



Rwanda

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|--|------------|
| Population ¹ | 11,980,937 |
| Area (km ²) ¹ | 26,340 |
| GDP per capita (USD) ¹ | 762.50 |
| TPES (Mtoe) ² | N/A |
| Energy intensity (toe/10 ³ 2010 USD) ² | N/A |
| CO ₂ emissions - energy (MtCO ₂) ² | N/A |

Sources:

1. The World Bank 2017

2. ©IEA 2018, www.iea.org/statistics

Rwanda's overall risk level against the assessed areas is **low**.

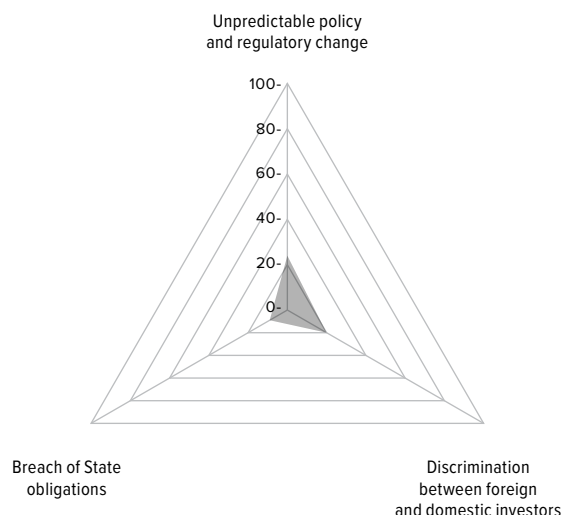
The three EIRA risk areas are at the same level as in 2018. *Breach of State obligations* is the lowest risk. It is followed by *discrimination between foreign and domestic investors* and *unpredictable policy and regulatory change*.

Rwanda has a very good performance on one of the EIRA indicators, and a good performance on three indicators. It has once again received 91 points on *rule of law*. On *regulatory environment and investment conditions* (77) and *management of decision-making processes* (73) it has maintained the scores from last year. *Foresight of policy and regulatory change* has improved from 64 to 66.

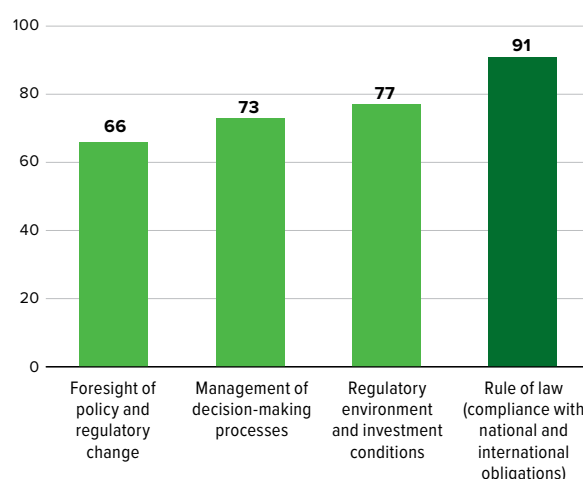
On a more detailed level, Rwanda's overall sub-indicator performance is good. *Respect for property rights* continues to be the highest-scoring sub-indicator with 92 points. On *management and settlement of investor-State disputes* (90) and *restrictions on FDI* (83), the score remains the same as in 2018. The score for the sub-indicator *communication of vision and policies* has gone up from 80 to 82 points. The performance on *transparency* (80), *regulatory effectiveness* (72) and *institutional governance* (66) is unchanged. *Robustness of policy goals and commitments* is again the lowest-scoring sub-indicator with 49 points.

Rwanda provides attractive conditions for investors and is working in the right direction. Attention should be given to enhancing the robustness of the country's policy goals and commitments.

