

**PRIME MINISTER**

-----

**SOCIALIST REPUBLIC OF VIETNAM**

**Independence - Freedom - Happiness**

-----

No. 1740/QĐ-TTg

*Hanoi, December 13, 2018*

**DECISION**

**APPROVAL OF TARGET PROGRAM FOR POWER SUPPLY IN RURAL,  
MOUNTAINOUS AND ISLAND AREAS FOR THE 2016 – 2020 PERIOD**

**THE PRIME MINISTER**

*Pursuant to the Law on Government Organization dated June 19, 2015;*

*Pursuant to the Law on Public Investment dated June 18, 2015;*

*Pursuant to the Law on Electricity dated December 3, 2004 and the Law on Amendments and Supplements to certain Articles of the Law on Electricity dated November 20, 2012;*

*Pursuant to the National Assembly Standing Committee's Resolution No. 1023/NQ-UBTVQH13 dated August 28, 2015 issuing principles, criteria and norms of distribution of the state budget's capital investments for the period of 2016 – 2020;*

*Pursuant to the Prime Minister's Resolution No. 40/2015/QĐ-TTg dated September 14, 2015 issuing principles, criteria and norms of distribution of the state budget's capital investments for the period of 2016 – 2020;*

*Pursuant to the Government's Resolution No. 73/NQ-CP dated August 26, 2016 on approval of policies for investment in Target Programs in the period 2016 – 2020;*

*After considering the requests of the Minister of Planning and Investment, and the Minister of Industry and Trade,*

**HEREBY DECIDES**

**Article 1. Approval of the Target Program for power supply in rural, mountainous and island areas for the 2016 – 2020 period, including the following subject matters:**

1. Program's name and presiding body:

a) Program's name: Target Program for power supply in rural, mountainous and island areas for the 2016 – 2020 period.

b) Presiding body: The Ministry of Industry and Trade.

## 2. Program objectives:

### a) Overall objectives

Supply electricity to residential households in rural, mountainous and island areas in order to create a driving force for hunger eradication and poverty alleviation, raise the material and spiritual life, contribute to actualizing social justice and security, strengthening the great solidarity amongst ethnicities, maintaining political security and social order and safety, maintaining political stability, maintaining national security and defense, protecting the territorial sovereignty and the sovereignty over territorial seas and islands of the Homeland; facilitate the shift in the production structure of people residing in rural, mountainous and island areas.

### b) Specific objectives

- Supply electricity to residential households without electricity, and with electricity which is not stable and continuous, in rural, mountainous and island areas in the period of 2016-2020.

Supply electricity from the national grid, or from new and renewable energy sources, to rural, mountainous and island areas, with the goal of supplying electricity to most of rural households by 2020, specifically including:

+ The number of communes without electricity supplied with electricity (100% of communes nationwide supplied with electricity): 17 communes;

+ The number of rural and mountainous villages supplied with electricity: approximately 9,890 villages;

+ The number of residential households supplied electricity from the national power grid: approximately 1,055,000 households;

+ The number of residential households supplied with electricity from renewable energy sources other than the national power grid: roughly 21,000 households.

- Develop power grids to supply electricity to small- and medium-sized irrigation pumping stations in the Mekong River delta region (including 13 provinces/cities)

Carry out the construction, renovation and upgrading of existing medium-voltage lines to supply electricity to small- and medium-sized electric pump stations planned for investment by 2020 in order to ensure proactive irrigation and drainage for agricultural production activities in the Mekong Delta provinces; simultaneously supply electricity to residential households without electricity in the adjacent areas.

- Strengthen the supply of electricity to island districts and communes

Set the prime objective of stably and continuously supplying electricity to residential households, enterprises, administrative centers and armed forces performing their duties on the front front-

line islands by using power sources from the national grid or other stable and continual renewable energy sources in order to generate motivation for socio-economic development, and strengthen the national security and sovereignty over territorial seas and islands. Upon completion of the Program, accomplish the objective of supplying electricity to 02 island districts and 03 island communes.

