



## Myanmar: How to Become an Attractive Destination for Renewable Energy Investment?



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### Action plan to attract investment in renewable energy in Myanmar

- Strengthen renewable energy governance
- Join IRENA and intensify capacity building
- Adopt a feed-in tariff or auction mechanism
- Build a regulatory framework for renewable energy
- Simplify the business environment for investors

Myanmar is endowed with abundant renewable energy resources, and its solar potential is the greatest in the Greater Mekong Subregion – yet, this potential remains largely untapped [1]. The country's 50% electrification rate remains the lowest in ASEAN, and the government plans to electrify the entire country by 2030 [2,3]. The share of renewable energy in the energy mix is expected to rise from less than 1% in 2020 to 12% in 2025 [2]. In addition to expanding electricity access, renewable energy could also stimulate much-needed employment and economic growth in Myanmar.

To achieve its targets, Myanmar needs to attract significant investment in renewable energy from 2020 onwards. For this, it needs to improve its governance capacity, the regulatory environment and the prioritisation of renewable energy [1,4]. Myanmar is ranked no 140 out of 156 countries in the Index of Geopolitical Gains and Losses after energy transition ([GeGaLo Index](#)) and thus needs to build strong institutions and improve its capacity for governing renewable energy [5].

Taking into account these points, we propose five actions that can improve the investment climate in Myanmar for renewable energy investment.

### Action 1: Strengthen renewable energy governance

Renewable energy governance in Myanmar is dispersed and fragmented among several government institutions such as the Hydro and Renewable Energy Planning Branch, the Department of Electric Power Planning, and the Department of Renewable Energy and Hydropower Plants. The first step to address this could be to unite the regulatory functions in a single government institution. Since this would expand its scope of responsibilities, this could be combined with the creation of a dedicated government agency to regulate and manage the renewable energy sector. It could be part of the Ministry of Electricity and Energy or a separate institution. In either form, it would signal that renewables are granted more importance in the energy governance system. It could streamline the regulation of the sector and reduce the complexity and fragmentation of the regulatory environment [1]. This would ultimately boost investors' confidence that Myanmar is a committed and long-term player that prioritises renewable energy. Myanmar could also draw on Malaysia's experience in establishing the Sustainable Energy Development Authority (SEDA).

### Action 2: Join IRENA and intensify capacity building

Myanmar has limited human resources and weak renewable energy governance capacity. However, it is one of the very few countries that has not joined yet the International Renewable Energy Agency (IRENA), the main international organisation for building capacity and strengthening renewable energy governance. Myanmar could address its capacity gaps by joining IRENA and requesting assistance to enhance capacity building in renewable energy in general and in implementing the actions outlined here in particular. For the same purpose, the government could also deepen its collaboration with the Asian Development Bank, the International Energy Agency, the World Bank and other donor organisations.

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Table 1. Myanmar’s regulatory framework compared to other ASEAN countries (2020)

Type of policy		Philippines	Vietnam	Indonesia	Malaysia	Thailand	Singapore	Myanmar	Lao PDR	Cambodia	Brunei Darussalam
Regulatory policies	Renewable energy in INDC or NDC	•	•	•	•	•	•	•	•	•	•
	Renewable energy targets	•	•	•	•	•	•	•	•		•
	Feed-in tariff/auctions/premium payment	•	•	•	•	•				•	
	Net metering/billing/direct consumption-supply	•	•	•	•		•				
	Biofuel blend obligation/mandate/target	•	•	•	•	•					
	Electric utility quota obligation/RPS	•	•	•	•						
	Tradable REC		•								
	Renewable heat obligation/mandate										
Fiscal incentives and public financing	Tax incentives	•	•	•	•	•		•	•	•	
	Public investment/loans/grants/subsidies/rebates	•	•	•	•	•	•		•		
	Reductions in sales, CO <sub>2</sub> , VAT or taxes	•	•	•	•	•		•			
	Tendering	•		•	•		•				
	Investment or production tax credits	•	•	•							
	Energy production payment	•				•					

Sources: [8,9].

### Action 3: Adopt a feed-in tariff or auction mechanism

As one of the first measures, Myanmar could develop and adopt an attractive feed-in tariff or auction mechanism. Since there is no feed-in tariff regulation, tariffs and contracts between authorities and power producers are negotiated on a case-by-case basis, a process that can be uncertain and time-consuming for power generators. Myanmar could consider adopting a feed-in tariff scheme similar to the one adopted in Vietnam. For auctions, Myanmar could draw on Cambodia’s successful experience in this area.

### Action 4: Build a regulatory framework for renewable energy

Renewable energy is part of Myanmar’s Nationally Determined Contribution (NDC) under the Paris Agreement [6]. However, there is no unified regulatory framework for renewables. The regulation of the sector is thus fragmented. No incentive mechanisms specifically targeting renewable energy projects have been put in place yet [2]. Myanmar could continue adopting best practices and policies aimed at promoting renewable energy (see Table 1). It could adopt tax credits for renewable energy investors. They would come in addition to the general set of tax incentives in Myanmar’s investment law applied to any foreign investor entering the country. The government could also adopt energy production payments and introduce a net metering scheme. For rural and remote areas, a solar mini-grids solution for off-grid households is seen as affordable and efficient compared to other electrification schemes [7]. Thus, the government could also prioritise the development of regulations aimed at rapid promotion of solar mini-grids.

### Action 5: Simplify the business environment for investors

Myanmar could prioritise and streamline the market entry procedures for renewable energy investors. Company registration and investment licences are processed efficiently by the Directorate of Investment and Company Administration and the Myanmar Investment Commission (see Table 2). However, due to the lack of transparency in the permitting process and land acquisition delays, it becomes more complicated at the stage of obtaining power sector licences and negotiating off-taker arrangements [2]. Thus, Myanmar could focus on formulating clear permitting procedures and fast-track the issuance of land-related permits.

Table 2. Market entry for foreign investors in Myanmar

Task	Government body
Company registration and issuing investment licences	<ul style="list-style-type: none"> <li>Directorate of Investment and Company Administration</li> <li>Myanmar Investment Commission</li> </ul>
Issuing power sector licences	<ul style="list-style-type: none"> <li>Ministry of Electricity and Energy</li> </ul>
Off-taker	<ul style="list-style-type: none"> <li>Electric Power Generation Enterprise</li> </ul>

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