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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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July 9, 2015

Honorable James Musoni
Minister of Infrastructure

Honorable Germaine Kamayirese
Minister of State in Charge of Energy, Water and Sanitation
Kigali

Honorable Minister,

Subject: Scaling-up Renewable Energy Program (SREP)
Joint Multilateral Mission (IDA, IFC and AfDB)
June 22 – 25, 2015

Please find attached the Aide Memoire of Scaling-up Renewable Energy Program (SREP) Joint Multilateral Mission for the preparation of the SREP Investment Plan from June 22-25, 2015. We thank the staff of the Ministry of Infrastructure for their support and cooperation.

The main activities of the mission were to: (i) conduct stakeholder consultations through workshops and meetings to discuss the strategic role of the investment priorities proposed by the Government, and to identify potential co-financiers; (ii) assist the Government in finalizing and validating the identified investment priorities; (iii) support the design of the various programs/ projects' concept notes that will lead to the implementation of the investment plan and; (iv) finalize the timeline of the completion of the investment plan in readiness for its presentation to the SREP for approval during the last quarter of 2015.

Based on consultations with the Government and relevant stakeholders represented in the Energy Sector Working Group, it has been agreed that the SREP Investment Plan (IP) for Rwanda would focus on off-grid/mini-grid energy access and generation. The agreement is based on the Government's priority areas as identified in the Energy Sector Strategy Plan (ESSP) which lays out the key policies and investments required to meet the energy sector's contribution to the Rwanda's Economic Development and Poverty Reduction Strategy II (EDPRS-II) covering the period 2013-2018. Potential priority investments to be funded by SREP may include solar home systems; mini-grids, off-grid solar powered social infrastructure and technical assistance. Implementation mechanisms of the SREP funds may include a Renewable Energy Fund (REF).

More details on investments shall be defined further based on an off-grid strategy that will be developed by the Government. The mission team emphasized the necessity to have a draft off-grid strategy by August 10, 2015, so that it could be incorporated in the SREP IP. The World Bank is ready to support the Government in the development of the strategy.

The Government informed the mission team that a decision had been made to channel SREP funds through one development bank rather than two. During the wrap-up meeting, the Government suggested that the World Bank would utilize SREP funds. We would greatly appreciate if you could facilitate that the development partners receive an official letter from the Ministry of Finance and Economic Planning informing them on its decision by July 15, 2015.

We are happy that the Government confirmed its commitment to submit and present the SREP IP to the SREP sub-committee in November, 2015.

We are looking forward to continued fruitful cooperation with your Ministry.

Sincerely,



Yoichiro Ishihara
Acting Country Manager

CC.:

- Mr. Christian Rwakunda, Permanent Secretary, MININFRA
- Mr. Ronald Nkusi, Director, External Finance Unit, MINECOFIN
- Mr. Jean Bosco Mugiraneza, CEO-REG
- Ms. Odette Mbabazi, Managing Director, EUCL
- Mr. Emmanuel Kamanzi, Managing Director, EDCL
- Mr. Robert Nyamvumba, Director Energy, MININFRA
- Mr. Edward Kasumba, Project coordinator, ERAP-pcu
- Mr. Marcel Gakuba, SREP Focal Person, EDCL
- Ms. Peace Kaliisa, External Links and Donor Coordination Officer, ESWG SWAp Secretariat
- Mr. Ignace Bacyaha, IFC Country Resident Representative
- Mr. Negatu Makonen, AfDB Resident Representative

RWANDA

SREP Joint Multilateral Mission, June 22 – 25, 2015

Draft Aide Memoire

1. A World Bank (WB) team, together with the African Development Bank (AfDB) and the International Finance Corporate (IFC) teams¹, participated in the Scaling-up Renewable Energy Program (SREP) Joint Multilateral Mission for the preparation of the SREP Investment Plan from June 22-25, 2015. The mission team met with management and staff of the Ministry of Infrastructure (MININFRA), other relevant government institutions, private sector and development partners to agree on priority areas of the Investment Plan.

2. This draft Aide Mémoire presents key findings and agreements of the mission that were discussed during the wrap-up meeting at MININFRA on June 25, 2015. It is subject to World Bank, IFC and African Development Bank management approval. The mission wishes to express its appreciation for the courtesies received from MININFRA management and staff. The list of people met is attached in Annex 1.

3. During the mission, the consultants supported MININFRA in presenting (i) the outcomes of the research; (ii) the draft Investment Plan including a “long list” pipeline of projects; and (iii) the inception report related to the proposed setting up of the Small and Medium Enterprises Renewable Energy Fund (SMEREF). The preliminary SREP allocation is US\$ 50 Million (up to 45 per cent grant and at least 55 per cent concessional loan). The proposed long list includes investments in (i) on-grid renewable energy (RE) generation; (ii) small hydro; (iii) mini-grids; (iv) off-grid solar home systems; (v) off-grid solar power for social infrastructure; and (vi) technical assistance (TA) for creating an enabling environment (in line with SE4ALL targets). Identified financing components may include, but are not restricted to, (i) viability gap finance for small hydro; (ii) direct loans to small projects, supporting investments; (iii) results-based finance mechanisms; (iv) TA for capacity and institutional building for the Government as well as private sector, preparation of feasibility studies, etc.; and (v) market development programs.

