

RURAL DEVELOPMENT BY CLEAN ACCESS TO ELECTRICITY OF 7,000 HOUSEHOLDS VIA MINI-GRID



Project developer: Parami Energy Co., Ltd.
Location: Yesagyo Tsp, Magway Region, Myanmar
Technology: Solar-PV (Mini-grid)
Project Cost: 9.0 Mio Euro
EEP Contribution: 500,000 Euro (5.6% of project value)
Duration: June 2016 - June 2018



Project Description

The project aims at increasing and improving universal access to modern, affordable and sustainable energy services for the poor by bringing solar electricity to 7,000 households via Mini-grid at an off-grid isolated area. The project developer Parami Energy Company is implementing the project in partnership with EFD from France.

The project uses the 'Decentralised Services Companies' model, developed by EDF in several African countries. This model ensures operational sustainability by setting up a private company under national law. The company is in charge of necessary investments, operations and maintenance of installations as well as managing all customer relationships. The company operates within the framework of a long-term concession contract.

A 100% solar power, with a 3.9 MW solar plant is the heart of this project. The solar power system offers three different energy services available for 13 hours per day, with the third level providing unlimited power and energy. These different services allow artisans and farmers to access the necessary power for their activity and further economic development:

- **Service 1:** allows for 3 LED lamps, and a plug to charge a cell phone or use a radio at 4 to 5 USD/month.

- **Service 2:** allows for 6 lamps, 3 plugs and use of a TV at 7 - 8 USD/month.

- **Service 3:** monthly subscription is 5 - 6 USD (community customers exempted) + 0.35 to 0.5 USD per kWh.

Result-Based Financing (RBF)

Based on milestones and results to be achieved by the project, disbursement of the EEP Mekong fund is made in three instalments. The disbursement will be made upon completion and verification of the innovative energy management system of the project. The second disbursement will be made for each village connected to the mini solar grid (maximum 32 villages). The third disbursement will be made for each household supplied with clean energy from the solar mini grid system.

Social and Environmental Impacts

The project will have social and economic impact to the communities on Yesagyo Township in terms of local economic development, health, safety, education, employment as well as gender related change. The energy service company created by the project will create 16 jobs in the first two years of implementation.

The project is expected to contribute to poverty reducing thanks to local development and increase in productive activities, reducing inequality between the people of this isolated island and between men and women at the project area.

Sustainability and Scaling Up

The Magway Region is in the process of setting up a concession agreement, which gives the local company the exclusivity of electricity generation and distribution in the project area over a period of 25 years. This ensures that the project is commercially viable after the grant support from EEP Mekong has ended. It is anticipated that the revenue generated by the company will cover all capital and operational expenditures after the eighth year of the project, confirming the long-term economic viability.

Because of its economic viability and the lack of grid connection to the majority of Myanmar's population the project has a large potential for scaling up and replication.

Business Innovation and Dissemination

The project's business model has been successfully implemented in some countries of Africa in the recent past by EDF. Innovation stems from the adjustment of this business model to the particular conditions of Myanmar and at a larger scale.

The practical experience and impacts achieved from this project will be disseminated to relevant stakeholder in Myanmar to promote application and replication of the business model in other regions of the country.

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