

INTEGRATED SAFEGUARDS DATA SHEET

CONCEPT STAGE

Report No.: ISDSC1072

Date ISDS Prepared/Updated: 09-Jan-2015

Date ISDS Approved/Disclosed: 12-Jan-2015

I. BASIC INFORMATION

A. Basic Project Data

Country:	Myanmar	Project ID:	P152936
Project Name:	National Electrification Project (P152936)		
Task Team Leader(s):	Dejan R. Ostojic		
Estimated Appraisal Date:	13-Apr-2015	Estimated Board Date:	27-Jul-2015
Managing Unit:	GEEDR	Lending Instrument:	Investment Project Financing
Sector(s):	Transmission and Distribution of Electricity (100%)		
Theme(s):	Rural services and infrastructure (100%)		
Financing (In USD Million)			
Total Project Cost:	550.00	Total Bank Financing:	300.00
Financing Gap:	0.00		
Financing Source			Amount
BORROWER/RECIPIENT			50.00
International Development Association (IDA)			300.00
Foreign Private Commercial Sources (unidentified)			200.00
Total			550.00
Environmental Category:	B - Partial Assessment		
Is this a Repeater project?	No		

B. Project Objectives

19. The project development objective is to help increase access to electricity in Myanmar.

C. Project Description

The expected results of the Project will include new household connections in urban and rural areas across the country. Also, the project will help establish and support a coordinated sector-wide institutional framework for the implementation of national electrification program, and strengthen

institutional capacity of implementing agencies, including both public and private sector active in the grid rollout and off-grid pre-electrification.

The proposed grid roll-out program will not only improve the well-being of the affected population by better lighting, telecommunications and entertainment, but also enable income-generation opportunities and enhanced productivity. Importantly, the program will prioritize connections for health clinics and schools, particularly in poor and vulnerable areas, to maximize developmental impacts.

The project will include an off-grid pre-electrification program to directly benefit the poor and vulnerable households by targeting those who reside outside the realm of power grid and are expected to receive grid-based electricity services more than 10 years after the first phase of NEP.

The project will also include a Contingency Emergency Response Component (CERC) to allow a rapid response and quick support for emergency recovery and reconstruction in case of an adverse natural disaster event.

Many of these project benefits will occur over time and will continue to accrue many years after the project is completed. An impact evaluation to establish the baseline and assess these benefits in a timely and systematic manner will be initiated along with the proposed project.

Achievement of the project development objective will be measured by the core sector indicator (CSI): People provided with access to electricity under the project by household connections.

As a part of CSI monitoring, the project will also measure (i) number of new household customers connected to national grid; (ii) number of new household customers with access to electricity services from off-grid systems; and (iii) number of direct female beneficiaries out of people provided with access to electricity by household connections to the grid and off-grid solutions.

Intermediate result indicators will include (i) amount of investment financing from the private sector, development partners and the government's budget leveraged for the electrification; (ii) permanent national electrification executive secretariat (NEES) established, adequately staffed and functional in line with its mandate; (iii) number of NEES and other agency staff trained; and (iv) number of qualified private sector operators/ village cooperatives participating in the grid and off-grid electrification program.

The proposed project has three main components.

Component 1: Grid rollout [IDA US\$ 200 million]. The grid component will support the extension of distribution networks currently operated by Yangon Electricity Supply Board (YESB) and Electricity Supply Enterprise (ESE) and connections of villages and households which are identified in NEP as closest to the existing national grid and, thus, on the least-cost path for the grid rollout. This component will include (i) expansion of existing Medium Voltage (MV) substations and construction of new MV substations, (ii) construction of new MV lines, Low Voltage (LV) lines and MV/LV transformers; and (iii) household connections and meters. It is expected that the primary distribution MV parts (above 11 kV) will be implemented by ESE and YESB, while the 11 kV and LV components (including household connections) will be implemented through a public private partnership or direct private investments.

