



Myanmar: Myingyan Natural Gas Power Project

Project Name	Myingyan Natural Gas Power Project				
Project Number	48368-001				
Borrower / Company	Myingyan Project Company				
Country / Economy	Myanmar				
Location	Myingyan				
Type or Modality of Assistance	3359	B-Loan	Other	USD 110.00 million	Committed
	3359	Loan	Ordinary capital resources	USD 42.20 million	Committed
	3359	Guarantee	Ordinary capital resources	USD 110.00 million	Committed
Strategic Agendas	Inclusive economic growth				
Drivers of Change	Partnerships Private sector development				
Sector / Subsector	Energy / Conventional energy generation				
Gender	No gender elements				
Responsible ADB Department	Private Sector Operations Department				
Responsible ADB Division	Portfolio Management Division, PSOD				
Responsible ADB Officer	Pascual, Francis Mark A.				
Project Sponsor(s)	SEMBCORP UTILITIES PRIVATE LIMITED				
Description	The Project entails the construction and operation of a 225 MW combined cycle gas turbine power plant in Myingyan, approximately 500 km North of Yangon and 90 km West of Mandalay.				
Objectives and Scope	<p>Securing long-term commercial bank financing necessary for large-scale infrastructure investments remains a challenge in Myanmar due to lack of track record and perceived high political risk. ADB has played a key catalytic role in addressing this challenge both from public sector and private sector sides. ADB public sector TA was instrumental in preparing the tender template documents and the template power purchase agreement. ADB private sector's early engagement in the bidding process with the shortlisted bidders also gave them the opportunity to optimize their proposals, and has resulted in the competitive tariff which benefits the country. Thus, the project illustrates the synergy of ADB's public and private sector operations to undertake a PPP project from upstream to downstream seamlessly under a nascent legal and financial environment.</p> <p>The project will improve the reliability and stability of Myanmar's power supply at a competitive tariff, while addressing power shortages and helping avoid future brownouts that hinder economic growth. As the first competitive tender for a gas-fired independent power producer project in Myanmar, the successful financial close and operation of this project is expected to mark a major milestone in the power sector. ADB's substantial participation will help demonstrate the benefits of improving power supply through low-cost PPP arrangements, and signal to the government, multinationals, and international financiers that private sector-led infrastructure investments can be undertaken successfully within sectors with sound legal and regulatory frameworks.</p>				
Status of Operation/Construction	Project Commercial Operations Date achieved on 02 October 2018.				
Linkage to Country/Regional Strategy	The project is consistent with Asian Development Bank's (ADB) Midterm Review of Strategy 2020, which identifies inclusive growth and infrastructure development as two of the strategic priorities. The project is aligned with ADB's interim country partnership strategy (CPS) for Myanmar, 2012-2014. A needs assessment identified the energy sector as a critical development constraint. The summary energy sector assessment, as part of the CPS, identifies the following medium-term needs (i) tariff and structural reforms in the sector; (ii) assessment and promotion of renewable energy and energy efficiency; (iii) hydropower development policy and planning; (iv) rural electrification (expansion of transmission and distribution line projects and off-grid renewable energy options); and (v) rehabilitation and expansion of natural gas pipeline networks. The assistance is also closely aligned with the 2015-2017 country operations business plan for Myanmar, which extends the validity of the interim CPS, and proposes focus on infrastructure investments in energy and PPP through ADB's private sector operations. ADB's Energy Policy emphasizes energy efficient investments, least-cost supply, private sector participation, and wider access for the poor.				
Safeguard Categories					
Environment					A
Involuntary Resettlement					B
Indigenous Peoples					C
Summary of Environmental and Social Aspects					
Environmental Aspects	The environmental and social impact assessment identifies the potential environmental and social impacts and risks of the project, and assesses the cumulative air quality impacts in the airshed. The project has minimized its contribution to background air quality through the use of gas turbines incorporating dry low nitrogen oxide burners. The project utilizes a closed-loop water-cooling system, which means that water extraction and thermal discharge impacts are minimized. Adequate mitigation measures are incorporated in the environmental management plan of the environmental impact assessment, which the borrower is committed to fully implement. Sembcorp has adequate capacity to manage the projects environmental, health and safety impacts. Regular monitoring of the project is undertaken with the submission of progress reports in compliance with ADB's requirements.				
Involuntary Resettlement	The project site (11.6 hectares) is situated within a larger 280 hectares government-owned and operated steel mill site. While the project site was constructed on government land, alignment of the transmission line, water supply and water waste pipeline, and gas pipeline involved some livelihood disruption to farmers. Myanmar Electric Power Enterprise (MEPE) completed the necessary land acquisition and compensation in accordance with the national requirements in August 2018. A resettlement framework was developed for the project to bridge the gaps with ADB safeguards on involuntary resettlement, and these gaps were closed through additional non-monetary compensation measures by Sembcorp. Sembcorp regularly reports to ADB on its compliance with the safeguard requirements.				
Indigenous Peoples	No indigenous communities live within the project influence area, and therefore no impacts on indigenous peoples are expected.				

Stakeholder
Communication,
Participation, and
Consultation

Consultations with identified affected people were conducted in accordance with ADB requirements. ADB's Project Team has worked collaboratively with Sembcorp to maintain compliance with ADB's safeguards requirements. This includes addressing CSO concerns related to compliance with ADB's safeguards policy requirements, particularly those related to compensation for land and crops, potential downstream impacts on local fishing communities, disclosure of environmental monitoring results, the effectiveness of the community grievance mechanism, proposed CSR activities, and the PPA terms. These concerns have since been addressed. Local communities continue to have access to the project's grievance mechanism.

Timetable for assistance design, processing and implementation

Concept Clearance	04 Aug 2015
Credit Committee Meeting	-
Approval	08 Dec 2015
Last PDS Update	22 Feb 2024

Project Page	https://www.adb.org/projects/48368-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=48368-001
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