Early Warning System

AIIB-0007

Myanmar: Myingyan Power Plant Project

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Quick Facts

Countries	Myanmar
Specific Location	Taungtha, Mandalay region, Myanmar
Financial Institutions	Asian Infrastructure Investment Bank (AIIB)
Status	Approved
Bank Risk Rating	A
Voting Date	2016-09-27
Borrower	Semcorp Utilities Pte. Ltd.
Sectors	Energy
Potential Rights Impacts	Healthy Environment, Housing & Property, Labor & Livelihood, Right to Food, Right to Health, Right to Water
Investment Type(s)	Loan
Investment Amount (USD)	$ 20.00 million
Loan Amount (USD)	$ 20.00 million

Project Description

****The following Early Warning System alert was initially published in January 2016 when IFC proposed funding for this project. In September 2016, mere days before its board would consider the project, the newly formed Asian Infrastructure Investment Bank announced that it was considering co-financing the Myingyan project. This alert has been updated accordingly. The following Early Warning System Alert has been prepared in partnership with the NGO Forum on ADB, an Asian-led network of civil society organizations, based in Asia and the Pacific region who monitor the Asian Infrastructure Investment Bank and the Asian Development Bank.****

Risk Assessment: Category A. This project is co-financed by the Asian Infrastructure Investment Bank, International Finance Corporation (IFC), and the Asian Development Bank (ADB). As this is co-financed, the AIIB will apply IFC's environmental and social standards and policies. The IFC classifies the Project as a Category A project because it is a large, complex project with correspondingly significant risks and impacts on the environment. According to the IFC's environmental and social review procedure, this project has been classified as Category A "due to concerns about expansion of industrial activities in this rural area including cumulative impacts to air quality' influx of migrant construction labor, and the related community health and safety risks; and potential relocation of approximately 5 to 10 families of settlers without land titles or legal claims along the river water pipeline right of way."

The Myingyan project is an investment to "build, own and operate a greenfield 225 MW Combined Cycle Gas Turbine (CCGT) power plant in the Mandalay region of Myanmar." In addition to IFC, ADB, and potentially AIIB funding, A consortium of Sembcorp Utilities Pte. Ltd and MMID Utilities Pte. Ltd will develop and operate the project. The Project includes the construction and operation of the following facilities:

- 225MW Combined Cycle Gas Turbine Power Plant;
- Gas Supply Pipeline;
- 230kV Overhead Transmission Line; and
- Water Supply Pipeline, Wastewater Discharge Pipeline and Water Intake Pumping Station.

Project documents state that construction will begin in the first quarter of 2016, with an aim to open the project facilities for operation by the first quarter of 2018.

Location: The project is located in Taungtha, a township of the Myingyan District in the Mandalay Divison of central Myanmar. The power plant will occupy about 11.6 hectares, which will be situated within a 280 hectare government-owned and operated steel mill site (Myingyan Steel Mill No.4).

Resources needed: 8 hectares of land acquired for a 12 kilometer cooling water supply line and 3 kilometer overhead power transmission line, affecting 8 to 10 families without legal claims whose homes and small businesses may be physically displaced.

Early Warning System Project Analysis

APPLICABLE SOCIAL & ENVIRONMENTAL STANDARDS

Based on IFC documents, the following environmental and social safeguard policies are triggered:

PS 1 – Assessment and Management of Environmental and Social Risks and Impacts - triggered due to construction effects identified by project documents, including: air quality impacts, surface water quality, “noise during site preparation, … as well as increased traffic in access roads; …soil and groundwater from potential leaks and spills of oil, lubricants, or fuel from heavy equipment; construction waste management; and community health and safety impacts due to increased traffic and influx of construction workers.” Operational effects identified by project documents include: “impacts to air quality…(mainly [nitrogen oxide] emissions); surface water quality due from domestic wastewater discharge; noise associated with the operation of the power plant;… generation of various types of non-hazardous and hazardous wastes from plant [operations & maintenance] activities; and community health and safety” in the event of a natural gas leak.

PS 2 - Labor and Working Conditions - triggered due to the workforce required for the construction and operation of this project. The average workforce during construction is 600 people, with a peak of 900 people “at the height of construction activities.” The expected operational workforce is 48 people.

PS 3 - Resource Efficiency and Pollution Prevention - triggered due to issues related to noise, vibrations, dust and wastewater emissions, and hazardous waste generation during project construction and operation. Emissions may impact air quality in the project area and surrounding villages.

PS 4 – Community Health, Safety and Security - triggered due to “the risk of accidents for the general public during construction,” “raw water intake from the Ayeyarwady River,” which may impact other users of the river, possible community exposure to diseases with the influx of laborers, the possibility of emergencies such as a“fire or explosion due to the use of natural gas at the proposed project site,” and the deployment of “unarmed security personnel” at the project site.

