



Rwanda

Population ¹	12,301,939
Area (km ²) ¹	26,340
GDP per capita (USD) ¹	772.94
TPES (Mtoe) ²	N/A
Energy intensity (toe/10 ³ 2010 USD) ²	N/A
CO ₂ emissions - energy (MtCO ₂) ³	N/A

There is no data by Orbis Crossborder Investment on completed energy projects and deals from 2015-2020

Sources:

1. The World Bank 2018
2. ©IEA, World energy balances, 2020, www.iea.org/data-and-statistics, webstore.iea.org/key-world-energy-statistics-2019
3. ©IEA 2020, CO₂ emissions from fuel combustion, www.iea.org/data-and-statistics, webstore.iea.org/key-world-energy-statistics-2019

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

Among the three risks assessed in EIRA, *breach of State obligations* is the lowest, followed by *discrimination between foreign and domestic investors* and *unpredictable policy and regulatory change*.

Rwanda has a very good performance on one indicator, and a good performance on three indicators. It once again has a score of 91 on the indicator *rule of law*. On *regulatory environment and investment conditions*, its score has gone up by two points and stands at 79. Its score on *management of decision-making processes* has also improved from 73 to 74. The score on *foresight of policy and regulatory change* has increased from 66 to 67.

On a more detailed level, Rwanda's sub-indicator performance is very good. *Respect for property rights* continues to be the highest-scoring sub-indicator at 92. On *management and settlement of investor-State disputes* (90) the score remains the same as in 2019. Its scores on the sub-indicators *restrictions on FDI* and *communication of vision and policies* have gone up from 83 and 82, respectively, to 85. The performance on *transparency* has improved by three points and is now at 83. The scores on *regulatory effectiveness* (72) and *institutional governance* (66) are unchanged from last year. Its performance on *robustness of policy goals and commitments* has improved from 49 to 50, although this is again the lowest-scoring sub-indicator.

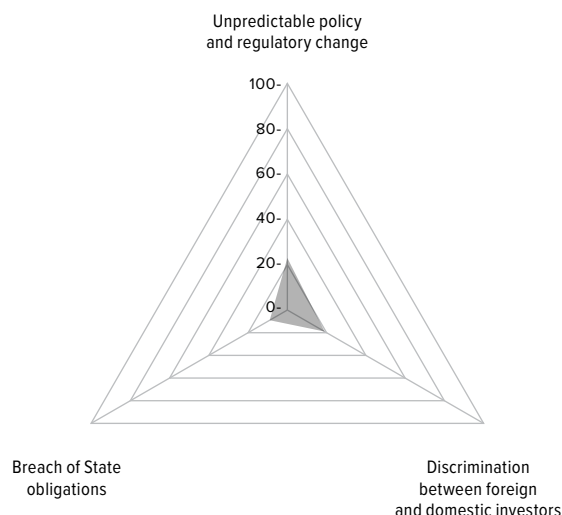
Rwanda provides attractive conditions to investors and is working in the right direction. Attention should be given to strengthening the robustness of policy goals and commitments.

YEAR-ON-YEAR COMPARISON

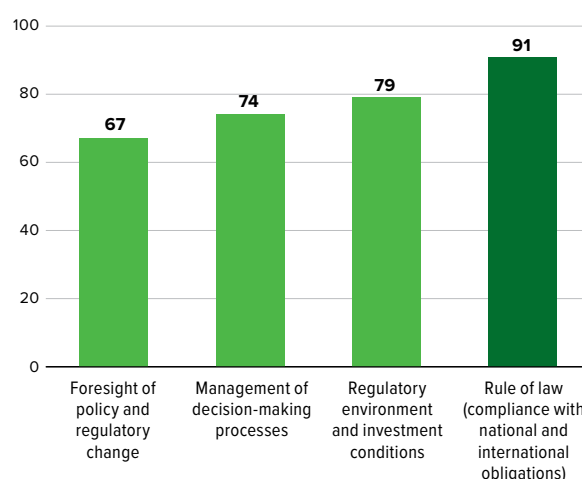
RISK AREAS	2018	2019	2020
Unpredictable policy and regulatory change	24	24	22
Discrimination between foreign and domestic investors	20	20	19
Breach of State obligations	9	9	9

