

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Republic of the Union of Myanmar	Project Title:	Connectivity Infrastructure Development Project
Lending/Financing Modality:	LIBOR Based Loan	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 project will support the long-term investments of Yoma Strategic Holdings (YSH) in connectivity infrastructure subprojects in Myanmar to advance inclusion of isolated people, reduce urban-rural development gaps, and attract private investment into diverse geographic areas and sectors. These objectives will be achieved by giving people and goods better access to more opportunities and markets, improving productivity through reduced transport and other transaction costs, and promoting domestic and international trade.

The project is aligned with the Interim Country Partnership Strategy for Myanmar, 2012–2014, which places importance on enhancing connectivity. The project addresses the critical shortage of connectivity, promotes access to markets and basic social services, improves rural infrastructure to boost productivity and incomes, lowers transaction costs, enhances opportunities for domestic and cross-border trade and investment, and improves access to reliable and sustainable utility services. The project will also complement various projects being processed by the Southeast Asia Department of the Asian Development Bank (ADB) in the relevant sectors, including several road and technical assistance projects. The proposed project is in line with ADB's country operations business plan, 2014-2016 for Myanmar, which indicates that ADB's private sector operations department will support selective transactions to maximize the effectiveness of ADB's operations and activities through private sector development by seeking nonsovereign investment opportunities in physical infrastructure (e.g., energy, telecommunications, transport, agriculture, water, waste management, health care, education, tourism, hotels, and business infrastructure) and economic infrastructure.

B. Targeting Classification

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

The Project is classified as General Intervention as the project will support YSH's long term investments in connectivity subprojects.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries.

Myanmar remains one of the least connected countries in the world in terms of telecommunications, transportation, and logistics. In 2012, fixed line penetration stood at approximately 1%, mobile penetration at 7%, and internet penetration at less than 1% of the population. In a country with 676,000 square kilometers of land area, there are only 33,000 kilometers of paved roads, which translates into a road density less than one-fifth the Association of Southeast Asian Nations average. Better connectivity infrastructure contributes to sustainable economic growth by facilitating access to better economic opportunities and by improving the productivity of many sectors. A nationwide mobile network will be inclusive since it would allow people in remote areas to have access to market information and other opportunities, which will remove market inefficiencies and result in welfare benefits for them. It is estimated that a 10% increase in mobile penetration raises gross domestic product by 1.2%. Development of transport and logistics infrastructure enables farmers and other producers to broaden their reach to sell their products, and enables consumers to enjoy better products at an affordable price.

2. Impact channels and expected systemic changes.

The project will contribute to direct employment generation (during the construction and operation stages) and help improve incomes of people in surrounding areas. In addition, the project's development of telecom towers and integrated warehousing facilities is expected to significantly benefit communities in the project areas, especially in the rural areas.

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

During due diligence, the project team will assess and review: (i) YSH's safeguard management capacity to address the risks and impacts of its business operations and the connectivity subprojects; and (ii) YSH's compliance record with applicable laws and regulations through review of its policies and existing projects. Other social dimensions such as gender benefits and core

labor standards will be also addressed. The project will be in compliance with local laws and regulations as well as the requirements of ADB's SPS, especially safeguard requirements 2 on involuntary resettlement, and safeguard requirements 3 on Indigenous Peoples.

4. Specific analysis for policy-based lending.

N/A

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 is expected to benefit the poor and vulnerable groups, including women, through the creation of jobs and opportunities. Due diligence will assess employment of women by the contractors for the telecom towers and the logistics facilities.

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

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

Yes No

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.

Potential stakeholders include national and local governments, regulatory agencies, contractors, host local communities, and customers of the connectivity businesses. The project might affect some persons through land acquisition, and they will participate in community consultations which are conducted by the company.

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? YSH will establish an environmental and social management system (ESMS) and entity-level ESMSs for the project companies, which will include guidance and procedures for stakeholder and community engagement, including grievance mechanisms. The community relations officer or the project representative will be responsible for implementing the participation and community engagement aspects.

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?

L Information generation and sharing **L** Consultation **N** Collaboration **N** Partnership

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

Details of the consultation and participation activities and grievance and dispute resolution will be explained in the audit and ESMS.

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 components (telecom towers and cold storage logistics facilities) will be located either on leased lands or lands purchased through negotiated settlements. No involuntary resettlement impacts are envisaged. Only in the event of the unavailability of suitable sites through negotiated settlements would the requirement for involuntary resettlement be triggered.

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 subprojects will be identified in the later stage but the avoidance and/or mitigation measures of impacts on indigenous peoples will be reflected in ESMS.

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

The screening exercise will exclude subprojects with significant impacts on indigenous peoples from ADB financing.

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

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

The construction workforce comprising both skilled and unskilled labor will be sourced primarily from the local population. YSH and the project companies will ensure hiring of local labor through contractual provisions in the bidding documents and regular audits on site. ADB will require the borrower (and its contractors) to comply with the ADB Social Protection Strategy covering the relevant internationally recognized core labor standards and national labor laws. During operation, the project will result in direct employment opportunities for the local residents in the telecom and the cold storage logistics sectors. In addition, the improved connectivity of people and goods as a result of the connectivity improvement subprojects is expected to result in new jobs and opportunities.

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

The terms of reference of the environment and social compliance audit includes assessment of poverty and social impacts, participation, social safeguards and other social issues. The borrower will mobilize a competent consulting firm, with qualified social development experts for the assignment.

2. 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?

In addition to the analysis of social and poverty aspects as part of the environment and social compliance audit, due diligence will be undertaken by ADB staff.