4. Based on consultations with the Government and relevant stakeholders represented in the Energy Sector Working Group, the following decisions were taken:

- The consultations agreed that the SREP Investment Plan (IP) for Rwanda should focus on off-grid/mini-grid energy access and generation based on the Government’s priority areas as

¹ Paul Baringanire (Senior Energy Specialist, GEEDR, WB); Yadviga Semikolenova (Senior Energy Economist, GEEDR, WB); Norah Kipwola (Senior Energy Specialist, GEEDR, WB); Lara Born (Junior Professional Officer, GEEDR, WB); Federico Querio (Energy Specialist, GEEDR, WB); Rafael Ben (Renewable Energy Specialist, CIFAU, WB); William Blyth (Senior Consultant, GEEDR, WB), Ashington Ngigi (Consultant, GEEDR, WB); Brunno Maradei (Blended Finance Investment Officer, IFC), Maria Pateguana (Investment Officer, IFC); Humphery Richard Ndwiga (Power Engineer, AfDB), Antony Karembu (Policy and PPP Advisor, AfDB).

identified in the Energy Sector Strategy Plan (ESSP) which lays out the key policies and investments required to meet the energy sector's contribution to the Rwanda's Economic Development and Poverty Reduction Strategy II (EDPRS-II) covering the period 2013-2018. The SREP IP should contribute to the Government's target of providing on-grid and off-grid energy services to 70 per cent of its population by 2018. Stakeholders emphasized the need to align the IP with the action agenda of the SE4ALL.

- Potential priority investments to be funded by SREP may include: solar home systems; mini-grids, off-grid solar powered social infrastructure and technical assistance. More details on investments shall be defined further based on an off-grid strategy that will be developed by the Government of Rwanda (GoR). Additional investments may be proposed for financing from other sources of climate financing, including the Green Climate Fund. The World Bank offered to support the development of the off-grid strategy including a roll-out plan with remaining funds under the EARP project.
- Implementation mechanisms of the SREP funds may include a Renewable Energy Fund (REF). The GoR advised the mission team to use existing financing mechanisms and frameworks, rather than creating new ones; one of the options would be to establish the REF through Development Bank of Rwanda (BRD). The mission team advised the GoR to consider an enabling environment component under the proposed REF model.
- The mission team advised the GoR to request no more than 5 percent of SREP funds for TA. The Government agreed to explore with other developing partners potential co-financing vehicles for outstanding TA support. The mission team also reminded participants of the need to target 1:4 leverage for SREP financing, ideally from private sources.
- The Government informed the mission team that a decision had been made to channel SREP funds through one development bank rather than two; the Ministry of Finance and Economic Planning (MINECOFIN) would inform the development partners on its decision. The meeting discussed that the World Bank would be the bank to utilize SREP funds.
- The Government confirmed its commitment to submit and present the SREP IP to the SREP sub-committee in November, 2015.

5. **Kickoff Activities:** The following key activities to advance SREP investment plan preparation activities were discussed and agreed.

Actions	By whom	By when
MDB Scoping Mission	Government / MDBs	Completed
SREP investment plan preparation grant request letter	Government	Completed
Processing of investment plan preparation grant	WB	Completed
Selection of consultant to support with preparation of investment plan	WB	Completed
MDB Joint Mission and workshop to review draft investment plan with key	Government	Completed

Actions	By whom	By when
stakeholders (including project concept notes)		
Identify independent technical reviewer and confirm his/her availability	MDB	July 15, 2015
Inform the development partners of Government's decision on the development bank through which SREP funds will be utilized	Government	July 15, 2015
Submit draft off-grid strategy	Government	August 10, 2015
Finalization of investment plan	Government	August 21, 2015
Two-week public consultation and independent technical review	Government	September 15, 2015 (circulate IP for public consultation and independent technical review on August 31 or earlier)
MDB internal quality review	MDB	September 25, 2015
Submission of investment plan for Sub-Committee approval	Government	October 9, 2015
Approval by SREP Sub-Committee	SREP	November 9-13, 2015

Annex 1: Participants

HON. GERMAINE	KAMAYIRESE	MININFRA
HON. CHRISTIAN	RWAKUNDA	MININFRA
ROBERT	NYANVUMBA	MININFRA
PERUTH	ASIIMWE	MININFRA
MUNYEMAN	BLAISE	MININFRA
BIRYOMUMA	JONAN	MININFRA
LAETITIA	NDUWIMANA	MININFRA
BATANGANA	REGIS	MININFRA
SAMUEL	FELL	MININFRA
PEACE	KALIISA	MININFRA
GAKWAYA	HERBERT	MININFRA
BENJAMIN	MATEGEKO	REG
MARCEL	GAKUBA	REG
ALOYS	NTIHEMUKA	NESTEC
NATHAN	POULING	AFRITECH
HOW REES	JOHN	AFRITECH
SARA	LOVE	DFID
MIRIAM	SHROEDER	EnDev/GIZ
JAIMES	SOLOGEN	SNV
HUMPHREY	RICHARD	AfDB
ANTHONY	KAREMBU	AfDB
PATRICK	BYUSA	G. CONSULTANTS
MAGAMBILA	JULES	EU
ASHINGTON	NGIGI	INTERGRAL
WILLIAM	BLYTH	OXFORD ENERGY
RAFAEL	BEN	CIF AV
JANNES	VAN WELDEN	BELGIUM EMBASSY
ERWIN	DE WANDEL	BELGIUM EMBASSY
MUHIRE	JEAN PIERE	REGERG (R)Ltd
RENE	UWAMUGURIMFURA	RMB
YVES	NSUTI	RURA
YVES	TUYISHIME	RDB
JOHN	RUGWE	NGALI ENERGY
NTARE	KAREMBU	NGALI ENERGY
BIZIMANA	ASSUMANI	INNOTECK Ltd
UWIHOREYE	SAMUEL	SYNCHRO POWER SYSTEM Ltd
NTARE	BRIGHT	FONERWA