



## Myanmar: Support for Public-Private Partnership Framework Development

Project Name	Support for Public-Private Partnership Framework Development
Project Number	47267-001
Country	Myanmar
Project Status	Active
Project Type / Modality of Assistance	Technical Assistance
Source of Funding / Amount	<b>TA 8624-MYA: Support for Public-Private Partnership Framework Development</b> Government of the United Kingdom US\$ 1.72 million
Strategic Agendas	Inclusive economic growth
Drivers of Change	Partnerships Private sector development
Sector / Subsector	<b>Energy</b> - Energy sector development and institutional reform <b>Public sector management</b> - Public expenditure and fiscal management <b>Transport</b> - Transport policies and institutional development <b>Water and other urban infrastructure and services</b> - Urban policy, institutional and capacity development
Gender Equity and Mainstreaming	No gender elements
Description	<p>The TA will provide the Government tools to better direct and balance PPP project outcomes in the short term, and then set the stage for more holistic and sustainable national management of PPPs. For the MOEP, the TA will help the Government establish fair and balanced terms for private sector investment into power generation projects, establish principles for international competitive tendering, assist the Government in prioritizing PPP investment projects, and strengthen the design and management of future PPP procurements. The TA will provide recommendations on how to scale up the learning from MOEP's PPP experience to the national level, informing how to apply this framework to a broader cross-section of ministries. At the same time, it will provide the Government with draft tools, policies and organizational structures to better plan and manage PPP procurements. As appropriate, the TA will help determine, in close consultation with Government, the nature of a prospective national PPP management structure and how to develop deeper PPP management capabilities within specific sectors. In summary, the TA will:</p> <ol style="list-style-type: none"><li>(1) deliver to the Government sound tendering processes and decision frameworks based on the principles of PPPs;</li><li>(2) promote consistent, objective and transparent application of PPP project development criteria to an international standard; and</li><li>(3) create recommendations for development of institutional management capacity for PPP, first within the MOEP and then at national level.</li></ol>

Project Rationale and Linkage to Country/Regional Strategy	The attraction of under-developed infrastructure combined with large-scale investment opportunities, has encouraged foreign investors to flock to Myanmar. Nowhere has this strategy been more deeply applied than in the electric power sector. With only about 26% of the population connected to the grid and with existing grid systems in need of major overhaul or replacement, the investment needs of the sector are staggering. To address this challenge, the Ministry of Electric Power (MOEP) is engaged with ADB and other donors to undertake overhauls and upgrades to existing state generation, transmission and distribution system as well as to advance planning and sector reforms through loan projects and technical assistance (TA). At the same time, MOEP has indicated that it has signed more than 60 memoranda of understanding (MOUs) with private sector investors to prepare, finance, build and operate electric power generation projects. While such proposals may appear attractive in the sense they address core development areas, the Government has little basis to gauge whether or not these proposals or the proponents behind them are of good quality, offer good terms and conditions and/or will deliver sustainable commercial, financial and economic value. However, given the magnitude development hurdles to overcome, the Government has felt compelled to consider these proposals. To date, the approach to project selection and negotiations has been relatively ad hoc, making difficult for the Government to determine if it is achieving value for money. There is an acute need for the Government to transition from a responsive approach to one that (a) asserts control over the development process, (b) becomes more proactive in affecting and directing investment outcomes, while (c) capitalizing on the wave of investor interest in the country. This requires development of appropriate policies and processes, prioritized sector development projects, improved tendering processes and documentation, and backed by an enhanced institutional planning and management structure. In this process, the Government will be able to benefit from the large corpus of precedent PPP experience garnered by other countries worldwide. It is in this context that the Government has requested ADB support for development of a PPP framework.
Impact	A strategy and plan to mobilize and manage public-private partnerships in infrastructure is established.

## Project Outcome

Description of Outcome	Institutional capacity to direct and manage public-private partnerships at the ministerial level is improved.
Progress Toward Outcome	Capacity building of MOEP staff is ongoing. Study tours to regional country(s) who have implemented PPP programs are planned.

