



Rwanda

Population ¹	12,301,939
Area (km ²) ¹	26,340
GDP per capita (USD) ¹	783.28
TES (Mtoe) ²	N/A
Energy intensity (toe/10 ³ 2015 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 2015-2021

Sources:

1. The World Bank 2018
2. ©IEA (2021), World Energy Balances (<https://www.iea.org/data-and-statistics>). All rights reserved.
3. ©IEA (2021), CO₂ Emissions from Fuel Combustion (<https://www.iea.org/data-and-statistics>). All rights reserved.

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

Of the three risks assessed in EIRA, *breach of State obligations* is lower compared to *discrimination between domestic and foreign investors* and *unpredictable policy and regulatory change*.

Rwanda has a very good performance on two indicators and a good performance on two indicators. It once again has a score of 91 on the indicator *rule of law*. On *management of decision-making processes*, its score has gone up by seven points and stands at 81. Its score on *regulatory environment and investment conditions* has improved from 79 to 80. The score on *foresight of policy and regulatory change* has increased from 67 to 69.

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 EIRA 2020. Rwanda's score on *communication of vision and policies* has gone up from 85 to 88. Its performance on the sub-indicators *restrictions on FDI* (85) and *transparency* (83) remains the same as in EIRA 2020. The score on *institutional governance* has increased by 12 points, from 66 to 78, and on *regulatory effectiveness* it has gone up from 72 to 76. *Robustness of policy goals and commitments* is again the lowest-scoring sub-indicator with a score of 50.

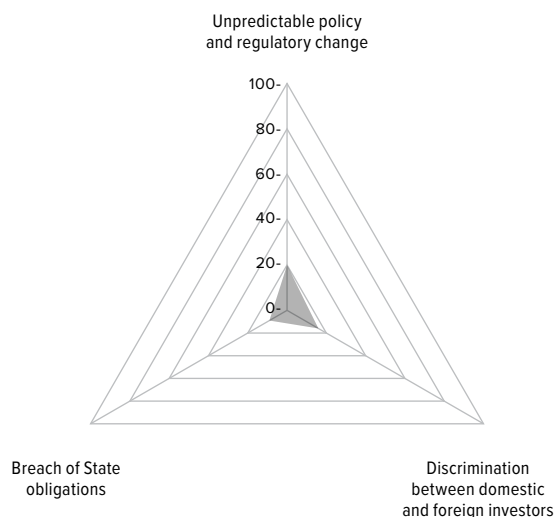
Rwanda provides attractive conditions to investors and is working in the right direction. Attention should be given to strengthening the robustness of its policy goals and commitments.

YEAR-ON-YEAR COMPARISON

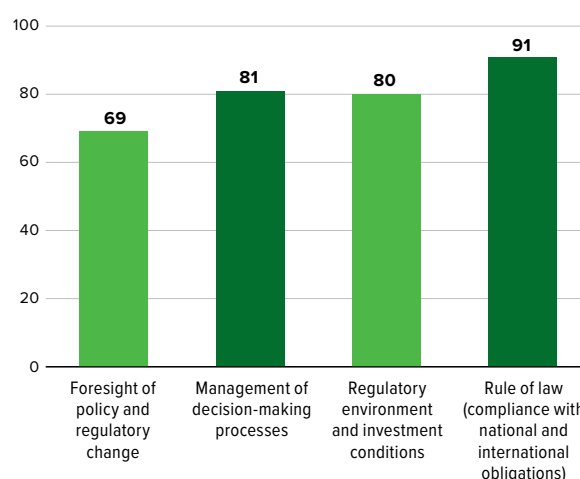
RISK AREAS	2018	2019	2020	2021
Unpredictable policy and regulatory change	24	24	22	20
Discrimination between domestic and foreign investors	20	20	19	16
Breach of State obligations	9	9	9	9

INDICATORS	2018	2019	2020	2021
Foresight of policy and regulatory change	64	66	67	69
Management of decision-making processes	73	73	74	81
Regulatory environment and investment conditions	77	77	79	80
Rule of law	91	91	91	91

