



**NATURAL
RESOURCE
FEDERALISM:
CONSIDERATIONS
FOR MYANMAR**



Natural
Resource
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Institute

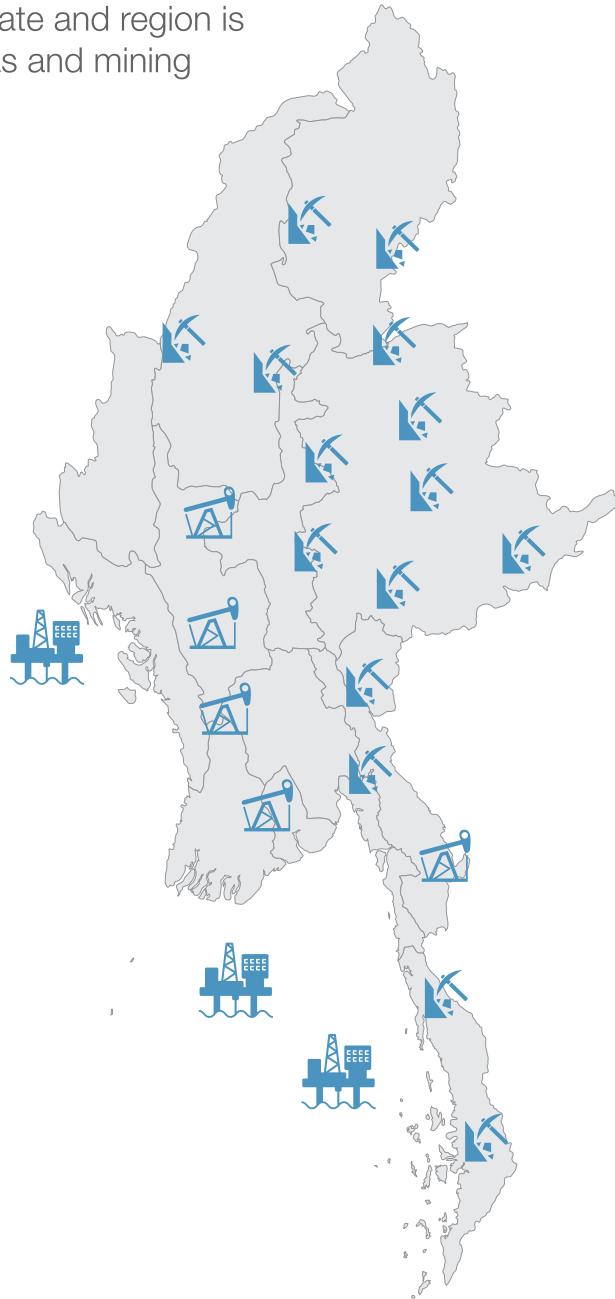


The Natural Resource Governance Institute, an independent, non-profit organization, helps people to realize the benefits of their countries' oil, gas and mineral wealth through applied research, capacity development, technical advice and advocacy.

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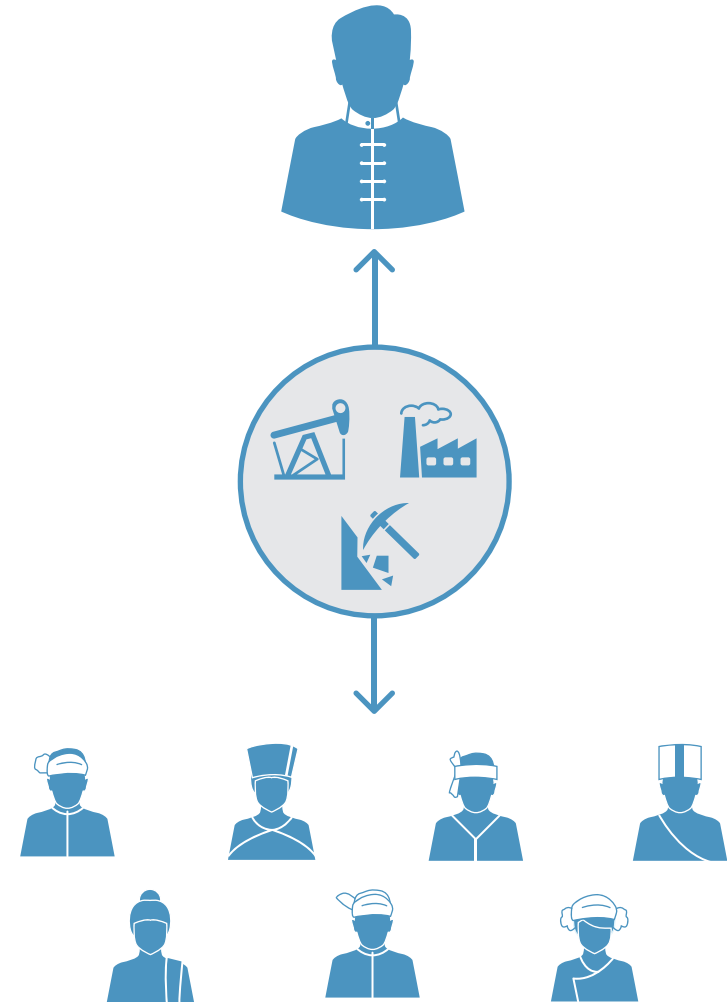
MYANMAR IS RICH IN NATURAL RESOURCES

Nearly every state and region is home to oil, gas and mining activity.



