

THE PRIME MINISTER

SOCIALIST REPUBLIC OF VIETNAM
Independence – Freedom – Happiness

Ref. 2081/QĐ-TTg

Hanoi, 8 November 2013

DECISION

On approving the Program of power supply to rural, mountainous areas and islands in the period 2013 – 2020

THE PRIME MINISTER

Pursuant to the Law on Organization of the Government dated 25 December 2001;

Pursuant to the Law on Electricity dated 14 December 2004 and the Law amending and supplementing a number of articles of the Law on Electricity dated 20 November 2012;

At the request of the Minister of Industry and Trade,

HEREBY DECIDES

Article 1. To approve the Program of power supply to rural, mountainous areas and islands in the period 2013 – 2020 (hereinafter referred to as “the Program of power supply to rural area” or “the Program”) with main contents as follows:

1. Perspective

- To attract all various investment resources for grids development to supply good-quality power to rural, mountainous areas and islands in order to facilitate the local and ethnic residents in rural and remote areas and areas with extremely difficult socio-economic conditions to access to electricity for production and living.
- To realise the policy of joint implementation of the Government and the residents from central to local level on development of rural electricity system and rural electrification in combination with national program on new rural development as well as other relevant programs in the rural, mountainous areas and islands.
- To develop rural electrification including new construction and improvement of existing power systems in accordance with development plan, and in connection with rearrangement of population in each area and step-by-step focus-based development in line with financial balancing capacity; to prioritize power supply to unelectrified communes and areas which have the number of rural households accessing to the electricity lower than the average number of the whole country or to key national security and defense areas.

2. Objectives

a) Overall objective: To create momentum for target programs on poverty eradication, improve material and social standard of living, contribute to equality, social welfare and great national unity, maintain political security and social order, facilitate local residents in rural and mountainous areas in changing production structure which enable to improve and narrow the development gap within and among the areas in a sustainable manner, and achieve poverty reduction targets in remote areas, areas with ethnic groups and extremely difficult socio-economic conditions.

b) Specific objectives:

To supply power from the national grid to rural, mountainous areas and islands, together with supplying power from renewable energies in order to realise the goals of electrifying central point of all communes over the country by 2015, and supplying power for most of rural residential households by 2020, in particular as follows:

- + No. of communes electrified: 57
- + No. of villages/ hamlets electrified: approx. 12,140
- + No. of households electrified: approx. 1,288,900
- In the period of 2013 – 2015:
 - + No. of communes electrified: 40
 - + No. of villages/ hamlets electrified: approx. 2,500
 - + No. of households supplied power from the national grid: approx. 140,800
- Orientations for the period 2016 – 2020:
 - + No. of communes electrified: 17
 - + No. of villages/ hamlets electrified: approx. 9,640
 - + No. of households supplied power from the national grid: approx. 1,126,800
 - + No. of households supplied power from sources rather than the national grid: approx. 21,300

3. Timeframe and scope of implementation of the Program on power supply to rural areas

- Duration: From 2013 to the end of 2020.
- Scope of implementation: In rural areas throughout the country, focusing on mountainous, remote, border and island areas, areas inhabited by ethnic minorities and areas with extremely difficult socio-economic conditions.

4. Electricity supply orientations and investment phases:

a) Power supply orientations:

- To supply power from the national grid to communes and villages which the investment cost per unit per household is not too high, and to key national security and defense villages.

- Areas with overly high investment cost per unit for power supply from the national grid to a household should be considered to be supplied power from other sources rather than from the national grid such as wind power, mini hydro power, micro hydropower, solar power, battery charging station, etc.

b) Investment phases:

- In the period 2013 – 2015, to invest in:
 - + Prioritize investment in ongoing projects.
 - + Unelectrified communes.
 - + Border villages or areas required strengthening of security, political and social conditions.
 - + Communes and villages with the rate of households using electricity from the national grid of lower than the overall national average.
 - + Villages which have had stable population arrangements and plans.
 - + Unelectrified villages in the communes under the National Targeted Program for new rural development in the period 2010 - 2015.
- In the period 2016 - 2020:
 - + To complete provision of electricity access for most of rural households over the country.
 - + To invest in grid development to supply power from the national grid to ethnic groups in unelectrified communes and villages which the investment cost per unit is not too high.
 - + To invest in power supply by onsite power sources (renewable energy sources, battery charging stations, etc.) to villages/ hamlets with extremely difficult conditions and inability to access to power from the national grid or ability to get power from the national grid but with very high investment cost per unit.

