



Initial Poverty and Social Analysis

October 2020

MYA: Aller Aqua Yangon Aquafeed Production Project

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Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
CPS	–	country partnership strategy
CSO	–	civil society organizations
IEE	–	initial environmental examination
SPS	–	Safeguard Policy Statement (2009)

NOTE

- (i) In this report, "\$" refers to United States dollars.

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INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Myanmar	Project Title:	Aller Aqua Yangon Aquafeed Production Project
Lending/Financing Modality:	Project Loan	Department/ Division:	Private Sector Operations Department Office of the Director General

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The proposed loan for construction and operation of an aquafeed factory will contribute to the development of Myanmar's underserved aquaculture sector by improving fish farmer livelihoods and enhancing sustainable productivity for smallholder women fish farmers. The project contributes to the achievement of two of the five goals in Myanmar's Sustainable Development Plan 2018—2030 (job creation and private sector-led growth and natural resources and the environment for posterity of the nation) through: supporting the diversification and productivity of aquacultural practices as a foundation for poverty reduction in rural areas; job creation in an industry dominated by micro, small and medium sized enterprises; contributing to cleaner environmental practices to ensure healthy and functioning ecosystems; and increasing climate change resilience while protecting livelihoods.^a The project is further aligned with the Government of Myanmar's vision of an inclusive, competitive, food and nutrition secure and sustainable agricultural system achieved through contributing to the socio-economic well-being of farmers and rural people and further development of the national economy.^b

B. Poverty Targeting:

General intervention Individual or household (TI-H) Geographic (TI-G) Non-income MDGs (TI-M1, M2, etc.)

Aquaculture farms are located in the Irrawaddy delta and coastal rural areas. While fish is the most important source of animal protein in Myanmar, productivity has been hampered by use of low quality agricultural by-product feedstock such as rice bran, oil seed cakes, wheat bran, or even manure from chickens. Use of higher nutritional value feed will improve fish yields and contribute to increased income potential.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. The primary direct beneficiaries of the project are the borrower and its employees, feed vendors and credit providers in the distribution supply chain, and fish farmers in rural areas as the end users. Indirect beneficiaries include businesses that buy and sell fish and consumers. According to ADB's country partnership strategy for Myanmar, almost 70% of the population and the majority of the poor and disadvantaged reside in rural areas, and about half of the rural population is landless, with limited sources of income other than casual labor and small businesses.^c ADB statistics recorded 24.8% of the population living below the national poverty line in 2017, while in 2019 the proportion of employed population below \$1.90 purchasing power parity a day was 2.7%.^d The key constraints for rural fish farmers in accessing project benefits is access to credit to purchase feed and efficient transportation from and to markets of both the feed stock and fish produced.

2. Impact channels and expected systemic changes The borrower will conduct trials with farmers in rural areas to demonstrate superior growth of fish in a systemized and measurable way and further develop supply chain financing mechanisms to enable distribution of its product. Fish feed recipes will be optimized through the support of the borrower's inhouse laboratory. The borrower will partner with supply chain finance providers to sell to small rural farmers that lack access to working capital. The borrower's presence should also stimulate increased competition in the aquafeed production sector in Myanmar.

3. Focus of (and resources allocated in) the transaction TA or due diligence. During due diligence, ADB will assess the impact of direct employment opportunities as well as indirect impacts associated with potential economic growth in the aquaculture sector.

II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector and/or subsector that are likely to be relevant to this project or program? The agriculture sector was the largest employer of women in 2010, accounting for 47.4% of all women's employment.^e Currently both women and men are engaged in all kinds of day labor associated in the aquaculture value chain. In small and medium sized operations, family management and labor inputs are supplied by both men and women household members, although it is the norm for male household heads to assume a leading role in farm management.^f

2. Does the proposed project or program have the potential to contribute 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

A gender action plan will be prepared during due diligence that will seek to increase the number and proportion of female fish farmers using the borrower's feed products, set targets for women's employment during the construction and operation of the fish feed factory, promote zero-tolerance tolerance of sexual abuse, exploitation, and

