

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Myanmar	Project Title:	Power Network Development Project (PNDP)
Lending/Financing Modality:	Project Loan	Department/Division:	Southeast Asia Department Energy Division

I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY
Poverty targeting: targeted intervention—geographic
A. Links to the National Poverty Reduction and Inclusive Growth Strategy and Country Partnership Strategy
<p>The country partnership strategy, 2017–2021 (CPS) for Myanmar emphasizes achieving sustainable and inclusive economic growth and creating jobs to reduce poverty. The following strategic areas are directly linked to the proposed project: (i) improved access and connectivity to address the critical infrastructure needs of Myanmar, to connect rural and urban areas and markets; and (ii) strengthened human capital to promote a skilled workforce, increased employment for men and women, and more inclusive growth by enabling the poor and disadvantaged to benefit from economic growth. As laid out in the CPS, energy transmission and distribution is the main focus of Asian Development Bank (ADB) in its strategic involvement with the Government of Myanmar. The project is also aligned with ADB’s Myanmar Energy Sector Assessment, Strategy and Road Map. Further, the project supports the government’s target to achieve universal electrification by 2030, as set out in the National Electrification Plan. The project is in line with the government’s poverty reduction strategy and the Myanmar Energy Master Plan. It promotes inclusive growth and sustainable development by increasing rural electrification across seven regions and states. The project will directly contribute to poverty reduction through increased access to electricity for households, schools, health facilities, and religious infrastructure. Greater access to electricity will lead to microeconomic and macroeconomic growth by supplying electricity to industrial and commercial sectors, including small-scale economic enterprises.</p>
B. Results from the Poverty and Social Analysis during PPTA or Due Diligence
<p>1. Key poverty and social issues. Myanmar’s energy consumption is among the lowest in the world. About 65% of households have no access to grid-based electricity services. Per capita consumption is 333 kilowatt-hours (kWh) per year— still much below the world average. Electricity consumption is growing rapidly in Myanmar because of accelerated economic growth since the transition to more democratic and market-based institutions. The distribution component of the project covers the following southeastern regions and states: Ayeyarwady, Bago (East and West), Mon, Kayin, and Rakhine. The transmission line subprojects are in Tanintharyi, Mon, and Yangon. All the project-impacted regions and states have poverty rates 30–75 percentage points higher than the national average. The average household electrification rate in the project-impacted regions and states (excluding Yangon) is 28%, which is below the national average.</p> <p>2. Beneficiaries. The project has two components. The distribution component will provide access to grid-based electricity for about 330,000 additional households across 2,000 villages in 5 of the poorest regions and states in Myanmar. This will increase the overall household electrification rate from 28% to an average of 56% in these areas. In addition, about 1,400 additional public buildings (schools, clinics, hospitals) will be added to the grid. The transmission line component will increase energy security through diversification and expansion of transmission, which will improve power supply reliability in the targeted regions and reduce transmission losses. While not directly benefiting the rural poor, a more stable electricity supply will underpin further economic growth. This, in turn, will generate jobs and indirectly reduce poverty.</p> <p>3. Impact channels. Direct impact channels are the extension of electricity distribution to households and increased electricity stability through transmission lines. Through electrification of public facilities, the beneficiary communities will have better access to health care (e.g., vaccinations requiring refrigeration) and education. The increase in electrification will benefit small and medium-sized enterprises.</p> <p>4. Other social and poverty issues. The project does not sufficiently address the dependence of rural development and poverty reduction on better market access through transport, communication, and financial services. However, these poverty issues are addressed in other projects financed by development partners, including ADB, and public-private partnerships as part of Myanmar’s broader economic development strategy.</p> <p>5. Design features. The project addresses key poverty and social issues by (i) improving access and connectivity to rural and urban areas and markets, (ii) enabling the poor and disadvantaged to benefit from economic growth, and (iii) reducing regional inequality regarding access to electricity.</p>
C. Poverty Impact Analysis for Policy-Based Lending: Not applicable
II. PARTICIPATION AND EMPOWERING THE POOR

