

Voices from the field



Field Report Summary | April 2018

Myanmar: Myingyan Natural Gas Pozer Project



IFI WATCH
MYANMAR

Background

The Myingyan Combined-Cycle Gas Turbine Power Plant Project (M-CCGT) is the first infrastructure investment of its kind in Myanmar, realized through joint financing from the Asian Development Bank (ADB), Asian Infrastructure Investment Bank (AIIB), the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Agency (MIGA).

Located in Taung Tha Township, Myingyan District in Mandalay, this is the country's first competitively tendered energy infrastructure project implemented by SembCorp Utilities Pte Ltd, an independent power producer. Using a build and operate scheme, Sembcorp, [a Singaporean company with large shareholding by Temasek Holdings](#), partners with Myanmar's MMID Utilities (MMIDU) for 22-years.¹ Previously, state entities led all energy sector infrastructure projects in Myanmar .

ADB says the project will *improve the reliability and stability of Myanmar's power supply, while addressing power shortages and helping avoid future brownouts*. This investment project is expected set precedent for future tenders from IPPs that will benefit Myanmar's energy sector overall.

Joint financing

The total cost of the Myingyan project is US\$597.7 million, combining committed and approved loans and guarantees. Breakdown of IFI financing is below:

IFI	Committed and approved funding	Approval Date
Asian Development Bank	\$ 252.7 millions	8 Dec 2015
International Finance Corporation	\$ 75 millions	16 Dec 2015
Multilateral Investment Guarantee Agency	\$ 250 millions	5 Jan 2016
Asian Infrastructure Investment Bank	\$ 20 millions	27 Sept 2015

¹ Sembcorp is currently locked in a legal dispute with MMIDU. In June 2017, MMIDU Director Kyaw Paing filed a civil suit in the Yangon Region High Court seeking an injunction to stop SembCorp Myingyan

IFI Watch engagement

This summary report is based on field visits we undertook in November and December 2017 and in February 2018. We also had good-faith efforts engaging with the IFI staff, mainly via email correspondence which sought to verify technical and other project implementation issues.

IFI Watch Myanmar had three email correspondence with ADB staff. Last email was on March 8, 2018, replied on April 9, 2018. With AIIB staff, we had three email exchanges, the latest was February 16, 2018, replied on April 10, 2018. With IFC staff, we had five email exchanges, the latest was on March 19, 2018, replied on March 29, 2018.

With Sembcorp, we have had email exchanges since 2017 and had official meeting at the project site on January 18, 2018. That meeting did not go well as the company's vice president claimed that we damaged their reputation by publishing what he considered an [erroneous March 2016 report on our website](#). He demanded that we pull that report and nothing gets published without their prior verification and check.

We stood by our report at that time as it reflected our independent field monitoring during that stage of project construction. We insist that we are not under any obligation to undergo report censorship by the company.

Community concerns

Water pollution

- Farming families from 13 villages living along the Irrawaddy River are concerned with the impacts of water extraction for the MCGGT cooling system. The extraction is feared to worsen the low water level in the river especially during the dry season.
- Waste water discharge from the MCGGT plant will also flow into into the Irrawaddy. Containing harmful chemicals or other kinds of pollutants, villagers worry that waste water could kill fishes.

Power from removing MMIDU's name from agreements with the government, such as the PPA. [Frontier magazine published a report on this action.](#)

- Water discharge also increases the section of river's temperature. Although villagers have been informed that the discharge will be no more than two degree Celsius higher than the surrounding river water, they remain concerned about the warmer water's impact on fish population.
- Villagers are also worried that the wastewater could contaminate their drinking water.
- Vibration and noise pollution during the project's test runs is very loud that residents in a nearby village, Sa Khar, complained that the effect is worse than an earthquake.
- Villagers We demand an open, scientific study to determine the pollution level of discharged water and how it impacts fish population, river ecology and the safety of drinking water.

Physical displacement

- The installation of water pipeline caused road damage and obstructed the right of way for residents in 8 villages. This obstructs them from bringing their farm produce to market and in accessing important social services such as education and healthcare.
- Before the project, the local road constructed by the Department of Irrigation enabled the villagers to access their pumping station. During the pipeline installation, Sembcorp's big trucks created huge ditches and potholes and made the road nearly impassable on rainy seasons. Villagers asked the company to do road repair but Sembcorp replied that this is not their priority; instead, they would provide water purification system, white board and chairs for the school.
- Villagers insist that they don't need a paved fancy road, just a smooth and flat surface reinforced with stones and rocks. The company should repair it.

Disrupting fishing livelihood

- Local fishermen expressed concerns that a reduction in fish stocks would significantly impact their lives. Fishing is their main livelihood, so it would be difficult to make a living if fish population in that section of the Irrawaddy decreases due to waste water discharge from the project.

- Fishermen began noticing a decrease in fish catch since the project test run started in January 2018.

Inadequate consultations, leading to dismal mitigation plan

- Some villagers complain that they weren't given adequate information at the 2015 community consultations. The company was hiding important scientific details from the community, especially when they asked about water pollution, long-term effect of warming water, and the mitigation measure. Only a select few were invited to the consultations, and that the affected communities were not consulted widely.
- Some women said they were excluded from the consultation process because their village was not on the list of affected areas. In reality, the land they own was disrupted during project construction.
- Some community members said that they were not aware of more recent meetings that Sembcorp representatives held with people from affected villages. One participant said, "I think that maybe the village administrator organized the Sembcorp consultation meeting with a group of pro-project people who would not raise difficult questions."
- Project documents are massive (the ESIA report alone is over 1,000 pages long) and are too dense to be understood by regular people. The project documents often contained large amounts of specialist terminology and jargon, and the significance of the findings were not adequately explained in basic language. While the M-CCGT project was awarded based on an international competitive tender, all aspects of the project have not been made open to the general public, including the citizens of Myanmar who are the ultimate beneficiaries. For example, the Power Purchase Agreement (PPA) has not been made public.
- People felt that information about the MCGT project was not made accessible for them. Detailed project information was not available in Burmese language.

Community demands to ADB, IFC, AIIB and MIGA

- Require SMPC to publish clear information regarding frequency and amount of water intake, the frequency and amount of water discharges and a full examination of the impact of discharged water on river's water quality, local irrigation practices and fisheries as well as on downstream communities.
- Require SMPC to provide advanced notification to villagers about activities that could cause significant vibrations and noise pollution. SMPC should allow communities tours to the M-CCGT site to gain a better understanding of what is actually taking place at the plant.
- Promote greater transparency and accountability by means of providing more access to information, meaningful engagements with community.
- The process by which consultation meetings are organized should be clear, disclosed in advance, and is truly representative of the affected villages.
- IFIs' respective project grievance redress mechanism (GRM) should require SMPC to make public all of the GRM engagement it has received since the publication of the ESIA report in 2015, as well as show how they responded and what steps they took to find a solution to the grievance.
- Require SMPC to conduct skills trainings to meet promises in ADB's resettlement framework, conduct 'job fair' in nearby villages to explain what positions need to be filled and what the remuneration packages are, make commitment to hire local university students through 'learning internship' programs.
- Require SMPC to create a 'community development fund' for villages in the area and consult with local community for development needs.
- Require SMPC to conduct a thorough investigation of the process by which the land was confiscated by MOI in 1998-2000. Identify the individuals/families who lost their land and consider for the full due diligence.



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