### 3. Program scope:

The Program shall be implemented throughout 48 provinces and centrally-affiliated cities according to the Prime Minister's Decision No. 2081/QĐ-TTg dated November 8, 2013 with the great emphasis placed on rural, mountainous, remote, isolated, border, island, ethnic minority or socio-economic difficulty-stricken areas.

Supply electricity to small and medium-sized pumping stations and simultaneously supply electricity to residential households in rural areas and fishery production areas in 13 Mekong Delta provinces.

Supply electricity from the national power grid or other renewable energy sources to the front-line islands playing significant roles in maintaining the national defense, security and the sovereignty over territorial seas and islands of the Homeland and, at the same time, create a driving force for the socio-economic development of other islands.

### 4. Program investment outlay, capital structure and mechanism for granting support for investment funds and mobilizing investment capital for the Program

a) Total investment outlay: Approximately VND 30,116 billion

- The structure of total investment outlay classified by funding sources

+ The central budget's capital investment estimated in the period of 2016 – 2020: Approximately VND 2,218 billion (domestic funding sources);

+ Investment capital derived from ODA funds and preferential borrowed funds of foreign sponsors: Approximately VND 23,381 billion in demand (comprising VND 2,525 billion granted as prescribed in the Vietnam-EU Finance Agreement; VND 20,856 billion to be called from ODA and preferential borrowed funds);

+ Investment capital derived from local government's self-arranged funding and other funding sources (reciprocal capital of projects in the Program which is self-financed by localities): Approximately VND 3,121 billion;

+ Investment capital financed by the Vietnam Electricity Corporation's legitimate funding sources (reciprocal capital of projects in the Program which is self-financed by the Vietnam Electricity Corporation): Approximately VND 1,397 billion.

- The structure of total investment outlay used for accomplishing power supply objectives

+ Power supply in rural and mountainous areas: Approximately VND 28,398 billion;

(Power supply to irrigation pumping stations in the Mekong Delta region will be integrated with the supply of electricity to residential households in rural areas from the national grid in this region)

+ Power supply to islands: Approximately VND 1,718 billion.

- The structure of total investment outlay appropriate for specific power supply forms

+ Power supply from electricity grids: Approximately VND 28,684 billion;

+ Power supply from renewable energy sources: Approximately VND 1,432 billion;

The list, demands and structure of investment capital are specified in the Appendix hereto.

#### b) Mechanism for calling the Program's investment capital

Investment capital for the Program shall be called in view of the capabilities of balancing the state budget allocations, calling ODA funds and other preferential borrowed funds from foreign sponsors and according to the following principles: The central budget's subsidies, investment capital financed by ODA and other preferential borrowed funds of foreign sponsors account for 85% of total investment outlay at maximum for projects in the Program; self-arranged funds of localities and affiliates of the Vietnam Electricity Corporation account for 15% of total investment outlay at minimum for projects under the authority they are accorded as project owners. The mechanism for calling the aforesaid investment capital shall be as follows:

- The central budget's capital investment shall be implemented according to the mid-term public investment plan for the period of 2016 – 2020.

- ODA and other preferential borrowed funds of foreign sponsors shall be prioritized for use as financial support for implementation of the Program; ODA fund allocations under the Resolution No. 73/NQ-CP may be channeled; the mechanism for allocation of funds may be used for projects financed by non-refundable ODA funds.

- The Program's investment capital may be financed by local government budget's self-balanced allocations and other funding sources or voluntary contributions made by organizations and individuals in regions benefiting from the Program's projects to offsetting compensations and project site clearance expenses with the aim of implementation of the policy that requires the State to collaborate with people in carrying out the Program.

- The Program's investment capital financed by the Vietnam Electricity Corporation shall be derived from legitimate funding sources of the Corporation and its affiliates.

- Other private sector funds shall be called for implementation of the Program.

