

# Update of the National Energy Policy and the Associated Implementation Plan Rwanda 2008 – 2012

## Background

The Government of Rwanda requested support to update its Energy Policy (Part A) and to develop an Associated Action Plan (Part B) as a basis for a Sector-Wide Approach to energy (SWAp).

Part A of the now elaborated document is the National Energy Policy, which is an update of a 2004 Energy Policy statement. That statement reflected the emergency orientation in the energy sector at that time and thus had a more short-term focus.

The 2008 update was needed to:

- ▶ Set the National Energy Policy within Rwanda's long-term development plans and strategies
- ▶ Give particular attention to requirements for the progressive development of the electricity sector
- ▶ Have a greater focus on household energy requirements and gender dimensions; bring the statement up-to-date by reflecting the latest developments in methane and renewable energies and their environmental implications
- ▶ State more clearly Rwanda's commitment to private sector participation and to regional cooperation in energy

The updated policy is complemented by the National Energy Strategy (Part B), covering the period 2008-2020. Both parts of the document are the result of careful consideration of the current needs of the country and extensive consultation with all relevant energy sector stakeholders.

## Strategic Targets

The principal objective of the energy sector is to contribute to accelerated sustainable socio-economic development, so as to improve the well-being and the quality of life of the population by powering the social and economic sectors to meet essential needs.

<b>Country</b>	Rwanda
<b>Project Partner</b>	Ministry of Infrastructure Rwanda
<b>Project Manager</b>	Ray Holland
<b>Term</b>	January 2009 (Date of Final Report)

To achieve this objective, the following needed to be addressed:

- ▶ Increase access to electricity for enterprises and households (350,000 household connections by the end of 2012 plus 100% of health and administrative centres and at least 50% of schools)
- ▶ Reduce the cost of service in the supply of electricity, and introduction of cost-reflective electricity tariffs
- ▶ Diversify energy supply sources and ensure security of supply
- ▶ Strengthen governance framework and institutional capacity of the energy sector

There were also a number of cross-cutting themes which require further reflection, e.g. institutional roles and responsibilities (unbundling and setting of electricity tariffs at cost-reflective levels), the private sector participation (PSP) and gender issues.

## Strategy Actions

### Increase Access to Electricity

With its ambitious targets, the Electricity Roll Out Programme requires a massive increase in funding and procurement of raw materials and technical resources from the public and private sectors. In the short to medium term external resources will be required for implementation, in particular to carry out the required training of local electrical installation personnel.

It was proposed to adopt low cost connection techniques, following their successful use in Tunisia. Technical assistance will be provided by the Société Tunisienne de l'Electricité et du Gaz (STEG), the national utility in Tunisia, with which a twinning arrangement was established.



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## Reduce the Cost of Service and Introduce Cost-Reflective Tariffs

The goal is to reduce electricity tariffs to a level of approximately 9,5 ct/kWh (80 Rwandan Franc). The key elements of the strategy are as follows:

The generation capacity could be increased and the unit cost of generation reduced by commissioning 20 MW of new thermal generation, encouraging the development of thermal generating capacity using methane gas from Lake Kivu and developing the hydro plants at Rukarara and Nyabarongo.

In addition, the transmission grid and the electricity distribution networks in Rwanda's districts have to be rehabilitated and expanded. Furthermore, losses in the electricity system will be further reduced so as to free up electricity for other uses.

In areas far from the main electricity grid, local entrepreneurs and private investors are to be mobilised to construct micro-hydro and mini-grids.

## Strengthen the Governance Framework and Institutional Capacity

During the coming years, more comprehensive energy standards and labelling systems are expected from national agencies (the Rwanda Bureau of Standards) and regional bodies (East African Community).

In terms of regulations and procedures to operationalise the legislation intent, every effort will be made to streamline and improve procedures so as to reduce the time and costs involved for energy sector participants. In addition, a regulatory framework for energy efficiency, renewable energy and an Electricity and Gas law will be established.

## The Way Forward

In recent years, the Rwandan economy has grown at between 5.5% and 7% per annum. Provided infrastructure constraints and skills bottlenecks can be overcome, the country is poised to maintain these relatively high growth rates. Shortages of energy, compounded by high prices, threaten to derail this strategy both in the short-term and beyond the 2020 horizon. In order to meet the country's development aspirations, a strong policy and institutional framework is needed to manage existing energy supplies and facilitate substantial investment in all forms of energy.

At the request of the Government of Rwanda, EUEI PDF supported the update of the country's earlier Energy Policy, resulting in the new National Energy Policy for the period 2008-2012. The updated policy is complemented by the National Energy Strategy, covering the period 2008-2020. In addition to this, EUEI PDF together with the partner country developed an Associated Action Plan as a basis for a Sector-Wide Approach to energy (SWAp). With these strategic documents combined with a comprehensive action plan and support from the World Bank, among other donors, Rwanda was able to gain increased investments in its energy infrastructure.

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