



CASE STUDY 16: RWANDA – AMCs FOR RURAL ENERGY

Barriers	High up front capital costs
Instrument	Advance market commitments
Application	n/a
Amount	US\$10 million over 5 years

PROJECT BACKGROUND AND OBJECTIVES

The pilot Advance Market Commitment (AMC) project in Rwanda was part of DFID’s work program on AMC for low carbon technologies. The pilot AMC in Rwanda aims to demonstrate the wider potential of market-pull approaches to supporting low carbon development, and to catalyse private sector investment in renewable energy projects such as biogas and off-grid micro-hydropower. The main barrier to the development of biogas and hydro power project in Rwanda was demand uncertainty.

INSTRUMENTS USED

AMCs are defined as “temporary intervention to make revenues from markets more lucrative and more certain in order to accelerate investment” and for the pilot project in Rwanda it was in the form of short term cash incentives.

The AMC consists of one funding pot, to which biogas and hydro developers can access according to differentiated incentive criteria.

INSTITUTIONAL ARRANGEMENTS

The disbursement of funding and associated monitoring will be done by local banks after a competitive tender process.

For biogas projects, it was anticipated that the AMC incentive will take the form of a yearly cash incentive on commissioning of the installation and for up to three years thereafter on condition that it is fully functioning. Developers will need to demonstrate that each installation delivers biogas to a school or other community installation, and that a bilateral contract exists for the provision of biogas.

For micro hydro projects, the incentive could be paid in four instalments over three years according to some combination of the total number of household connections, the number of new connections added, and the power drawn per connection.

OUTCOMES

Project is still on-going, not much information was found on the results to date.

Further reading

DFID, Advance Market Commitments (AMCs): catalysing low carbon development Presentation to SREP Sub-Committee, 20100 – click [here](#)