The Bank financing for the grid rollout will include two modalities. First, IDA will finance procurement of MV goods (transformers, poles, conductors, insulators, switchgear, materials etc.) which will be installed by ESE and YESB to expand the primary distribution network (above 11 kV). Second, IDA and IFC will use part of the IDA funds to support the private sector participation in the expansion of secondary distribution network (11kV and 0.4 kV). The joint WBG team will develop and put in place a ‘Menu of Options’ for private sector participation. This could include (a) IDA funds to buy down the capital cost of assets and services; (b) Output Based Aid (OBA) scheme, whereby IDA funds would pay to the (private) service provider the difference in tariff between what the consumers are able to pay, and the tariff level that would deliver to the service provider an adequate (regulated) return; and (c) IDA support to selected concessioners in carrying out distribution activities in franchise areas of YESB and ESE. The above ‘Menu of Options’ is not exclusive and will be modified and adapted to the evolving conditions in the distribution sector during the project preparation.

Component 2: Off-grid pre-electrification [IDA US\$ 80 million]. The off-grid component will target households which are located outside the realm of the existing national grid and, thus, unlikely to receive grid-based access in the next 10 years. The pre-electrification will be based on application of mini-grids and household energy systems, including solar photovoltaic (PV) systems, mini-hydropower (not expected to exceed 1 MW), wind, diesel and hybrid systems (e.g. diesel/solar). Currently, MFLRD is responsible for the off-grid rural electrification through its local DRD (Department for Rural Development) offices. The implementation modalities for the off-grid electrification, including IDA and IFC support to the private sector, will be developed during the project preparation.

Component 3: Capacity building and technical assistance (TA) [IDA US\$ 20 million]. This component will provide TA and advisory support to GoM agencies responsible for the planning, implementation, monitoring and evaluation of the national electrification program. The capacity building will cover all institutional levels (union, state/ region, and district) involved in the NEP planning and implementation, including technical design, economic and financial analysis, environmental and social impact management, as well as procurement and financial management.

Component 4: Contingent Emergency Response [US\$ 0 million]. The objective of this “zero component” is to allow a rapid reallocation of IDA credit proceeds from other components to provide emergency recovery and reconstruction support following an adverse natural disaster event. This component would finance public and private sector expenditures on a positive list of goods and/or specific works, goods, services and emergency operation costs required for Myanmar’s emergency recovery. A Contingency Emergency Response Component (CERC) Operational Manual will apply to this component, detailing financial management, procurement, safeguard and any other necessary implementation arrangements.

The proposed project will establish the basis for a sustained engagement of the WBG in supporting public and private sector investments needed to achieve universal access to electricity in Myanmar by 2030, as well as to strengthen institutional capacity of GoM. It is expected that the programmatic engagement will comprise three phases with the first phase covering 2015-2019. In addition to working with the public and private sector investors, the joint WBG energy team will work closely with all development partners (DPs) active in the power sector (ADB, JICA, KfW, DFID, Norway, Australia, etc.) and the NEP will be designed as an open platform which DPs can also use in supporting the electrification in Myanmar. Such a coordinated, sector-wide approach is considered the most effective in delivering benefits of electrification and working together with the GoM, DPs

and the private sector towards twin goals of reducing extreme poverty and increasing shared prosperity in Myanmar.

D. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

Electrification investments or any intervention under the Project will for now not be restricted to certain areas or specific sites in Myanmar. It is expected that the project implementation will eventually include all 64 districts covering all Regions and States in Myanmar.

Using a least-cost approach, NEP has identified initial target areas for both the grid and off-grid components. Based on the initial lists, the district engineers of MOEP and MLFRD (District PMOs) have started identifying priority investments needed in each district. In addition to the least cost principle, the proposed priorities at the district level will take into account other criteria, such as imminent risk of power shortage in the district and potential congestion of the upstream substation in supplying more residential customers, and environmental and social criteria such as the inclusion of the ethnic minorities, vulnerable and poor people through explicit selection criteria. These criteria will be developed based on findings from a Poverty and Social Impact Assessment (PSIA) carried out during project preparation. The priority investments by district will be aggregated at the Union level after consultations with the district and the state/ regional authorities to ensure a strong support and ownership of the electrification program at all levels.