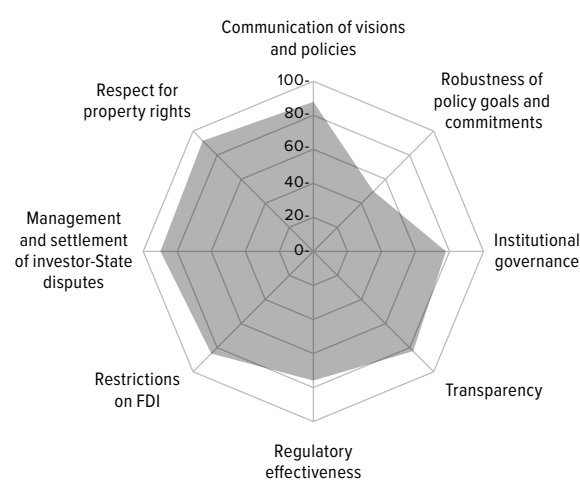
RISK LEVEL



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).

In 2020, the Government of Rwanda updated its NDC for the period to 2030.

STRENGTHS

The Government is making significant efforts to ensure universal energy access by 2024. In the Financial Year 2020-2021, 65% of the population had access to electricity. 47.2% of households were connected to the national grid, and 17.8% had access through off-grid systems. The peak demand increased from 140.61 MW to 151.02 MW in February 2020 due to new electricity connections (an increase of 7.4% compared to the previous year). The installed capacity increased from 226.1 MW to 228.4 MW in June 2020 due to the commissioning of the Nyirantaruko, Mukungu and Kigasa HPPs and the rehabilitation of the Agatobwe plant. Domestic and regional shared power plants contributed 96.5% of the annual generation to the grid, of which independent power producers contributed 55.6%. Grid reliability also improved as the number of power outages reduced from 2,687 to 2,460, and their duration shortened from 1,632 to 1,488 hours per year. Total network losses reduced from 19.39% to 19.10% against a target of 19%. Renewable sources contributed 54.3% to on-grid electricity production. Of this, the share of hydropower was 52.3%, and the remaining 2% was solar. In June 2020, the Rwandan Parliament approved the agreement with the Russian State-owned company, Rosatom, to set up the Centre for Nuclear Science and Technology by 2024 that will support Rwanda's efforts to develop nuclear solutions for different economic sectors.

In the last year, MDAs reported on their annual activities and budget execution. The Ministry of Finance published the General Government Budget Execution Report July-December 2020. In October 2020, the Ministry of Infrastructure (MININFRA) published its Energy Backward Looking Joint Sector Review Report 2019-2020, highlighting the progress made against the sector performance indicators and their corresponding policy actions. Imihigo (public service performance contracts) continues to be a valuable mechanism to assess the performance of the central and local governments. The National Institute of Statistics published the Imihigo 2019/2020 Evaluation Executive Report. The evaluation components used in the report are audits, field visits and verification, evaluation of annual action plans, focus group discussions and interviews. Citizens' participation and satisfaction are also important components of the assessment.

AREAS FOR IMPROVEMENT

The Government should undertake institutional reforms to make the existing monitoring mechanisms independent. Bodies responsible for implementing the energy strategy should be separate from the authority evaluating their work progress.

Management of decision-making processes

QUICK FACTS

MININFRA is responsible for developing and implementing energy policies.

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

STRENGTHS

The President of Rwanda, local governments, and the line ministries have signed Imihigo for the Financial Year 2020/2021. Of all the 2019/2020 Joint Imihigo (where targets were set and implemented by more than two public institutions), the highest performance was in the Energy Joint Imihigo, with an implementation rate of 86.08%. On average, the implementation rate of the Imihigos by districts was 68.44%. Vision 2050 sets a target that public services rendered online should increase from 40% in 2020 to 100% in 2035. In 2020, the Government of Rwanda updated its NDC for the period up to 2030. Per the updated NDC, an Environment and Climate Change Thematic Working Group (E&CC TWG) will host a technical working committee to implement Rwanda's NDC. The E&CC TWG will act as the national coordinator for all public authorities that implement sector-specific mitigation, adaptation, financial and capacity-building measures.

