



Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

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BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Myanmar	EAST ASIA AND PACIFIC	P169070	
Project Name	Enhancing Institutional Capacity of State and Region Governments in Myanmar		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Governance	Investment Project Financing	2/10/2020	4/9/2020
Borrower(s)	Implementing Agency(ies)		
Ministry of Planning and Finance	Ministry of Planning and Finance		

Proposed Development Objective(s)

The project development objective is to improve the institutional capacity of selected state and region governments to manage public funds and coordinate with the union government for efficient and inclusive delivery of services.

Financing (in USD Million)	Amount
Total Project Cost	100.00

B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

No

C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]

While political debate on the future shape of a federal Myanmar is ongoing, it is important to strengthen the institutional capacity of state and region governments to help strengthen “federalism from below”, even within the current constitutional boundaries to help build a stronger social contract. The project aims to focus on salient issues of management of resources and coordination for delivery of services to improve the capacity of subnational governments to deliver inclusive development. The project will focus on both states and regions, with the exact geographic scope to be decided. The project resources will be transferred to the selected state and region governments based on a formula and conditions to be agreed. These transfers will be contingent on achieving an agreed set of performance conditions, criteria and indicators, reflecting the project’s objectives.



D. Environmental and Social Overview

D.1. Project location(s) and salient characteristics relevant to the ES assessment [geographic, environmental, social]
The selection of project states/regions will be guided by discussions with the government on subjective criteria such as: demonstrated interest of state and region government; the need to balance states and regions; project complexity; and the need to focus on inclusive development. Yangon and Mandalay will not be considered because of the focus on rural states and regions. Rakhine will also not be considered because of the challenges of implementation. Final selection of states and regions will be subject to agreement with government following the PCN and as such are not known at concept stage. Specific location of the small scale civil works/roads within the selected states and regions will be determined during the course of project execution in the annual planning cycle. Geographic, environmental and social characteristics vary greatly across Myanmar and in some cases, such as Shan, Kachin or Sagaing state, within these states/regions. Social characteristics that may be potentially relevant based on these locations are: On-going conflict and recently internal displaced populations in Shan and Kachin states (internally displaced persons from previous or dated conflicts can be found in all states/regions); existence of ethnic groups; ethnic armed organizations and/or service providers in Shan, Kayin, Kachin, Sagaing and Tanintharyi; contested and/customary land tenure arrangements in all states/regions; high levels of poverty, especially concentrated in rural areas in all states/regions; hard-to-reach and remote communities in all states/regions, usually exacerbated by rainy season; history of exclusion of ethnic communities across Myanmar from mainstream governance; and mistrust by ethnic groups and ethnic armed organizations of government expansion of services. There is a wide diversity of ecosystems represented in Myanmar, which includes mixed wet evergreen, dry evergreen, deciduous, and montane forests. Patches of shrublands and woodlands on karst limestone outcrops are found throughout the country. In addition to these scattered ecosystems, a wide variety of distinctive, localized vegetation formations occur, including lowland floodplain swamps, mangroves, and seasonally inundated grasslands. Ayeyarwady and Tanintharyi are coastal state/regions with high vulnerability to natural disasters (e.g. cyclones and coastal and river flooding) while others are mountainous states/regions also highly vulnerable to natural disasters in form of land slide, river flooding and has low climate resilience capacity.

D. 2. Borrower's Institutional Capacity

The Planning Office at the Ministry of Planning and Finance will be the main counterpart, given its central role in overseeing union to state/region budget transfers. At the union level, the Planning Office will work as the Project Management Unit (PMU). At the state and region level, the chief ministers and the ministers of planning and finance will steer the project for overall vision and for funding of project activities. The corresponding offices of the directors of planning will be the main vehicles for project implementation. State/region level working committees chaired by the General Administration Department (GAD) state/secretaries and steering committee chaired by the chief ministers will be set up. At the township level, the GAD township administrator, assisted by the township planning office, will be the main vehicle of administration. All of these institutions at union, state/region and township level have limited to no knowledge and experience on environmental and social risk management in line with international good practice. As well as not having experience of the Bank's policies, the agencies also do not have environmental and social staff. The implementing agencies will not be able meet the objectives of the Environmental and Social Standards (ESSs) without significant technical, financial and human resources support, capacity building and mentoring. Exact budget, staffing and operational arrangement implications for the project at union, state/region and township levels will be assessed during project preparation, integrated into the design and core guidelines of the project to the extent possible, and reflected in the Environmental and Social Commitment Plan (ESCP). The project has the potential to provide institutional benefit on environmental and social risks planning, management and



