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PRESS RELEASE

Government signs agreement with European Union for a major energy programme for villages and rural services.

The government has signed an agreement with the European Union (EU) for a new and ambitious energy programme that will provide electricity to rural institutions, such as health centres and schools, and villages throughout the country. The project, costing some 14 billion RWF, will be financed on an equal basis by the GoR and the EU through a grant of €10 million. Electricity will be provided using solar power and micro-hydro electricity plants.

A signing ceremony, at which the financing agreement for the new Energy project was signed by Hon. James Musoni, Minister of Finance and Economic Planning and Ambassador Dr. David MacRae, Head of Delegation of the European Commission to Rwanda, took place on 22 January at the Ministry of Finance and Economic Planning in the presence of Engineer Albert Butare, Minister of State in charge of Energy at the Ministry of Infrastructure.

75% of Rwandans live in rural areas and only 1% have access to electricity. Therefore, the Government of Rwanda has developed a 5-year development plan to improve energy access and rural development. The European Union will support Rwanda in achieving these objectives by financing half of this energy programme. The programme will target areas of the country beyond the reach of the national electricity network and will provide electricity, primarily via solar photovoltaic systems to some 25% of the currently non-electrified institutions such as health centres, schools and public offices, covering 350 institutions in 150 of Rwanda's 419 sectors. In addition, 3 MW capacity micro-hydro electricity plants will be installed at various sites serving up to 70 villages (Umudugu) giving access to electricity to some 15,000 households.

The programme will support decentralization of education, health, water supply, telecommunication and general administration functions. It is designed as a Private Public Partnership, as the micro-hydro electric plants will be financed, constructed, managed and maintained by private firms, thus leading to the promotion of the private sector and the creation of many new off-farm jobs in rural areas.

Speaking at the ceremony, the Head of Delegation of the European Commission to Rwanda, Ambassador Dr. David MacRae said: *"In rural areas which are not covered by the national electricity grid networks, people struggle to develop revenue generating activities outside the agricultural sector. Access to modern energy is vital for the promotion of rural development and rural poverty alleviation. This programme will extend access to electricity for those who need it on a significant scale to remote rural areas and thus will improve living conditions and the rural economy"*.

The project is funded through the ACP-EU Energy facility of the 9th EDF (European Development Fund). The Facility was created to boost investment in energy schemes throughout the developing world. The EU is increasing its involvement in the energy sector. Two other projects are currently being funded through the ACP-EU Energy Facility, both involving non-governmental organisations with MLFM and Care Österreich for a total amount of 1,5 billion RWF. In addition, EU funded technical studies are underway for further investments in major hydro power schemes on the Rusizi river.

For general information about the ACP-EU energy facility, please go to
http://ec.europa.eu/europeaid/where/acp/regional-cooperation/energy/index_en.htm