<p>harassment, and train female fish farmers on climate-resilient fish farming best-practices and good aquaculture practices.</p> <p>3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>4. Indicate the intended gender mainstreaming category: <input type="checkbox"/> GEN (gender equity) <input checked="" type="checkbox"/> EGM (effective gender mainstreaming) <input type="checkbox"/> SGE (some gender elements) <input type="checkbox"/> NGE (no gender elements)</p>
<p>III. PARTICIPATION AND EMPOWERMENT</p>
<p>1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design. The project's main stakeholders are government and commercial organization and individuals participating in Myanmar's aquaculture sector. Due diligence will include identification of any negatively affected people but at inception, none are envisaged. The project will prepare an initial environmental and social examination (IESE) for construction and operation for the fish feed factory, which will include stakeholder identification and consultation.</p> <p>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 factory will be constructed on land within Zone B of the Thilawa Special Economic Zone (SEZ), a purpose-built industrial park 23 kilometers southeast of Yangon. Public consultation for Zone B was carried out by the SEZ owner initially in December 2015 and January 2016 following national environmental impact assessment and resettlement planning laws and international standards. The results of consultation and all impact assessment planning documents are available on the SEZ's website. In addition to consulting people who have been affected by past impacts associated with the SEZ for the IESE, ADB anticipates providing the borrower with technical assistance to train fish farmers and expects that this will require a dedicated participation plan.</p> <p>3. What are the key, active, and relevant civil society organizations (CSOs) in the project area? What is the level of civil society organization participation in the project design? Apart from CSOs in the immediate vicinity of the SEZ, the borrower is expected to also consult with sector focused organizations with an interest in in climate-resilient fish farming best practices and financial literacy as part of the implementation of its training. <input checked="" type="checkbox"/> Information generation and sharing (L) <input checked="" type="checkbox"/> Consultation (L) <input type="checkbox"/> Collaboration (NA) <input type="checkbox"/> Partnership (NA)</p> <p>4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how should they be addressed? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>At project inception, ADB envisages that the dedicated participation plan for training technical assistance will require actions to ensure that poor, vulnerable and/or excluded fish farmers can access the benefits of the training provided.</p>
<p>IV. SOCIAL SAFEGUARDS</p>
<p>A. Involuntary Resettlement Category <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI</p> <p>1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No The factory will be built on an unoccupied construction-ready 1.6 hectare land plot in the newly developed Zone B of the Thilawa SEZ. The initial screening report for the IESE confirmed that the project has not directly caused any displacement impacts. Development of the SEZ Zone B did however cause involuntary displacement impacts in 2016 and 2017, which were initially identified in the SEZ's environmental impact assessment and managed through the SEZ's resettlement work plan that was prepared and implemented in accordance with national and Japan International Cooperation Agency requirements. The SEZ Management Committee is responsible for the continued implementation of the resettlement work plan and its income restoration program for project affected people. All associated documents including plans, meeting minutes and monitoring evaluation reports are publicly disclosed by the management committee. The IESE will review these past impacts and measures, and the borrower will monitor the continued progress of the committee in the implementation of its respective plans and programs. The borrower will report to ADB upon becoming aware of any information that would have a material effect on its continued use of its leased land in the SEZ.</p> <p>2. What action plan is required to address involuntary resettlement as part of the transaction TA or due diligence process? <input type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Social impact matrix <input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> None</p>
<p>B. Indigenous Peoples Category <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI</p> <p>1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No The factory will be built on an unoccupied land plot in Zone B of the Thilawa SEZ. The screening report prepared for the borrower's IESE confirmed that the factory construction will not cause impacts on any distinct and vulnerable indigenous peoples or ethnic minority groups.</p>

<p>3. Will the project require broad community support of affected indigenous communities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>4. What action plan is required to address risks to indigenous peoples as part of the transaction TA or due diligence process?</p> <p><input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Social impact matrix</p> <p><input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> None</p>
<p>V. OTHER SOCIAL ISSUES AND RISKS</p>
<p>1. What other social issues and risks should be considered in the project design?</p> <p><input checked="" type="checkbox"/> Creating decent jobs and employment (L) <input checked="" type="checkbox"/> Adhering to core labor standards (L) <input type="checkbox"/> Labor retrenchment</p> <p><input type="checkbox"/> Spread of communicable diseases, including HIV/AIDS <input type="checkbox"/> Increase in human trafficking <input type="checkbox"/> Affordability</p> <p><input type="checkbox"/> Increase in unplanned migration <input type="checkbox"/> Increase in vulnerability to natural disasters <input type="checkbox"/> Creating political instability <input type="checkbox"/> Creating internal social conflicts <input type="checkbox"/> Others, please specify _____</p> <p>2. How are these additional social issues and risks going to be addressed in the project design? The project will require a peak labor force of approximately 100 workers during the factory's short construction phase, but is expected to generate 105 full-time direct factory jobs by its fourth year of operation. Anticipated improved yields and therefore incomes for fish farmers using the borrower's product, is additionally expected to generate new employment opportunities in the aquaculture sector. The borrower intends to develop local human resource management manuals for its factory based on policy and procedures it has in place in its factories in other countries. It is worth noting that the borrower undertook a trial sales period in 2019 in order to understand the price at which the market will buy its product. Pricing will be further assessed through technical trials with producers to ensure its product is affordable.</p>
<p>VI. TRANSACTION TA OR DUE DILIGENCE RESOURCE REQUIREMENT</p>
<p>1. Do the terms of reference for the transaction TA (or other due diligence) contain key information needed to be gathered during transaction TA or due diligence process to better analyze (i) poverty and social impact, (ii) gender impact, (iii) participation dimensions, (iv) social safeguards, and (v) other social risks. Are the relevant specialists identified?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>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 transaction TA or due diligence? The borrower has commissioned an independent expert consultant with extensive experience in Myanmar to prepare an IESE in accordance with ADB's policy requirements.</p>

- ^a Government of the Republic of the Union of Myanmar. 2018. *Myanmar Sustainable Development Plan (2018–2030)*. Naypidaw.
- ^b Government of the Republic of the Union of Myanmar. 2018. *Myanmar Agriculture Development Strategy and Investment Plan, 2018–2023*. Naypidaw.
- ^c ADB. 2017. *Myanmar, 2017–2021: Building the Foundations for Inclusive Growth*. Manila.
- ^d ADB. 2020. [Basic Statistics, Asia and the Pacific](#).
- ^e Ministry of National Planning and Economic Development, Swedish International Development Cooperation Agency, United Nations Children's Fund, and United Nations Development Programme. 2011. *Integrated Household Living Conditions Survey in Myanmar (2009–2010): MDG Data Report*. Yangon
- ^f Belton, B., A. Hein, K. Htoo, L. S. Kham, U. Nischan, T. Reardon, D. Boughton. 2015. *Research Report 4. Aquaculture in Transition: Value Chain Transformation, Fish and Food Security in Myanmar*. Michigan.
- Sources: Asian Development Bank and Aller Aqua Myanmar Feed Company Limited