oversight to state/regional governments. The project ESMF will include an assessment of state/regional governments environmental and social management capacity and recommend specific actions including capacity building and training needs to fill gaps identified. The ESMF will also identify opportunities and provide recommendations for integrating environmental safeguards needs such as biodiversity conservation, climate resilience and disaster preparedness, into townships participatory planning and development prioritization process and other relevant guidelines that will be prepared during project implementation.

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

High

Environmental Risk Rating

Substantial

The environmental risk classification for the project is considered Substantial. The anticipated impacts on the environment will be generated from a range of investments across various sectors and scales, including improving/rehabilitating existing roads in conflict settings, financing connection to electrical grid in conflict areas, making off grid solar electricity, building / repairing water and drainage systems, maintaining infrastructure, providing non-salary funds to schools and hospitals, etc. Potential impacts from these small-scale investments can vary from moderate to substantial. The impacts are likely site-specific and can be mitigated with measures that are readily identifiable. These impacts include: i) possible erosion and run-off to water bodies during earthworks; ii) occupational and community health and safety; iii) clearance of vegetation or tree; iv) pollution from construction (dust, noise and vibration, wastewater, solid waste and used oil); v) use of natural resources and impacts from quarry/borrow pit for road works, etc.

A - Type, location, sensitivity and scale of the project:

The selection of states/regions will be guided by discussions with the government on subjective criteria following the PCN and as such are not known at concept stage. It is likely that Yangon and Mandalay will not be considered because of the focus on rural states and regions. Rakhine will also not be considered because of the challenges of implementation. Geographical and environmental characteristics among and within states/regions in Myanmar vary greatly. For example, the southern and southwestern states/regions e.g. Ayeyarwady, Mon and Tanintharyi are coastal state/regions with high vulnerability to natural disasters (e.g. cyclones and coastal and river flooding) while others are either mountainous states/regions or situated on river basin and lowlands. These areas are also highly vulnerable to natural disasters in form of land slide, river flooding, draught and has low climate resilience capacity. It is usual that sensitive ecosystems such as rivers, forest areas presence in rural areas of Myanmar.

B - Nature and magnitude of the potential environmental risks and impacts (e.g. whether irreversible, unprecedented or complex):

Although specific information of physical investment i.e. location and budget size is not known, it is clear that the project aims to support standard small-scale investment and that the project finance would not be sufficient for supporting large scale investment over the five years project period. Negative list will be developed to limit investment to certain amount to avoid big development which could disturb peace and will include investment that has significant impacts to the environment. The ESMF will provide procedures for impacts screening to ensure that

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physical investment would not cause significant and irreversible impacts (e.g. degradation of natural habitats, protected forests, or cultural resources).

C - Capacity and commitment of the Borrower to manage risks and impacts consistently with the ESSs:

The borrower institutions have limited to no knowledge and experience on environmental and social risk management and little experience with the Bank’s policies and inadequate environmental and social staff. Myanmar environmental regulatory and natural resource oversight capacity is very weak, particularly at state and regional levels. Detailed assessment of institutional capacity will be conducted during the project preparation. Budget, staffing and capacity strengthening will be integrated into the project. Given the inherent sensitivities, this component would also consider financing third party monitoring at the subnational level as and when desired.

D - Other areas of risk:

While cumulative environmental impacts are not anticipated, a cumulative assessment will be prepared should a potential for cumulative impacts become apparent.

