United Nations
Economic Commission for Africa

RES4AFRICA FOUNDATION

# Regulatory Review of the Electricity Market in Rwanda:

## Towards Crowding-in Private Sector Investment

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# Acknowledgements

The regulatory review of the electricity market of Rwanda is a result of a continental initiative to crowd-in private sector participation in Africa's electricity market in collaboration with member States, in this case the Republic of Rwanda. This review process enjoyed cooperation from the Ministry of Infrastructure, which was very valuable. The initiative is a result of partnership between the UN Economic Commission for Africa (ECA), through its SDG 7 finance initiative spearheaded by Dr. Vera Songwe, United Nations Under-Secretary-General and Executive Secretary of ECA, and the RES4Africa Foundation, through its Missing Link initiative spearheaded by Mr. Roberto Vigotti, Secretary General of RES4Africa Foundation. The Rwanda regulatory review, under the guidance and technical contribution of Mr. Robert Lisinge, Chief of Section for Energy, Infrastructure, and Services Section of ECA (EISS), was led by Mr. Yohannes G. Hailu, energy policy expert at EISS of ECA, and by Mr. Andrea Renzulli, senior policy officer at RES4Africa, with technical and analytical contributions from Mr. Antonio Passero, Mr. Leonhard Braun, and Ms. Iarina Ciceu, and the participation of Ms. Cristiana Lisi from RES4Africa. The contributions of Mr. Anthony Monganeli and Soteri Gatera of EISS are much appreciated. Similarly, Ms. Sissay Tadesse provided all-round support which was valuable in the effective implementation of the initiative.

The national policy and regulatory data necessary for objective regulatory review, as well as the draft country economic, energy sector, and regulatory context, was ably developed by the national consultant, Dr. Albert Butare. The regulatory analysis was based on a large national regulatory and policy database, which was validated by energy experts from the Ministry of Infrastructure, the Rwanda Utilities Regulatory Authority, Rwanda Energy Group, and other institutions. The following sector leaders and experts represented the institutions during validation: Ms. Peace Kalisa; Mr. Steven Bihinda; Ms. Antoinette Habinshuti; Mr. Chris Shyaka; Mr. Elvis Cyubahiro; and Alexis Mutware.

The initiative received support, including publication logistics, from ECA Sub-Regional Office for Eastern Africa. The support of Director Mama Keita, Mr. Bernard Bamin, and Ms. Alphonsine Nyiransabimana is acknowledged. The technical and graphic design work by Epsilon Publishers Ltd, which has improved the quality of this publication, is acknowledged.

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# Executive Summary

This report provides an analysis of Rwanda's electricity sector policies, laws, and regulations in relation to crowding-in private sector participation in developing national electricity infrastructure. The report is part of the United Nations Economic Commission for Africa and RES4Africa Foundation joint program on *Regulatory Review of the Electricity Sector in Africa: Towards Crowding-in Private Sector Investment*.

The electricity market of Rwanda saw rapid improvements in power generation and network expansion, reaching 227 MW capacity in 2020 from more than 40 generating plants. Through the Energy Sector Strategic Plan, major investments are implemented to increase generation capacity and expand electricity services to a growing number of households through on-grid and off-grid systems. Rwanda is seeking accelerated economic and social development. The associated demand for electricity is also expected to increase significantly. Meeting this demand and established energy sector goals require a major expansion of the national electricity capacity and additional investments. In this context, complementing the public sector, the role of the private sector is expected to grow.

Rwanda has made major strides in crowding-in private sector investment in the generation segment of the electricity market, as well as in off-grid investments. To meet the transformation aspiration, enabling the participation of the private sector across the electricity market value chain will be essential.

In line with this general objective, the purpose of this regulatory review is to pinpoint the main strengths and gaps of the policy and regulatory framework currently in force related to private sector participation in the entire electricity market. It further aims to offer concrete recommendations for regulatory improvement and reform towards attaining a competitive, resilient, and sustainable electricity market.

The regulatory analysis is undertaken following a comprehensive UNECA and RES4Africa regulatory review methodology, which was developed with the participation of African and international regulatory experts. The approach enables three broader assessments: the degree of *openness* of the electricity market to the private sector based on evaluation of the power sector structure and governance; the *attractiveness* of the market based on an assessment of sector economics, fair competition, and overall economic regulation; and the *readiness* of the market based on an assessment of technical regulations.