RISK LEVEL



INDICATOR PERFORMANCE

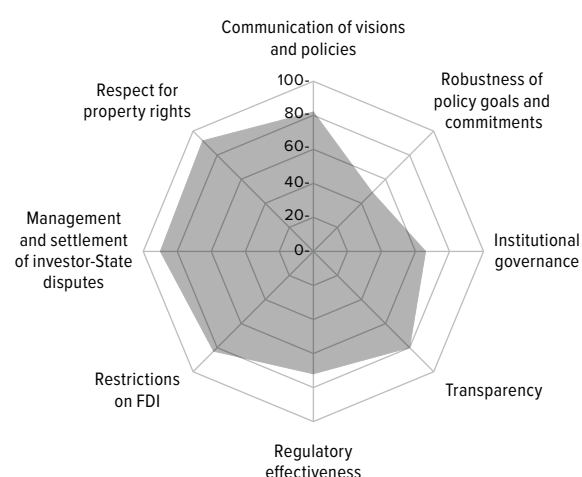


YEAR-ON-YEAR COMPARISON

| RISK AREAS | 2018 | 2019 |
|---|------|------|
| Unpredictable policy and regulatory change | 24 | 24 |
| Discrimination between foreign and domestic investors | 20 | 20 |
| Breach of State obligations | 9 | 9 |

| INDICATORS | 2018 | 2019 |
|--|------|------|
| Foresight of policy and regulatory change | 64 | 66 |
| Management of decision-making processes | 73 | 73 |
| Regulatory environment and investment conditions | 77 | 77 |
| Rule of law | 91 | 91 |

SUB-INDICATOR PERFORMANCE



Foresight of policy and regulatory change

QUICK FACTS

The National Energy Policy 2015 is the primary policy document that guides and influences decisions on the extraction, development and use of Rwanda's energy resources.

In 2018, the Government launched the Energy Sector Strategic Plan for 2018/19-2023/24 (ESSP 2018-2024).

Rwanda Energy Group Ltd (REG) is a Government-owned holding company responsible for executing the energy policies of the country and translating them into actual projects.

Rwanda ratified the Paris Agreement in 2016 and submitted its first NDC.

STRENGTHS

The ESSP 2018-2024 sets more ambitious targets than its predecessor, in terms of increasing the country's on- and off-grid electricity supply, enhancing energy efficiency and improving access. Bearing in mind the work already done, the new ESSP revises the nature of many targets from short- or mid-term to final. In line with the country's overall goal of achieving universal energy access by 2024, the Government has committed to new power projects. It has also introduced the Rwanda Cooling Initiative, which encourages the transition of households and companies to climate-friendly and energy-efficient cooling technologies.

The monitoring and evaluation mechanism envisaged in ESSP 2018-2024 is along the lines of the last Energy Sector Strategy Plan. The Ministry of Infrastructure and the Ministry of Finance and Economic Planning continue to jointly monitor the high-level energy targets. The REG is required to provide the Ministry of Infrastructure with accurate and up-to-date information and reports. The Ministry then reviews the performance by comparing the outcomes against the pre-defined targets. To improve data collection, the REG and the Ministry of Infrastructure are currently modernising and updating the Management Information System.

AREAS FOR IMPROVEMENT

Institutional reforms are needed to make the existing monitoring mechanisms independent. Bodies responsible for implementing the energy strategy should be separate from the authority that evaluates their work progress. Unlike the previous Energy Sector Strategy Plan, ESSP 2018-2024 does not state that its full assessment should be carried out by an independent evaluation consultancy for accountability and transparency. For better and transparent planning, it is important that all interested individuals and organisations can review the performance of the country and provide feedback to the Government on how to improve implementation processes.

Management of decision-making processes

QUICK FACTS

Rwanda has a bicameral legislature.

The Ministry of Infrastructure is responsible for formulating the energy policies.

Law no. 04/2013 Relating to Access to Information enables public access to information held by Government agencies and certain private bodies.

STRENGTHS

Collaboration and cooperation among ministries is encouraged in policy-making. The Government takes a coordinated approach towards meeting its high-level target objectives. In 2018, it successfully launched multiple implementation-oriented policies, such as the Biomass Energy Strategy 2018 and the Energy Efficiency Strategy 2018. The Forward-Looking Joint Sector Review for 2018/2019 was prepared by the Energy Sector Wide Approach Program Secretariat and made publicly available. The Rwanda Development Board took measures to make business registration easier for investors. For instance, to reduce time and cost for applicants, it introduced a free-of-charge online application and registration system.