Social Risk Rating

High

The social risk rating is classified as high. While the project aims to deliver benefits and increase participation of ethnic groups in local decision-making, the project has the potential to generate a wide range of significant adverse social impacts, direct and indirect, due to the complexity of the project, the sensitive locations targeted, and the sensitive activities proposed, with possibility of adverse impacts to human health and safety. The adverse social impacts of the project, and the associated mitigation measures may give rise to social conflict or harm.

There is ongoing conflict in several states/regions that the project proposes to target, with ethnic armed organizations who have a mistrust towards any government expansion of services into territories they occupy. Expansion of government services to ethnic areas, the management of resources in these areas, and the decentralization of governance are core topics of negotiation in the country’s political peace process and core triggers for tension and conflict. Furthermore, as the project represents the first conditional budget transfer in Myanmar’s intergovernmental transfer system, there is the potential risk that processes may be perceived as non-transparent and discriminatory for budget allocation to certain areas or projects as compared to others.

Past experience, capacity, commitment and track record of relevant government institutions to manage complex and inclusive stakeholder engagement raise concern, with multiple factors outside the control of the project that could have a significant impact on the performance and outcomes of the project.

B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

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For assessment and management of impacts, the project activities can be grouped as below: 1. Small infrastructure (road, electricity, building, renovation, maintenance): Building community centers, roads improvement/rehabilitation in conflict areas (the project will not finance new roads), financing connection to electrical grid in conflict areas, making off grid solar electricity, building / repairing water and drainage systems, maintaining infrastructure, providing non-salary funds to schools and hospitals. 2. Government systems strengthening: At state/region level: Strengthening of tax collection systems, Hluttow capacity, administrative staff capacity, administrative guidelines, ICT based reporting, monitoring of construction works, strengthening the capacity of environmental conservation department in recipient states/regions, satellite monitoring of forest cover, farm yield. At village tract level: Establishing ICT-based administrative data collection. 3. Dialogue with ethnic groups or representatives / funding to service delivery: Engaging with civil society and ethnic armed organizations. Funding ethnic organization service delivery and ethnic language teaching. Organizing community engagement activities. 4. Participatory / social accountability activities: At state/region level, establishing ICT-based beneficiary feedback systems. At township level, instituting participatory planning. At village tract level, establishing a more responsive system for administrative services. The project has the potential to benefit and adversely impact individual people, ethnic groups, those that are vulnerable, marginalized and/or excluded. Some of the potential benefits and adverse impacts risk creating further conflict, discrimination, harm, vulnerability, exclusion and marginalization, whether intended or not. These unintended consequences are likely to stem from real or perceived inequalities in the treatment of one group versus other groups. Some examples of inequalities include: • Consultation and dialogue activities, or prioritization and selection of infrastructure projects is not inclusive of ethnic groups, vulnerable groups, women. • Real or perceived inequalities in access to project benefits. Other potential social risks include impacts that could arise due to: • Poor knowledge, implementation and capacity to ensure that national and World Bank requirements for labor and working conditions are met and complaints from workers are dealt with in a fair, transparent and confidential manner. • Increase in incidences of various health issues and increasing pressure on social infrastructure including health services that are not equally accessible to all groups. • Unsafe spaces and activities that put women and girls at risk of gender-based violence. • Presence of security personnel that lack training on the voluntary principles and not vetted appropriately. • Gaps in planning for and managing involuntary land acquisition, physical and economic displacement, history of forced voluntary land donation and inequalities in land tenure. • Some ethnic groups are not recognized as an ethnic group and therefore not afforded the same rights as those that are recognized. • Lack of understanding on the importance and respect for cultural resources (intangible and tangible) for all communities. • Lack of resources and capacity to identify all relevant stakeholders, undertake meaningful consultation and effectively operationalize grievance procedures. These are described in more detail against each standard. While some aspects of some of the resulting impacts and risks could be mitigated, there are impacts and risks that are beyond the scope of the project to mitigate. Social assessments for each state/region will be prepared to identify and assess the potential social impacts of proposed activities, evaluate alternatives, and design appropriate mitigation, management, and monitoring measures. (In the interest of more efficient or prepared states/regions to move forward earlier than others and the project implement a phased approach, states/regions can have stand-alone social assessments.) The social assessments will also assess the degree to which the project may exacerbate existing tensions and inequality within society and the degree to which the project may be negatively affected by existing tensions, conflict and instability (social and conflict analysis described in ESS1). The Terms of Reference (ToRs) for the social assessments will be prepared and agreed upon between the Bank and the government before appraisal, with required human and financial resources allocated. The ToRs may have different requirements and methodology for different state/regions given the variance of social characteristics and the need to focus on differing social issues. The government will conduct the social assessments as early as possible to inform project design, frameworks and plans addressing social



