

**DECISION No. 22/1999/QĐ-TTg OF FEBRUARY 13, 1999 RATIFYING THE PROJECT ON RURAL ELECTRICITY**

THE PRIME MINISTER

*Pursuant to the Law on Organization of the Government of September 30, 1992;**At the proposals of the Minister of Planning and Investment and the Minister of Industry,*

DECIDES:

**Article 1.-** To ratify the project on rural electricity till the year 2000 with the following major contents:

## 1. The project's objectives

To supply electricity, by the end of 2000, to all provinces and districts nationwide. To strive for the target that 80% of communes with 60% of peasants' households therein will be supplied with electricity for their daily life and production, in order to raise the material and spiritual life and promote socio-economic development in the countryside in the cause of national industrialization and modernization.

## 2. Directing principles

The development of rural electricity networks, including the building and upgrading of the existing power system, must be in line with the planning and in association with the rearrangement of population in each locality; the projects must be arranged according to their importance and priority, then implemented step by step according to the country's financial balance. To give priority to the areas with high possibility of quickly raising the agricultural productivity and efficiency along the direction of modernization, the areas with convertible economic structures and the areas important to national security and defense.

The electrification of rural areas must go hand in hand with the development of the national power grid and the development of on-spot electricity generation, such as mini- hydro-electric power stations, wind power, solar power, biogenetic gas-power ... on the basis of analyzing the optimum options on expenses and other relevant factors. It is necessary to thoroughly and rationally realize the principle of joint efforts by the State and people, the central and local authorities in order to mobilize and coordinate different capital sources.

## 3. Implementation measures

To concentrate on considering the power supply for communes in the former revolutionary bases, communes in deep-lying and far-flung regions and key security and defense areas; as well as communes with conditions for re-structuring the economy along the direction of rural and agricultural modernization.

To concentrate on improving power grids of the already electrified communes and in places where such grids are seriously degraded and the electricity is poorly supplied, failing to ensure the technical and safety requirements of power supply and use. To pay attention to the improvement of power grids in communes where the planning has been carried out.

## 4. Mechanism of capital mobilization and investment capital sources

a/ Sources of capital for the establishment of medium-voltage lines, transformer stations and voltage meters:

- The State budget's capital;
- The basic depreciation fund;
- The preferential credit loan capital under the annual State plan;
- The international aid capital under various agreements.

b/ For low-voltage power grids, the local budget's capital shall be used.

c/ For low-voltage lines from the low-voltage axis to people's houses, the expense shall be borne by people themselves.

d/ For provinces in regions II and III, border and island areas, areas far from the national power grids, and family households being the social policy beneficiaries and meeting with particular difficulties, the State shall partly provide fund for the building of the low-voltage axis as well as the low-voltage lines to people's houses.

e/ For cities of Ha Noi, Hai Phong and Da Nang and Ho Chi Minh City as well as for provinces of Dong Nai, Khanh Hoa and Ba Ria-Vung Tau, the investment capital for construction of power grids, including the medium- and low-voltage grids, shall be mobilized mainly from local budgets.

f/ To step up the process of rural electrification, the provincial/municipal People's Committees shall elaborate projects and submit them to the higher-level authorities for approval according to current regulations. To encourage all economic sectors to take part in the investment and trading of the low-voltage grids in rural areas by the mode of investing capital in building low-voltage grids, buying wholesale electricity from the Vietnam Electricity Corporation at the price fixed by the State for the retail thereof to family households at the prices accepted by the Government Pricing Commission.

g/ For a number of mountainous and island communes, which, from now till the year 2000, are incapable of accessing to the national power grid, the local authorities shall elaborate projects to establish the on-spot power generation sources, suited to the conditions of each locality, such as the diesel power generation, mini- hydroelectric power stations, solar power... The State encourages different economic sectors inside and outside the country to take part in the investment and trading of the on-spot power sources.

