

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. Since Myanmar initiated reengagement in March 2012, the Asian Development Bank (ADB), the Japan International Cooperation Agency (JICA), and the World Bank have coordinated their assistance with the Ministry of Energy (MOE) for the energy sector, and the Ministry of Electric Power (MOEP) for the power subsector. MOEP initiated a development partner coordination meeting in October 2012, and has held two subsequent meetings. The MOEP deputy minister chaired the first meeting attended by ADB, JICA, and the World Bank. In February 2013, MOEP conducted a two-day workshop on drafting an electricity law and introduced the experiences of other countries with independent power producer and public-private partnership models. The three development partners attended the workshop.

2. As a result of this close coordination, an agreement was reached that ADB would focus on rehabilitation of the distribution network in five townships in Yangon; and Mandalay, Sagaing, and Magway regions. JICA will be engaged with distribution rehabilitation in other townships in Yangon, and undertake rehabilitation of gas-fired power plants within Yangon. The World Bank will focus on rehabilitation of gas-fired power plants outside Yangon. ADB is to assist in preparing the long-term energy master plan. JICA will assist in preparing the long-term power master plan, in close cooperation with ADB so that the studies are complementary. The World Bank will assist in preparing the national electrification program.

3. **Asian Development Bank.** Further to the Energy Sector Initial Assessment in October 2012¹ and the joint publication of the New Energy Architecture: Myanmar in June 2013,² ADB has provided assistance to MOEP by (i) engaging a power system advisor for MOEP and an energy sector advisor for MOE; (ii) preparing a feasibility study for rehabilitation of power and distribution networks in Yangon, Magway, Mandalay, and Sagaing regions; (iii) preparing the transmission and distribution code for the country, and the electric equipment specifications and standards; (iv) reviewing the financial management capabilities of the power subsector institutions: (a) Yangon City Electricity Supply Board (responsible for distribution within Yangon), (b) Myanmar Electric Power Enterprise (responsible for transmission), and (c) Electricity Supply Enterprise (in charge of distribution in the rest of the country beyond Yangon); (v) introducing ADB's environment and social safeguard policy and its application for energy sector projects; (vi) assisting in drafting the revised Electricity Law; and (vii) providing technical assistance (TA) to assist in preparing the long-term energy master plan,³ and preparing the Power Transmission and Distribution Improvement Project.⁴

¹ ADB. 2012. *Myanmar: Energy Sector Initial Assessment*. <http://www.adb.org/documents/myanmar-energy-sector-initial-assessment>.

² ADB, Accenture, and World Economic Forum. 2013. *New Energy Architecture: Myanmar*. <http://www.adb.org/publications/new-energy-architecture-myanmar>

³ ADB. 2013. *Technical Assistance to the Republic of the Union of Myanmar for Institutional Strengthening of National Energy Management Committee in Energy Policy and Planning*. Manila (TA 8356, \$1.35 million to be financed by the Japan Fund for Poverty Reduction).

⁴ ADB. 2013. *Technical Assistance to the Republic of the Union of Myanmar for Preparing the Power Transmission and Distribution Improvement Project*. Manila (TA 8342, \$1.5 million to be financed by the Japan Fund for Poverty Reduction).

4. In addition, in October 2013 ADB approved policy and advisory TA to enhance the legal and regulatory framework for power.⁵ Capacity development TA for the Off-Grid Renewable Energy Demonstration Project is currently being processed for approval in early 2014.⁶

5. **Japan and Japan International Cooperation Agency.** The Government of Japan is the most active development partner in the power subsector. Japan and JICA have provided (i) grant assistance for the provision of diesel generators (non-JICA project) for 10–15 units of 1 megawatt (MW); (ii) rehabilitation of Baluchaung No. 2 hydropower plant (6 units of 28 MW or 168 MW, constructed in 1960 and 1974) to be completed by the end of 2014; (iii) advisors for power supply improvement (particularly for distribution networks) in Greater Yangon since April 2012; and (iv) formulation of the Power Sector Master Plan (including examination of the least-cost optimal energy mix).