risks and impacts. The state level social assessments may be after Appraisal, but before any project activities begin depending on the approach taken. Potential adverse impacts on the environment may be generated from constructions and operations of small-scale infrastructure financed by the project. These impacts during construction include: use of resources (such as gravel, rocks, sand, water, energy, timber for road works/buildings/other civil works); vegetation or fauna habitats clearance; soil loss and soil erosion; dispersion of dust; elevated noise and vibration; wastes and wastewater discharge; workers and public health and safety. Environmental impacts during operations of the infrastructure will depend on type of the infrastructure built. For example, increased traffic volume and speed due to better road conditions may lead to increase traffic accident. It is anticipated that impacts on biodiversity and habitats are limited to the construction site due to small size of investment. Activities that have the potential to affect critical habitats will not be allowed. Assessment for impacts on biodiversity and habitats will be carried out when specific locations for investment are identified. In order to manage potentials adverse impacts mentioned earlier, an ESMF will be prepared before Appraisal stage and will define processing required during project implementation. The ESMF will be integrated in the project operations manual and will provide practical guidance for environmental and social screening (e.g., a negative list of activities which will not be financed under different project components) once individual project activities are identified at the state/region level. Activities that may be excluded from project investment include activities that have negative environmental or social impacts that are irreversible, create cumulative impacts and/or cannot be adequately mitigated; investment in protected areas, reserved forests or areas of high conservation level that could have the potential to cause significant conversion or degradation of such natural habitats. The ESMF will include an Environmental Codes of Practice (ECOP) which sets out standardized, detailed, technically feasible measures to address adverse effects from lower risk infrastructure activities. For these lower risk activities there is potential of using simple ICT for improved oversight. ESMF will also include practical guidance on preparation of Environmental and Social Management Plans (ESMPs) for activities which pose a greater environmental and social risk which require site-specific risk management measures. In addition, given the inherent sensitivities, the project would also consider financing third party monitoring at the subnational level as and when desired. This option will be informed by the ESF and the Good Practice Note on Third Party Monitoring as appropriate. The design of performance criteria/condition for grants will be informed by the relevant ESS and the E&S due diligence.

Areas where reliance on the Borrower’s E&S Framework may be considered:

None.

ESS10 Stakeholder Engagement and Information Disclosure

The following stakeholder groups have been identified for this project: Direct and indirect project beneficiaries, affected communities; vulnerable groups; cultural and ethnic peoples, groups and leaders; workers; suppliers, contractors; government and ethnic security providers; ethnic armed organizations; ethnic basic service providers; civil society groups; government – political; government – administrative and technical; other interest groups. Stakeholder identification will enable specific stakeholders to be identified in relation to various project activities, risks and impacts in different states/region. Due to the complex nature of the project, the multiple implementing agencies and the multiple states/regions, based on ESS10 paragraph 18, it is suggested that a short and practical Stakeholder Engagement Strategy (SES) is prepared as high-level guidance on engagement requirements in accordance with ESS10 principles for consistent, comprehensive, coordinated and a culturally appropriate approach to meaningful consultation (before Appraisal). The SES will define requirements for the project Grievance Redress Mechanism (GRM). The SES should further inform state/region specific Stakeholder Engagement Plans (SEPs) that