### c) Principles of priority of fund distribution

In addition to the central budget's investment funds subject to the mid-term public investment plan for the period of 2016 – 2020, based on the capabilities of calling funds and specific regulations of sponsors, the Ministry of Industry and Trade shall be assigned to arrange and balance constituent projects and items constituting investment projects financed by ODA and other preferential borrowed funds of foreign sponsors according to the following principles of priority:

- Funding for investment projects that supply electricity to communes without electricity.
- Funding for investment projects that supply electricity to urgent investment projects/items at poor provinces or provinces where their budget has not yet been self-balanced, provinces where the rate of residential households using electricity from the national power grid is less than the entire country's average rate, provinces that have mountainous areas, border provinces and others whose islands are densely populated, front-line islands playing important roles in national security but having no electricity, or supplied with electricity which is not stable and continuous, and regions which have residential concentration and low rates of return on investment, for the purposes of achieving high efficiency in use of the Program's investment capital.

### 5. The Program implementation duration: 2016 – 2020 period

Investment projects financed by ODA and other preferential borrowed funds of foreign sponsors shall be executed according to the schedule defined in Financing Agreements.

### 6. Constituent projects and mechanism for assigning investment projects to project developers and management of implementation of investment projects

#### a) Constituent projects

The Program shall be composed of certain constituent projects classified into groups by funding sources as follows:

- Investment projects financed by the central budget's investment capital (domestic capital), including 28 projects specified in the mid-term investment plan for the period of 2016 - 2020 out of which the Vietnam Electricity Corporation (EVN) may be authorized to manage 05 projects and local jurisdictions may be accorded authority over 23 projects. The portfolio of projects financed by the central budget's investment capital (domestic capital) shall be subject to the Prime Minister's Decision to assign tasks in the plan for the mid-term investment of the state budget allocations for the period of 2016 – 2020.

- Investment projects financed by ODA and other preferential borrowed funds of foreign sponsors must be constituents of projects financed by ODA and other preferential borrowed funds of foreign sponsors. The Prime Minister shall mandate the Ministry of Industry and Trade to preside over and cooperate with the Ministry of Planning and Investment or the Ministry of Finance in, by referring to objectives and principles of priority of the Program, appealing the

Prime Minister to decide on the investment portfolio and scale of investment projects financed by ODA and other preferential borrowed funds of foreign sponsors.

b) Mechanism for designation of project developers and post-investment management

- Mechanism for delegation of project developers

+ As for existing investment projects financed by the central budget's investment capital (domestic capital), active project developers shall be allowed to continue to implement these projects;

+ As for investment projects financed by ODA and other preferential borrowed funds of foreign sponsors which are about to obtain investment capital: The Ministry of Industry and Trade shall preside over and cooperate with the Ministry of Planning and Investment and the Ministry of Finance to appeal the Prime Minister to make his decision;

+ As for investment projects to be implemented by EVN, EVN shall appoint General Companies of Electricity as project developers;

+ As for investment projects to be implemented by local jurisdictions, provincial-level People's Committees shall be allowed to designate their competent regulatory authorities as project developers;

+ In case it is necessary to change project developers which may be either local jurisdictions or EVN, the Ministry of Industry and Trade shall preside over and cooperate with the Ministry of Planning and Investment, the Ministry of Finance, provincial-level People's Committees and EVN in appealing the Prime Minister to consider granting his decision.

- Post-investment management and operation mechanism

+ As for investment projects financed by EVN, EVN shall direct electricity companies to continue to manage operations after completion of these projects;

+ As for investment projects supplying electricity from the national power grid which are implemented by local jurisdictions, after completion, EVN shall be authorized to direct its subsidiaries to receive post-investment capital and property, manage operations of these projects and sell electricity to residential households in accordance with regulations in force. Projects must be transferred immediately after they are completed and brought into operation;

+ As for investment projects supplying electricity from renewable energy sources or power sources other than the national power grid developed by at the local jurisdiction's expense: Provincial People's Committees shall be authorized to direct competent regulatory authorities in these provinces to conduct the management of operation and use of completed projects; formulate and approve policies and organizational structures of management of operation and procedures for repair and maintenance of these projects in order to improve investment efficiency.