INDICATORS	2018	2019	2020
Foresight of policy and regulatory change	64	66	67
Management of decision-making processes	73	73	74
Regulatory environment and investment conditions	77	77	79
Rule of law	91	91	91

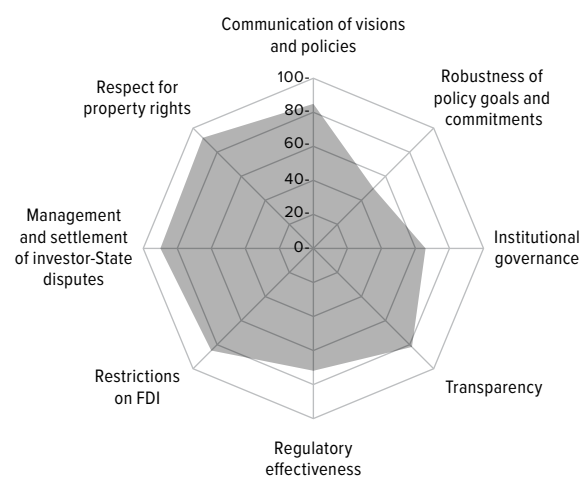
RISK LEVEL



INDICATOR PERFORMANCE



SUB-INDICATOR PERFORMANCE



Foresight of policy and regulatory change

QUICK FACTS

In 2018, the Government launched the Energy Sector Strategic Plan for 2018/19-2023/24 (ESSP 2018-2024). It builds on the earlier 2013/14-2017/18 ESSP.

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

STRENGTHS

Ensuring the timely implementation of committed generation projects in hydropower, methane and peat as well as of the regional hydropower plants is a key Government priority for 2020. In 2018-2019, the addition of electricity generation capacity from newly upgraded micro hydropower plants increased the country's installed capacity from 218 MW to 225 MW. The Government envisages private sector support for reaching off-grid electrification targets through result-based financing. In 2018-2019, household access to electricity surpassed 50% for the first time in the country's history. The Biomass Energy Strategy Plan (2019-2030) was updated to ensure households have access to clean cooking. The Plan promotes the use of biomass alternatives such as Liquefied Petroleum Gas, pellets, briquettes and biogas systems. The Government is also focussing on network upgrade initiatives and transmission system expansion. To tackle the issue of high electricity costs, in June 2019, the Government launched the Rwanda Least Cost Power Development Plan 2019-2040.

In October 2019, the Ministry of Infrastructure (MININFRA) submitted its Energy Backward Looking Joint Sector Review Report 2018-2019. The Report summarises the energy sector performance against the set targets. The President, local governments, and the line ministries have signed performance contracts (Imihigo) among themselves. The MININFRA has signed Imihigo with the Rwanda Utilities and Regulatory Authority (RURA) and Rwanda Energy Group (REG). These implementing institutions are required to prepare quarterly progress reports. In October 2019, the Ministry of Environment also published its Backward Looking Review Report 2018-2019. The National Institute of Statistics of Rwanda published the Third National Strategy for the Development of Statistics 2019/20-2023/24 in September 2019. This is Rwanda's first statistical strategy to incorporate Imihigo data requirements and evaluations in the national framework for statistical development.

AREAS FOR IMPROVEMENT

Unlike its predecessor, the ESSP 2018-2024 does not state that its full assessment should be carried out by an independent evaluation consultancy. Consequently, the Government is encouraged to reinstate and promote the independence of the policy monitoring mechanisms. It should separate the bodies responsible for implementing the energy strategy from the authority that evaluates the work progress.

Management of decision-making processes

QUICK FACTS

The MININFRA is responsible for developing and implementing energy policies.

