# Viet Nam: Rural Electrification Project

**Project Name** | Rural Electrification Project  
**Project Number** | 49131-002  
**Country** | Viet Nam  
**Project Status** | Proposed  
**Project Type / Modality of Assistance** | Loan  
**Source of Funding / Amount** | Loan: Rural Electrification Project  
| | Ordinary capital resources  
| | US$ 325.00 million  
**Strategic Agendas** | Inclusive economic growth  
**Drivers of Change** | Governance and capacity development Partnerships  
**Gender Equity and Mainstreaming** | Effective gender mainstreaming  
**Environmental Aspects** |  
**Safeguard Categories** |  
| Environment | B  
| Involuntary Resettlement | B  
| Indigenous Peoples | C  
**Summary of Environmental and Social Aspects** | The project’s environment categorization is classified as B. The initial environmental examination needs to be confirmed and verified during the PPTA implementation.  
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The proposed Rural Electrification (RE) project will support the Socialist Republic of Viet Nam’s rural electrification program for 2013-2020 (the government’s RE program) and is aligned to the Seventh National Master Plan for Power Development for 2011-2020 (PDP7) which targets full electrification by 2020. The proposed project will (i) assist the government in achieving its target of 99.89% electrification by 2020; (ii) improve the reliability of power distribution networks in rural areas; and (iii) strengthen the institutional capacities of Ministry of Industry and Trade (MOIT), Provincial People’s Committee(s) (PPC), Viet Nam Electricity (EVN), and Power Corporation(s) (PC) to undertake rural electrification projects.

The proposed project has two executing agencies (EAs) which are EVN and the Department of Power Grid and Rural Electrification of MOIT. There are a total of eight implementation agencies (IAs) which are three PCs under EVN and five PPCs under the Department of Power Grid and Rural Electrification. As ADB has experience with EVN/PCs in the power subsector, they will undertake project implementation activities on behalf of the five PPCs in order to improve project efficiency during implementation.

According to the government’s RE program, Viet Nam’s electrification rate is expected to reach 98% by 2015. The program targets electrifying the remaining 2% by both on-grid and off-grid which corresponds to around 501,000 households and the rehabilitation of distribution networks benefiting around 642,000 households across 48 provinces by 2020. Moreover existing rural households which have access to electricity suffer from poor quality of electricity supply. A leading cause is the traditional electrification approach where EVN provides medium voltage networks to the center of the villages and the provincial governments and local communities are then responsible for the low voltage networks. Due to limited capacity and lack of adequate funds at the local level, the bulk of the low voltage networks in rural areas are poorly designed and not properly maintained. Therefore, planned rural electrification program will require rehabilitation of existing electricity networks as a precursor.

The government’s RE program in 26 provinces will be undertaken by EVN and in the other 22 provinces will be undertaken by the respective PPCs. The specific RE program targets for 2016-2020 are: (i) on-grid electrification and service improvement for around 1.1 million households; (ii) off-grid electrification for 21,000 households; and (iii) supply of electricity for irrigation pumps benefiting 22,000 households in the Mekong Delta area. It is estimated that a total investment of VND33,013 billion ($1.5 billion) is needed to achieve these targets. Sufficient electricity supply for rural electrification is ensured. In 2014, total installed generation capacity of was more than above 34,000 MW and peak demand around 22,000 MW. The proposed project will finance a portion of the government’s overall RE program.

As the proposed project is a high priority, the government has requested the Asian Development Bank (ADB) to provide a project loan to support rural electrification in Viet Nam. The remaining un-electrified villages are mainly in isolated mountainous areas posing significant access challenges. The consumption rate of electricity and the corresponding revenue from electricity sales in remote areas is low whereas the capital investment required is high. Therefore, ADB’s support for the government’s rural electrification program will help provide access to electricity and socioeconomic opportunities.

The proposed project is aligned with the Country Partnership Strategy for Viet Nam (2012 -2015) which supports inclusive and environmentally sustainable growth. By increasing reliable electricity supply to rural areas, the proposed project will contribute to inclusive and socioeconomic growth. The project is included in the Country Operations Business Plan (2015 -2017) and is also consistent with the draft Viet Nam Energy Sector Assessment, Strategy and Roadmap.

**Impact**  
Increased access to reliable electricity to achieve 99.89% of electrification in Viet Nam by 2020 (National Master Plan for Power Development Plan, 2011-2020)

**Outcome**  
Increased access to quality and affordable electricity supply in the targeted provinces

**Outputs**  
1. Electrified rural households connected to the electricity networks
2. Rehabilitated distribution networks with improved quality of electricity supply
3. Institutional strengthening of MOIT, PPCs, EVN and PCs on rural electrification implementation

**Geographical Location**  
Nation-wide
Involuntary Resettlement

The project’s involuntary resettlement categorization is classified as B. The proposed project does not foresee large scale involuntary resettlement or land acquisition because the upgrading of distribution lines are already owned and managed by power corporations and new extension of distribution lines will be installed normally along the roads. All affected persons will be consulted during the PPTA implementation.

Indigenous Peoples

The project’s indigenous peoples categorization is classified as C. The proposed project have no potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples. all negative affect will be examined during the PPTA implementation, if any.

Stakeholder Communication, Participation, and Consultation

During Project Design

The stakeholders will be consulted through meetings, interviews and surveys in order to increase awareness about the project and seek inputs to the project. The MOIT and EVN have been consulted during the proposed project concept stage. Concerned government agencies such as MPI and MOF and development partners including World Bank and European Union have also been consulted. Consultation with the poor, vulnerable and excluded groups will focus on issues associated with environment, involuntary resettlement, if any, and other social issues that may affect them.

During Project Implementation

Business Opportunities

Consulting Services
Details of consulting services for the project will be decided during PPTA.

Procurement
Details of procurement for the project will be decided during PPTA.

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Choon Sik Jung

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Timetable

<table>
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<th>Activity</th>
<th>Date</th>
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<tr>
<td>Concept Clearance</td>
<td>14 Dec 2015</td>
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<tr>
<td>Fact Finding</td>
<td>15 Jun 2020to 19 Jun 2020</td>
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<tr>
<td>MRM</td>
<td>17 Nov 2020</td>
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<tr>
<td>Approval</td>
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<td>Last Review Mission</td>
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<td>Last PDS Update</td>
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Project Page
https://www.adb.org/projects/49131-002/main

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Date Generated
13 November 2019

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