should be developed to inform any activity being prepared to be implemented (after Appraisal, before any activities). These SEPs would be prepared by the different state/region level project management units for each state/region, and the SEPs can be used to guide consultations with potential beneficiaries in the identification of activities the project would finance, and in the dialogue with ethnic organizations and participatory activities that the project proposes to finance. The strategy and plans should identify clear approaches for engaging with identified vulnerable, excluded and or marginalized stakeholders taking into account health, safety and security. A gender lens should be applied to both the SES and SEPs. Engagement and consultations will need to be undertaken with key stakeholders including ethnic groups themselves and their representatives during project preparation to inform project design, the SES and SEPs, the ESMF, and other frameworks and plans relating to community health and safety, community development, and cultural resources. Additional engagement requirements with ethnic groups are presented against ESS7. The engagement process, to be detailed in the SEPs, would be used to obtain broad community support in the identification and selection of initial project activities and their implementation. Consultation requirements for cultural heritage are outlined against ESS8. The separate SEPs should focus on the activity specific engagement and identification of activity specific interested stakeholders and affected communities through disclosure of information, meaningful consultation, and informed participation, in a manner commensurate with the risks to and impacts on the affected communities. To this end the SEPs will:

- Outline the approach and activities to be adopted and implemented for engagement.
- Identify stakeholders and mechanisms through which they will be included in the engagement process.
- Identify issues on which the stakeholders need to be engaged including providing feedback on issues raised.
- Provide details on the procedure for addressing grievances and underlying systems to ensure implementation is free from fear or favor and respect for confidentiality.
- Serve as a record of the engagement process followed.

The complexity of the project including multiple implementing agencies and the multiple states/regions will require effective systems to record and manage data on engagement as well as feedback and or complaints. These systems should connect with systems for environmental and social risk screening and monitoring. There is potential for the project to strengthen existing systems including using ICT for improved performance. The project specifically finances dialogue with ethnic groups and conflict sensitivity activities. The SEPs will need to detail principles and measures to ensure open and transparent engagement between the government and the project stakeholders, in order to gain project acceptance and build trust. The SEPs will include GRMs and how they will be operationalized at each state/region. The GRMs will be adapted for different activities under the project based on the scale of potential risks and impacts, and will require coordination between state/region, township and village tract levels. Given existence of conflict, tension and lack of trust among stakeholders, it will be crucial that the GRMs have different ways in which users can submit grievances (including anonymous ones), publicly advertised and clear procedures, and a transparent governing structure for handling grievances. An appropriate and safe process for receiving complaints on gender-based violence will need to be developed and staff trained to receive and record complaints in a confidential and safe manner in line with national requirements and good practice.

B.2. Specific Risks and Impacts

A brief description of the potential environmental and social risks and impacts relevant to the Project.

ESS2 Labor and Working Conditions

ESS2 is mostly relevant for government staff and consultants working across the various components of the project at different levels of government, and workers involved in the small infrastructure (building, renovation and maintenance) works. Project workers include the government’s own staff and consultants (direct workers),