## **Article 2. Implementation**

### **1. Ministry of Industry and Trade**

- Preside over implementing the Program.
- Preside over and cooperate with the Ministry of Planning and Investment, and the Ministry of Finance, in instructing organizations and individuals to implementing the Program and constituent projects thereof.
- Preside over and cooperate with the Ministry of Planning and Investment, and the Ministry of Finance, in formulating investment incentive and support policies, organizing the tasks of managing operation and sale of electricity to residential households with respect to investment projects financed by private sector funds, and appealing the Prime Minister to grant his approval decision.
- Approve investment policies, undertakings, feasibility study reports and other necessary tasks in accordance with lawsoft with respect to the Program's constituent projects to be implemented by EVN.
- Enter into agreements with the provincial People's Committees (with respect to constituent projects to be implemented by local jurisdictions) on investment policies, undertakings and contents of feasibility study reports of constituent projects under their decision-making authority.
- Consolidate reports into, and formulate, mid-term and annual plans of the Program for submission to the Ministry of Planning and Investment and the Ministry of Finance for consolidation purposes under the provisions of the Law on Public Investment, the Law on State Budget and other relevant legislative documents.
- Preside over inspection and oversight of implementation of the Program; make periodic preliminary and final review reports on the Program's results.
- Preside over and cooperate with ministries and other relevant sectoral administrations in modifying, supplementing and formulating policies (where necessary) in order to ensure accomplishment of the Program's predetermined objectives.
- Preside over and cooperate with the Ministry of Planning and Investment, and the Ministry of Finance, in calling ODA and other preferential borrowed funds from foreign sponsors for the purpose of implementation of the Program. Compile the portfolio of constituents of projects financed by ODA and other preferential borrowed funds of foreign sponsors and submit it to the Prime Minister in accordance with regulations in force.
- Cooperate with the Ministry of Planning and Investment, and the Ministry of Finance, in distributing resources and assessing funding sources and capabilities of balancing investment capital in the Program's projects.

- Establish the Program Coordination Board which is chaired by the Ministry of Industry and Trade, and joined by relevant ministries and sectoral administrations in order to meet fund disbursement requirements imposed by foreign sponsors and perform the tasks of coordination in and oversight of implementation of the Program and its constituent projects.

## 2. Ministry of Planning and Investment

- Preside over and cooperate with the Ministry of Finance and the Ministry of Industry and Trade in balancing and arranging capital investment funds according to mid-term and annual investment plans for implementation of the Program.

- Preside over and cooperate with the Ministry of Finance, and the Ministry of Industry and Trade, in assessing funding source and capabilities of balancing of investment capital of projects financed by the central budget allocations, ODA and other preferential borrowed funds of foreign sponsors in the Program.

- Collaborate with the Ministry of Industry and Trade in inspection and supervision of the Program's output.

## 3. Ministry of Finance

- Balance state budget expenditures in order to give them to the Ministry of Industry and Trade to fund its formulation and assessment of feasibility study reports in the Program.

- Collaborate with the Ministry of Planning and Investment, and the Ministry of Industry and Trade, in calling funding sources to give financial support for investment in constituent projects in the Program.

- Preside over and cooperate with relevant ministries and other sectoral administration in providing guidance on transferring and receiving investment capital and property, and refunding investment capital to constituent projects.

## 4. People's Committees of centrally-affiliated cities and provinces

- People's Committees of centrally-affiliated cities and provinces which have investment projects in the investment plan for the period of 2016 – 2020 shall establish the Steering Committees in order to direct the implementation and resolution of difficulties arising in the course of implementation of these projects in these localities.

- Bear responsibility for making compensation payments and carrying out project site clearance activities, direct competent authorities at all levels to inform investment policies and encourage the public to contribute to and duly perform the tasks of clearing project sites for the purpose of completing investment projects on schedule.

