

## Terms of References for Quasi-fiscal Expenditures Study in Myanmar

### Background

Since 2014, Myanmar has become candidate country of EITI, and published five reconciliation reports so far. All the reports have to meet with the requirements of the EITI standard and a series of recommendations are provided by the Independent Administrators. The current EITI standard is updated in 2019. Following the first validation results, Myanmar was considered making meaningful progress overall in implementing the EITI standard. Myanmar is under the examination of the Validation process of the International Board and closely followed up by International Secretariat. To fulfil the Validation Committee’s recommendation, there are 12 Corrective Actions (9 meaningful and 3 inadequate status) that Myanmar has to accomplish in the end of April, 2021.

The Validation report mentioned about the lack of information on the requirement 6.2 of EITI standard 2016 “Quasi-Fiscal Expenditure.” ***Myanmar is required to include disclosures from SOE(s) on their quasi-fiscal expenditures including SOE(s) payments for social services, public infrastructure, fuel subsidies and national debt servicing, etc. outside of the national budgetary process. The multi-stakeholder group is required to develop a reporting process with a view to achieving a level of transparency commensurate with other payments and revenue streams, and should include SOE subsidiaries and joint ventures.*** According to the scoring result, this recommendation is one of three inadequate status and need to improve it immediately. Therefore, Myanmar is required to address this matter with a set of proposed actions before the deadline of April 2021.

### Objectives of the Quasi-Fiscal Expenditures Study

The overall objective of this study is to identify and document quasi-fiscal expenditures, their nature, types and forms of manifestation in the activities of State-Owned Enterprises in the extractive sector covered by MEITI reports.

In doing so, the study should help identify quasi-fiscal expenditures of Myanmar in extractive sector, shed light on the loan and loan guarantee by the government to SOEs and able to establish a framework for QFE reporting.

### Scope of Work

Therefore, the scope of work for this study will be as follow;

#### Step 1 – Agree a definition of quasi-fiscal expenditures (QFEs).

- Analyse the legislative and regulatory framework and the practices of financial transactions, and the current practices of Myanmar extractive SOEs
- Review the Chart of Account classifications and coverage to assess potential gaps in the classification of QFE including the consolidated and non-consolidated funds classification schemes (particularly in Budget department).

- Interview with the relevant stakeholders<sup>1</sup>, including Multi-stakeholder Group members, to identify and better understand the existing practices of financial and non-financial relationships between extractive SOEs and government agencies, and see those practices amount to any type of quasi-fiscal expenditures.
- Conduct a comparative study on the definitions of QFE in other countries

**Step 2 – Identify all extractives revenues that are not recorded in the national budget.**

- Examine all the current expenditures of the SOEs by reviewing the lists of the documents such as budget, annual reports, financial statements of SOEs and any financial transactions of SOE, etc. In doing so, it is important that the consultant distinguishes possible QFEs from other types of social and environmental expenditures (e.g. mandatory or voluntary social and environmental expenditures) by SOEs and government entities.
- Examine the organizational structure of SOEs and see whether they have a department or foundation to conduct social activities/ investments on behalf of the state or not (which could qualify as QFE)

**Step 3 – Identify specific quasi-fiscal activities carried out using extractives revenues that are not recorded in the national budget.**

- Identify possible QFE which could fall under the definitions of IMF and EITI standard on QFE

**Step 4 - Design a reporting framework for full disclosure of quasi-fiscal expenditures.**

- Develop model reporting template for each state-owned company for fully disclosure of quasi-fiscal expenditure based on the government Chart of Account.

**Step 5 – Provide recommendations to the MSG on how to ensure comprehensive reporting of all quasi-fiscal expenditures by reporting SOEs**

- Give recommendations for MSG to ensure the full disclosure of QFE in the reporting process

**Step 6 – Scoping of systematic disclosures and opportunities for mainstreaming EITI reporting on Quasi-Fiscal Expenditures**

- Possible options for mainstreaming systematic disclosure reporting on QFEs.

Based on the **objectives and scope of work, the specific list of deliverables** for the reports are as follows;

**List of Deliverables**

- A proposed definition of QFEs in the national context, taking into consideration the minimum definition in the EITI Standard and other relevant sources
- A mapping of all extractive sector expenditure undertaken by SOEs
- A list of possible QFEs or areas where QFEs could be possible
- A proposed reporting template to ensure disclosure of QFEs in line with # 6.2

<sup>1</sup> please see the list of the stakeholders in the below section

- A suggested framework of measures to ensure quality and reliability of QFE disclosures.

#### Schedule for Deliverables

No.	Deliverables	Anticipated Days
1	Inception Report detailing the findings of the desk research and interviews described above	18 days
2	Report on findings of consultations	5 days
3	Workshop for MSG on Options	2 Days
4	Final Report on recommendation for QFE including reporting framework for recommended instrument (s).	10 days

The consultant will report in English.

#### Anticipated Duration of Contract

It is anticipated that the contract will require a total of approximately 35 days over the duration of 3 months.

#### Stakeholders for consultation

The relevant stakeholders for this study are as follows;

No.	Title	Key stakeholders
1.	MOPFI	1. Budget Department (SEE) 2. Treasury Department
2.	MONREC	1. Department of Mine (DoM) 2. Myanmar Gem Enterprise (MGE) 3. Central Committee of MGE 4. Myanmar Timber Enterprise (MTE) 5. Mining Enterprise -1 (ME-1) 6. Mining Enterprise- 2 (ME-2) 7. Myanmar Pearl Enterprise (MPE)
3.	MOEE	1. Myanmar Oil and Gas Enterprise (MOGE) 2. Oil and Gas Planning Department (OGPD) 3. Myanmar Petrochemical Enterprise (MPE) 4. MPPE
4.	Parliament	Joint Public Account Committee
5.	Union	Auditor General Office
6.	Others	MEITI-MSG members

## Required Qualifications and Experiences

- A master’s degree in finance, accounting and auditing.
- At least 5 years’ experience in the extractive industries field, particularly in State Owned Enterprises study.
- Experience and knowledge of extractive industries and/or tax and financial, State-Owned Expenditure
- Fluency in Myanmar and English and familiarity with the Myanmar SOEs.
- Knowledge of EITI, and experience conducting state-owned expenditure consultations would be an advantage.

## Other relevant qualifications;

- Expertise in accounting, auditing and financial analysis.
- A track record in similar work, and preferably proven experience with the EITI Reporting
- Strong communication and report writing skills with ability to present and disseminate findings at highest forums.
- In order to ensure the quality and independence of the exercise, the Consultant is required to disclose any actual or potential conflicts of interest, together with commentary on how any such conflict can be avoided

## Submission of Proposal

The consultant shall submit financial proposal with cover letter, CV and responsibilities of team not later than **17:00 PM, 4 August 2020** to following email address;

MEITI - National Coordination Secretariat,  
13-A, Mya Yadanar Street, 16 Ward, Yankin Township, Yangon, Myanmar,  
[communication@myanmareiti.org](mailto:communication@myanmareiti.org)