Cambodia: Rural Electrification Project

Project Name: Rural Electrification Project
Project Number: 42361-012
Country: Cambodia
Project Status: Closed
Project Type / Modality of Assistance: Technical Assistance
Source of Funding / Amount: TA 7675-CAM: Rural Electrification Technical Assistance Special Fund; US$ 1.30 million

Strategic Agendas
- Inclusive economic growth
- Drivers of Change
  - Governance and capacity development
  - Private sector development
- Sector / Subsector
  - Energy
    - Electricity transmission and distribution
- Gender Equity and Mainstreaming
  - Effective gender mainstreaming

Description
ADB has provided a $45 million project loan to the Royal Government of Cambodia (RGC) to support Electricite du Cambodge (EDC) in (i) installing medium-voltage sub-transmission lines in rural areas in Cambodia, and (ii) strategic corporate management capacity building. The project will help increase access to grid-electricity in rural areas by expanding the grid-electricity supply infrastructure in partnership with private Rural Electricity Enterprises (REEs). The development of an electricity distribution network in rural areas will displace expensive, unreliable, environmentally and health hazardous off-grid diesel generation by REEs for the operation of their isolated distribution mini-grids. The project, thus, supports the Government in achieving climate change mitigation efforts. In addition, the project will (i) strengthen the capacity of REEs in paying for and distributing the power they will receive from EDC, and (ii) involve local communities in expanding and developing economic activities, also with the potential to engage women in benefiting from expanded grid-electricity supplies. This will contribute to maximizing the benefits, and long-term financial sustainability of the proposed project. A Project Preparatory Technical Assistance (PPTA) was required to prepare the proposed project.

Project Rationale and Linkage to Country/Regional Strategy
ADB’s draft Country Partnership Strategy (CPS) for 2011-2013 supports the RGC’s aim to achieve higher levels of (i) inclusive economic growth; (ii) social development and gender equity; and (iii) good governance and development. The promotion and development of rural and urban linkages and equality is one of the five identified areas of engagement in the draft CPS. By increasing the provision of reliable, cost-effective quality electricity supply into rural areas the proposed project will contribute to achieving these economic and social objectives. Support for (i) the expansion of the electricity grid into rural areas, and (ii) strengthening the institutional and operational efficiency of EDC has been clearly identified as a focus area of ADB’s assistance in Cambodia’s energy sector Assessment, Strategy and Roadmap (ASR). The project loan was included in the Country Operations Business Plan (COBP) 2011-2013 which was approved in 2012. In Cambodia, the electrification rate in rural areas is the lowest in Southeast Asia. More than 11 million people in rural areas, about 80% of the country’s population, use supply from charged automobile batteries (around 45%), or kerosene and candles for lighting. Only 8% of rural households have access to electricity supplies from the public grid. The remaining 5% are serviced through isolated mini-grids owned and operated by private REEs using diesel-generated power. In addition to being expensive, the reliability and quality of electricity services in rural areas is generally poor. Supplies from mini-grids are often limited to just 4 to 5 evening hours at a maximum. The use of old equipment, poor maintenance, difficulties in obtaining diesel fuel due to poor infrastructure, and high fuel costs mean that supplies are often intermittent. Not only does this severely constrain the quality of life of rural households, it actually hinders business growth especially when the economy aims to diversify from garment to other sources of growth such as agriculture and tourism. Most large commercial consumers such as hotels and industry install their own captive generators, which results in loss of some of the highest demand consumers. With this project, ADB will support the Government’s strategy to expand the grid-electricity infrastructure into rural areas. REEs represent an important private-sector based framework to supplement EDC’s electrification effort.

Impact: tbd

Project Outcome
- Description of Outcome: tbd
- Progress Toward Outcome: tbd

Implementation Progress
- Description of Project Outputs: tbd
- Status of Implementation Progress (Outputs, Activities, and Issues): tbd

Geographical Location

Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design

During Project Implementation
A consulting firm has been engaged to undertake the technical and financially feasibility of the grid-extension component of the PPTA. Individual consultants have been recruited to undertake the tariff and taxation efficiency study and safeguards assessment.

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Rehan Kausar

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Southeast Asia Department

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Energy Division, SERD

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### Timetable

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**TA 7675-CAM**

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**Project Page**
https://www.adb.org/projects/42361-012/main

**Request for Information**
http://www.adb.org/forms/request-information-form?subject=42361-012

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