

## 1 Establishment of Rural Electrification Fund

Rural Electrification Fund was first established by the Royal Decree No. NS/RKT/1204/048 on 4<sup>th</sup> December 2004 to accelerate the development of rural electrification in the Kingdom of Cambodia. Then, on 22<sup>nd</sup> August 2012, a new Royal Decree No. NS/RKT/0812/734 has amended some articles of the old Royal Decree on formation of REF, to integrate Rural Electrification Fund with Electricité du Cambodge (EDC). In accordance with this new Royal Decree, EDC has established a new department known as “Department of Rural Electrification Fund” hereinafter called (REF).

In 2020, for transferring the benefits to the population in rural area resulting from the development of electricity, REF has plan to continue to implement the 5 programs consisting of (i)- Program for Power to the Poor (P2P), (ii)- Program for Solar Home System (SHS), (iii)- Program for Providing Assistance to Improve Existing and Develop new Electricity Infrastructure in Rural Areas, (iv)- Program for providing subsidy to the licensees connected to the grid system, under the frame work of Strategic Planning for Reduction of the Tariff and the difference in the tariff for sale of electricity in the Kingdom of Cambodia for the years 2015 to 2020 in provinces and cities, and (v)- Program for providing electricity for agricultural sector.

## 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)

#### 3.1.1 Program for Power to the Poor (P2P) by Providing Interest Free Loan:

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 the costs for connection fees, deposit, equipment and the installation of wires from the connection point to its house and costs for purchase of materials and labor for the installation of in-house wiring. The amount of this interest free loan shall not exceed 480,000 Riels per household. The interest free loan will be paid back through the electricity supplier in easy monthly installments within 36 months.

#### 3.1.2 Program for Power to the Poor (P2P) by Providing of \$50 Subsidy per Household:

The purpose of this program is to facilitate the poor households in rural areas, who do not have ability to avail benefits under “P2P Program by Providing Interest Free Loan”, to have access to electricity for their houses from grid supply by providing a subsidy of \$50 per household through the electricity suppliers to meet part of the costs of materials and labor for the installation of wires for service line from the connection point to its house, and costs of materials and labor for the installation of in-house wiring.

#### 3.1.3 Program for Power to the ID Poor Households (HHs):

The purpose of this program is to facilitate the ID Poor Households in rural areas to have access to electricity for their house from grid supply by

providing a subsidy of \$100 per household through the electricity suppliers to meet costs for the equipment and the installation of wires from the connection point to its house and costs for purchase of materials and labor for the installation of in-house wiring.



### 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. REF will provide a subsidy of \$100 per SHS-80Wp, of \$200 per SHS-200Wp and of \$200 per SHS-325Wp with 4L AC rice cooker to rural households, as assistance to reduce the cost of the SHS. REF will install the SHS at the house and the household shall pay back with interest free of the remaining cost, after deducting the subsidy, to REF, 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)- payment by bi-monthly 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.



### 3.3 Program for Providing Assistance to Improve Existing and Develop New Electricity Infrastructure in Rural Areas

The purpose of this program is to facilitate the private electricity supplier in rural areas having legal license to access fund for investing on expansion of electricity supply infrastructure to fully cover its authorized distribution area in order to allow all rural households in the authorized distribution area to have access to electricity for their 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 population.

#### Area No. 3: Area with low density 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.



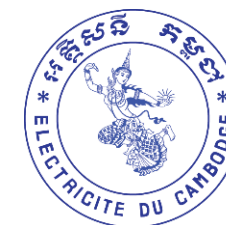
### 4 Program for providing subsidy to the licensees connected to the grid system under the framework of Strategic Planning for Reduction of tariff for sale of electricity in the Kingdom of Cambodia during the years 2015 to 2020 in provinces and cities

The purpose of this program is to provide subsidy to the licensees connected to the grid system under the framework of Strategic planning for reduction of the tariff for sale of the electricity in the Kingdom of Cambodia during the years 2015 to 2020 in provinces and cities.

### 5 Program for providing electricity for agricultural sector

The purpose of this program is to facilitate access to electricity from the grid system for agricultural irrigation uses at concessional rate of 480 riels per kWh for use during night time from 9:00 p.m. to 7:00 a.m. and normal rate per kWh for use during day time from 7:00 a.m. to 9:00 p.m.

The program includes use of Electricity in agricultural sector which includes 1) farming, livestock and fishing 2) acts for the first activity, such as pumping, drying, freezing, agricultural production, etc. and 3) processing of products from the first, such as rice milling, factory for canning of food material, factory for animal feed processing, etc.



**Electricité Du Cambodge**



### Transferring the Real Benefits to the Rural Population



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