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Myanmar: Climate-Friendly Agribusiness Value Chains Sector Project

Project Name

Climate-Friendly Agribusiness Value Chains Sector Project

Project Number

48409-003

Country / Economy

- Myanmar

Project Status

Active

Project Type / Modality of Assistance

- Grant
- Loan

Source of Funding / Amount

Grant 0617-MYA: Climate-Friendly Agribusiness Value Chains Development

Source

Amount

Global Agriculture and Food Security Program US\$ 22.00 million

Loan 3724-MYA: Climate-Friendly Agribusiness Value Chains Sector Project

Source

Amount

Concessional ordinary capital resources lending US\$ 40.50 million

Strategic Agendas

- Environmentally sustainable growth
- Inclusive economic growth
- Regional integration

Drivers of Change

- Gender Equity and Mainstreaming
- Governance and capacity development
- Knowledge solutions
- Partnerships
- Private sector development

Sector / Subsector

- **Agriculture, natural resources and rural development** / Agricultural policy, institutional and capacity development - Agricultural production - Agro-industry, marketing, and trade - Irrigation - Land-based natural resources management

Gender

Effective gender mainstreaming

Description

The proposed project supports fulfilling the government's Agriculture Development Strategy (ADS), 2018-2023 and the National Export Strategy, 2015-2019 by boosting competitiveness in value chains for rice, beans, pulses, and oilseeds in the Magway, Mandalay, and Sagaing regions in the central dry zone (CDZ). The project will increase climate resilience for critical rural infrastructure, promote quality and safety testing capacity, strengthen technical and institutional capacity for climate-smart agriculture (CSA), and create an enabling policy environment for climate-friendly agribusinesses. The project will reduce food insecurity and rural poverty, increase smallholders' incomes and access to markets, and improve resource efficiency and environmental sustainability for agribusinesses.

Project Rationale and Linkage to Country/Regional Strategy

The project is aligned with the government's Agriculture Development Strategy (ADS) 2018-2023, the National Export Strategy 2015-2019, and CSA strategy. The project directly supports three of seven operational priorities of ADB Strategy 2030, including promoting rural development and food security; tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability; and fostering regional cooperation and integration; and is aligned with the GMS Regional Investment Framework 2022; ADB's country partnership strategy, 2017-2021 for Myanmar, and was included in the country operations business plan, 2018-2020 for Myanmar. The project is consistent with ADB's Operational Plan for Agriculture and Natural Resources, which aims to increase agricultural value addition and promote partnerships with the private sector.

Impact

Agricultural competitiveness improved

Project Outcome

Description of Outcome

Productive and resource-efficient agribusiness value chains in project areas developed

Progress Toward Outcome

Identification of productive and resource-efficient agribusiness value chain infrastructure subprojects (e.g., irrigation schemes, farm roads) is ongoing.

Implementation Progress

Description of Project Outputs

Critical agribusiness value chain infrastructure improved and made climate-resilient

Climate-smart agriculture and agribusiness promoted

Enabling environment for climate-friendly agribusiness enhanced

Status of Implementation Progress (Outputs, Activities, and Issues)

Recruitment of project implementation consulting firm (PIC) and individual consultants on financial management, procurement, and agriculture digital finance was

completed. Procurement of some civil works packages for farm roads and several goods packages have also been completed, while procurement of the rest of the goods, works, and consulting services packages are underway. The contract for the project implementation consultants (PIC) was signed in May 2020. Only national consultants of PIC could be mobilized in August 2020 because of travel restrictions on international consultants imposed due to the coronavirus disease (COVID-19) pandemic. Under output (i), three contracts for a few farm roads worth \$0.43 million were awarded in July 2020. Under output (ii), the Department of Agriculture, with support from PIC, is finalizing the terms of reference to recruit the International Rice Research Institute through Single Source Selection. Under output (iii), the Department of Planning has begun to conduct training workshops on monitoring and evaluation to staff at regional and township levels. An inception mission is planned in November 2020.

Geographical Location

Magway Region, Mandalay Region, Sagaing Region

Safeguard Categories

Environment

B

Involuntary Resettlement

B

Indigenous Peoples

B

Summary of Environmental and Social Aspects

Environmental Aspects

The project is expected to achieve significant environmental benefits, including improved resilience and increased crop diversity. The project team conducted environmental due diligence for three representative subprojects. An initial environmental examination, including an environmental management plan, was prepared for a representative subproject (minor canal rehabilitation in Pakokku) assessed as category B. These documents will serve as a guide for preparing the environmental management and monitoring plans for similar subprojects. The other two subprojects have been classified as category C based on ADB's rapid environmental assessment checklist, and environmental codes of conduct have been prepared. An environmental assessment and review framework has been developed to guide the environmental screening and categorization of subprojects and to identify potential impacts. It includes an environmental code of conduct for contractors and sets out the grievance redress mechanism for resolving complaints about environmental performance as well as public consultation requirements. The framework was disclosed on the ADB website in March 2018 after government's concurrence. Subprojects classified as category A will not be financed. Subprojects will be screened for climate risks and incorporate risk reduction measures. Semi-annual environmental safeguards monitoring reports will be submitted by the executing agency to ADB for disclosure on ADB and project websites.