Working with the selection criteria and procedures established during project preparation, subsequently specific investment proposals for funding from the Project will be submitted, screened and designed during project implementation. As a commitment in relation to the Thaton Power Station supported by the Bank-financed Myanmar Electric Power Project, Thaton District and the three villages near the power station will be prioritized for rural electrification under the NEP. However, the upgrading of the power station will not be completed until 2017 and the design of the rural electrification investments in the area will not be prepared until during implementation of NEP. The site will be included in the PSIA and consultation process for preparation of NEP, but since site-specific information for Thaton and all other sites will only become available with the investment proposals during project implementation site-specific safeguards instruments will not be prepared until project implementation. Instead an Environmental and Social Management Framework (ESMF) will be prepared during project preparation with provisions for screening sub-projects and preparing site-specific safeguards instruments.

The social impacts will be assessed through the PSIA which is taking place in two phases. The first phase (PSIA1) focused on generating an overall understanding of access to electricity (barriers to access in rural and urban areas and for poor and marginalized households in particular), uses of electricity, quality of service and affordability of new tariffs of April 2014. The PSIA phase 1 report was finalized in December 2014. The second phase (PSIA2) which will take place from January to May 2015 aims to provide more in depth inputs to the design of subsidy schemes/tariff structure and additional information to inform the design of the Myanmar National Electrification Project. The ESMF and project design will integrate the data, analysis of potential project impacts and mitigations measures of the PSIA phase 2 report which will be available by project appraisal.

E. Borrowers Institutional Capacity for Safeguard Policies

Following the NEP recommendations, the government has established a National Electrification Executive Committee (NEEC) under the patronage of the Vice President through a decree (August 27, 2014). NEEC is chaired by the minister of MOEP and co-chaired by the minister of MLFRD.

Also, a permanent NEEC Secretariat has been established in MOEP and MLFRD, overseeing Project Management Offices (PMOs) which are responsible for the technical activities carried out by ESE, YESB and DRD. Detailed TORs are under development for each entity and will be incorporated in the project Operational Manual (OM).

The institutional capacity in MOEP and MLFRD is low for all aspects of the electrification program, including capacity to implement and monitor safeguard requirements. Also, ESE (and to a less degree YESB) will require significant institutional strengthening in order to cope with the required doubling of electrification rate envisaged under the project. Particular attention is required for capacity building at the state/ regional/ district levels which will have important roles in project implementation. Currently, government offices at these levels have no capacity to coordinate electrification activities and have no experience concerning safeguards.

As part of Project preparation, the Bank team will carry out an assessment of required capacities of the PMOs, including for safeguards requirements and provide the necessary training and support during preparation, appraisal and implementation. This will build on the training which the Bank already is providing to MOEP and MLFRD (on geospatial and investment planning). Also, the capacity building will draw lessons from the on-going Bank projects in MOEP (Myanmar Electric Power Project) and MLFRD (CDD project). The Project will include a comprehensive capacity building program that includes the creation of capabilities, both at the implementing institutions as well as directly with the PMOs, for screening, implementing and monitoring of safeguard requirements.

An important part of the project preparation and implementation will be consultations with the local authorities, Civil Society Organizations (CSOs), private sector and the general public in areas included in the electrification program. This is necessary to mitigate risks associated with the environmental and social aspects of the electrification program, as well as to take into consideration affordability, social inclusion and other factors which can affect the achievement of project objectives at the village and household levels. The results of the PSIA and consultations will be fully integrated in the project design in order to mitigate any negative impacts on the poor and vulnerable households during the project implementation. The PSIA will review issues such as accessibility, affordability, vulnerability, poverty, gender, productive uses and benefits related to electricity and potential social impacts and risks from project proposed interventions.

