



Completion Report

Project Number: 46486-001
Technical Assistance Number: 8469
March 2017

Myanmar: Enhancing the Power Sector's Legal and Regulatory Framework

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TA Number, Country, and Name: TA 8469-MYA: Enhancing the Power Sector's Legal and Regulatory Framework			Amount Approved: \$850,000.00	
			Revised Amount: Not applicable	
Executing Agency: Ministry of Electric Power		Source of Funding: Government of Norway	Amount Undisbursed: \$79,589.11	Amount Utilized: \$770,411.89
TA Approval Date: 1 Oct 2013	TA Signing Date: 12 Nov 2013	Fielding of First Consultant: 25 Feb 2014	TA Completion Date Original: 31 Dec 2014 Actual: 30 Jun 2016 Account Closing Date Original: 31 Dec 2014 Actual: 30 Jun 2016	
Description The Government of Myanmar requested the Asian Development Bank (ADB) to assist the Ministry of Electric Power (MOEP) ¹ in updating the Electricity Act 1948 (as amended in 1967), the Myanmar Electricity Law (1984), and the Electricity Rules (1985) to support government reform agenda in the Myanmar power sector. This technical assistance (TA) aimed to help MOEP to prepare the legal instruments needed to enhance the legal and regulatory framework for power sector. The revision and implementation of a new electricity law and electricity regulations are to support the government's reform agenda for the power sector by (i) providing an improved regulatory framework for gradual future sector unbundling (generation, transmission, and distribution subsectors); (ii) encouraging greater private sector participation in generation projects and enabling third-party grid access; (iii) establishing rules and regulations for small independent power producers to promote off-grid electrification; (iv) implementing rural electrification programs; and (v) introducing an electricity regulator consistent with internationally recognized good practices.				
Expected Impact, Outcome, and Outputs The impact of the TA was power sector reforms initiated. The outcome of the TA was the acceptance by the government of the proposed legal and institutional framework supporting power sector reform. To achieve that, the TA targeted the following outputs: (i) the draft legal and regulatory framework and institutional arrangements of the power sector are developed and (ii) institutional arrangements for the establishment of the electricity regulatory authority (ERA) are finalized.				
Delivery of Inputs and Conduct of Activities The TA was implemented from 25 February 2014 to 30 June 2016 (over 28 months). The TA was carried out in three phases. Phase 1 provided (i) support to the Ministry of Electric Power (MOEP) during the consultation process until the promulgation of the draft electricity law and (ii) the identification of issues to be included in future revisions of the law, including related regulatory reform models. Phase 2 (i) drafted implementing regulations under the revised electricity law and the proposed rural electrification law and (ii) defined the institutional arrangements for establishing the Electricity Regulatory Authority, including its location, organization structure, and staffing. Phase 3 drafted implementing rules and regulations for operating the Electricity Regulatory Authority. Originally designed with 14 months implementation, the TA was extended three times—the first one was from 31 December 2014 to 30 September 2015, which was subsequently extended to 31 December 2015, and the last one was up to 30 June 2016—due to delays caused by the (i) postponements and cancellations of scheduled meetings by the executing agency and (ii) challenges in receiving required approvals from the government. The TA outputs and outcomes remained unchanged but the required consultancy inputs were adjusted several times during the TA implementation. The consulting firm provided a total of 30.86 person-months of consultancy inputs (22.98 person-months of international inputs and 7.88 person-months of national inputs) against a total of 26.79 person-months of consultancy inputs (12.99 persons-months of international inputs and 13.80 person-months of national inputs), as originally provided in their contract. The engagement of one national individual consultant for 11.14 person-months was required to provide logistical support during the conduct of consultations, workshops, and meetings. The national individual consultant facilitated the smooth implementation of the TA by closely working with the executing agency and steering committee. The selection and engagement of consulting services under the TA was carried				

¹ In April 2016, the Ministry of Electric Power and the Ministry of Energy were merged and renamed as the Ministry of Electricity and Energy (MOEE), which served as the TA Executing Agency.

out in accordance with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). The procurement of office equipment required under the TA was undertaken through shopping following ADB's Guidelines on Procurement (2013, as amended from time to time). The overall performance of the consultants was satisfactory considering all the work rendered. The executing agency acknowledged the effective and efficient work of ADB staff in implementing the TA. Overall, the performance of ADB and executing agency is rated satisfactory.

Evaluation of Outputs and Achievement of Outcome

The TA assisted MOEP in promulgation of the new Electricity Law, (promulgated in 2014 and became the 2014 Electricity Law), in the drafting of rules and regulations for its implementation, and setting out institutional arrangement for the establishment of Electricity Regulatory Commission (ERC). The electricity rules have been effective since November 2015; however, the regulations, including the establishment of ERC are under government review and approval.

The rural electrification law, drafted under the TA, is under review and adoption by the MOEP, responsible for grid supply, and the Ministry of Agriculture, Livestock, and Rural Development (MLFRD),² responsible for off-grid supply.

The TA delivered all expected outputs. The TA's intended outcome was partially achieved as the regulations for implementing the law, establishment of the ERC, and proposed rural electrification law are under the government's consideration.

The TA was highly relevant as the Electricity Law is the foundation for the strategic development of the power sector; and the new rural electrification law will help to streamline the role and function of various ministries, state government, and private investors in rural electrification, eventually will help to achieve government's rural electrification target. The momentum created by the TA was instrumental in moving forward several important reform agenda, such as, greater public awareness for the need of cost-recovering tariff, more active participation of private investors in electricity generation, and especially strong drive in rural electrification in the last two, three years.

Overall Assessment and Rating

The TA is rated successful. The TA has been highly relevant with its objective of improving the legal and regulatory framework of the government and thereby assisting the government in attracting private investment in the power sector.

However, the TA was considered less than effective and less than efficient as the approval by the government of the regulations in the implementation of electricity law, establishment of ERC, and adoption of rural electrification law are still pending. Such delay in the final approval was mainly due to (i) change in government in early 2016 and (ii) retirement of responsible Director General in the executing agency. With the enhanced power sector's legal and regulatory framework, it deems that the TA objectives are likely to be sustainable.

Major Lessons

The TA envisaged a single executing agency to address both the electricity law and the rural electrification law. However, off-grid electrification, being the main subject of the rural electrification law, was the responsibility of the Ministry of Agriculture, Livestock, and Irrigation (MOALI), formerly MLFRD. This resulted in slow progress on the rural electrification law. This should be taken into consideration during the design phase of future similar projects.

Recommendations and Follow-Up Actions

It is recommended that ADB, in coordination with other development partners, continue to assist the government and MOEE in (i) establishing the ERC, and (ii) finalizing and promulgation of the rural electrification law.

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² In April 2016 the Ministry of Agriculture, Livestock, and Rural Development was restructured into Ministry of Agriculture, Livestock, and Irrigation (MOALI) while still retaining responsibility for rural development.