

Sustainability in a time of rapid economic development

At a glance

It's believed Myanmar has the highest biodiversity of any country in Southeast Asia. As oil and gas projects get underway, there is a need to think carefully about how to protect the country's rich biological resources.

Myanmar's changing landscape

The oil and gas industry is supporting Myanmar's rapid economic development, representing significant opportunity for one of the world's poorest countries. But growth is not without challenge. Many current or planned oil and gas projects are in remote and little known parts of the country, while the regulatory environment is still developing.

It's believed Myanmar has the highest biodiversity of any country in Southeast Asia. And as onshore and offshore oil and gas projects get underway, there is a need to think carefully about how to protect the country's rich biological resources.

Broad legal and regulatory framework reforms have fuelled Myanmar's economy in recent years. But as activity in the country increases, competing priorities have emerged. Living standards have not improved for the majority of people in remote and rural areas, with nearly one-third of the country's 60 million people living in poverty. In addition, various social issues prevail. The country is in the midst of a complex peace process, a ground-breaking ceasefire agreement with separatist groups, and a national election scheduled for November 2015.

This unique situation means the Environmental Impact Assessment (EIA) process for oil and gas projects is complex, and needs to navigate a largely unknown suite of emerging environmental issues. The industry must progress carefully and with humility to better understand the true environmental values the country holds. Local knowledge, effective stakeholder engagement, and an appreciation for what is not yet known could hold the key to long-term success.

Sustainability in a time of growth

Most of Myanmar is located inside the Indo-Burma Biodiversity Hotspot, one of the world's 34 "richest and most threatened reservoirs of plant and animal life".¹ Myanmar is also home to Asia's most extensive tropical forest ecosystems, with more than 46% of its area covered with intact forest. Its 2832km coastline houses unique areas of marine habitat, mangroves and coastal ecology.

Many coastal people are directly reliant upon natural resources for subsistence. Besides fish and other aquatic foods, communities collect non-timber forest products like wild fruits and vegetables from mangroves and coastal forests. Offshore lies coral reef and seagrass bed marine ecosystems, providing coastal villages with an abundant supply of food.

¹ As identified by Conservation International

This close relationship with the environment remains more important than ever. And as today's investors seek to access the country's oil and gas reserves, there's potential for economic growth to challenge this balance.

Myanmar's oil and gas industry

Myanmar's Ministry of Energy has awarded 36 oil and gas blocks to 46 companies in the last two years.

This new and emerging greenfield site is easier to access than other global locations and is attracting international attention.

Environmental governance reforms have begun to help balance the needs of the community with this growing demand for new projects. Protection and management of the environment is governed by the Ministry of Environment Conservation and Forestry (MOECAF). MOECAF currently undertakes the screening of a project to determine if an initial Environmental Examination (IEE) or an EIA is required.

Both the IEE and the EIA include aspects of the biological, physical, social, economic health, cultural and aesthetic environment, along with land use, resource use, land ownership, and land and other resource rights affected by the project. This interim process adopts many of the features of international best practise, but is not yet embedded in legislation, or accessible and inclusive for all project stakeholders.

With EIA rules still pending approval by the government, the oil and gas industry must navigate new projects carefully. The absence of a clearly legislated EIA process means there is not a clear pathway to identify and mitigate risks.

Effective EIA processes benefit everyone

EIA reform doesn't just provide important protection for Myanmar's biodiversity and the communities that rely on the natural environment. It provides industry with a framework for effectively engaging with stakeholders and managing project risk.

Timely legislative reform would ensure development is effectively managed in a way that is locally relevant and based on international best practice. As reform continues to be implemented over the coming months, oil and gas companies with an interest in sustainable development need to take an active role in this process. The complexity of the environmental and social landscape of projects must be considered, and appreciation and respect for local people shown throughout the process. Adopting international environment and social performance standards is one way industry can help set the pace, and establish a good track record on which to build the country's regulatory framework.

Collaboration and cooperation between government, businesses, NGOs, international donors and local communities is also critical. Many groups and

individuals are already actively working on a range of environmental and livelihood-based issues inside Myanmar. These non-government and civil society organisations should form a key part of local delivery teams to manage and mitigate project impacts.

Effective EIA projects should include local members of the community as part of project teams to ensure community consultation, and a full process of free and prior informed consent. This prevents future conflict over land use and ensures any potential issues are identified – and addressed – at the very start of the asset lifecycle.

While the regulatory environment is still developing, industry has a strong role to play in setting and meeting these expectations. This not only gives oil and gas projects the best chance of long-term success, but supports a sustainable future for Myanmar's emerging economy.

How we can help

With more than 25 years working in Myanmar, we're well placed to help. We were the first international company to become a registered environmental consultant to the state owned Myanmar Oil and Gas Enterprise. We have established strong relationships with the Ministry of Environmental Conservation and Forestry (MOECAF) and other key government departments. And through our International Development business, we understand the social complexity of Myanmar's changing landscape.