In May 2020, the Rwanda Law Reform Commission published its second compendium of laws that integrates the various modifications, insertions and repeals introduced to the original text of the laws. With this compendium, users no longer need to locate amendments to laws in different Official Gazettes of the Republic of Rwanda. In June 2020, MININFRA released the Stakeholder Engagement Plan (SEP) for the multi-donor Rwanda Energy Access and Quality Improvement Project. The SEP will help define a process to effectively engage with local and affected communities in the project's development, outputs, and results. On 14 December 2020, Rwanda replaced its transfer pricing rules from 2007 with a new version in line with the OECD guidelines and anti-base erosion and profit shifting recommendations. Among others, the new rules apply to a transaction between non-resident related persons if the transaction concerns a permanent establishment of one of those persons in Rwanda.

AREAS FOR IMPROVEMENT

In line with the EIRA recommendations, Rwanda's updated NDC outlines a clear procedural and institutional framework for its implementation. The Government is encouraged to continue its work on filling any gaps in the production and collection of timely, reliable, accurate environment and climate change data. In particular, it should focus on establishing mechanisms to monitor green investments and the implementation of environment and climate change-related commitments on a regional, continental, and global level.

Regulatory environment and investment conditions

QUICK FACTS

The Rwanda Utilities and Regulatory Authority (RURA) is a multi-sectoral body regulating electricity, renewables, gas and downstream petroleum.

Law no. 006/2021 on Investment Promotion and Facilitation (New Investment Code) became effective from 8 February 2021.

STRENGTHS

In 2019-2020 RURA increased its revenue collection by 10.37% compared to the previous year. It also improved regulatory compliance by conducting site visits to nine projects under construction and operational power plants, mini-grids, and captive power systems. The number of licensed electrical installation practitioners with valid permits increased from 75 to 90 due to stringent enforcement of the regulation on electrical installations. In 2020, RURA also started registering captive power systems as a first step towards developing a regulatory framework to govern such activities. The Government is also developing a regulatory and legal framework for nuclear energy. It established the Rwanda Atomic Energy Board (RAEB) in 2020 to promote the peaceful use of atomic energy for sustainable socio-economic development.

Investment in the energy sector is increasing steadily. By the end of June 2020, the total number of generation licences issued by RURA rose from 31 to 34. The three newly licensed plants have a combined installed capacity of 2.5 MW and are for 25 years each. RURA has also approved two Power Purchase Agreements for Kore (1.352 MW) and Rucanzogera (1.9 MW) HPPs. The New Investment Code lists 12 priority economic sectors, including energy generation, transmission and distribution. It introduces a category of strategic investment projects for which the Cabinet of Ministers can approve special additional incentives. A new 15% preferential corporate income tax rate is now available to an investor involved in electric mobility, provided it fulfils the necessary legal criteria.

AREAS FOR IMPROVEMENT

The New Investment Code could be revised to specify that investors have the right to (1) engage in economic activities of their choice, (2) recruit or dismiss employees, (3) market goods and services, (4) freely establish business management methods, and (5) choose sources of supplies. Such a provision will ensure parity with the treatment offered by Article 4 of the previous Investment Code. Moreover, the New Investment Code introduces a five-year limit on an investment certificate's validity. Such a limit may not be feasible for capital intensive energy projects where initial investment goes beyond five years. Therefore, the Rwanda Development Board (RDB) should take a case-by-case and flexible approach in granting renewals for such energy projects.

A time limit should be set on the number of tenure renewals of the RAEB's Board of Directors to strengthen its institutional and functional independence.