Law No 04/2013 Relating to Access to Information enables public access to information from government agencies and certain private bodies.

STRENGTHS

Acknowledging the need for coordinated policy planning and implementation in the energy sector, the MININFRA published its Energy Sector Capacity Development Strategy 2019-2024. The Strategy aims to reinforce the ability of sectoral institutions to deliver the objectives and targets stated in the ESSP 2018-2024. It requires the establishment of a common toolset across REG, RURA and the MININFRA for undertaking investment planning, and calculating the long-run financial consequences of different investment and demand scenarios. The Ministry of Environment has introduced a new Environment and Climate Change Policy to better align Rwanda's overarching medium-term National Strategy for Transformation, the long-term Vision 2050, as well as its multilateral commitments.

Citizen participation and home-grown solutions, such as Imihigo and Umuganda (communities working together in the public interest), are actively employed in political decision-making processes. The Rwanda Development Board (RDB) released the National Skills Development and Employment Promotion Strategy 2019- 2024. The Strategy highlights the need to equip the country's workforce with English and French language skills to internationalise the country's businesses. The Parliament of Rwanda recently passed two laws to counter money laundering. The Financial Intelligence Centre (FIC) has been established as an independent body under the supervision of the Ministry of Finance. The FIC is mandated to conduct financial intelligence to counter, among others, money laundering and related crimes. Compared to their repealed predecessors, the new laws impose stricter penalties for non-compliance. They align Rwanda's anti-money laundering legal framework more closely with international standards.

AREAS FOR IMPROVEMENT

While the Government has created the Rwanda Green Fund 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 finalised in this regard as soon as possible. A gap also exists in the production and collection of timely, reliable, and accurate environment and climate change data. Key areas that should be addressed are green investment monitoring, mechanisms to monitor the implementation of environment, and climate-related regional, continental and global commitments, including the Paris Agreement.

Regulatory environment and investment conditions

QUICK FACTS

RURA is a multi-sectoral body regulating electricity, renewable energy, gas, and downstream petroleum.

REG is a Government-owned holding company responsible for the import, export, procurement, generation, transmission, distribution, and sale of electricity in Rwanda. It has two wholly owned subsidiaries, the Energy Utility Corporation Limited (EUCL) and the Energy Development Corporation Limited.

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

STRENGTHS

RURA and REG continue to perform their functions effectively. As of December 2019, the cumulative connectivity rate for Rwandan households is 52.8%. 38.5% of the population is connected to the national grid, and 14.3% has access through off-grid systems. The MININFRA has approved guidelines setting minimum requirements for off-grid solutions that are consistent with international best practice. REG has approved an incentive scheme to make off-grid solutions affordable for low-income households. New electricity end-user tariffs became effective on 21 January 2020. The tariffs were reviewed by RURA to meet the operational expenditures incurred by the EUCL from its network expansion and maintenance activities. The tariffs will now be adjusted every quarter to keep pace with fluctuating costs that are beyond the control of the EUCL, such as currency exchange rates and fuel cost.

The investment climate of Rwanda is very attractive, especially for energy investors. The Rwanda Development Board registered investments worth USD 2.46 billion in 2019, an increase of 22.6% from the previous year. This was the country's highest investment registration to date. The energy sector accounted for 45% of all investments registered. The increase is primarily due to two major energy projects, namely the Ruzizi III Energy (USD 613 million) and Gasmeth Energy (USD 442 million). The Government is proactively taking measures to close the skills gap of the country's workforce. Instead of imposing local content requirements, it is granting incentives to foreign investors that employ the local workforce. In June 2019, the United Arab Emirates and Rwanda signed a Memorandum of Understanding to facilitate labour mobility between the countries.

AREAS FOR IMPROVEMENT

It would be beneficial to clarify the role of REG in a legal instrument, particularly on investment planning where its mandate potentially overlaps with the MININFRA. Similarly, the division of responsibility for resource development among the REG, MININFRA, and the Rwanda Mining and Petroleum and Gas Board (RMPGB) can be better defined. Finally, the Government should clarify the RMPGB's in the petroleum sector since RURA now regulates this sub-sector.

