

## Signing of Japanese ODA Loan Agreement with the Republic of the Union of Myanmar

### Contributing to a stable power supply system and meeting the rapidly growing demand for telecommunication

On March 26, the Japan International Cooperation Agency (JICA) signed a Japanese ODA loan agreement with the Government of the Republic of the Union of Myanmar in the capital of Nay Pyi Taw to provide loans of up to a total of 35.178 billion yen for assistance for two projects.

Inaugurated in March 2011 and soon to start its fifth year, the Thein Sein administration is implementing measures in such areas as democratization, strengthening the rule of law and national reconciliation while further accelerating economic reform. Given these efforts by the Government of Myanmar, Japan resumed ODA loans to the country in 2013 after a 25-year hiatus, and since then has provided eight ODA loans, backing continued reform in Myanmar and supporting sustained development.

Due to the effects of economic sanctions being lifted and the promotion of investment and trade in recent years, Myanmar has undergone a transition in its real economic growth to a rate exceeding 7 percent. The economic infrastructure of the country nevertheless faces many challenges which hinder sustained economic growth, poverty reduction and further investment.



Signing ceremony

Taking into account these circumstances, this Japanese ODA loan agreement was signed for the two projects described below.

#### (1) Supporting a power supply lifeline in Myanmar

In Myanmar, hydropower accounts for approximately 80 percent of the total capacity (3,900 megawatts), and the majority of that electricity is generated in the northern part of Myanmar. A 500-kilovolt transmission system is essential to transmit the electricity from the north where it is generated across the long distance to the south, including Yangon, where the major load center is. Since the existing 230-kilovolt trunk transmission lines for transmitting electricity from north to south has already reached the capacity limit. The power generation of hydropower plants have to control limited operation especially in rainy seasons. Construction of a 500-kilovolt trunk transmission line and related substations to increase the transmission capacity and improve system reliability is therefore a priority.

The National Power Transmission Network Development Project Phase I will construct two new 500-kilovolt substations (Meikhtila, Taungoo) on the national grid connecting the north to the south, thereby contributing to a stable power supply and economic development in Myanmar.

#### (2) Meeting the rising demand for telecommunication accompanying economic growth

The telecommunication infrastructure has lagged in Myanmar due to many years of restrictions on imports and insufficient financial resources, and the mobile telephone penetration rate in Myanmar is 12.83 percent (as of 2013 according to the International Telecommunication Union), an extremely low rate compared to nearby Vietnam (130.89 percent), Cambodia (133.89 percent) and Laos (68.14 percent).

With the rapid increase in communication volume accompanying economic growth going forward, the communication environment is expected to worsen if steps are not taken, making improvement of the communication infrastructure a priority for the Government of Myanmar.

The Communication Network Improvement Project will improve the communication network between three major Myanmar cities (Yangon and the Thilawa area, Nay Pyi Taw and Mandalay) as well as partial urban improvements to increase the communication capacity and meet the growing demand for communication, thereby contributing to economic development and better lives for residents in Myanmar.

JICA will continue to work inclusively to address the challenges facing Myanmar while coordinating JICA's various types of ODA, which include Japanese ODA loans, technical cooperation and grant aid.

#### Reference

Terms and Amounts of Loan

Project title	Amount (million yen)	Annual interest rate (%)		Repayment period (years)	Grace period (years)	Procurement
		Project	Consulting services			
(1) National Power Transmission Network Development Project Phase I	24,678	0.01	0.01	40	10	General untied
(2) Communication Network Improvement Project	10,500	0.01	0.01	40	10	General untied

#### (1) National Power Transmission Network Development Project Phase I

##### Objective and Summary

The objective of the project is to increase the transmission capacity and improve the system reliability by constructing high voltage substations on the national grid connecting the north to the south, thereby contributing to economic development in Myanmar.

##### Executing Agency

Myanma Electric Power Enterprise (MEPE), Ministry of Electric Power  
Address: No. 27 Building Nay Pyi Taw  
Phone: +95-67-410202

##### Planned Implementation Schedule

- (i) Completion of project: September 2019 – when the facilities are put into service
- (ii) Issuing of letters of invitation for consulting services: Already sent
- (iii) Tender announcement of initial procurement package for international competitive bidding on project construction:  
Procurement package title: Construction of 500-kV Substations  
Release date: October 2016

#### (2) Communication Network Improvement Project

##### Objective and Summary

The objective of the project is to increase the communication capacity by improving communication networks, thereby contributing to economic development in Myanmar.

##### Executing Agency

Myanmar Posts and Telecommunications (MPT), Ministry of Communications and Information Technology  
Address: Building No. 2, Nay Pyi Taw  
Phone: +95-67-407661

Planned Implementation Schedule

(i) Completion of project: August 2019 – when the facilities are put into service

(ii) Issuing of letters of invitation for consulting services: Already sent

(iii) Tender announcement of initial procurement package for international competitive bidding on project construction:

Procurement package title: Communication Network Improvement

Release date: April 2016