## Implementation Progress

Description of Project Outputs	<ol style="list-style-type: none"> <li>1. Institutional structure for managing PPP projects and financing proposed.</li> <li>2. Private sector investment management capacity in MOEP improved.</li> <li>3. Knowledge of and development in relation to PPPs shared.</li> </ol>
Status of Implementation Progress (Outputs, Activities, and Issues)	<p>The TA was approved by the ADB Board on 27 February 2014.</p> <p>As of March 2017.</p> <p>TA inception kicked off on 13 October 2014 after the fielding of consultants from the Deloitte consortium, consisting of PPP, public financial management, engineering, safeguards, and legal team members. The consultants have been supporting the EA, the Ministry of National Planning and Economic Development (MNPED), and the IA, the Ministry of Electric Power (MOEP) primarily through direct, field-based work. Through inception consultations with the EA and IA, a revised work plan was promoted that favored accelerated development of an institutional management structure for PPP in the case of the IA and parallel development of competitive bidding processes, frameworks, and principles. The consulting team developed a process for evaluating projects, providing training to the IA on areas to assess in technical, legal, financial, and commercial aspects. This training has dovetailed into two further components of the project: (a) project assessment and prioritization for the IA and (b) overall enhanced public financial management / oversight for the EA.</p> <p>Item (a), evaluation, has seen the consulting team evaluate 7 unsolicited proposals of the IA's choosing, comparing those to the recently completed Myingyan Power Plant competitive bidding process, and all of those, subsequently, against international benchmarks. This is helping the IA better understand the value of international competitive bidding. Work is underway on creating a policy-based transition structure from unsolicited reliance to government-run competitive bidding. This work is also feeding into the development of standardized bid specifications, contracts and terms and conditions of RFQ's and RFP's.</p> <p>Item (b), PFM, was initiated mid-December 2014. The work is creating a standardized means for capturing and quantifying the direct and contingent liabilities coming out of PPP contracts, projecting prospective subsidies (if PPP contract payments are below collections), and project foreign exchange requirements. This work is creating standardized reports and management criteria for the government to follow.</p> <p>The additional PPP projects (Infrastructure Sharing Study, Evaluation Support for 300 MW Rental Project, and Assistance in Implementation of Power Purchase Agreements) were completed in Nov 2016.</p> <p>In Mar 2017, discussions were undertaken with MOEE on the additional task to support Yangon Electricity Supply Corporation (YESC) and Mandalay Electricity Supply Corporation (MESOC) to improve their operational and business performance and to propose measures to make them sustainable corporate entities. The TA was restructured to undertake this task, and completion date was extended to 31 Dec 2017.</p>

Geographical Location

## Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

### Stakeholder Communication, Participation, and Consultation

During Project Design The TA design evolved through consultations with relevant Government ministries. Inputs and insights were gathered from a wide array of stakeholders including chambers of commerce, prospective private sector investors and lenders, as well as other bilateral and multilateral development agencies.

During Project Implementation The TA supports dissemination of information on regional and global approaches to PPP policies, practices and projects and information on recommended approaches for Myanmar. Workshops have been conducted to help relevant Government entities understand and internalize the principles of PPP. The TA will bring the Government together with experienced regional and international PPP entities to help learn from their experience in developing, implementing and managing PPPs. Inputs will be sought from domestic stakeholders from both private sector and civil society to provide perspective on the scope and nature of PPPs in the Myanmar context. A national PPP investors' forum will be held to highlight project opportunities and provide a forum for information and perspective exchange amongst stakeholders.

As this TA is being funded by DFID, the team has held regular consultations with DFID to appraise them of progress. The TA team has been coordinating with ADB and other development partners on TA progress as it relates to PFM matters.

## Business Opportunities

Consulting Services A consulting firm (DELOITTE TOUCHE TOHMATSU INDIA PRIVATE LIMITED, INDIA in association with Dua Associates, India/ Lahmeyer International GmbH - Energy Division, Germany/LS Horizon (Myanmar) Limited, Myanmar/ Myanmar International Consultants Co. Ltd., Myanmar /Myanmar Vigour Company Ltd., Myanmar) has been recruited following International Competitive Bidding in accordance with ADB recruitment guidelines. No further recruitment is anticipated at this stage.

Procurement Goods and services to be financed from the TA will be in accordance with ADB's Guidelines for Procurement. Items will be procured through international shopping, with minor items (i.e., those estimated to cost less than \$100,000) having the option of being purchased locally through national shopping, where appropriate. No procurement is anticipated at this stage.

## Responsible Staff

Responsible ADB Officer	Bui, Duy-Thanh
Responsible ADB Department	Southeast Asia Department
Responsible ADB Division	Energy Division, SERD
Executing Agencies	<i>Ministry of National Planning and Economic Development Office of the Ministers Yangon Union of Myanmar</i>

## Timetable

Concept Clearance	21 Nov 2013
Fact Finding	27 Nov 2013 to 28 Nov 2013
MRM	-
Approval	27 Feb 2014
Last Review Mission	-
Last PDS Update	27 Mar 2017

## TA 8624-MYA

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
27 Feb 2014	14 Jul 2014	14 Jul 2014	31 Dec 2015	31 Dec 2017	-

Financing Plan/TA Utilization						Cumulative Disbursements		
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
0.00	1,716,580.00	20,000.00	0.00	0.00	0.00	1,736,580.00	27 Feb 2014	1,075,850.00

Project Page <https://www.adb.org/projects/47267-001/main>

Request for Information <http://www.adb.org/forms/request-information-form?subject=47267-001>

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