Rule of law

QUICK FACTS

Access to arbitration is provided in the 2008 Law on Arbitration and Conciliation in Commercial Matters.

Rwanda is a party to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards.

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

STRENGTHS

The Government is taking measures to increase the efficiency of domestic judicial processes. To deal with the rising case backlog, the Ministry of Justice intends to improve the work space of the Supreme Court, Court of Appeal, and newly merged primary courts, and emphasise the court mediation approach. The Instructions of the President of the Supreme Court governing court mediation in civil, commercial, labour and administrative cases no. 001/2019 was adopted in December 2019. In the coming year, the Government also intends to draft the country's Alternative Dispute Resolution Policy to promote peaceful conflict resolution. It is noteworthy that in 2019, the Kigali International Arbitration Centre registered its 100th arbitration. Implementation of the Rwanda Law Revision project is a key priority. The focus of this project is on developing an online portal that will allow stakeholders to participate in the legislative process.

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. In December 2019, Rwanda ratified its BIT with the United Arab Emirates on the promotion and reciprocal protection of investments. The BIT provides for investor-State Dispute Settlement and extends the most-favoured-nation treatment to the pre-establishment phase. Other BITs signed by Rwanda, such as with Belgium-Luxembourg, the United States, and the Republic of Korea define the term "investment" broadly to include movable property, financial stocks, and IP rights.

AREAS FOR IMPROVEMENT

An institutionalised ombudsman authority can significantly contribute to addressing the grievances of foreign investors and provide them with advisory services. Alternatively, the mandate of the Ombudsman Office can be expanded to include representation of foreign investors before public authorities. The Government may seek guidance from the Energy Charter Model Instrument on Management of Investment Disputes. The Instrument aims to assist States in handling investment disputes as per their own particular needs and circumstances.

Compensation in the case of expropriation should be paid without delay and within the timeframe stipulated in domestic law. The Government should consider imposing penalties for non-compliance by amending the Law relating to Expropriation in the Public Interest.

IMPLEMENTATION STATUS



Rwanda

PROPOSED IN	EIRA AREAS FOR IMPROVEMENT	IMPLEMENTATION STATUS AS OF 1 APRIL 2020
Indicator 1		
2018	Allow all the interested individuals and organisations to review the Government's performance and provide feedback on how to improve policy implementation.	Partially implemented. Unlike its predecessor, the Energy Sector Strategic Plan for 2018/19-2023/24 does not state that its full assessment should be carried out by an independent evaluation consultancy. However, the Monitoring & Evaluation Unit in the Ministry of Infrastructure (MININFRA) receives external expertise and support in internal evaluation projects. Imihigo and Joint Sector Review Reports are publically available.
Indicator 2		
2018	Establish the Technical Coordinating Committee and the Centre for Climate Knowledge for Development.	Pending
2020	Produce and collect timely, reliable, and accurate data on green investment monitoring mechanisms, and on the implementation of Rwanda's Paris Agreement targets.	Improvement suggested in 2020. Status will be updated in 2021.
Indicator 3		
2018	Define the roles of the Rwanda Energy Group (REG), the Rwanda Utilities and Regulatory Authority, the MININFRA, and the Rwanda Mining and Petroleum and Gas Board in the petroleum sub-sector.	Work ongoing. This is Institutional Priority 1 under the recently published MININFRA Capacity Development Strategy 2019-2024.
2020	Define the role of REG in a legal instrument.	Improvement suggested in 2020. Status will be updated in 2021.
Indicator 4		
2018	Establish a foreign investment ombudsman authority or expand the mandate of the Ombudsman Office to include representation of foreign investors before the Government.	Pending
2020	Consider imposing penalties in cases where timelines set for paying compensation in the case of expropriation are not respected.	Improvement suggested in 2020. Status will be updated in 2021.