall be quantified in monetary terms. Merit points and bracketing shall not be used, and no minimum point or percentage value shall be assigned to the significance of price, in bid evaluation.

(2) Contracts shall be awarded to the qualified bidder whose bid has been determined: (i) to be substantially responsive to the bidding documents, and (ii) to offer the lowest-evaluated cost. No negotiations shall be permitted. A bidder shall not be required, as a condition for award, to undertake obligations not specified in the bidding documents or otherwise to modify the bid as originally submitted. A bidder shall not be eliminated from detailed evaluation on the basis of minor, non-substantial deviations.

11. Rejection of All Bids and Re-bidding

All bids (or the sole bid if only one bid is received) shall not be rejected, the procurement process shall not be cancelled, and new bids shall not be solicited without the World Bank’s prior written concurrence.

12. Bid Validity

The bid validity period required by the bidding documents shall be sufficient to enable the procuring entities to complete the comparison and evaluation of bids, and obtain the approval and registration of the contract as may be contemplated in the related regulations, provided that such validity does not affect the timely conduct of procurement process. If justified by exceptional circumstances, an extension of bid validity may be requested in writing from all bidders before the original bid validity expiration date, provided that such extension shall cover only the minimum period required to complete the evaluation, award a contract, and/or complete the contract registration process, and shall not be longer than four weeks; a corresponding extension of any bid guarantee also shall be required in such cases. A Bidder may refuse the request to extend the bid validity without forfeiting its bid guarantee. No further extensions shall be requested without the prior written concurrence of the World Bank.

13. Price Adjustment

Contracts of long duration (i.e. more than 18 months) shall contain appropriate price adjustment provisions.

14. Guarantees

Bid and contract guarantees shall be in the amount and format included in the bidding documents. The bid security shall be valid for twenty-eight days (28) beyond the original validity period of the bid, or beyond any period of extension if requested. No advance payments shall be made without a suitable advance payment guarantee.
15. Fraud and Corruption

The bidding document and contract as deemed acceptable by the World Bank shall include provisions stating the Bank’s policy to sanction firms or individuals, found to have engaged in fraud and corruption as defined in the Procurement Guidelines.

16. Inspection and Audit Rights

In accordance with the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Financing shall provide that bidders, suppliers and contractors, and their subcontractors, agents, personnel, consultants, service providers, or suppliers, shall permit the World Bank to inspect all accounts, records, and other documents relating to the submission of bids and contract performance, and to have them audited by auditors appointed by the World Bank. Acts intended to materially impede the exercise of the World Bank’s inspection and audit rights provided for in the Procurement Guidelines constitute an obstructive practice as defined in the Guidelines.

17. Contract Modifications

With respect to contracts subject to the World Bank’s prior review, the Recipient shall obtain the World Bank’s no objection before agreeing to: (a) a material extension of the stipulated time for performance of a contract; (b) any substantial modification of the scope of works or supply or other significant changes to the terms and conditions of the contract; (c) any variation order or amendment (except in cases of extreme urgency) which, singly or combined with all variation orders or amendments previously issued, increases the original contract amount by more than 15 percent; or (d) the proposed termination of the contract. A copy of all contract amendments shall be provided to the World Bank, as soon as the same is signed between the contractor or supplier and the agency of Recipient.

18. Contract Award Notification

Result of bid evaluation and contract award shall be published in a national press or an official gazette or free and open access website. The publication shall include: (a) the name of each bidder that submitted a bid; (b) bid prices as read out at bid opening; (c) evaluated price of each bid that was evaluated; (d) the names of bidders whose bids were either rejected as non-responsive or not meeting qualification criteria, or not evaluated, with the reasons thereof; and (e) the name of the winning bidder, and final total contract price, as well as the duration and summary scope of the contract. Such publication shall be within two weeks of receiving the Bank’s no objection to the award recommendation for contracts subject to the Bank’s prior review, and within two weeks of the Recipient’s award decision for contracts subject to the Bank’s post review.