employees of contractors and subcontractors (contract workers that may be needed for the small infrastructure projects, contract workers that may be needed for government systems strengthening technical assistance), and primary supply workers (for small infrastructure projects). The legal framework regulating employment in Myanmar is found in a variety of different laws and rules enacted over the last century, with 23 laws and regulations on rights and obligations of employers, workers, unions, and government in different sectors. Direct workers and contract workers are covered by these laws, which include provisions for non-discrimination, freedom of association, minimum employment age (14 for non-hazardous work), minimum wage, working hours and overtime. The Occupational Health and Safety (OHS) standards are scattered across various laws and largely unenforced. (A draft OHS law is under consideration.) OHS practices reflect high risk tolerance and are generally not reflective of international standards or good industry practices. There is limited awareness by workers and employers of labor rights, and the enforcement of laws is piecemeal and inconsistent. There is discrimination in employment practices due to gender, ethnicity, and religion. While Myanmar has ratified the core ILO Conventions on Freedom of Association and right to Organize, Forced Labor and Worst Forms of Child Labor, it has not ratified the core conventions on Right to Organize and Collective Bargaining, Abolition of Forced Labor, Minimum Age, Equal Remuneration and Discrimination. Project infrastructure activities are expected to have a small physical footprint. Based on overall labor practices in the country, risks for all categories of workers include lack of awareness of their terms and conditions, discrimination in hiring and pay based on gender, ethnicity and religion, child labor, forced labor, absence of occupational health and safety measures, and gender-based violence at the work place. The Borrower will develop a Labor Management Plan and associated Procedures including Worker Grievance Procedure applicable to the project to set out the way in which project workers will be managed, according to national law and World Bank standards applicable to different categories of workers. The plan and the worker grievance procedure will be completed prior to appraisal, and further procedures as required will be produced following appraisal. The plan and procedures will need to take into account the needs of women workers and provide a safe working environment. Labor conditions especially relating to worker's quarters, and the potential presence of toddlers and small children on the construction site, traffic safety and occupational health and safety will be an area of attention in the ESMF.

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ESS3 Resource Efficiency and Pollution Prevention and Management

The project investment on small-scale infrastructure, e.g. road improvement/rehabilitation, requires extraction of non-renewable materials (gravels and sands from borrow pits and/or rocks from quarries), energy and water for construction. Building of community centers will involve use of timber, sand and rock. These potential impacts are expected to be limited to the quarries/borrow pit sites. The ESMF and ESMP will identify mitigation measures for efficient use of these resources where technically and practically feasible as well as to prevent use of resources from unlicensed sources. Road improvement/rehabilitation, access to electricity intervention or other physical investment may require clearance of vegetation or fauna habitats and may lead to soil loss and erosion. This could lead to substantial impacts in the areas with steep slope and vulnerable to disaster or climate variation or sensitive habitats. Soil erosion can lead to blockage of drainage or change of surface water flow or sedimentation. The ESMF will provide guidance to screen and assess impacts and to avoid significant impacts to sensitive habitats including impacts to ecosystem services where relevant. Mitigation measures will include application of good practice and close supervision of works to: i) ensure that cutting of trees and vegetation is limited to a minimum and justified by technical requirements and that relevant national legislation is followed, and replacement where vegetation clearance is unavoidable; and ii) soil loss and erosion is minimize/protected. Pollutions generated from infrastructure constructions also include: i) dust and other forms of air pollution from construction site, transportation and auxiliary



facilities (batching plant, asphalt plant, rock crushing); ii) noise and vibration; iii) solid waste (domestic waste and construction waste including used oil and lubricant); and iv) wastewater from workers camps. These impacts are temporary, site-specific and can be managed through a set of mitigation measures to be include in the ESMF and ECOP.

ESS4 Community Health and Safety

Community health and safety impacts and risks can include increase in potential for communicable diseases, vector borne-diseases, soil-, water-, and waste-related diseases, accidents and injuries, hazardous materials related health issues, noise and odors; and deterioration in mental well-being. These in turn are likely to impact health systems based on ability to access appropriate health services and capacity of the health systems to address emerging health and safety impacts. Some groups will likely have poorer access to health facilities and health service provision. Taking into account any risks and impacts identified as part of the assessments, a Community Health and Safety Management Plan will be developed and implemented. Psychological, social, economic and environmental impacts of displacement and conflict have potentially resulted in women and girls' increased vulnerability to gender-based violence, including intimate partner violence, child marriage, sexual assault and exploitation, and human trafficking. Potential for increase in gender-based violence is likely to arise from females being invited to consultations, or females more actively participating in decision-making processes. To address potential for community health and safety risks as they relate to the many planned and possible activities, a rapid health impact assessment should be undertaken as part of the social assessment(s), which then informs any mitigation measures that may be needed. The rapid health assessment will need to consider the differentiated impacts to women, girls and boys and to develop appropriate measures to address these. It is not known whether security will be used specifically to safeguard workers and property. Dialogue with ethnic armed organizations may require presence of armed security personnel on government or ethnic sides for certain activities. An assessment would be undertaken to inform risks to project beneficiaries if security personnel is engaged to provide security to its personnel and property. Security personnel likely will have limited knowledge and lack training on the voluntary principles and the appropriate use of force. They will be unlikely to be vetted for past abuses. Taking into account any risks and impacts identified as part of the assessments, a Community Health and Safety Management Plan will be developed and implemented.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