During the EIRA assessment year, various reforms were undertaken by the Government to improve transparency standards. Rwanda is the first African country to introduce e-government procurement systems on a national level. In September 2018, Law no. 62/2018 Governing Public Procurement was enacted to promote e-procurement processes further, prevent corruption in public procurement activities as well as adopt international best practices. In addition to this, Law no. 54/2018 on Fighting against Corruption was enacted. It aims at preventing and punishing corruption in public organs, civil society private institutions and international organisations operating in Rwanda.

AREAS FOR IMPROVEMENT

The Government needs an implementation plan for achieving its NDC targets and managing the transition to low-carbon technologies. While Rwanda's Green Fund has been created to promote green growth, the NDCs Technical Coordinating Committee and the Centre for Climate Knowledge for Development are yet to come into existence. Work should be expedited in this regard.

Regulatory environment and investment conditions

QUICK FACTS

The Rwanda Utilities and Regulatory Authority (RURA) is a multi-sectoral body that regulates the electricity, renewables, gas and downstream petroleum sub-sectors.

Law no. 06/2015 Relating to Investment Promotion and Facilitation promotes and facilitates investment in Rwanda.

Law no. 05/2011 Regulating Special Economic Zones in Rwanda regulates the establishment, development, operation and maintenance of special economic zones.

STRENGTHS

RURA continues to effectively perform its regulatory functions in the energy sector. New electricity tariffs were introduced in 2018 for end-users. In particular, the power tariffs for industries were reduced to attract foreign investment and increase their competitiveness. At the same time, the lifeline tariff was not changed to ensure affordability for low-income households. Law no. 52/2018 Modifying Law no. 21/2011 Governing Electricity in Rwanda as Modified to Date was enacted in 2018. It redefines the role of the Minister in charge of electricity in setting the electricity tariff methodology. Instead of obtaining the Minister's approval, RURA is now only required to consult on this. The amended Law expressly requires RURA to publish the determined tariffs.

The country continues to support and encourage foreign investment in the energy sector. There is a favourable tax regime in place for foreign investors. Reforms have been introduced to facilitate the ease of doing business in the country. To reduce the time needed for procuring an electricity connection, the REG has launched an online facility for its customers. Investment in green energy remains a key priority for the country. While there are no local content requirements per se, foreign investors that employ local workforce are granted certain incentives.

AREAS FOR IMPROVEMENT

The Government may consider limiting the role of policy institutions in regulatory functions. Rwanda has already taken measures in this regard by placing the downstream petroleum sector under the authority of RURA. A similar approach can be taken in the case of upstream activities.

Rule of law

QUICK FACTS

Rwanda ratified the Convention on the Settlement of Investment Disputes between States and Nationals of Other States in 1979.

Rwanda acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards in 2008.

Access to arbitration is provided in Law no. 005/2008 on Arbitration and Conciliation in Commercial Matters.

Provisions against expropriation are incorporated in the Law no. 32/2015 Relating to Expropriation in the Public Interest.

STRENGTHS

In 2018, measures were taken to increase the efficiency of domestic judicial mechanisms. Rwanda enacted Law no. 22/2018 Relating to the Civil, Commercial, Labour and Administrative Procedure. The Law introduces a new clause which limits the adjournment of case hearings only to unforeseen and extraordinary situations. It also encourages judges to use conciliation if they believe it is the most appropriate way to resolve a dispute. There were no retroactive legislative changes introduced in the last year.

Respect for property rights continues to be highly robust. The Law Relating to Expropriation in the Public Interest stipulates a timeframe for the payment of compensation. The Law on Investment Promotion and Facilitation establishes the right of investors to own private property. BITs, such as with Belgium-Luxembourg, the United States, and the Republic of Korea define "investment" broadly to include movable property, financial stocks and intellectual property. Domestic legislation actively promotes technology transfer and innovation.

AREAS FOR IMPROVEMENT

As mentioned last year, a formal investment ombudsman may be established to address the grievances of foreign investors and to provide them with advisory services. Alternatively, the mandate of the Ombudsman's Office can be expanded to include representation of foreign investors before the State. At present, the Ombudsman's Office acts as a link between the citizens, and public and private institutions. However, its mission is limited to ensuring the prevention of injustice, corruption and related offences in public and private entities.