

Myingyan 225 MW Combined Cycle Gas Turbine (CCGT) Power Plant Project, Myanmar

PROJECT SUMMARY

Project Summary

1. Basic Data

Country	Myanmar
Location of the Project	The Project is located in Taungtha, a township of Myingyan District in Mandalay Division. It is 108 km to Mandalay City and 226 km to Naypyitaw, the administrative capital of Myanmar.
Project ID	000007
Project Name	Myingyan 225 MW Combined Cycle Gas Turbine (CCGT) Power Plant Project, Myanmar
(Business) Sector	Energy
Loan Type	Private
AIB Financing Summary	US\$20 million The AIB financing will be in parallel with other lenders including the International Finance Corporation (“IFC”), the Asian Development Bank (“ADB”) and certain commercial lenders.
Environmental category	A
Date of Board Approval	27 September 2016
Project Summary Document (PSD) disclosure date	22 September 2016
Responsible AIB Department	Investment Operations Department

2. Project Description

The AIB is considering providing US\$20 million of debt financing for the development, construction, and operation of a greenfield 225 MW Combined Cycle Gas Turbine (CCGT) power plant in the Mandalay region of Myanmar (“the Project”).

3. Project Objectives

The 225 MW power plant will be the largest Gas-Fired Independent Power Producer (IPP) in Myanmar increasing much needed reliable and clean energy to the country’s demand (currently installed power capacity in Myanmar is around 4,700 MW). When completed, the new facility will help to ease the country’s severe power deficit.

4. Environmental and Social Summary

4.1 For the environmental and social aspects of the Project, the Bank has decided to apply IFC's Performance Standards (PS) on Environmental and Social Sustainability (2012), since:

- a) they are consistent with the Bank's Articles of Agreement and materially consistent with the provisions of the Bank's Environmental and Social Policy and relevant Environmental and Social Standards; and
- b) the monitoring procedures that IFC have in place to ascertain compliance with IFC's Performance Standards are appropriate for the Project.

4.2 The Project is Category A as determined by the IFC. It has been noted that the Environmental and Social Action Plan (ESAP) includes measures to address concerns pertaining to IFC PS, including: PS 1 – Assessment and Management of Environmental and Social Risks and Impacts, PS 2 – Labor and Working Conditions, PS 3 – Resource Efficiency and Pollution Prevention, PS 4 – Communal Health, Safety and Security and PS 5 – Land Acquisition and Involuntary Resettlement.

4.3 The power plant will be located on a predominantly greenfield site about 29.8 acres in size. The site is located adjacent to an existing steel mill, and both the site and the mill are owned by the Ministry of Industries. The environmental impacts of the gas-fired power plant are limited; however, the project's Environmental and Social Impact Assessment (ESIA) identified high Nitrogen Oxides (NO_x) values in the ambient air in the area. This is due to existing industrial activities, particularly those of the steel mill. Mitigation measures are planned to ensure that emissions from the power plant are regularly monitored and minimized, given the high NO_x values identified as well as the likelihood of higher concentrations of particulate matter in the ambient air during winter months due to local activities.

4.4 AIIB has reviewed the Environmental and Social Review Summary (ESRS) which has been disclosed by IFC and the project's ESIA which has been disclosed by IFC and ADB. During field visits, AIIB has ascertained that the ESIA for the power plant addressed the key environmental and social issues associated with the Project. In particular, issues pertaining to minimizing stack emissions have been addressed, also have measures to manage a possible temporary displacement of a limited number of non-titled households along the water intake pipeline right of way.

4.5 The land for the power plant is currently being transferred from the Ministry of Industry to the Ministry of Electricity and Energy and which will in turn be leased to the project company through a land lease agreement. As noted above, although it has not yet been confirmed, there is a possibility of displacement of about 5 to 8 families along the right of way of the water intake pipeline. Both the Government and the Sponsor are aware of the need to divert if at all possible any temporary displacement of people in the right of way. AIIB and IFC will work closely with the project's Sponsor to ensure that temporary displacement is avoided or minimized by re-aligning the water intake pipeline. However, in the event temporary displacement is unavoidable, appropriate resettlement plans will be put in place, following consultations with affected communities.

4.6 Implementation of the ESAP by the project sponsor will address community consultations and disclosure, issues pertaining to occupational health and safety, rights of workers and

finally a commitment that the Engineering, Procurement and Construction (EPC) Contractor will be bound to follow IFC standards on the above mentioned components.

4.7 During field visits, AIIB also made physical reconnaissance of the power plant site to validate the impact of the installation on the neighboring community and its environment. It was concluded that the ESAP was sound and implementation of this Plan by the Sponsor will support effective management of the environmental and social safeguard issues. In addition, the Community Grievance Policy of the Sponsor provides for the establishment of outreach programs for assessing community concerns and dialogue with regard to safety, health, environmental and social issues.

4.8 Audit reports on environmental and social monitoring will be reviewed by AIIB regularly, and AIIB will conduct Project site visits for field verification of environmental and social compliance through their lender's environmental and social consultant (Environ).

4.9 The environmental and social documentation prepared for the Project by the IFC and Project Information by the Sponsor have been disclosed at the following websites:

Reference: IFC

<https://disclosures.ifc.org/#/projectDetail/ESRS/36627>

Reference: Sembcorp

<http://www.sembcorp.com/en/media/media-releases/utilities/2017/january/sembcorp-myingyan-project-powers-ahead-with-signing-of-build-operate-transfer-agreement-with-myanmar-s-ministry-of-electricity-energy/>