

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Myanmar	Project Title:	Yangon Urban Renewal and District Cooling Project
Lending/Financing Modality:	Project	Department/ Division:	Private Sector Operations Department / Infrastructure Finance Division 2

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy

The Borrower intends to redevelop an existing 3.9-hectare (9.64-acres) plot in the Yangon city centre area into a premium mixed-use development comprising residential, commercial, retail, and hospitality components. The project will help revitalize Yangon's emerging central business district and help alleviate the acute supply shortage of tourism and business infrastructure in the city. The project will support (i) the development of approximately 2 million square feet of hotel, retail, office and residential space, (ii) the preservation and adaptive reuse of an 1877 Victorian heritage building, and (iii) the first district cooling plant (DC Plant) in Myanmar. The project will help generate job opportunities during the construction phase and generate opportunities for local employment in the retail, tourism and hospitality sectors.

ADB's assistance for the project is aligned with Strategy 2020 which supports environmentally sustainable, private sector assisted development in meeting the growing energy demand in the region and in addressing critical infrastructure shortages, especially for low-income and fragile countries. The assistance is also aligned with the Interim Country Partnership Strategy (CPS) for Myanmar (2012-2014) as it supports environmental sustainable development by integrating environmental considerations into projects for promoting green and climate-resilient growth. The CPS also aims to accelerate economic growth, create income opportunities, as well as create a conducive environment for the private sector, in particular small and medium enterprises. The project is also consistent with ADB's Energy Policy and ADB's Urban Operational Plan 2012-2020, which gives emphasis to environmental sustainability and private sector participation, including specific investments in district cooling. The project is consistent with the Myanmar Urban Development and Water Sector Assessment Strategy and Road Map, which emphasizes modern waste water treatment management. The project is also consistent with the ADB assisted Myanmar Tourism Master Plan 2013-2020, which includes preservation of heritage buildings.

B. Targeting Classification:

General Intervention Individual or Household (TI-H) Geographic (TI-G) Non-Income MDGs (TI-M1, M2, etc.)

Yangon is an important engine for improving economic growth and generating jobs in the country hence the city must become competitive, equitable, and environmentally sustainable in order to become an attractive, vibrant and livable city. The chronic underinvestment in tourism and business infrastructure over the past fifty years has left the city with an inadequate and insufficient supply of working and living spaces. The project will help address the country's immediate and urgent need for quality infrastructure to facilitate the growing business and tourism demand and thereby contribute to economic growth, indirect and direct job creation (including women), demand for locally sourced goods and services, greater foreign exchange, tax revenues, and enabling small and medium business opportunities. The project will generate employment both direct (during construction) and indirect (businesses related to tourism and retail) and help improve incomes of people in surrounding areas.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries.

Myanmar is gaining economic impetus as it implements ongoing political and economic reforms geared towards a more democratic system and liberalized economy. The country also has an influx of business and tourism as it becomes an appealing new destination for investment and cultural and natural attractions. The country's poverty incidence has also improved from 32.1% in 2005 down to 25.6% in 2010^a. Poverty incidence in rural areas is significantly higher than in urban areas, with 85% of the poor living in rural areas. Regional disparities in poverty incidence are large, and disparities in non-income forms of poverty are evident across regions and population groups. Yangon on the other hand has a poverty incidence well below the national poverty rate but has slightly deteriorated from 15.1% in 2005 to 16.1% in 2010. In terms of unemployment, the country maintained a 4% unemployment rate in 2013.^b

ADB's proposed assistance will improve the retail and tourism industries of Yangon. This is essential to boosting the economy and creating new opportunities to businesses linked to the retail and tourism industries. New job

opportunities generated directly and indirectly by the project will benefit people in the surrounding areas.

2. Impact channels and expected systemic changes.

The project will contribute to employment generation both direct (during construction) and indirect (businesses related to retail and tourism) and help improve incomes of people in surrounding areas.

3. Focus of (and resources allocated in) the PPTA or due diligence.

Consultancy and staff resources are allocated to conduct an audit and due diligence for safeguards and other social dimensions.

4. Specific analysis for policy-based lending. Not Applicable.

II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project or program?

The project will incorporate gender measures in the design such as fostering livelihood opportunities and enhancing participation for women training, in consultation with the Borrower.

2. Does the proposed project or program have the potential to make a contribution to the promotion of gender equity and/or empowerment of women by providing women's access to and use of opportunities, services, resources, assets, and participation in decision making?

Yes No Please explain.

The project will promote opportunities for women including their participation in training and possible livelihood opportunities.

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?

Yes No Please explain

4. Indicate the intended gender mainstreaming category:

GEN (gender equity theme) EGM (effective gender mainstreaming)

SGE (some gender elements) NGE (no gender elements)

III. PARTICIPATION AND EMPOWERMENT

1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design.