5. Funding requirements and source of funds for implementation of the Program on power supply to rural, mountainous areas and islands in the period 2013-2020:

a) Need for investment:

- The total investment capital needs: about VND 28,809 billion.
 - + Investment capital for power supply from the national grid: approx. VND 27,328 billion.
 - + Investment capital for power supply from other sources rather than the national grid: about VND 1,481 billion.
- Classified by source of investment funds:
 - + Central budget and ODA: about VND 24,709 billion.
 - + Counterpart fund of investors: about VND 4,100 billion.

b) Investment phasing in various stages:

- Funding demand for the period 2013 - 2015: approx. VND 4,881 billion.

- + Investment in new electricity supply for unelectrified communes: approx. VND 684 billion.
- + Ongoing projects with funds already provided: approx. VND 2,619 billion.
- + Preparation for investment and under investment for power supply to villages in particularly urgent need (when ODA is available): approx. VND 1,578 billion
- Orientations for the period 2016 - 2020: about VND 23,928 billion.
 - + Complete power supply for unelectrified communes: about VND 388 billion;
 - + Invest in power supply to villages from the national grid: about VND 22,059 billion.
 - + Invest in power supply from sources other than the national grid: about VND 1,481 billion.

The investment needs of the Program and of the provinces and centrally-affiliated cities (hereinafter referred to as the provinces or localities) named in the list in the Annex attached to this Decision shall be corrected when approving the investment projects on power supply to rural areas in the localities.

c) Source of investment funds:

- Central budget and local budgets.
- Official development assistance (ODA).
- Capital of Vietnam Electricity (EVN).
- Mobilization of social/ community contributions.
- Other legalized funds.

6. Main measures for implementation of the Program:

a) Investment mechanism:

- For ongoing projects on power supply to rural, mountainous areas and islands (hereinafter referred to as power supply projects to rural areas or projects): Continue to follow the mechanisms approved by competent authorities.
- For projects on electricity supply for rural areas from the national power grid:
 - + Central budget and ODA: 85%.
 - + Self-balanced capital of project owners: 15%.
- For projects on rural power supply from sources outside the national grid:
 - + Central budget and ODA: 100% of capital for procurement and construction.
 - + Project owners self-balance the remaining fund.
- For provinces and centrally-run cities not named in the list in the Annex attached to this decision; and EVN's projects on improvement and upgradation of rural power grids after being fed power: Mobilization of funds for rural power supply projects shall comply with current regulations.

- Power Corporations under EVN shall arrange funds for improvement and upgradation of power grids to assure power supply capability when implementing rural power supply projects under this Program.
 - People's Committees of provinces having projects under this Program shall encourage their local residents who directly get benefited from the Program to voluntarily participate in and contribute to site clearance at areas to be occupied by power poles and power line corridor (except for residential land, dwellings and auxiliary works affected by the construction of mid-voltage grids) for implementation of projects.
- b) Investment funds and balancing of investment funds:
- For ongoing projects:
 - + Projects being implemented by ODA fund arranged through loan agreements or grants: Continue to follow decisions approved by competent authorities.
 - + Project being implemented by the planned central budget: Continue to be allocated funds from the central budget for following years in accordance with the budget plan approved by competent authorities.
 - For projects under investment preparation procedures and investment projects on new power supply from the national grid:
 - + To use target-based fund transferred from central budget following annual plan and/or from loans, the Government's ODA under specific loan agreements and grants.
 - + Project owners' counterpart fund balanced by the owners annually in line with the project schedule.
 - + Contribution of households in site clearance.
 - For investment projects on new power supply from sources other than the national grid:
 - + To mainly use non-refundable ODA fund of the Government under specific loan agreements, or support amount transferred from the Central budget in cases with special requirements.
 - + Project owners' counterpart fund balanced by the owners annually in line with the project schedule.
 - + Contribution of households in site clearance.
- c) Mechanisms for coordination and assignment of project owners:
- Program Coordination Agency: Ministry of Industry and Trade.
 - Line agency of projects in the Program:
 - + For rural power supply projects invested by EVN: Ministry of Industry and Trade is the line agency.
 - + For rural power supply projects owned by the provinces: Respective provincial People's Committee of the project is the line agency.
 - Project owners of rural electricity supply projects:

+ For projects on electricity supply from the national grid:

- Each province in the list in the enclosed Annex shall have one project owner to develop and implement rural power supply project within its locality. The project owner shall organize formation and implementation of the project based on each investment phase, appropriately demarcate project components in line with arrangement of target-based fund transferred from the Central budget or ODA fund for the project implementation;
- For the provinces which have investment policy for rural power supply projects approved by the Prime Minister and are able to arrange counterpart fund for the projects, the respective provincial People's Committee is entitled to assign provincial functional authorities to act as project owner;
- For remaining provinces of the Program, EVN is assigned to hold functions and duties of a project owner and is entitled to assign Power Corporations to act as project owner;
- Before project implementation, if it is necessary to change project owners between provincial People's Committee and EVN, the Ministry of Industry and Trade is assigned to lead, work with the provincial People's Committee and EVN, and report to the Prime Minister for consideration and decision.