F. Environmental and Social Safeguards Specialists on the Team

Frank Van Woerden (GENDR)

Patricia Maria Fernandes (GSURR)

Peter Leonard (OPSOR)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The project will invest substantially in grid roll-out through the purchase of equipment including for MV-substations (expansion of existing substations and to be built), MV/LV transformers, MV and LV lines, household connections, meters, and off-grid systems including solar PV systems, mini-

		<p>hydropower, wind, diesel and hybrid systems. Environmental impacts for grid extensions are related to works at substations and the installation of power lines, which for instance may require safe disposal of construction and other waste. These substations are small and impacts are expected to be limited. Off-grid investments could include systems based on diesel generators, wind turbines and small scale hydropower expected not to exceed 1 MW. Possible impacts related for instance to fuel usage and installation of turbines in water streams would require environmental control measures but investments will not go beyond village level schemes (in principle less than 1 MW) and potential impacts are expected to be limited. In view of this, the project has been given a Category B classification under OP4.01. During project preparation, the modalities for selection and implementing sub-projects will be determined. Arguably, the single type of projects that could challenge the Category B classification could be the off-grid mini hydro-systems. Given that these systems remain below 1 MW, which would use around 10% or less of the available water course flow for power generation, without a need for building significant reservoirs or land-take, it is not expected that these systems would require a different categorization, but this will be further investigated and substantiated during project preparation.</p> <p>Project preparation will focus on building the capacity with the Project counterparts, to implement the Project with dedicated staff, capacity and strong mechanisms and procedures in place to screen, assess, plan and monitor the implementation of sub-projects. This capacity will also be required to support applicants with the efficient preparation of proposals for sub-projects. The implementation stage of the Project will also include the design of sub-projects based on approved application for sub-projects. Given this need to establish institutional arrangements and build implementation capacity first, all sub-projects and equipment purchases will be determined during project implementation and thus framework arrangements are required and will be prepared and agreed during project preparation for the modalities of selection and implementation of equipment purchases and implementation of</p>
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		<p>subprojects. These framework arrangements will include an Environmental and Social Management Framework (ESMF), including a Resettlement Policy Framework and an Indigenous Peoples Planning Framework, that will be prepared and adopted during project preparation. The ESMF will also include guidance on health and safety issues to be followed during project implementation based on the World Bank Group's Environmental, Health and Safety (EHS) Guidelines for Power Transmission and Distribution and including provisions for beneficiaries and worker health and safety. The ESMF will provide guidelines for screening of all subprojects and all project activities including procurement of goods that would result in investments, determination of requirements for assessment and preparation of further documentation in accordance with the World Bank safeguards policies including site-specific environmental and social management plans (ESMPs) and the implementation and monitoring of these ESMPs. If needed, the ESMPs will include a Resettlement Action Plan and Indigenous Peoples Plan as described below.</p> <p>As indicated previously, the social impacts will be assessed through the PSIA which is taking place in two phases. The first phase (PSIA1) focused on generating an overall understanding of access to electricity (barriers to access in rural and urban areas and for poor and marginalized households in particular), uses of electricity, quality of service and affordability of new tariffs of April 2014. The PSIA phase 1 report was finalized in December 2014. The second phase (PSIA2) which will take place from January to May 2015 aims to provide more in depth inputs to the design of subsidy schemes/tariff structure and additional information to inform the design of the Myanmar National Electrification Project. The ESMF and project design will integrate the data, analysis of potential project impacts and mitigations measures of the PSIA phase 2 report which will be available by project appraisal.</p> <p>Given the current lack of capacity with the implementing agencies and other parties that are expected to implement the project and investments in</p>
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		<p>sub-projects, a comprehensive safeguards capacity building program will be required to prepare designated PMO staff and others for project implementation. This training program will be designed and start in January 2015 to prepare project counterparts and staff already during project implementation.</p> <p>In addition to sub-projects that are implemented by ESE and YESB, it is expected that part of the sub-projects' investments to be funded by the Project will be implemented by private investors / operators and local communities. The ESMF will identify and include procedures for screening, impact assessments, planning, implementation and monitoring that differentiate for the various categories of implementing entities. Since the Project in principle will only finance the purchase of goods, the ESMF procedures will consider that these investments will be matched with funding from investors and local communities, as applicable, e.g. in-kind contributions to implement the project. It is envisaged that all project funded activities, including the sub-project that are implemented by private parties will be fully complying with the World Bank Safeguard Policies. Diversion of safeguarding responsibilities to investors under OP 4.03 is not foreseen at this stage of project preparation as the capacity concerning safeguards is not expected to be in place, but will be further investigated prior to appraisal.</p> <p>The Project is proposed to be classified as Category 'B' as per OP 4.01 as the safeguard impacts of the type of subprojects supported are site-specific, few are irreversible and mitigation measures can be designed as part of the ESMF to minimize and mitigate impacts during project implementation.</p>
Natural Habitats OP/BP 4.04	TBD	Impacts on natural habitats are not expected, but cannot be fully excluded at this stage. This will be determined with the preparation of the ESMF. If needed, provisions for screening investments for this policy under project implementation with requirements as part of environmental assessment and ESMP, will be included in the ESMF.
Forests OP/BP 4.36	TBD	This policy is not expected to be triggered, which will be further verified during project preparation.