The project may finance small infrastructure (such as community centers, roads, electrical grid connection drainage etc.) that may require involuntary land acquisition or, in some cases, allow for voluntary land donation. Myanmar's legal and institutional framework for land acquisition is fragmented across various laws and implementing agencies. Key gaps between government practices and international good practice include eligibility requirements that only recognize formal owners and users, valuation and compensation below market value, lack of recognition of economic displacement, lack of livelihood restoration, and poor consultation and grievance redress. Most households in Myanmar do not have registration for their lands and subsequent secure tenure. Obtaining land certificates can be challenging for all due to complex documentation requirements. For ethnic groups, there are often additional difficulties to own and register land. Since project activities or their siting is not known at this time, and the project will fund many smaller sub-activities a Resettlement Policy Framework (RPF) focusing on gap analysis, key principles, and procedures for land donation and procedures for preparation and implementation of site-specific RAPs, when



needed, will be prepared as part of a section of ESMS before Appraisal. Abbreviated or full Resettlement Action Plans (RAPs) may need to be prepared during implementation if needed.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

The project impacts on biodiversity and habitats cannot be assessed at this stage since the project states/regions are yet to be decided and that specific location of physical investment can only be known during the project implementation. However, since the project will finance investment for construction or repair/maintenance of small-scale infrastructure, these investments particularly green field development could potentially adversely affect modified/natural/critical habitats in the project states/regions. It is anticipated that impacts on biodiversity and habitats are limited to the construction site due to small size of investment. Any activities that may adversely affect critical habitats such as protected areas and wildlife reserves will be prohibited. The ESMF and ECOP will provide guidance on screening, assessing impacts and managing adverse impacts to ensure that project activities occurring in non-critical natural forest, wetlands do not significantly affect those non-critical natural habitats. Where minor impacts could not be avoided or minimized/mitigated, practices for biodiversity restoration/compensation will be clearly described, site-specific ESMP which include measures proportionate to the identified risks and anticipated impacts will be prepared. In addition, the project support on institutional strengthening could include integration of conservation needs into township participatory planning process and prioritization of development priorities.

ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

The project will operate in states/regions with ethnic groups that would fulfill the four criteria under ESS7. Not all of the ethnic groups found in the states/and regions are recognized by the government as official ethnic groups. The project is designed to increase dialogue with ethnic groups, but may also adversely impact them. Scoping of impacts and exclusion to benefits should be undertaken for all identified ethnic groups to inform the Terms of Reference (ToRs) for a project level and state level social assessments and should be finalized before Appraisal. The project level social assessment should be completed prior to appraisal and should be informed by meaningful consultation from representatives of ethnic groups. The scoping and project level assessment will inform Community Development Framework (CDF) focused on key principles and guidelines, including for meaningful engagement, will be prepared before appraisal. Before the beginning of activities, detailed assessments should be conducted for each state/region and will be based on the needs and particularities of each state/region, and pursuant to agreement between the Bank and the Borrower. The SES should be prepared in consultation with all the affected communities and the SES will present consultation principles for ensuring meeting requirements for ESS7 for all groups identified as an ethnic group based on national requirements and World Bank criteria. The SES should have a section on how the ethnic groups will inform project design and implantation in line with ESS7 requirements. The findings from the SES, scoping and the Assessments will inform the SEPs and Integrated Community Development Plans prepared for each state/region.