REGIONAL AND STATE LEADERS, AND SEVERAL ARMED GROUPS, HAVE CALLED FOR NATURAL RESOURCE GOVERNANCE REFORMS

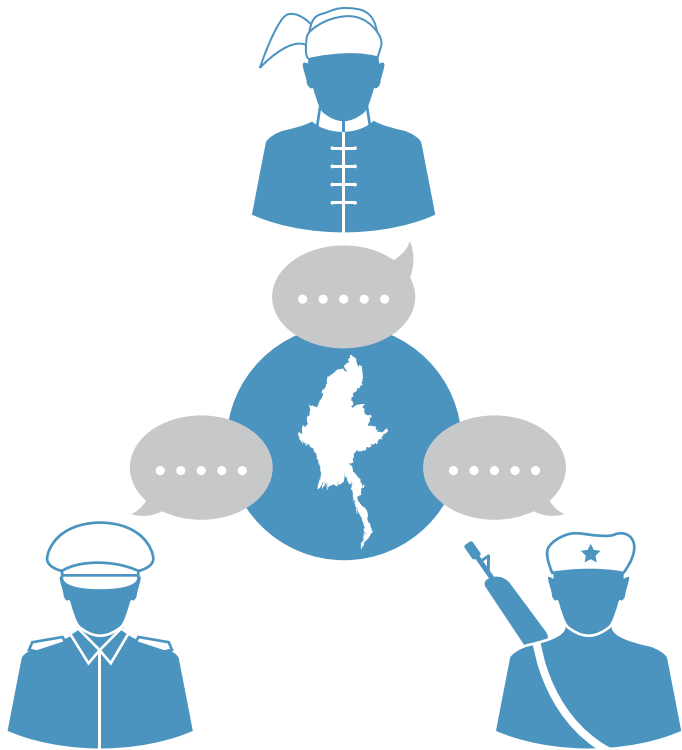
Historically, natural resources have primarily been managed by the Union government.



But demands for more subnational control are widespread.

THE PEACE PROCESS COULD INCORPORATE ELEMENTS OF NATURAL RESOURCE FEDERALISM

Peace talks are ongoing. The aim is to lay the foundations for a federal, democratic state.



As discussions continue, policy-makers will need to decide how natural resources will be managed in a federal state.

WHAT IS NATURAL RESOURCE FEDERALISM?

Natural resource federalism gives certain responsibilities for the management of natural resources to subnational institutions. This can take different forms:



The responsibility to write laws and regulations.



The responsibility to implement those laws and regulations.



The responsibility to monitor and enforce the rules.

NATURAL RESOURCE FEDERALISM WOULD REQUIRE POLICY-MAKERS TO ASK A NUMBER OF IMPORTANT QUESTIONS



Who grants exploration and production licenses to oil, gas and mining companies?



Who manages environmental impacts?



Who regulates occupational safety and health issues?



Who manages competing land uses and ownership claims?



Who determines and enforces requirements for local employment and sourcing?



Who collects taxes, royalties and fees from companies?



Who regulates artisanal and small-scale activity?

THERE IS NO ONE-SIZE-FITS-ALL SOLUTION FOR DIVIDING RESPONSIBILITIES



Split responsibilities

Often, the national government passes laws and regulations while subnational governments are responsible for implementation and monitoring. This allows countries to maintain minimum national standards while bringing decision-making closer to those people directly impacted by extractive projects.



Shared responsibilities

It is common for countries to share some responsibilities between national and subnational governments. For example, many countries involve both levels in the granting of licenses for exploration or production. This is because broad-based support is particularly important in these decisions.



In **Mongolia**, for example, national laws give district governors the right to apply penalties for environmental violations. In **India**, national laws govern minerals licensing and environmental approvals but states are responsible for implementation.



In **the Philippines**, minerals licenses are granted by a national ministry but need to be approved by local governments and, in some cases, indigenous communities. In **Australia**, offshore petroleum licenses are granted through a joint decision by the national minister and their state or territory counterpart.



Common subnational responsibilities

Certain responsibilities are more commonly allocated to subnational governments, even in unitary states. This is particularly relevant when managing the sector’s negative impacts, which may be more heavily felt at the local level and where local officials may have better access to information. Health, safety and environmental monitoring—well as the regulation of artisanal mining—are often done by subnational institutions.



Common national responsibilities

Other areas are more commonly the responsibility of national governments, even in federal states. This often includes setting tax and royalty rates, collecting major revenue streams and negotiating large-scale contracts, particularly for offshore oil and gas.



In the **Philippines**, artisanal and small-scale licenses are awarded by local-level boards. In **Mongolia**, the law requires mining companies to develop job creation plans in cooperation with local authorities.

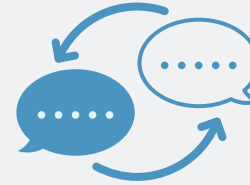


In **Malaysia**, offshore petroleum royalties are collected by the national government. In **India**, states collect royalties from onshore petroleum but do so at rates set by the national government. For offshore petroleum, the national government collects the royalties.

6 CONSIDERATIONS FOR NATURAL RESOURCE FEDERALISM IN MYANMAR



Clearly define government roles and responsibilities, regardless of which level they are allocated to.



Create platforms for dialogue and information exchange between different levels of government and across jurisdictions.



Ensure different levels of government have the capacity and resources to adequately fulfill their responsibilities.



Include non-state actors such as local communities in decisions that affect them.



Maintain minimum social and environmental standards.



Promote transparency over decision-making and outcomes at all levels of government.

FOR MORE INFORMATION:



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