PS 5 – Land Acquisition and Involuntary Resettlement - triggered because “land acquisition for the approximate [12 kilometer] cooling water supply line and the approximate [3 kilometer] overhead power transmission line...will be managed by the Myanma Electric Power Enterprise (MEPE) and will involve an area of about 8 [hectares].” Additionally, approximately 8 to 10 “families of settlers without land titles or legal claims occupying the irrigation canal [right-of-way] will be affected with the potential effects including physical displacement of small businesses (i.e tea shop or food stores), homes, and removal of small plantations of fruit trees.”

OUR RISK ASSESSMENT

Based on the IFC’s project documents, this project poses potential risks to the following human rights:

Right to Property & Adequate Housing
According to the Asian Development Bank’s Resettlement Framework, the project site is located within a larger site that “economically displaced about 130 villagers from the Sa Khar, Hnan Hwa, and Hpet Taw villages, in a Government-led land acquisition process” from 1998-2000. The larger 280 hectare site is fenced. However, as of 2015, “it was observed that fences were opened in some 2 places by the villagers from Sa Khar to use the site for informal fire wood collection and cattle grazing.” The Asian Development Bank’s Resettlement Framework states that in addition to land informally used for agriculture, “there are approximately 8 to 10 families of settlers without land titles or legal claims with the potential effects including physical and economic displacement of small businesses (i.e tea shop or food stores) and residences.”

Investment Description

- Asian Infrastructure Investment Bank (AIIB)

Amount of bank loan or investment: IFC - $40 million. AIIB - $20 million.

Contact Information

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CONSULTATIONS

With respect to AIIB funding, civil society groups, such as NGO Forum on ADB, have raised concerns over the fact that this project was publicly disclosed for AIIB funding several days before board consideration. The disclosure practices for this project also circumvent other disclosure requirements of co-financiers, such as the ADB requirement for 120 days notice before board approval for high risk Category A projects. NGO Forum on ADB has also raised issues with this project going forward where the AIIB has yet to approve an energy policy.

The available IFC documents provide information about existing and planned consultations. IFC documents state that, as part of the Environmental and Social Impact Assessment process, three rounds of local stakeholder consultations were conducted from June to September 2015. The purpose of the first round was to “disclose project information” and “gather stakeholder feedback,” while the purpose of the next two rounds were to provide updates on issues raised previously, to “present the outcomes of the impact assessment process, including management measures,” and to “gather stakeholder feedback.”

According to IFC - Villages and Consultation Dates (2015) were:
Sa Khar – July 18, 2015; August 19; September 4
Hnan Ywa – July 16, 2015; August 19; September 4
Hpet Taw – July 17, 2015; August 19; September 3
Nyaung Kan – July 17, 2015; August 19; September 5
Gyoke Pin – July 19, 2015; August 18; September 5
Thien Ywa – July 18, 2015; August 18; September 5
Tha Pyay Thar – July 19, 2015; August 18; September 2

IFC documents note that the main concerns brought up during these consultations were: employment, availability and quality of surface and ground water, access to electricity, air emissions and health implications, and noise. Villagers in Sa Khar were particularly concerned because heat generated from the adjacent steel mill killed their crops and made their land inviable. According to project documents, “[t]his concern has been fed into the design of the Project - due to the height of the stacks on site it is not anticipated that there will be any significant heat discharged and noise management measures will be put in place.”

The following three villages will also be engaged moving forward: Ayea, Hla Nuang Tang, and Kaing Taung. According to the Stakeholder Engagement document, during construction villagers will receive monthly “progress updates via information distributed to the village tract leaders and/ or the relevant committee representative”; quarterly “progress updates via a face-to-face meeting”; and, as required, villagers will give “input on relevant management plans” and receive “notification in advance of undertaking noisy activities” and “transportation of heavy machinery.”

PUBLIC INFORMATION AND DISCLOSURE POLICY OF AIIB

As noted above, this project was disclosed by AIIB several days before the board considered the project. Groups, such as NGO Forum on ADB, have raised alarm over the adequacy of notice and consultation on the part of AIIB. Based on AIIB’s Public Information Interim Policy, the public has the right to access information. Such information on AIIB’s policies and decision-making determines the public’s participation and ultimately on environmental and social sustainability and safeguards. Project information requests may be made to the AIIB at: projects@aiib.org.

Bank Documents

- Project Summary

Community Documents

- Field Report Summary by IFI Watch Myanmar [Original Source]

Campaign Documents

- Learn more: This project is tracked by AIIB Watch
- Recourse: In the Dark - Secrecy and the Myingyan Gas Power Plant in Myanmar

Other Related Projects

- ADB-48368-001 Myingyan Natural Gas Power Project
- IFC-36627 Myingyan