PROCLAMATION NO. 317/2003
A PROCLAMATION PROVIDED FOR THE ESTABLISHMENT OF THE RURAL ELECTRIFICATION FUND

WHEREAS, it is necessary to provide electricity service to improve economic and social development of rural areas;

WHEREAS, it is necessary to promote private and cooperative engagement in rural electrification activities through loan based finance and technical services;

WHEREAS, to achieve this it is important to establish a fund to serve as a source of finance;

NOW, THEREFORE, in accordance with Article 55 (1) of the Constitution of the Federal Republic of Ethiopia, it is hereby proclaimed as follows:

PART ONE
General

1. Short Title
This Proclamation may be cited as the "Rural Electrification Fund Establishment Proclamation No. 317/2003."

2. Definitions
Unless the context otherwise requires, in this Proclamation:
1) "Agency" means the Ethiopian Electricity Agency;
the Rural Electrification Fund (hereinafter ‘the Fund’). Establishment

The Rural Electrification Fund (hereinafter ‘the Fund’)) is hereby established by this Proclamation as a permanent financial source to be deposited under Special Bank Account to be opened by the Ministry of Finance and Economic Development.
4. **Objectives of the Fund**

The Fund has the following objectives:

1) To provide loan and technical services for Rural Electrification Projects carried out by private operators, cooperatives and local communities and more specifically for those projects operating on renewable energy sources;

2) To encourage the utilization of electricity for production and social welfare purposes in rural areas.

5. **Sources of Fund**

The sources of the Fund shall be:

1) Budget allocated by the Government;

2) Loans and grants from other Governments;

3) Loans and grants from International Financial Institutions;

4) Grants from non-Governmental Organizations;

5) Income from other different sources.

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**PART TWO**

**Federal Organs of the Fund**

6. **Organs of the Fund**

1) At the Federal level, the Fund shall have:

   - (a) Rural Electrification Board (hereinafter “the Board”)
   - (b) an Executive Secretariat.

2) The Board shall have the following powers and duties:

   - Advising policy issues to the Ministry;
   - Approving directives, working procedures, standards and project implementation guidelines that serve to implement rural electrification programs;

3) The Board shall have the following powers and duties:

   - (a) implement rural electrification programs;
   - (b) support and encourage the implementation of rural electrification programs by local communities.

4) The Board shall have the following powers and duties:

   - (a) implement rural electrification programs;
   - (b) support and encourage the implementation of rural electrification programs by local communities.

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7. **Members of the Board**

1) The Board shall have members to be designated by the Government.

2) The term of office of any member of the Board shall be five years, provided, however, that he may be reassigned for additional terms of office by the organ, which nominates him.

3) The organ, which has assigned a member of the Board, may at any time and for any reason recall and replace him by another.

4) In case of reduction in the number of Board members due to death or resignation of a member or due to any other reason, the vacant post shall be filled within three months.

5) Any member of the Board shall not engage in any activity that may be directly or indirectly conflicting with his capacity as a Board member. When the member encounters a conflict of interest, he shall disclose such conflict to the Board and withdraw from all meetings of the Board at which such matters are discussed.

8. **Powers and Duties of the Board**

The Board shall have the following powers and duties:

1) Advise policy issues to the Ministry;

2) Approve directives, working procedures, standards and project implementation guidelines that serve to implement rural electrification programs;
3) Approve transparent directives, criteria and appropriate working procedures that enable the issuance of loans;
4) Set-out compensation criteria to be approved by the Ministry, for those operators whose operations are taken over by the Corporation as specified in Article 16 (4) of this Proclamation;
5) Receive, and examine reports and approve same when appropriate;
6) Administer the Fund;
7) Approve the nomination of a Trust Agent that shall be entrusted with the Fund to be secured from different sources, as presented to it by the Executive Secretariat;
8) Issue detailed directives for the Trust Agent;
9) Delegate, when it deems appropriate, its powers and duties to Regional Rural Electrification Secretariat Office;
10) Engage in other activities that enhance rural electrification;
11) Maintain transparency to the public regarding its decisions, program and leadership;
12) Ensure timely collection of the fund, by the relevant body, from the different sources specified in Article 5 of this Proclamation.

9. Meetings of the Board

1) The Board shall have meetings every three months. Extraordinary meetings may be held at any time when called by the chairperson.
2) There shall be a quorum where more than half of the members of the Board are present at a meeting.
3) Decisions of the Board shall be made valid if more than half of those present voted in favor. In the event of a tie, the chairperson shall have a casting vote.
4) The Board may adopt its own rule of procedures with regard to its meetings.