1. Participatory approaches and project activities: ADB team and the Ministry of Electricity and Energy in collaboration with government held ten consultation meetings with on-site project stakeholders and affected people. More than 400 people attended the meetings—20% were women and 65% were ethnic minorities. Further consultations were held through meetings with local authorities, consultation meetings in villages, and household interviews during the socioeconomic survey. Continual consultations will be required under the resettlement and ethnic groups development plans (REGDPs), environmental impact assessment (EIA), initial environmental examination (IEE), and the project administration manual.

The project has a stakeholder communication strategy that will ensure that all stakeholders, including project-affected people and poor and vulnerable populations, will have two-way communication with the government. The strategy emphasizes consultation, transparency, and inclusion to ensure that project benefits accrue to inhabitants of project townships regardless of the gender, economic means, or social status.

2. Civil society organizations. Indigenous organizations including civil society organizations (CSOs) and nongovernment organizations are included as stakeholders implementing and monitoring resettlement, environmental mitigation, construction, and operation, as defined in the REGDPs, EIA, and IEE.

3: Explain how the project ensures adequate participation of civil society organizations in project implementation. Through the project implementation documents (REGDPs, Environment Management Plans), the CSOs are included in project monitoring and reporting activities (e.g., monitoring and evaluation of the resettlement management system).

4. The following forms of civil society organization participation are envisaged during project implementation, rated as high (H), medium (M), low (L), or not applicable (NA).

Information gathering and sharing Consultation Collaboration Partnership

5. Participation plan.

Yes. No. Participation is sufficiently covered through the REGDPs, EIA, and IEE. No significant negative impacts are expected, and the project benefits of increased rural electrification results in a positive perception of the project by of the community, including women and vulnerable groups.

III. GENDER AND DEVELOPMENT

Gender mainstreaming category: No Gender Elements

A. Key issues. The project is expected to have positive impacts on women by relieving some of their hard household chores. In rural areas, for example, electric lighting with stronger illumination will replace kerosene lighting and small household machines will ease women's work. The project will also facilitate a more active role for women in the community as they will have more time to participate in social and cultural activities. Street lighting and the availability of television programs will improve living conditions of all people including women. Reduced fossil fuel use for lighting and cooking is expected to have a positive impact on health (e.g., fewer respiratory illnesses).

B. Key actions.

Gender action plan Other actions or measures No action or measure

IV. ADDRESSING SOCIAL SAFEGUARD ISSUES

A. Involuntary Resettlement

Safeguard Category: A B C FI

1. Key impacts. About 39 hectares of land will be acquired permanently for tower footings, distribution lines, and substations. The project will have an impact on 814 households. But only 18 households will be severely affected, including 9 that will lose their primary residence for transmission lines development and 9 that will lose more than 10% of their productive land and income because of substation construction. Some seasonal crops and rubber trees will be removed for electricity infrastructure and during construction. The remaining impacts are temporary and related construction disturbances, which include 417 shops along the Mawlamyine–Ye–Dawei alignment and 28 shops along the Ahlone–Thida alignment.

2. Strategy to address the impacts. The project has developed two REGDPs to provide mitigations measures and ensure that (i) all affected people are not worse off because project impacts and (ii) all affected assets are fully compensated at replacement value. The REGDPs were formulated to harmonize Myanmar's compensation and resettlement policies and laws with ADB's Safeguard Policy Statement (2009) as well as other policies relevant to the project. The REGDPs include guidance on assessment of impacts, their mitigation and compensation, as well as on consultation activities during project implementation.