Involuntary Resettlement

Subproject screening and selection criteria will identify and reject any category A subprojects that involve significant involuntary resettlement, economic displacement

or involuntary land acquisition. Due diligence conducted for three representative subprojects showed that one of the subprojects requires acquisition of four square meters of land. None would result in any physical or economic displacement. Therefore, land acquisition and resettlement plans were not prepared for the representative subprojects. During project preparation, some irrigation subprojects were identified that would require acquisition of small strips of land to accommodate improvement of tertiary canals. These small strips of land may be acquired through (i) voluntary donation, (ii) negotiated settlement, or (iii) involuntary land acquisition and resettlement. A rigorous due diligence procedure to verify that voluntary donations are legitimate has been included in the resettlement framework that will be used to further screen and select subprojects during implementation. Due diligence reports for subprojects will be updated, and due diligence will be conducted for all subprojects identified after the Board approval. If negotiated settlement is applied: (i) an external third party will be recruited to validate and document the process; (ii) the report with supporting documents will be submitted to ADB for concurrence and no objection before any civil works commence; and (iii) if the owner of the site refuses to sell, another site will be selected, and the same procedure followed. If negotiation fails and expropriation is used, a land acquisition and resettlement plan shall be prepared in accordance with the land acquisition and resettlement framework and sent to ADB for concurrence and disclosure prior to issuance of the bidding documents. The land acquisition and resettlement framework shall be used to conduct a social safeguards assessments of all subprojects, and to prepare and implement resettlement plans where needed to ensure compliance with the Myanmar laws and regulations and ADB's Safeguard Policy Statement.

Indigenous Peoples

There were no indigenous peoples or ethnic groups in the representative subprojects areas, hence no indigenous peoples plan was prepared. The few ethnic households residing in the areas are assimilated into the mainstream Bamar society, use the Myanmar official language, and pursue the same livelihoods as their Bamar neighbors. The government prepared an ethnic group development framework to guide (i) identification of circumstances that trigger indigenous peoples' safeguard requirements; and (ii) implementation of future subprojects to ensure inclusiveness, consultation with, and participation of ethnic groups.

Stakeholder Communication, Participation, and Consultation

During Project Design

The related transactional technical assistance is undertaking a series of consultations with diverse stakeholders at national and regional levels.

During Project Implementation

Stakeholder consultations will continue throughout project implementation. A stakeholder participation and consultation plan was prepared. A stakeholder communication strategy has been prepared to ensure that vulnerable groups, such as the poor and female-headed households, who risk marginalization, are provided with opportunities for receiving timely information, and can provide feedback during project implementation.

Business Opportunities

Consulting Services

Consulting services expected to be recruited under this project are: (i) one firm contract following single-source selection; (ii) three firm contracts following quality- and cost-based selection; (iii) four firm contracts following consultant's qualification selection; and (iv) five individual consultant contracts. Details of these are in the procurement plan. All consulting services will be recruited following ADB's Guidelines on the Use of Consultants (2013, as amended from time to time).

Procurement

Contract packages expected to be procured under this project are: (i) three goods contracts following international competitive bidding; (ii) seven goods contracts following national competitive bidding (NCB); (iii) 17 works contracts following NCB; and (iv) four goods contracts following Shopping. Details of these are in the procurement plan. All procurement of goods, and works will be undertaken following ADB's Procurement Guidelines (2015, as amended from time to time).

Contact

Responsible ADB Officer
 Ancha, Srinivasan
 Responsible ADB Department
 Sectors Group
 Responsible ADB Division
 Agriculture, Food, Nature, and Rural Development Sector Office (SG-AFNR)
 Executing Agencies
Ministry of Agriculture, Livestock and Irrigation

Timetable

Concept Clearance
 15 May 2015
 Fact Finding
 13 Feb 2018 to 22 Feb 2018
 MRM
 17 May 2018
 Approval
 09 Oct 2018
 Last Review Mission
 -
 Last PDS Update
 30 Sep 2020

Funding

Grant 0617-MYA

Milestones

| Approval | Signing Date | Effectivity Date | Closing | | |
|-------------|--------------|------------------|-------------|---------|--------|
| | | | Original | Revised | Actual |
| 09 Oct 2018 | 06 Nov 2018 | 15 Jan 2019 | 30 Jun 2026 | - | - |

Financing Plan

Total (Amount in US\$ million)

| | |
|--------------|-------|
| Project Cost | 23.43 |
| ADB | 0.00 |
| Counterpart | 1.43 |
| Cofinancing | 22.00 |

Grant Utilization

| | Date | ADB | Others | Net Percentage |
|----------------------------|-------------|------------|---------------|-----------------------|
| Cumulative Contract Awards | 06 Jun 2024 | 0.00 | 2.39 | 11% |
| Cumulative Disbursements | 06 Jun 2024 | 0.00 | 0.71 | 3% |

Status of Covenants

| Category | Sector | Safeguards | Social | Financial | Economic | Others |
|-----------------|---------------|-------------------|---------------|------------------|-----------------|---------------|
| Rating | - | Satisfactory | Satisfactory | Satisfactory | - | Satisfactory |

Loan 3724-MYA

Milestones

| Approval | Signing Date | Effectivity Date | Closing Original | Revised | Actual |
|-----------------|---------------------|-------------------------|-------------------------|----------------|---------------|
| 09 Oct 2018 | 06 Nov 2018 | 15 Jan 2019 | 30 Jun 2026 | - | - |

Financing Plan

Total (Amount in US\$ million)

| | |
|--------------|-------|
| Project Cost | 40.50 |
| ADB | 40.50 |
| Counterpart | 0.00 |
| Cofinancing | 0.00 |

Loan Utilization

| | Date | ADB | Others | Net Percentage |
|----------------------------|-------------|------------|---------------|-----------------------|
| Cumulative Contract Awards | 06 Jun 2024 | 3.78 | 0.00 | 9% |
| Cumulative Disbursements | 06 Jun 2024 | 1.32 | 0.00 | 3% |

Status of Covenants

| Category | Sector | Safeguards | Social | Financial | Economic | Others |
|-----------------|---------------|-------------------|---------------|------------------|-----------------|---------------|
| Rating | - | Satisfactory | Satisfactory | Satisfactory | - | Satisfactory |

Project Page <https://www.adb.org/projects/48409-003/main>

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