Rule of law

QUICK FACTS

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

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

STRENGTHS

The Government is promoting the use of alternative dispute settlement mechanisms to resolve problems with investors. The Kigali International Arbitration Centre received 33 cases from July 2019 to June 2020. Overall, 67% of the new cases were domestic, while 33% were international. The cases registered in 2019-2020 came from eight countries, including India, Singapore, Egypt, China, Kenya and France. There has been an increase in international cases over the last year, which demonstrates the progress of Rwanda towards becoming a major player in international arbitration. The previous Investment Code only referred to "arbitration" as the mechanism for resolving disputes under a written agreement. However, the New Investment Code allows the parties to refer a dispute to an agreed arbitration institution or any other dispute settlement procedure mentioned in the underlying contract.

The New Investment Code states that an investor has the right to own private property, whether individually or collectively. Public authorities can expropriate an investor's property only in the public interest and after the investor is given fair compensation following relevant laws. Article 11 stipulates that the investor's IP rights and legitimate rights related to technology transfer are protected under the national laws. Domestic laws and the international investment agreements signed by Rwanda promote the transfer of technology. Of its four BITs in force, the US-Rwanda BIT prohibits restrictions on Performance Rights in the form of transfer of technology. The Republic of Korea-Rwanda BIT prohibits unreasonable or discriminatory measures concerning the transfer of technology. The BITs with the Belgium-Luxembourg Economic Union and Germany are silent on the subject.

AREAS FOR IMPROVEMENT

An ombudsperson can significantly contribute to addressing the grievances of foreign investors and provide them with advisory services. Alternatively, the RDB's mandate can be expanded to include representation of foreign investors before the Government. The Government may seek guidance from the Energy Charter Model Instrument on Management of Investment Disputes that aims to assist States in handling investment disputes while keeping in mind their needs.

Compensation for expropriating private property 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 2021
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 publicly available.
Indicator 2		
2018	Establish the Technical Coordinating Committee and the Centre for Climate Knowledge for Development.	Work ongoing. In 2020, the Government of Rwanda updated its NDC for the period up to 2030. According to the updated NDC, an Environment and Climate Change Thematic Working Group (E&CC TWG) will be created to host a technical working committee that will implement Rwanda's NDC. The E&CC TWG will act as the national coordinator for all public authorities that implement sector-specific climate change mitigation, adaptation, financial and capacity-building measures.
2020	Produce and collect timely, reliable, and accurate data on green investment monitoring mechanisms, and on the implementation of Rwanda's Paris Agreement targets.	Work ongoing. Rwanda is currently preparing its first Biennial Update Report and an updated GHG inventory. It is also developing the NDC monitoring, reporting, and verification system to report on the progress made towards the targets defined in Rwanda's updated NDC and to track the implementation of climate change mitigation and adaptation actions. The system will also capture the non-GHG environmental, social and economic impacts of the NDC actions that will eventually support its national sustainable development goals.
Indicator 3		
2018	Define the roles of the Rwanda Energy Group, the Rwanda Utilities and Regulatory Authority, the MININFRA, and the Rwanda Mining and Petroleum and Gas Board in the petroleum sub-sector.	Work ongoing. The Government has listed this task as Institutional Priority 1 under the MININFRA Capacity Development Strategy 2019-2024.
2020	Define the role of the Rwanda Energy Group in a legal instrument.	Pending
2021	Revise the New Investment Code to specify that investors have the right to (1) engage in economic activities of their choice, (2) recruit or dismiss employees, (3) market goods and services, (4) freely establish business management methods, and (5) choose sources of supplies. Such a provision will ensure parity with the treatment offered by Article 4 of the previous Investment Code.	Improvement suggested in 2021. Status will be updated in 2022.
	Take a case-by-case and flexible approach in granting renewals for long-term and capital intensive energy projects. This is in light of the five-year limit on an investment certificate's validity introduced by the New Investment Code.	Improvement suggested in 2021. Status will be updated in 2022.
	Set a time limit on the number of tenure renewals for the Board Members of the newly established Rwanda Atomic Energy Board to strengthen its institutional and functional independence.	Improvement suggested in 2021. Status will be updated in 2022.
Indicator 4		
2018	Establish a foreign investment ombudsperson 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.	Pending