Project stakeholders include Meeyahta International Hotel Limited, Yoma Strategic Holdings Limited, First Myanmar Investment Co., Ltd., The HongKong and Shanghai Hotels, Limited, local government, Yangon City Development Committee (YCDC), Yangon Heritage Trust and nearby communities in the project area.

2. How can the project contribute (in a systemic way) to engaging and empowering stakeholders and beneficiaries, particularly, the poor, vulnerable and excluded groups? What issues in the project design require participation of the poor and excluded?

The IEE for the project includes guidance on how consultation and participation with various stakeholders including communities and civil society organizations will be undertaken.

3. What are the key, active, and relevant civil society organizations in the project area? What is the level of civil society organization participation in the project design?

Information generation and sharing Consultation Collaboration Partnership

Yangon Heritage Trust is actively involved in the conservation and adaptive reuse of the heritage buildings in Yangon. The Sponsor proposes active participation and consultation with the Yangon Heritage Trust and the government agencies in formulation of the conservation and adaptive reuse strategies.

4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how shall they be addressed? Yes No

Participation of locals is envisaged during construction and during operation of the facilities (office and commercial spaces, hotels). The IEE includes measures to ensure participation of the communities, including the poor during the construction stage.

IV. SOCIAL SAFEGUARDS

A. Involuntary Resettlement Category A B C FI

1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? Yes No

The project will be located in the central business district of Yangon, Myanmar. The proposed project will be located on a 3.9 ha site, that will be leased by MIHL from the Ministry of Rail and Transport, and therefore no land acquisition is involved. The project will not result in any physical or economic displacement. The site currently houses Grand Mee Ya Hta Executive Residences, a residential accommodation for corporate clients in Yangon and FMI Centre, an office complex on the upper floors and retail space on the lower floors. Both of these buildings are currently owned by SPA, and operated through lease agreements with the occupants. Advance notices of up to 6 months will be provided to ensure smooth transition of the tenants and leaseholders.

2. What action plan is required to address involuntary resettlement as part of the PPTA or due diligence process?

- Resettlement plan Resettlement framework Social impact matrix
 Environmental and social management system arrangement None

B. Indigenous Peoples Category A B C FI

1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? Yes No

2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? Yes No

The project is located in the central business district of Yangon, Myanmar. The lands proposed for the project belong to the Government and will be leased to MIHL on a long term basis. There are no communities occupying or using the site, and the project is expected to have no impact on indigenous peoples.

3. Will the project require broad community support of affected indigenous communities? Yes No

4. What action plan is required to address risks to indigenous peoples as part of the PPTA or due diligence process?

- Indigenous peoples plan Indigenous peoples planning framework Social Impact matrix
 Environmental and social management system arrangement None

V. OTHER SOCIAL ISSUES AND RISKS

1. What other social issues and risks should be considered in the project design?

- Creating decent jobs and employment Adhering to core labor standards Labor retrenchment
 Spread of communicable diseases, including HIV/AIDS Increase in human trafficking Affordability
 Increase in unplanned migration Increase in vulnerability to natural disasters Creating political instability
 Creating internal social conflicts Others, please specify _____

The due diligence will take forward the following social issues: (i) creation of employment opportunities for locals during construction, through provisions in the agreements with civil works contractors and subcontractors; (ii) measures to be taken up by the Borrower to ensure that there is no retrenchment of labour due to the demolition of Grand Mee Ya Hta Executive Residences and FMI Centre; and (iii) adherence to core labor standards by the Borrower and monitoring of the compliance by the contractors, subcontractors and the project supply chain.

2. How are these additional social issues and risks going to be addressed in the project design?

ADB will require the Borrower and their contractors and subcontractors to comply with the national labor laws and will take measures to adhere to the internationally recognized core labor standards in compliance with ADB's Social Protection Strategy (2001).

ADB will require the Borrower to report on (i) the efforts that have been taken up to avoid labor retrenchment in the facilities to be demolished, and (ii) how the agreements of the Borrower with the contractors, including subcontractors include prioritization of local labor during construction.

VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT

1. Do the terms of reference for the PPTA (or other due diligence) contain key information needed to be gathered during PPTA or due diligence process to better analyze (i) poverty and social impact; (ii) gender impact, (iii) participation dimensions; (iv) social safeguards; and (vi) other social risks. Are the relevant specialists identified?

- Yes No

3. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social and/or gender analysis, and participation plan during the PPTA or due diligence?

The Borrower shall appoint consultants to conduct an environmental assessment for the project which will cover social safeguards and other social dimensions.

^a ADB. Myanmar: Interim Country Partnership Strategy, 2012-2014 (Linked Document 2: Poverty Analysis). October 2012. Manila

^b Economy Watch. <http://www.economywatch.com/economic-statistics/country/Myanmar/>