



Dear Colleagues and Stakeholders of the Village Off-Grid Project,

We are pleased to send you this fifth Newsletter to inform you about the progress of the Village Off-Grid Project, a component of the Rural Electrification Program of the Government of Lao PDR.

The format of this Newsletter has been enriched so that news and updates on the project implementation and specific activities during the last months are presented in a more reader-friendly manner.

For further information, please contact the VOPS Office in Vientiane on + 856 21 453 361, or the VOPS contractor, IED – +33 4 72 59 13 20 a.shanker@ied-sa.fr

More detailed information on the VOPS can be found on the VOPS website: www.vopslaos.org

1. 15,000 Solar Home Systems by end 2009

The Off-grid component of the Rural Electrification Program funded through an agreement between the Government of Lao PDR and the World Bank is now in full implementation. The execution has well progressed with the handing over in 2006 of 6,000 Solar Home Systems (SHS) systems inherited from Japanese Cooperation and previous government programs, the installation in 2007 of a first batch of 3,750 solar home systems in 7 provinces and the current installation of another batch of 5,250 SHS in 12 provinces. Current systems are of a capacity between 20 and 50 Wp.

When completed in December 2009, there will be 15,000 solar home systems in operation in 15 provinces under the supervision of VOPS. This means that 15,000 households will benefit from the program in 380 villages of Laos.



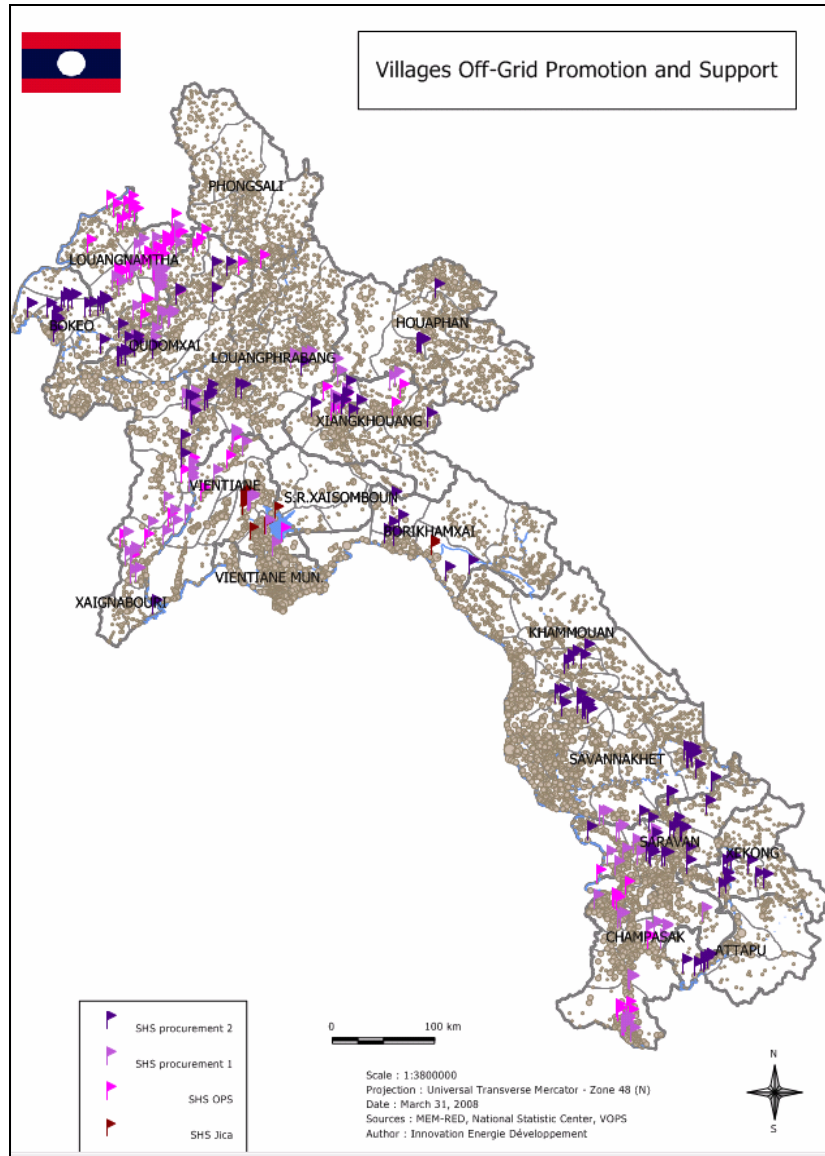
Rural Electrification Division staff at DOE

2. Provincial Energy Service Companies operate in each Province of the country

The Provincial Electricity Service Companies (PESCOs) are key stakeholders in the implementation of the off-grid rural electrification as they are the field operators who in turn mobilize Village Energy Managers (VEMs).

