Background

The energy policy in Lao PDR focuses on making energy supplies affordable and reliable while also ensuring the exploitation of energy resources is done in an environmentally-friendly, efficient, and sustainable manner. The power sector in Lao PDR is undergoing a rapid expansion, and has achieved major success in increasing local electrification. While the electrification program nears its completion, the power grid is increasingly facing new challenges related to the fast growth of electricity demand. The main challenges are persistently high distribution losses, (averaging about 13 percent with some areas experiencing losses of over 20 percent) and sub-standard electricity services, including low reliability of electricity supply due to overloading of the distribution grid particularly in major load centers such as Vientiane capital, Khammouane, Savannakhet, Champassak provinces.

The Power Grid Improvement Project aims to help improve efficiency and reliability of power distribution in the Xaythany District of Vientiane capital, which had a distribution loss of 24 percent at project preparation in 2015. The project mainly targets 10 points distribution loss reduction and associated cumulative energy savings of 2.3TWh by 2040. This can serve as a pilot for replication in other districts.

About the Project

The project aims to help improve efficiency and reliability of power distribution in the selected load areas served by Electricité du Laos (EDL). This is achieved through the following components:

- **Smart metering, distribution improvement and distribution losses reduction** supports rehabilitation, improvement and automation of power distribution and metering infrastructure and equipment in the selected load areas to introduce smart metering, improve the reliability of power supply and reduce distribution losses.

- **Electric utility information system** supports development of an improved information system; extension of the geographic information system; and supply and installation of an updated corporate financial management information system.

- **Institutional capacity building and project implementation support** provides technical and operational assistance to enhance EDL’s institutional capacity to utilize new technologies in addressing distribution losses and improving power grid efficiency, and to carry out the day-to-day management, monitoring and evaluation of project activities.

Beneficiaries

Direct beneficiaries of the project are residential, commercial and industrial consumers served by EDL in Xaythany district of Vientiane Capital. There are currently about 46,000 residential and 1,100 non-residential customers in Xaythany.

Indirect beneficiaries include all consumers; low income customers in particular will benefit from reduced distribution losses and improved quality of supply.

Location

Xaythany District, Vientiane Capital

Financiers

World Bank (International Development Association): $30 million

Implementing Agency

Electricité du Laos (EDL)

Approval Date

June 23, 2015

Closing Date

March 31, 2020

Contacts

Mr. Leopold Sedogo
World Bank Task Leader

worldbank.org/lao

@WorldBankLaos

@WB_AsiaPacific