10. Powers and Duties of the Executive Secretariat

The Executive Secretariat shall have the following powers and duties:
1) prepare annual, and whenever required, report and submit it for the approval of the Board;
2) review applications from rural electrification project sponsors and based on the criteria approved by the Board decide on the applications;
3) set out criteria for the competitive selection of a Trust Agent and submits same to the Board for approval;
4) prepare and submit to the Board, for approval, transparent directives and selection criteria and procedures to be used in the issuance of loans and identification of appropriate rural electrification project;
5) facilitate and submit the co-ordination of the rural electrification program activities with other rural development activities;
6) promote and support access to and productive use of electricity in the Rural area;
7) cooperate with relevant bodies for capacity building regarding Rural electrification project installation, operation and Management;
8) prepare, maintain, issue and disseminate equipment, devices and appliances that meet acceptable safety standards and economy for rural electrification;
9) study additional ways and sources of finance to be used for the Fund;
10) compile and keep the working papers, reports and minutes of the Board, further it follows up and confirm the appropriate implementation of the directives of the Board and its decisions;
11) follow up and ensure the timely collection and deposit of the money from the sources specified in this Proclamation in the account of the Fund;
12) perform such other activities related to its powers and duties;
13) make recommendations to the Board regarding the most effective use of the Fund for the rural electrification program as set out from time to time.

11. Powers and Duties of the Director

The Director shall put into practice all the powers and duties of the Executive Secretariat as stated under Article 10 of this Proclamation, and shall be accountable to the Board with regard to the Fund.

PART THREE
Miscellaneous Provisions

12. Uniformity of Practice

1) With a view to ensuring uniformity of practice, the Operational Directive shall govern all operations and activities of the Fund.
2) The Board shall issue Operational Directive.

13. Responsibility of the Trust Agent

1) The Trust Agent shall be responsible for the administration of income accrued from various sources of Fund provided in Article 5 of this Proclamation, and shall, upondirectivestoibeissuedbytheBoard,submittothesame.5) It shall carry out other activities pertaining to its responsibility.

14. Licensing of Rural Electrification Projects

The Agency shall apply relevant law to issue, renew terminate and revoke licenses for rural electrification projects.

15. Eligibility for Loan

A person who is interested to engage in rural electrification activities, shall be eligible for loan financing, provided, however, that he is a legal person and fulfills the criteria required for such financing.

16. Protection to Rural Electrification Operators

1) The Corporation shall issue or cause to be issued every 10 years and indicative national rural electrification master plan showing the expansion of the national grid covering the whole country.
The Executive Secretariat shall keep accurate and complete books of account with supporting documents.

Books of Account

The Executive Secretariat shall keep accurate and complete books of account with supporting documents.

Monitoring and Enforcement of Approved Projects

The Executive Secretariat, may supervise the implementation of approved rural electrification projects and ensure that the projects are executed in accordance with the approved project proposals and take appropriate legal measures pursuant to the project contract.

Right of Way and Land Use

Relevant provisions of the Electricity Proclamation No. 86/1997 dealing with Land Use and Right of Way shall apply to rural electrification projects.

Environmental Protection

Rural Electrification Project plans, construction, operation and maintenance shall respect environmental protection laws.

Safety

Operators shall take the necessary precautions to ensure the safety of persons working in the plant, the public and avoid damage to property.

Relevant provisions of safety standards and conditions in Electricity Proclamation No. 86/1997 and Electricity Operation Regulations No. 49/1999 shall be applicable for rural electrification standards.

Books of Account

The Executive Secretariat shall keep accurate and complete books of account with supporting documents.

Protection of Rural Electrification Customers

1) The Operator shall not charge in excess of the electricity tariff pursuant to the law that causes the Agency to set out tariffs.

2) The Operator shall issue prior notice to the customer by an appropriate means where there shall be service interruption.

3) The Operator shall issue prior notice of three months to the Agency where there shall be electricity service termination.

4) Relevant provisions of laws pertaining to the rights of electricity customers shall be applicable for customers of rural electrification.

Integration to National Grid

The Executive Secretariat shall plan and advise that rural electrification be designed in view of future interconnection to the national grid.

1) Relevant provisions of the Electricity Proclamation No. 86/1997 dealing with Land Use and Right of Way shall apply to rural electrification projects.

2) Relevant provisions of safety standards and conditions in Electricity Proclamation No. 86/1997 and Electricity Operation Regulations No. 49/1999 shall be applicable for rural electrification standards.
24. **Audit**

1) Without prejudice to the powers given by law to the Auditor General, the Books of Account of the Fund shall be audited annually by an external auditor to be appointed by the Board.

2) The Books of Account shall be audited in accordance with internationally acceptable principles and procedures, and the Audit report shall be submitted to the Board and the Ministry of Finance for comments.

3) Technical inspection shall annually be done on selected activities

25. **Duty to Co-operate**

Any individual, Government organs and private organizations shall have the duty to cooperate in the execution of this Proclamation.

26. **Power to Issue Regulations and Directives**

1) The Council of Ministers may issue regulations necessary for the implementation of this Proclamation.

2) The Ministry or the Board, as may be determined by Regulations, may issue directives necessary for the implementation of this Proclamation

27. **Inapplicable Laws**

No law shall, in so far as it is inconsistent with this Proclamation, have effect in respect of matters provided for by this Proclamation.

28. **Effective Date**

This Proclamation shall enter into force as of the 6th day of February, 2003.

Done at Addis Ababa, this 6th day of February, 2003.

GIRMA WOLDE GIORGIS

PRESIDENT OF THE FEDERAL

DEMOCRATIC REPUBLIC OF ETHIOPIA