The PESCOs network covers now all provinces of Laos. A few companies are supervising the activities in two provinces such as the Champasak PESCO which also cover Attapeu province and the Salavan PESCO which is also responsible for the activities in the Sekong province. For geographical reasons, it has also been relevant to split a province in two areas and two PESCOs are covering Xayabury province.

The following map presents the SHS kits distribution within the country. (Based on VOPS GIS database)



3. Existing systems continuously improved and maintained

IED (France), with PPNK and Sengsaveng (Laos) have been recruited by the Ministry as Management contractors of the Village Off grid Promotion and Support office (VOPS). With the active participation of all PESCOs, VOPS executed an Improvement Program in the provinces where 6,000 solar units were installed between 1999 and 2004. Better customer service, replacement of faulty and broken equipment, housekeeping were some of the support that VOPS and the PESCOs provide to the customers, which required refresher training of the VEMS. This Improvement Program was also the opportunity to improve the customers' registration, to better assess the way customers are using their systems, the difficulties encountered for the day-to-day utilization of their solar home systems and the quality of services provided by the operators (VEMs) and the PESCOs.



Checking of installation by PESCO

4. Short term financing schemes to support working capital needs of PESCOs

VOPS offers some favorable financial modalities to PESCOs enabling the customers to replace their old equipment with payment facilities over a few months. PESCOs can apply for a kip 50 million loan upon submission of a business plan detailing the equipment that will be procured and the business model, including the expected income from the loan used as a revolving fund.

By end of July 2009, 4 loans totaling kip 140 million have been granted to PESCOs which will eventually generate the replacement of 450 batteries and 800 lamps.

5. Installation of 5,250 new SHS in 2009

In January 2009, the Ministry of Energy and Mines signed the supply contract with the Company Sunlabob for the delivery of 5,250 solar home systems including 20W, 30W and 50W systems plus approximately 1,000 balances of system components to be used for re-installation of available second-hand panels.

After testing and inspection, all systems were delivered in 12 provinces during the period 20 May – 4 June 2009. The installation by the PESCOs in the registered villages and users house started immediately. By end of July 2009, more than 4,000 systems have already been installed under supervision of PDEM and VOPS. It is expected that all systems will be installed and operational by end of November 2009.



Setting up of a mast with solar panel

6. Collaboration Nam Theun 2 Project resettlement area

The collaboration with Nam Theun 2 Watershed Management and Protection Authority (NT2 WMPA) initiated in May 2006 with the delivery of 100 solar home systems is continuing with 200 additional 50 Wp units to be supplied to the local communities living in the watershed areas of NT2 Project.

Unlike the first hundred units, DOE asked VOPS to mobilize the Khammouane PESCO to ensure the technical and administrative management of these systems.

7. Village hydro and genset systems

The detailed feasibility studies and bidding documents to connect 1,003 households in Houaphan and Xiengkhouang provinces are completed. Some systems will also be equipped with diesel back-up. VOPS is currently expanding the program in Champasak and Luangnamtha. Due to lack of financial resources in the Rural Off-grid Fund and from international donors, the bidding process has not started yet. Various business models have been proposed including the involvement of Village Operators and local Authorities. The International Finance Cooperation (IFC) has proposed to help develop these potential hydro systems by offering advantageous financial modalities to private investors through the involvement of local commercial banks.

A total of approximately 20 sites have been studied at feasibility level, with capacity ranges from 10 to 100kW – this project activity will be described in detail in a forthcoming newsletter.



8. Safety and awareness raising of pico hydro systems

In addition to the off-grid rural electrification, DOE and VOPS have implemented a pico-hydro safety awareness development program targeting in 351 villages in Northern provinces. The rationale for this specific program was the poor quality of equipment and installation resulting in serious security concern for the people and their properties. More than 14,500 people attended the sessions have been trained to safety representing more than 7,000 pico hydro units. Thousands of picos (100 to 700W) are being imported on a commercial basis to Northern Laos from Vietnam and China – and issues related to expanding and improving service will be covered in a forthcoming specific Newsletter



9. Visit of a Cambodian delegation

From 3 to 6 August 2009, VOPS received the visit of a Cambodian delegation representing various organizations involved in rural electrification in Cambodia directly related to the Rural Electrification Fund. VOPS and DOE presented achievements and procedures used in Laos. During their study tour, the delegation visited some villages in Vientiane province which benefited from the Lao off-grid program.



Field mission in Vientiane Province



Mr. Anousak Phongsavath (MEM/DOE) provides information on Lao Rural Electrification Program to Mr. Loeung Keosela Executive Director of Rural Electrification Fund Secretariat of Cambodia

10. VOPS offices

The Village Off-grid Promotion and Support VOPS is implemented, under supervision of the Program Management Unit of MEM/DOE, by a consortium of French (Innovation Energie Développement - IED) and Lao (SV Consultant, Sengsaveng) companies. Two offices have been established in Laos: a main office in Vientiane Capital which coordinates all operations in the countries and a Northern Branch in Oudomxay which takes care of six Northern provinces more difficult to reach from Vientiane Capital.

