

1 The Royal Government of Cambodia's Rural Electrification Policies and Strategies

The Royal Government of Cambodia (RGC), through the Ministry of Mines and Energy, has established a policy to promote and encourage development of rural electrification to meet the need of its population and society to use electricity. The goal of RGC is (i) by the year 2020, all the villages of the Kingdom of Cambodia will have electricity of some type; and (ii) by the year 2030, at least 70 % of households will have access to grid-quality electricity.

In order to achieve these targets, the Rural Electrification Fund of the Kingdom of Cambodia was first established by the Royal Decree No. NS/RKT/1204/048 on 4th December 2004 to accelerate the development of rural electrification. Then, on 22 August 2012, RGC issued a new Royal Decree NS/RKT/0812/734 on the amendment of some articles of the old Royal Decree to integrate Rural Electrification Fund with Electricité du Cambodge (EDC).

The objectives of REF are (1)- to promote equitable rural electrification coverage by facilitating the population's access to electricity at affordable price for economic, social and household uses, thus contributing to poverty reduction, and (2)- to promote and encourage private sector to participate in providing sustainable rural electrification services; in particular the exploitation of and economic application of technically and commercially well proven new and renewable energy technologies.

At present, Department of Rural Electrification Fund of EDC hereinafter called "REF" has five programs for transferring the benefits resulting from the development of electricity to the population in rural area consisting of (1)- Program for Power to the Poor (P2P), (2)- Program for Solar

Home System (SHS), (3)- Program for Providing Assistance to Develop Electricity Infrastructure in Rural Areas, (4)- Program for implementing the subsidy scheme for licensees connected to the grid system to reduce the tariff for sale of electricity in provinces and cities and (5)- Program for providing electricity for pumping for agricultural irrigation.

2 The Sources of Fund

The sources of fund for REF are as follows:

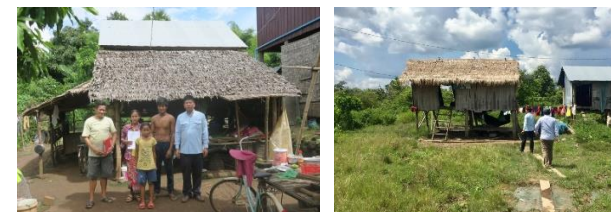
1. Social budget package provided in electricity tariff of EDC and other donations of EDC, if any.
2. Donations and grants whose sources and terms are acceptable to the Ministry of Mines and Energy and the Ministry of Economy and Finance.
3. Other sources from RGC.

3 Program for Rural Electrification Development

3.1 Program for Power to the Poor (P2P)

The purpose of this program is to facilitate the poor households in rural areas to have access to electricity for their houses from grid supply by providing interest free loan to meet (1)- costs for the connection fees of the electricity supplier, (2)- costs for deposit to be deposited with the electricity supplier, (3)- costs for purchase of materials and labor for the installation of wires from the connection point to its house, and (4)- costs for purchase of materials and labor for the installation of in-house wiring. The loan will be paid through the electricity supplier who will be responsible to pay back to REF by collecting from the Borrower in monthly installments within 36 months. The Amount of this loan shall not exceed 480,000 Riels per household. All material and equipment installed will remain the property of the electricity supplier during the period; the Borrower

has not paid the loan amount in full. When the Borrower has paid the loan amount in full, all material and equipment installed will become the property of the Borrower.



3.2 Program for Solar Home System (SHS)

The purpose of this program is to facilitate the remote rural household, which may not have access to the electricity network for a long period, access electricity through SHS. EDC through REF will provide a subsidy of USD 100 per SHS to rural households, as assistance to reduce the cost of the SHS and the purchaser shall pay back the remaining cost, after deducting the subsidy, to REF. REF will install the SHS at the house and the household can choose, the pay back of the remaining cost by any one of the 3 options: option (1)- payoff the remaining cost at the time of installation or option (2)- payment of half-yearly instalments in the beginning of each half-year within a period of 4 years or option (3)- every two month instalments within a period of 4 years. After the purchaser has paid the remaining cost in full, the SHS will become the property of the purchaser.

The SHS materials to be installed at the premises of the purchaser consist of:

- Solar photovoltaic module with the capacity of 80Wp: 1 unit
- Charge controller (12Vdc): 1 unit
- Battery with the capacity of 70Ah (12Vdc): 1 unit
- Energy Saving LED, 3W: 4 sets, and
- Other accessories for the installation of SHS.



3.3 Program for Providing Assistance to Develop Electricity Infrastructure in Rural Areas

The purpose of this program is to facilitate the private electricity licensee in rural areas having legal license to access fund for investing on construction of electricity supply infrastructure to fully cover its authorized distribution area in order to allow all rural households have access to electricity for use. The criterion for implementation of this program is formulated for three different types of area considering the density of population as follows:

Area No. 1: Area with high density of population having economic efficiency

REF will provide the guarantee on loan borrowed by the licensee in rural areas from the local banks for investment on development of electricity infrastructure in rural areas to fully cover its authorized distribution area.

Area No. 2: Area with medium density of population, where doing electricity business may not be profitable if the electricity supplier has to pay interest on the investment capital

REF will provide interest free assistance for investment on electricity infrastructure in rural areas with medium density of population.

Area No. 3: Area with low density of population, where doing electricity business is not viable unless part of the infrastructure cost is provided as grant

REF will provide part of the infrastructure cost as grant and part of the cost as interest free assistance for investment on electricity infrastructure in rural areas.

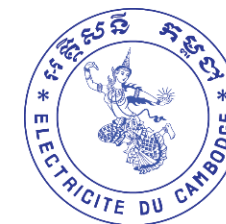


4 Program for implementing the subsidy scheme for agricultural irrigation for licensees connected to the grid system to reduce the tariff for sale of electricity in provinces and cities

The purpose of this program is to provide subsidy to the licensees connected to the grid system for reduction of tariff for sale of electricity at reduced tariff in rural areas under the framework of Strategic Planning for Reduction the Rate and Gap of the Tariff for Sale of the Electricity in the Kingdom of Cambodia for the year 2015 to 2020.

5 Program for providing electricity for pumping for agricultural irrigation

The purpose of this program is to provide electricity infrastructures for irrigation and agricultural uses at the concessional rate during night time for consumer given supply from the grid system.



Electricité Du Cambodge



Transferring the Real Benefits to the Rural Population



Address's REF Department:
 Building # 205, National Road No. 5, Sangkat Kilometer
 No. 6, Khan Russeykeo, Phnom Penh, CAMBODIA.
 Hotline: 015 (089) 776-770
 Tel: (855-23) 997 600, Fax: (855-23) 997 601
 Website: <http://www.ref.gov.kh>