- Direct the resettlement and rearrangement of residential households in remote and isolated areas in order to minimize investment-related costs, facilitate the implementation of investment



projects; direct the effective integration of investment projects under their management with other Programs or projects within their localities.

- As for provinces or cities accorded authority as developers of constituent projects, carry out the formulation, assessment and approval of contents of reports on the proposed investment policies, feasibility study reports, and implement investments in constituent projects in accordance with the Law on Public Investment and other relevant legislation.

- Establish objectives, missions and mid-term and annual plans of their localities with the aim of implementing projects in the Program; submit them to the Ministry of Industry and Trade, the Ministry of Planning and Investment, and the Ministry of Finance, under the provisions of the Law on Public Investment, the Law on State Budget and other relevant legislative documents.

- Prepare an adequate amount of reciprocal capital and carry out investments in projects in accordance with regulations in force, and ensure these projects will be implemented on schedule. Take initiative in calling private sector funds for providing supplementary measures for sustainable power supply and ensure the economic, financial and social efficiency of the Program.

- Manage, evaluate and carry out the acceptance testing of output of projects in the Program that are implemented within their remit; send periodic progress reports on implementation of the Program within their remit to the Ministry of Industry and Trade; carry out the preliminary and final review of the Program to be implemented at their localities in accordance with regulations in force.

- Direct other related bodies to carry out the financial finalization for the Program, transfer investment capital and property of power grid projects in the Program after completion to EVN affiliates that are accorded authority to manage operation of these projects, and discharge other legally-prescribed obligations.

- As for investment projects supplying electricity from power sources other than the national grid, provincial People's Committees shall be charged with organizing the management of effective operation and use thereof after completion.

## 5. Vietnam Electricity Corporation

- Direct its General Companies of Electricity to perform their assigned tasks of investing in constituent projects and ensuring project quality and progress.

- Conduct the formulation of reports on the proposed investment policies, feasibility study reports and contractor selection plans for constituent projects, and submit them to competent authorities to seek their approval.

- Prepare an adequate amount of reciprocal capital and carry out investments in projects in accordance with regulations in force, and ensure these projects will be implemented on schedule.

- Make quarterly review reports on investments in constituent projects; prepare assessment reports on management and use of investment capital financed by the central budget and the registration of demands for investment capital financed by the central budget on an annual basis as prescribed by regulations in force, and then submit them to the Ministries such as the Ministry of Industry and Trade, the Ministry of Planning and Investment, and the Ministry of Finance, for supervisory and consolidation purposes.

- Cooperate with all-level People's Committees, local departments, divisions or offices in handling difficulties arising in the process of implementation of investment projects.

- Direct its affiliates to receive investment capital and property of projects, and take charge of managing operation and sale of electricity to residential households after project completion with respect to constituent projects supplying electricity from the national power grid under the authority that People's Committees of centrally-affiliated cities and provinces are accorded as project developers.

#### 6. Other ministries and sectoral administrations

Based on duties and responsibilities of each ministry and sectoral administration, cooperate with the Ministry of Industry and Trade, People's Committees of cities and provinces, and EVN, in handling issues arising from the implementation of the Program during the period of 2016 – 2020.

#### **Article 3. Entry into force**

1. This decision shall enter into force from the signature date.

2. Ministers, Heads of Ministry-level agencies, Heads of Governmental bodies, Chairs of the People's Committees of centrally-affiliated cities and provinces, Presidents of the Member's Board, the Director General of EVN, and other entities concerned, shall be responsible for implementing this Decision./.