6. In addition, the Government of Japan and JICA will provide (i) rehabilitation of gas combined-cycle power plants in Yangon; (ii) a small-scale pro-poor infrastructure development project in rural areas throughout the country (including rural electrification) by JICA; (iii) augmentation of distribution networks in Yangon by reviewing Yangon City Electricity Supply Board's (YESB's) 5-year plan—a medium-term power study; (iv) rehabilitation of hydropower plants, e.g., Sedawgyi (25 MW) and Baluchaung No. 1 (28 MW, completed in 1992); (v) construction of new thermal power plants in Yangon, including the incremental demand for the Thilawa Special Economic Zone;⁷ and (vi) training in Japan on subjects such as power and energy sector planning.

7. **World Bank.** The World Bank has undertaken a feasibility study to rehabilitate the existing three gas-fired power plants outside Yangon. It is supporting the expansion of an existing gas turbine station in Thaton (two 40 MW gas turbines and one steam turbine of 26 MW) with a total of \$130 million for the next 4 years, and provided TA and advisory services to MOEP for (i) capacity building for policy making and regulation in the power subsector, including development of a national electrification program; and (ii) capacity building for project implementation focusing on procurement and financial management, for a total of \$10 million.

8. **Thailand.** The Government of Thailand will provide grant funding for two 120 MW gas-fired power plants in Yangon, and a grant of \$20 million to rehabilitate distribution networks in three townships in Yangon, i.e., North Dagon, Okkakarpa, and Shwe Pauk Kan from 2013.

9. **Norway.** Following MOEP's request, the Government of Norway will provide assistance, through ADB, for revising the Electricity Law. In addition, MOEP requested assistance for rehabilitating hydropower plants. A Norwegian team is undertaking a needs assessment.

B. Institutional Arrangements and Processes for Development Coordination

10. On 23 May 2013, the Ministry of National Planning and Economic Development (MNPED) announced the establishment of 15 sector working groups (SWGs) to coordinate development partner assistance for national development. The Electric Power SWG (EPSWG) comprises (i) MOEP as the lead ministry; (ii) MOE and the Ministry of Industry as other

⁵ ADB. 2013. *Technical Assistance to the Republic of the Union of Myanmar for Enhancing the Power Sector's Legal and Regulatory Framework*. Manila (TA 8469, \$0.85 million to be financed by the Government of Norway).

⁶ The Japan Fund for Poverty Reduction is expected to provide financing of \$2.0 million.

⁷ In April 2013, Toyo Thani signed a memorandum of understanding with MOEP to build a 1,200 MW ultra-critical coal-fired power plant (2 units of 600 MW) in Thialwa.

government participants; (iii) JICA and ADB as lead development partners; and (iv) the Netherlands, Norway, United Kingdom, and World Bank as development partner participants.

11. The scope of EPSWG includes
 - (i) an overall investment strategy, including rehabilitation of existing systems and expansion of the supply capacity (generation, transmission, distribution) as well as off-grid systems to serve remote communities;
 - (ii) sector reform, including pricing, corporatization and/or privatization of various public enterprises in the energy sector, and establishment of a framework for private sector entry; and
 - (iii) a regulatory framework that underpins a new sector structure (with more independent public and private corporations).

C. Achievement and Issues

12. In line with the government guidelines, the first EPSWG was held in MOEP on 26 July 2013 to (i) introduce the scope and proceedings of the EPSWG; (ii) discuss the current status of the national energy management committee and revisions for the Electricity Law; and (iii) present the implementation schedule and outline of the power master plan by JICA. The EPSWG will meet every 3 months. MOEP will identify the training needs in the power subsector.

D. Summary and Recommendations

13. Programs and projects are well coordinated between the various development partners through regular meetings of the EPSWG and frequent dialogue with MOEP. ADB will continue to undertake the role of lead development partner for multilaterals.