ESS8 Cultural Heritage

Project activities have the potential to impact and limit access to tangible and intangible cultural heritage. Once project locations have been defined, scoping for cultural heritage through meaningful consultation with relevant stakeholders would need to be undertaken, to inform the development and operationalization of the chance finds



procedures. Depending on the outcomes of the scoping, a cultural heritage assessment may have to be undertaken. The scoping, development of the chance finds procedure and if assessment, if undertaken, will need to take into consideration the different interpretations of cultural heritage by different communities and the importance they place on them. Women and girls have different attachment to spaces and their own cultural heritage than men and boys and this needs to inform the process of identification, understanding impacts, and in the development of appropriate measures. The ESMF (or a stand-alone instrument if deemed necessary) will include measures to address and risks or impacts to or access to tangible and intangible cultural heritage including any engagement considerations in line with ESS8 objectives and requirements.

ESS9 Financial Intermediaries

The project development objective is to improve the capacity of state/region governments to manage public funds, strengthen oversight, deliver services, and enhance inclusion. While the budget transfer from union level to state/region level are called conditional grants under the project, this is not outside the overall inter-governmental budget transfer process; the innovation is that budget allocation will be done based on certain criteria, prioritization and performance incentives. ESS9’s objective is not to cover inter-governmental budget transfers.

B.3 Other Relevant Project Risks

Relevant risks have been described against the standards.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways No

Project locations and activities are not envisaged to be located on or involve the use international waterways.

OP 7.60 Projects in Disputed Areas No

The project will not be located in an area under legal or international dispute nor competing territorial claims.

III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered? No

Financing Partners

No specific financing partners are identified at this stage.

B. Proposed Measures, Actions and Timing (Borrower’s commitments)

Actions to be completed prior to Bank Board Approval:

Environmental and Social Commitment Plan.

- Framework Documents: Environmental and Social Management Framework (ESMF) apply across the entire project; Resettlement Policy Framework; Community Development Framework.
- Labour Management Plan including Workers’ Grievance Procedure.
- Stakeholder Engagement Strategy and Grievance Procedure (project-wide).

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- Scoping Study and Terms of Reference (tailored to each state/region) for project level and state level Social Assessments.
- Project level Social Assessment.
- Budget, staffing and operational arrangement requirements for project environmental and social risk management.

Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):

- Assessments: State level Social Assessments, including a Rapid Health Assessment and a mapping of service providers working on gender-based violence (for each state/region); scoping for tangible and intangible Cultural Heritage (for each state/region), to be prepared before start of project activities.
- Plans: Stakeholder Engagement Plans (SEPs) for all states/regions to be prepared after activities are selected and before start of project activities. Environmental and Social Management Plans (ESMPs) or Environmental Impact Assessment (ESIA) based on results from sub-project environmental and social impacts screening; Environmental Code of Practice (ECOP); Community Health and Safety Management Plan and Procedures; Resettlement Action Plans (RAPs); Community Development Plans (CDPs); and Chance Finds Procedure based on previous scoping and assessments and as needed, to be prepared before start of individual activities’ planning, contracting and implementation.
- Environmental and social due-diligence processes: The ESMF will define processing required for environmental and social due-diligence during implementation phase. It will outline processing for environmental and social management during sub-project identification, preparation, implementation and monitoring including screening against negative and positive list, impacts screening process and guidance for identifying and preparing detailed ES instrument, etc. These processes will be embedded in the project Operation Manual.
- Technical assistance activities: technical assistance activities will be consistent with ESSs requirements as relevant and appropriate to the nature of the risks and impacts. TOR, work plan or documents defining the scope and output of technical assistance activities will be drafted.

Public Disclosure

C. Timing

Tentative target date for preparing the Appraisal Stage ESRS

30-Sep-2019

IV. CONTACT POINTS

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Borrower/Client/Recipient

Borrower: Ministry of Planning and Finance

Implementing Agency(ies)

Implementing Agency: Ministry of Planning and Finance

V. FOR MORE INFORMATION CONTACT

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VI. APPROVAL

Task Team Leader(s): Zubair Khurshid Bhatti

Safeguards Advisor ESSA Peter Leonard (SAESSA) Cleared on 24-May-2019 at 12:57:29