



## Second Rwanda Energy Sector Development Policy Operation (P166458)

AFRICA | Rwanda | Energy & Extractives Global Practice |  
IBRD/IDA | Development Policy Lending | FY 2019 | Seq No: 1 | ARCHIVED on 25-Feb-2019 | ISR36034 |

Implementing Agencies: MINECOFIN, MINECOFIN, MININFRA

### Key Dates

#### Key Project Dates

Bank Approval Date:15-Nov-2018

Effectiveness Date:07-Dec-2018

Planned Mid Term Review Date:--

Actual Mid-Term Review Date:--

Original Closing Date:30-Jun-2020

Revised Closing Date:30-Jun-2020

### Program Development Objectives

Program Development Objective (from Program Document)

The Program Development Objective (PDO) of the proposed operation is to enable fiscally sustainable expansion of electricity services in Rwanda. The proposed operation is built around two pillars: (i) containing the fiscal impact of the electricity sector; and (ii) improving the operational efficiency, affordability, and accountability of electricity service.

### Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	--	● Satisfactory
Overall Implementation Progress (IP)	--	● Satisfactory
Overall Risk Rating	--	● Substantial

### Implementation Status and Key Decisions

**The DPO series and the first operation were approved by the Board on December 1, 2017. The first operation was declared effective on December 20, 2017. The second operation in the DPO series was approved on November 15, 2018, and a third operation is under preparation with projected Board date in Q2 FY2020.**

Implementation of the policy and institutional measures (prior actions) taken under DPO 1 and DPO 2 are already showing tangible results in the form of reduced fiscal risks and improved service at lower cost for electricity consumers in Rwanda. As a result of the Least-Cost Development Plan prepared under DPO 1, a consensus emerged among Government authorities that better system planning is needed to ensure that new generation capacity additions are in line with demand growth. This is reflected in the NIST1, approved in late 2017, which, rather than setting an absolute target for generation capacity in MW, sets the objective of always balancing demand and supply. At the same time, implementation of the new electricity tariff and the new connection policy has drastically improved the affordability of electricity for low-income consumers, while largely maintaining REG's revenue base. Quality of service is also improving, with the average duration of interruptions (as measured by System Average Interruption Duration Index [SAIDI]) is now being measured and monitored. To fulfil the overarching objective of the DPO series, MINECOFIN and MININFRA have jointly



submitted to the Economic Cluster policy options to contain fiscal transfers to the electricity sector, building upon the assessments concluded under DPO1. Approval of the National Electrification Plan (NEP) and related policies and procedures has put in place an advanced framework for expanding electricity access. Utility reforms pertaining to management, operations, and financial reporting initiated under DPO1 have been strengthened under DPO2. Taken together, the prior actions under DPO 2 complete the sector's investment planning framework and make critical progress towards containing the projected fiscal transfers.

## Risks

### Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	● High	--	● High
Macroeconomic	● Moderate	--	● Moderate
Sector Strategies and Policies	● Substantial	--	● Substantial
Technical Design of Project or Program	● Substantial	--	● Substantial
Institutional Capacity for Implementation and Sustainability	● Substantial	--	● Substantial
Fiduciary	● Moderate	--	● Moderate
Environment and Social	● Moderate	--	● Moderate
Stakeholders	● Substantial	--	● Substantial
Other	● Moderate	--	● Moderate
Overall	● Substantial	--	● Substantial

## Results

### Results Indicators

► Contain electricity subsidies as percentage of GDP (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	1.40	--	1.35	1.40
Date	30-Jun-2017	--	31-Jan-2019	30-Jun-2021



► Implement the quarterly automatic tariff adjustment (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	N	--	N	Y
Date	30-Jun-2017	--	31-Jan-2019	30-Jun-2021

► Ensure all generation and transmission projects initiated or accepted by the Government over the past 24 months are consistent with the LCPDP and comply with the PPP Law and competitive procurement (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	N	--	N	Y
Date	30-Sep-2017	--	31-Jan-2019	31-Dec-2020

► Initiate competitive procurement processes to implement investments identified in the LCPDP (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	1.00
Date	30-Sep-2017	--	31-Jan-2019	31-Dec-2020

► Expand electrification rate countrywide (percentage of households) (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	40.7% (29.7% on-grid and 11% off-grid) 21% among female-headed households	--	47.6% (36% on-grid and 11.6% off-grid)	61% (38% on-grid and 23% off-grid) 50% among female-headed households
Date	30-Sep-2017	--	31-Jan-2019	30-Jun-2021



► Expand electrification rate among rural households (percentage of households) (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	16%	--	n.a.	25%
Date	30-Jun-2017	--	31-Jan-2019	30-Jun-2021

► Ensure EUCL's financial statements are in full compliance with IFRS, the independent audit of REG's and EUCL's financial statements is without qualifications, and REG's and EUCL's financial statements (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	N	--	N	Y
Date	30-Sep-2017	--	31-Jan-2019	30-Jun-2021

► Reduce total electricity sector losses as a percentage of electricity supply (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	22.00	--	20.00	19.00
Date	31-Dec-2016	--	31-Jan-2019	30-Jun-2021

► Reduce average duration of interruptions (SAIDI) and average frequency of interruptions (SAIFI) (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	SAIDI: 44 hours; SAIFI: 265	--	SAIDI: 44 hours; SAIFI: 265	SAIDI: 28 hours; SAIFI: 183.4 hours
Date	31-Dec-2018	--	31-Jan-2019	31-Dec-2020



► Implement and publish annual customer satisfaction survey (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	N	--	N	Y
Date	30-Sep-2017	--	31-Jan-2019	30-Jun-2021

## Overall Comments

## Data on Financial Performance

### Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P166458	IDA-63440	Effective	USD	125.00	125.00	0.00	124.02	0.00	100%

### Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P166458	IDA-63440	Effective	15-Nov-2018	16-Nov-2018	07-Dec-2018	30-Jun-2020	30-Jun-2020

## Tranches

### Restructuring History

There has been no restructuring to date.

### Related Operations

P162671-Rwanda Energy Sector Development Policy Loan ,P169040-Third Rwanda Energy Sector Development Policy Operation