+ For investment projects on electricity supply from outside the national power grid:

- Provincial People's Committee is assigned to arrange project implementation, and the provincial People's Committee is entitled to assign functional agencies of the province to act as project owner.
- Project owners shall develop and implement their projects in line with arrangement of target-based fund transferred from the Central budget or ODA fund for the project implementation.

d) Project operation management:

- For projects on power supply from the national grid: EVN is assigned to receive fund and post-investment properties, manage the operation and sell electricity to households in accordance with current regulations.
- For projects on power supply from outside the national grid: Provincial People's Committees are assigned to manage the project operation and exploitation after investment.

Article 2. Implementation arrangement

1. The Ministry of Industry and Trade:

- Take responsibility for direction and coordination during the Program implementation.
- Assign tasks to a subordinate unit to perform tasks of management and coordination in the Program implementation.

- Guide processes and procedures on developing, appraising, approving and implementing rural power supply projects, registering fund for project implementation, supervising and reporting the project implementation achievements.
- Define maximum investment cost per unit for power supply per rural household which suits to features of each area and each period.
- Lead and coordinate with MPI, MOF to work with donors and international financial institutions financing ODA for Viet Nam to supplement funds for the Program implementation.
- Propose annual budget plan for rural power supply projects within the Program to MPI and MOF based on status of implementation and annual fund demand of the projects in the Program.
- Approve rural electricity supply projects to be implemented by EVN.
- Agree on portfolio/ list of rural electricity supply projects in accordance with the provisions of this Decision for the rural electricity supply projects implemented by provincial People's Committees before the provincial People's Committee approve such investment projects.
- Coordinate and arrange the implementation of technical assistance projects in ODA loan agreement for rural power supply projects in compliance with current regulations.
- Take the lead to organize and coordinate with ministries, departments and localities in regular inspection and monitoring during the Program implementation; review and evaluate the Program implementation results every year and every period, then report to the Prime Minister.

2. The Ministry of Planning and Investment:

- Lead and coordinate with MOF and MOIT to consolidate the Central budget demand for the Program based on investment phases of approved rural power supply projects.
- Annually, based on balancing investment funds of the Central budget, implementation status and annual fund demand of projects under the Program as proposed by MOIT, the MPI to take the lead and work with MOF, MOIT and other relevant agencies to anticipate funds to be transferred from the Central budget to those projects, then consolidate and incorporate into the overall estimation of annual state budget, and report to the Government to submit to the National Assembly for consideration and decision in accordance with regulations of the Law on State Budget.
- Lead and coordinate with MOIT and MOF to ask donors and international financial institutions to finance ODA for Vietnam to top up funds for the Program implementation.

3. The Ministry of Finance:

- Carry out annual financial balancing to allocate funds for the program under the approved phases.
- Coordinate with MPI and MOIT to develop mechanisms to mobilize funds for investment in rural power grids; work with and propose to donors and

international financial institutions to finance ODA for Vietnam to supplement funds for the Program implementation.

- Lead and coordinate with other ministries and relevant agencies to guide the handover, receipt of funds and assets, and fund repayment for rural electricity supply projects.
4. Other Ministries and departments: Coordinate with MOIT, provincial People's Committees and EVN to settle relating issues during the Program implementation in accordance with functions and duties of respective Ministry and department.
5. People's Committee of provinces and centrally-affiliated cities:
- Provinces that carry out rural electricity supply projects in this Program shall establish a provincial steering committee on rural power supply projects headed by a leader of the respective provincial People's Committee and with members including leaders of relevant departments and agencies, district-level People's Committees, provincial power company to coordinate and direct the project implementation and settle issues during the implementation in localities.
 - Hold accountable for carrying out compensation and site clearance, directing local authorities to announce policy and promote local people to participate in clearance of site for electric poles and power line corridor so that project owners can implement the project.
 - Direct (re)arrangement of population in remote areas to facilitate the implementation of rural electrification projects; instruct effective integration of power rural supply Program with other Program and projects within the locality.
 - For the provinces assigned as project owner:
 - + Arrange formulation, appraisal and approval of rural power supply projects, direct authorities to implement the project in accordance with current regulations and provisions of this Decision.
 - + Allocate sufficient funds for project implementation.
 - + Register project fund and annual plan on fund demanded from the Central budget with MOIT for MOIT's balancing, consolidation and sending to MPI and MOF to submit to the Prime Minister for decision.
 - + Coordinate with other ministries and departments to arrange annual fund and implement the project as scheduled in accordance with current regulations.
 - + Regularly inspect and monitor the implementation and management of rural electricity supply projects in the locality and follow reporting regime as prescribed; quarterly report the management and use of investment fund from the central budget as prescribed, then send to MPI, MOF and MOIT.
 - For projects on power supply from sources other than the national grid: Apart from functions of a project owner, the provincial People's Committee shall organize and arrange the operation and exploitation of the project after complete investment.
6. Vietnam Electricity:
- For rural power supply projects in provinces that are to be implemented by EVN:

- + Arrange the formation and submission to competent authorities for appraising and approving the projects.
- + Direct Power Corporations to implement the projects with assured quality and progress.
- + Arrange adequate counterpart fund and implementation of rural electrification projects in accordance with current regulations as scheduled.
- + Quarterly report management and use of investment fund from the central budget and register annual fund demand from the Central budget as prescribed, then send to MPI, MOF and MOIT.
- + Coordinate with the People's Committees at all levels and departments of the province in addressing issues during the project implementation.
- For projects on rural electricity supply from the national grid owned by the provincial People's Committee: Perform reception, operation management and selling electricity to households after component projects are completed and put into use; arrange receipt of funds and assets after the project components are completed final financial settlement.

Article 3. Validity and Effect

1. To add the Program for power supply to rural, mountainous areas and islands in the period 2013-2020 to the list of targeted support programs financed from the central budget, issued attached to the Decision No. 60/2010/QD-TTg of September 30, 2010 by the Prime Minister.
2. This decision shall take effect from the date of signing.
3. Ministers, heads of ministerial-level agencies, Government agencies, Chairmen of People's Committees of provinces and centrally-run cities, the Council of members, Chairmen of the Council of members, General director of EVN and related agencies shall be responsible for following this Decision./.

Recipients:

- Secretariat of the Party Central Committee;
- Prime Minister, Deputy Prime Minister;
- The ministries, ministerial-level agencies, agencies under the Government;
- Councils of Members and People's Committee of provinces and centrally-run cities;
- Central Office and Commissions;
- Office of the General Secretary;
- Office of the President;
- Ethnic Council and Committees of the National Assembly;
- Office of the National Assembly;
- The Supreme People's Court;
- The Supreme People's Procuracy;

PRIME MINISTER
Nguyen Tan Dung
(signed and sealed)

- State Audit;
- Central Committee of the Vietnam Fatherland Front;
- Central offices of the Unions;
- Vietnam Electricity;
- Office of the Government: Minister - Chairman, Deputy Chairmen, Assistant to the PM, Director General of web portal, Departments, the Official Gazette;
- Archive: Office file, KTN (3b).

GIZ Unofficial Translation - For Reference Only

APPENDIX

LIST OF PROVINCES UNDER THE PROGRAM FOR POWER SUPPLY TO RURAL, MOUNTAINS AREAS AND ISLANDS IN THE PERIOD 2013 - 2020

(Attached to Decision No. 2081 / QD-TTg dated 08/11/2013 of the Prime Minister)

The provinces follow the financial scheme of 85% of the investment funds from the Central budget and ODA loans and 15% of the investment funds from the project owner:

No.	Name of Province	No.	Name of Province
1	Lai Chau	25	Binh Dinh
2	Dien Bien	26	Phu Yen
3	Ha Giang	27	Khanh Hoa
4	Son La	28	Gia Lai
5	Cao Bang	29	Kon Tum
6	Lao Cai	30	Dak Lak
7	Yen Bai	31	Dak Nong
8	Bac Kan	32	Lam Dong
9	Lang Son	33	Binh Thuan
10	Tuyen Quang	34	Binh Phuoc
11	Quang Ninh	35	Tay Ninh
12	Thai Nguyen	36	Ben Tre
13	Phu Tho	37	Tra Vinh
14	Bac Giang	38	An Giang
15	Hoa Binh	39	Kien Giang
16	Hai Phong	40	Can Tho
17	Thanh Hoa	41	Soc Trang
18	Nghe An	42	Bac Lieu
19	Ha Tinh	43	Long An
20	Quang Binh	44	Tien Giang
21	Quang Tri	45	Vinh Long
22	Thua Thien Hue	46	Dong Thap
23	Quang Nam	47	Hau Giang
24	Quang Ngai	48	Ca Mau