Myanmar: Accelerated Rural Electrification Project

Project Name: Accelerated Rural Electrification Project
Project Number: 53223-001
Country / Economy: Myanmar
Project Status: Active
Project Type / Modality of Assistance: Loan, Technical Assistance

Source of Funding / Amount:
- Loan 4026-MYA: Accelerated Rural Electrification Project
  Concessional ordinary capital resources lending
  US$ 171.27 million
- TA 6640-MYA: Enhancing Gender Equality and Social Inclusion in Rural Electrification
  Technical Assistance Special Fund
  US$ 1.00 million

Operational Priorities:
1. Addressing remaining poverty and reducing inequalities
2. Accelerating progress in gender equality
3. Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability
5. Promoting rural development and food security

Sector / Subsector: Energy / Electricity transmission and distribution
Gender: Effective gender mainstreaming

Description:
The proposed Accelerated Rural Electrification Project will construct 48 new medium-voltage facilities, including 48 substations of 66/33/11 kilovolts (kV), and 715 kilometers (km) of 66 kV and 438 km of 33 kV distribution lines in Ayeyarwady region, Bago (East) region, Kayin state and Magway region in Myanmar. The project will establish, for the first time, a computerized distribution automation system (DAS) to improve operational efficiency and management of the distribution systems. The project will increase electricity supply to support Myanmar’s inclusive and sustainable development and to achieve the country’s plan of universal electricity access by 2030 as stated in the Myanmar Sustainable Development Plan 2018 - 2030. It will enable the government to electrify an additional 446,000 households in more than 3,300 villages in these four states and regions. The project is included in the Country Operations Business Plan 2020 - 2022.

Project Rationale and Linkage to Country/Regional Strategy:
The Myanmar Sustainable Development Plan prioritizes (i) reliable and affordable electricity to support economic development and poverty reduction, and (ii) universal electricity access by 2030. However, to realize these objectives, Myanmar must overcome the core developmental problem of the power sector: lack of generating capacity and insufficient and obsolete transmission and distribution infrastructure, essential for reliable and adequate electricity supply to support economic development and poverty reduction.

Impact:
Reliable and affordable electricity supply provided to support socioeconomic development and poverty reduction (Myanmar Sustainable Development Plan, 2018-2030); and universal electricity access achieved (National Electrification Plan, 2014)

Project Outcome:
Description of Outcome: Capacity, regional coverage, and operational efficiency of power distribution system in Myanmar increased

Implementation Progress:
Description of Project Outputs: New distribution facilities added to the distribution systems in Ayeyarwady, Bago (East), and Magway regions; and Kayin State
New computerized DAS established and pilot tested
Social and gender-inclusive capacity of MOEE, ESE, and VECs in the project areas enhanced

Status of Implementation Progress (Outputs, Activities, and Issues):
Geographical Location: Ayeyarwady Region, Bago Region, Kayin State, Magway Region

Safeguard Categories:
Environment: B
Involuntary Resettlement: B
Indigenous Peoples: B

Summary of Environmental and Social Aspects:
Environmental Aspects: Potential environmental impacts are site-specific and in most cases mitigation measures can be readily designed. Environmentally sensitive areas will be avoided in selecting the project locations and alignment.

Involuntary Resettlement: The project will construct 48 of 66/33/11 kV substations. This may require land acquisition for substations and restrictions in the continued use of landholdings in the substations. However, the size of substation is typically small and based on previous experience, community land is usually available and allocated for distribution substations, which serve communities. Land acquisition will follow ADB policies and requirement. In addition, the project will build distribution lines. Lines will be strung on small poles, which usually along the existing road or around fields. Impacts will be due to construction such as loss of crops and trees, which will be compensated if unavoidable. Construction will be primarily scheduled during off-season. Detailed impacts will be assessed during due diligence process and appropriate resettlement and ethnic ground development plans will be prepared in consultation with the affected people and other stakeholders.

Indigenous Peoples: The proposed project is not expected to have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples. This will be verified during due diligence. If impacts are severe, the categorization will be updated to A.

Stakeholder Communication, Participation, and Consultation
During Project Design

An integral part of social safeguards due diligence, consultations will be carried out in the project areas with all communities and ethnic groups. Consultations will be organized at the community level, regional and national government officials, development partners, nongovernmental organizations, and commune- and village- level officials and beneficiaries. A series of focus group discussions will be undertaken as part of the socio-economic analysis.

During Project Implementation

Business Opportunities

Consulting Services

A total of approximately 62 person-months of consulting services, comprising 37 person-months of international consulting services and 25 person-months of national consulting services will be required for project due diligence covering technical, economic, financial, governance, poverty, social, safeguards, stakeholder communications and gender aspects, including preparation of relevant project documents, which will be financed under the transactional technical assistance (TRTA) facility for Southeast Asia Energy Sector Development, Investment Planning and Capacity Building (TA 9600-REG). All consulting services will be engaged as individual consultants.

Responsible ADB Officer

Bui, Duy-Thanh

Responsible ADB Department

Sectors Group

Responsible ADB Division

Energy Sector Office (SIG-ENE)

Executing Agencies

Ministry of Electricity and Energy

Timetable

<table>
<thead>
<tr>
<th>Event</th>
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<tbody>
<tr>
<td>Concept Clearance</td>
<td>13 Aug 2019</td>
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<tr>
<td>Fact Finding</td>
<td>08 Jun 2020 to 17 Jun 2020</td>
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<tr>
<td>MRM</td>
<td>16 Sep 2020</td>
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<tr>
<td>Approval</td>
<td>04 Dec 2020</td>
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<td>Last Review Mission</td>
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<td>Last PDS Update</td>
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Loan 4026-MYA

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<td>16 Dec 2020</td>
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<td>31 Dec 2027</td>
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<tr>
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<th>Loan Utilization</th>
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<td>Total (Amount in US$ million)</td>
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<td>Project Cost</td>
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<td>ADB</td>
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Status of Covenants

Category: Satisfactory

Safeguards: Satisfactory

Social: -

Financial: Satisfactory

Economic: -

Others: Satisfactory

TA 6640-MYA

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Economic: -

Others: Satisfactory
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