3. Plan or other Actions.

Resettlement plan Combined resettlement and indigenous peoples plan
 Resettlement framework Combined resettlement framework and indigenous peoples
 Environmental and social management system arrangement planning framework
 No action Social impact matrix

B. Indigenous Peoples

Safeguard Category: A B C FI

1. Key impacts. The project covers three states (Mon, Kayin, and Rakhine) where ethnic minorities are located. However, the project will not acquire lands that are traditionally used by these ethnic groups and will not cause any adverse impacts on their social, cultural or spiritual identity, or interfere with their sociocultural beliefs and livelihood systems. Ethnic minority communities will benefit from the project through job opportunities and household electrification. However, the project must ensure that indigenous households are not marginalized during project implementation with regards to job opportunities and electricity access. Investing in distribution networks in conflict or post-conflict areas where ethnic minority organizations provide parallel social services and community infrastructure also poses risks that require effective consultation and project management.

Is broad community support triggered? Yes No

2. Strategy to address the impacts. The REGDPs include adequate safeguards to compensate affected ethnic minority households for any livelihood impacts such as temporary crop loss. Ethnic groups sensitive approach and a culturally appropriate grievance redress mechanism will be incorporated in the updated REGDPs to guide project implementation. Adequate disclosure and consultation will be conducted in accordance with ADB Safeguard Policy Statement (2009).

3. Plan or other actions.

- | | |
|---|--|
| <input type="checkbox"/> Indigenous peoples plan | <input checked="" type="checkbox"/> Combined resettlement plan and indigenous peoples plan |
| <input type="checkbox"/> Indigenous peoples planning framework | <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework |
| <input type="checkbox"/> Environmental and social management system arrangement | <input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary |
| <input type="checkbox"/> Social impact matrix | |
| <input type="checkbox"/> No action | |

V. ADDRESSING OTHER SOCIAL RISKS

A. Risks in the Labor Market

1. Relevance of the project for the country's or region's or sector's labor market, indicated as high (H), medium (M), and low or not significant (L).

unemployment underemployment retrenchment core labor standards

Rakhine state has the highest unemployment rate at 11.0%, followed by Kayin with 8.0%, and Mon with 7.0%. Bago region has an unemployment rate of 5.3%, while Ayeyarwady is at 4.6%. Labor force participation in the regions and states where the distribution projects will be located is 49.0%–55.0%, significantly lower than the national average.

2. Labor market impact. Compliance with core labor standards and the requirement to prefer hiring local labor will be included in the loan covenants and work contracts to ensure that local communities benefit from construction jobs.

B. Affordability

The government's block tariff structure, which sets low tariffs for low consumption, will ensure the affordable access of electricity for poor people. This cross subsidy of poor wards allows better inclusion.

C. Communicable Diseases and Other Social Risks

1. The impact of the following risks are rated as high (H), medium (M), low (L), or not applicable (NA):
 Communicable diseases Human trafficking Others (please specify)

2. Risks to people in project area. During construction, the influx of workers to the project areas may increase the risk of HIV/AIDS and sexually transmitted infections. Community health awareness building and health and safety requirements will be included in the loan covenants and work contracts.

VI. MONITORING AND EVALUATION

1. Targets and indicators. The performance targets and indicators are described in the REGDPs, EIA, IEE, and the design and monitoring framework. These include the number of households with access to electricity. Monitoring will start with the project implementation.

2. Required human resources. Monitoring and evaluation counterparts will include village leadership, CSOs, and nongovernment organizations that collaborate on project implementation and operations, as stated in the EIA, IEE, and REGDPs.

3. Information in the project administration manual. Section IX-B, paragraphs 81–87 describes the monitoring tools and indicators. Social safeguard monitoring focuses on (i) proper documentation of impacts; (ii) proper compensation of the impacts per REGDP, including provision of budget as necessary; (iii) proper communication with the stakeholders and affected peoples; (iv) documentation of grievance redress mechanism operations; and (v) participation of women in the entire resettlement and compensation process.

4. Monitoring tools. Indicators, timing, and roles and responsibilities of monitoring by project counterparts, PIUs and PMUs, MOEE, ADB, and external monitoring are described in the REGDPs and summarized in the project administration manual.

Source: Asian Development Bank staff