Pest Management OP 4.09	TBD	This policy is not expected to be triggered, which will be further verified during project preparation.
Physical Cultural Resources OP/BP 4.11	Yes	Since specific project investments are not known by appraisal, it is not possible to rule out the presence of physical cultural resources. Provisions for screening investments during project implementation and, when needed, including requirements as part of environmental assessment and ESMP, to avoid impacting physical cultural resources, will be part of the ESMF.
Indigenous Peoples OP/BP 4.10	Yes	<p>The project is expected to be country-wide and cover all States and Regions, including areas with ethnic minorities who are covered by OP 4.10. Ethnic minorities in Myanmar live mainly, however not exclusively, in the seven States (Kayah, Kayin, Kachin, Chin, Mon, Rakhine, and Shan). Ethnic minority communities would benefit from project activities. However, the project also presents risks and challenges concerning ethnic minorities, particularly in terms of ensuring that they will receive appropriate benefits. Investing in distribution networks and off-grid electrification in conflict or post-conflict areas where ethnic minority organizations provide parallel social services and community infrastructure also poses risks that require a good consultation and project management approach. Since specific project sites will not be identified during project preparation, an Indigenous Peoples Planning Framework will be prepared as part of the ESMF to provide guidance on the screening and planning process for sub-projects, including requirements for sit-specific social assessment and consultations and the preparation of site-specific Indigenous Peoples Plans to address particular issues concerning ethnic minorities.</p> <p>Rural electrification of the villages near the Thaton Power Station in Mon State supported by the Bank-financed Myanmar Electric Power Project will be prioritized for inclusion in the National Electrification Program. The villages are inhabited mainly by ethnic minorities. However, as the upgrading of the power plant will not be completed until 2017 the project design cannot be prepared until project implementation. An Indigenous Peoples Plan for Thaton and other sub-projects in areas with ethnic minorities will be prepared during project</p>