**PRIME MINISTER**

**Nguyen Xuan Phuc**

**APPENDIX**

**INVESTMENT PORTFOLIO, DEMANDS AND BALANCING OF FUNDING FOR TARGET PROGRAM FOR SUPPLYING POWER TO RURAL, MOUNTAINOUS AND ISLAND AREAS FOR THE 2016 – 2020 PERIOD**

*(Annexed to the Prime Minister's Decision No. 1740/QĐ-TTg dated December 13, 2018)*

No.	Provinces involved in the Program	2016 – 2020 period								
		Total capital	Investment capital demands				Funding sources			
			Power supply forms	Project developers		Central budget allocations	ODA and other preferential borrowed funds of foreign sponsors	Local government budget allocations	EVN's funds	
Power grids	Renewable energy	Local jurisdictions	EVN							
	<b>Total amount</b>	<b>30,116</b>	<b>28,684</b>	<b>1,432</b>	<b>20,805</b>	<b>9,311</b>	<b>2,218</b>	<b>23,381</b>	<b>3,121</b>	<b>1,397</b>
<b>I</b>	<b>Power supply in rural and mountainous areas</b>	<b>28,398</b>								
1	Lai Chau		450	44	44	450		420	7	68
2	Dien Bien		1,137	62	1,199		118	901	180	
3	Ha Giang		1,309	93	1,402		100	1,092	210	
4	Son La		1,143	119	1,262		253	820	189	
5	Cao Bang		754	65	819		79	617	123	
6	Lao Cai		979	37	1,016		74	790	152	
7	Yen Bai		588	59	647		25	525	97	
8	Bac Kan		380	32	412			350	62	
9	Lang Son		641	86	86	641	60	558	13	96
10	Tuyen Quang		950		950		63	745	143	
11	Quang Ninh		121	57	178			151	27	
12	Thai Nguyen		476	9	485		32	380	73	
13	Phu Tho		258	19	277		35	200	42	
14	Bac Giang		240		240		65	139	36	
15	Hoa Binh		238		238		45	157	36	
16	Thanh Hoa		688	34	722		40	574	108	
17	Nghe An		718	83	83	718	100	581	12	108
18	Ha Tinh		544		544		99	363	82	
19	Quang Binh		344	25	369		99	215	55	
20	Quang Tri		136	39	175		50	99	26	

21	Thua Thien Hue		450			450		383		68
22	Quang Nam		327	64	391		130	202	59	
23	Quang Ngai		807	11	818		67	628	123	
24	Binh Dinh		305	36	36	305		290	5	46
25	Phu Yen		290			290		247		44
26	Khanh Hoa		146	15	15	146	60	77	2	22
27	Gia Lai		971	71	71	971		886	11	146
28	Kon Tum		480	26	506		75	355	76	
29	Dak Lak		887	81	968		124	699	145	
30	Dak Nong		699	29	728		81	538	109	
31	Lam Dong		560			560		476		84
32	Binh Thuan		734			734		624		110
33	Binh Phuoc		659		659		99	461	99	
34	Tay Ninh		130			130		111		20
35	Ben Tre		341			341		290		51
36	Tra Vinh		308	14	14	308		274	2	46
37	An Giang		588		588			500	88	
38	Kien Giang		1,196	50	1,246			1,059	187	
39	Can Tho		557		557		45	428	84	
40	Sóc Trăng		426			426		362		64
41	Bac Lieu		1,137	26	1,163		80	909	174	
42	Long An		484			484		411		73
43	Tien Giang		228			228		194		34
44	Vinh Long		193		193			164	29	
45	Dong Thap		741			741		630		111
46	Hau Giang		482		482		60	350	72	
47	Ca Mau		892			892	60	698		134
<b>II</b>	<b>Power supply in island areas</b>	<b>1.718</b>								
1	Tran, Cai Chien island - Quang Ninh		595		595			506	89	
2	Con Co island - Quang Tri		627		627			533	94	
3	Nhon Chau island - Binh Dinh		350			350		298		53
4	Bach Long Vi island - Hai			146		146		124		22

Phong

-----  
*This translation is made by **LawSoft** and for reference purposes only. Its copyright is owned by **LawSoft** and protected under Clause 2, Article 14 of the Law on Intellectual Property. Your comments are always welcomed*

Unofficial Translation - For Reference Only