## 5. Mechanism of investment and construction management

a/ The Ministry of Industry shall study and soon issue economic and technical norms and standards of the rural power grids for the unified application in the whole country along the direction of simplifying the procedures on project elaboration, ratification, designing and construction. The investment and construction of the rural power grids must comply with the current regulations on investment and construction management.

b/ The Vietnam Electricity Corporation shall have the right to decide investment in Group C- projects on power grids and on-spot power generation sources with capital from different sources (in strict compliance with the order of investment and construction, from the investment preparation stage to the investment implementation and putting of the project into use). For the small-scale projects, the technical designs (the model ones) may be elaborated according to the planning and the total cost estimates, then submitted for approval for each region.

c/ The People's Committee of the provinces and centrally-run cities shall exercise the function of State management over:

- The electrification development planning;
- The supervision of electricity supply and generation in accordance with the stipulations of the State and the assignment of responsibilities by the Ministry of Industry.
- The management of development of new types of energy.
- The inspection of power safety.

d/ The Ministry of Industry is assigned to assume the prime responsibility and coordinate with the Ministry of Planning and Investment, the Ministry of Finance, the State Bank of Vietnam and the People's Committees of the provinces and centrally-run cities in studying and proposing options for capital sources according to the annual plan and submit them to the Prime Minister for decision.

## 6. Mechanism of management and trading of rural electricity supply

a/ The Vietnam Electricity Corporation shall manage the power supply to grids and transformer stations of 22 KV. The local administrations shall manage the electricity supply from grids to voltage meters.

b/ The Ministry of Industry shall have to guide localities which are fully qualified to take over and manage power grids according to the above-said assignment of responsibilities; the power grids must be taken over and managed so as to ensure the safety, quality and efficiency of power supply and reduce power losses.

c/ Enterprises (including enterprises of the current models) which are authorized to manage and trade in rural electricity, supply systems, when established shall have to abide by the provisions of law. Regarding the electricity buying and selling prices, the Government Pricing Commission's guidance shall apply.

## 7. Assignment of responsibilities for organization of implementation

a/ The Ministry of Industry performing State management function shall have to promulgate a Regulation on the management of the rural power grids and guide and inspect the implementation thereof.

b/ The Ministry of Planning and Investment shall assume the prime responsibility and coordinate with the Ministry of Finance in balancing the State budget-originated investment capital (including ODA capital and preferential credit capital) for the rural electricity supply projects of localities to the year 2000 according to the annual plan.

c/ The Ministry of Finance shall:

- Coordinate with the Ministry of Planning and Investment in determining the annual State budget's capital for the rural electricity supply projects to the year 2000; directing the General Department for Investment and Development to mobilize capital for the power industry and preferential loans for localities to build their power grids according to plans.
- Direct and organize the full and timely capital allocation according to the estimates and objectives of the ratified investment projects within the contents prescribed herein.

d/ The State Bank of Vietnam shall direct the commercial banks to apply different forms of preferences so that people's households being the social policy beneficiaries and meeting with difficulties can borrow capital for investment; and direct the mobilization of capital for the power industry and preferential loans for localities to build power grids according to the mechanism annually approved by the Government.

e/ The People's Committees of the provinces and centrally-run cities shall have to closely coordinate with the Ministry of Industry and the Vietnam Electricity Corporation in elaborating the planning, plans and investment projects, managing and trading in rural power grids, ensuring that the rural electricity projects to the year 2000 will achieve the set objectives; and exercise the State management over the electric power-related activities in their respective localities.

f/ The Government Pricing Commission shall assume the prime responsibility in setting power prices and guiding the power selling prices for peasants' households under the Prime Minister's direction on ceiling prices.

g/ The Vietnam Electricity Corporation shall have to follow the direction of the Ministry of Industry, the relevant branches and the

People's Committees of the provinces and centrally-run cities in order to achieve the set objectives.

**Article 2.-** This Decision takes effect 15 days after its signing. The Minister of Industry, the ministers, the heads of the ministerial-level agencies, the heads of the agencies attached to the Government and the presidents of the People's Committees of the provinces and centrally-run cities shall have to implement this Decision.

For the Prime Minister

Deputy Prime Minister

NGO XUAN LOC

THE PRIME MINISTER OF GOVERNMENT

Ngo Xuan Loc