		<p>implementation once site-specific information will become available with the investment proposals.</p> <p>A Poverty and Social Impact Assessment will be undertaken during project preparation to assess potential project impacts and risks as well as issues pertaining to accessibility, affordability, vulnerability, poverty, gender, productive uses and benefits related to electricity. The PSIA will include social assessment requirements of OP 4.10, as well as OP 4.01, and will inform project design, the ESMF and the IPPF to address any particular issues concerning ethnic minorities. Thaton District and the villages near the power station supported by the Myanmar Electric Power Project will be covered by the PSIA. Consultations following OP 4.10 provisions will be undertaken with Thaton villages, other select villages in different States and Regions, and civil society organizations, including ethnic minority organizations.</p>
Involuntary Resettlement OP/ BP 4.12	Yes	<p>Since specific project investments are not known by appraisal, it is not possible to rule out that some sub-project would involve involuntary resettlement in the form of land acquisition or loss of other assets. The project will finance distribution networks, including expansion of existing Medium Voltage (MV) substations and construction of new MV substations, (ii) construction of new MV lines, Low Voltage (LV) lines and MV/LV transformers. These investments have a minimal footprint, normally follow existing right-of-way and have some flexibility in terms of specific location to avoid land acquisition or loss of property. However, some land acquisition or loss of assets may be needed for some sub-projects, particular in cases where new substations will be financed. Off-grid investments, such as mini-hydro systems may also have minor impacts. Potential impacts and risks in this regard will be assessed in more detail during project preparation as part of the PSIA. The PSIA will also assess any common arrangements for village based compensation for loss of assets or voluntary donations of land for rural electrification infrastructure undertaken by village cooperatives and other private sector entities. A Resettlement Policy Framework will be prepared as part of the ESMF to provide guidance on the screening and planning process for sub-projects</p>

		concerning involuntary resettlement impacts and will include a protocol for voluntary land donations.
Safety of Dams OP/BP 4.37	TBD	The project interventions is not expected to require the construction of dams or impoundment structures, nor is it expected that they could cause impacts to existing structures as governed by this policy. This will need to be confirmed particularly for off-grit small-scale hydropower systems during project preparation. Hence, at concept stage the applicability of this policy has been classified as 'TBD'.
Projects on International Waterways OP/BP 7.50	No	The project interventions are in nature and in scale not expected to cause any drainage or discharges to surface waters, nor entail any significant usage of surface water for cooling or other purposes, that would affect international waterways.
Projects in Disputed Areas OP/ BP 7.60	No	The project interventions are not in disputed areas and will be wholly within the borders of Myanmar.

III. SAFEGUARD PREPARATION PLAN

A. Tentative target date for preparing the PAD Stage ISDS: 27-Feb-2015

B. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing¹ should be specified in the PAD-stage ISDS:

A. Target date for the Quality Enhancement Review (QER), at which time the PAD-stage ISDS would be prepared:
February 27, 2015

B. For simple projects that will not require a QER, the target date for preparing the PAD-stage ISDS:

C. Time frame for launching and completing the safeguard-related studies that may be needed.

The specific studies and their timing should be specified in the PAD-stage ISDS:
February 27, 2015

A safeguards capacity building program for project counterparts, implementing agencies and dedicated staff that will work on safeguards will be determined and commence in January 2015.

An Environmental and Social Management Framework (ESMF) will be prepared during project preparation. The ESMF will cover all environmental safeguard policies triggered, including OP 4.01, OP 4.04 and OP 4.11. The ESMF will also include an Indigenous Peoples Planning Framework (OP 4.10) and a Resettlement Policy Framework (OP 4.12). The ESMF will be disclosed in country and be subject to public consultations prior to project appraisal.

Project preparation includes a Poverty and Social Impact Assessment (PSIA) to, inter alia, assess potential social impacts under OP 4.10 and OP 4.01. PSIA findings will be integrated into project

¹ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.

design, including the ESMF, RPF and IPPF, to enhance project benefits, particularly for the poor, and to avoid or mitigate risks and adverse social and environmental impacts.

Public consultations will be undertaken during project preparation to inform the preparation of the project and the ESMF. The draft ESMF will be publicly disclosed to seek input and feedback from civil society and interested stakeholders, including ethnic minority organizations.

IV. APPROVALS

Task Team Leader(s):	Name: Dejan R. Ostojic	
<i>Approved By:</i>		
Regional Safeguards Coordinator:	Name: Peter Leonard (RSA)	Date: 09-Jan-2015
Practice Manager/ Manager:	Name: Julia M. Fraser (PMGR)	Date: 12-Jan-2015