

## **Republic of Rwanda**

# BARRIER ANALYSIS AND ENABLING FRAMEWORK FOR TECHNOLOGY TRANSFER AND DIFFUSION.

November, 2012



#### Disclaimer

This document is an output of the Technology Needs Assessment project, funded by the Global Environment Facility (GEF) and implemented by the United Nations Environment Programme (UNEP) and the UNEP-Risoe Centre (URC) in collaboration with the Regional Centre ENDA for the benefit of the participating countries. The present report is the output of a fully country-led process and the views and information contained herein is a product of National TNA the team, led by the Ministry of Natural Resources.

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## **ABBREVIATIONS and ACHRONYMS**

APH: Air Preheated Exhaust gases

BRALIRWA: Brasserie et Limonaderie du Rwanda

**BSP:** Biomass-fired Steam Power

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**BTA:** Biogas Thermal Applications CC: Climate Change CCGT: Combined Cycle Gas Turbine **CCI: Cross Cutting Issues** CCS: Carbon Capture, Storage and Sequestration CH<sub>4</sub>: Methane Gas CO: Carbon Monoxide CO<sub>2</sub>: Carbon Dioxide **CSP:** Concentrated Solar Power ESMAP: Energy Sector Management Assistance Programme EWASA: Energy, Water and Sanitation Authority **Gg:** Gigagrams GHG: Green House Gases GoR: Government of Rwanda GWh: Gigawatt hour HRSB: Heat Recovery Steam-Gases Boiler IGCC: Integrated Gasification Combined Cycle KWh: Kilowatt hour MINAGRI: Ministry of Agriculture and Animal Resources MINECOFIN: Ministry of Economic Development and Finance **MINEDUC: Ministry of Education** MINICOM: Ministry of Commerce MININFRA: Ministry of Infrastructure **MINIRENA: Ministry of Natural Resources** MWh: Megawatt hour MWP: Mini Wind Power N<sub>2</sub>O: Nitrous Oxide NOx: Oxide Nitrogen PSH: Pumped storage Hydropower **PV:** Photovoltaic RAB: Rwanda Agriculture Board **REMA:** Rwanda Environmental Management Authority **RENGOF: Rwanda Environmental NGOs Forum** RNRA: Rwanda Natural Resources Authority

Barrier analysis and enabling framework report

Technology Needs Assessment for Mitigation and Adaptation to Climate Change in Rwanda

- SNC: Second National Communication on Climate Change under the UNFCCC
- SOx: Sulphuric Oxides
- TNA: Technology Needs Assessment
- **TVET: Vocational Education & Training**
- UNEP: United Nations Environmental Programme
- UNFCCC: United Nations Framework Convention on Climate Change
- URC: UNEP Risoe Centre

## FOREWORD

Technology transfer has been under focus since the Rio Summit in 1992, where issues related to technology transfer were included in Agenda 21 as well as in the United Nations Framework Convention on Climate Change.

Technology Need Assessment (TNA) project in Rwanda was intended to produce four main reports notably TNA, Barrier Analysis & Enabling framework, National Technology Action Plans (TAPs) and Project Ideas for each prioritised technology.

The review of the four reports was carried out at different levels. At the national level, the reports were reviewed by the TNA Steering Committee, National TNA Team members and other different stakeholders from the energy and the agriculture sectors. At the internationally level, the review was carried out by experts from Environment et Développement du Tiers Monde (ENDA) and UNEP Risø Centre.

The ultimate goal of these reports is to guide political decision makers and national planners on selected economic sectors with highest vulnerability characteristics to the effects of climate change. They further highlight most appropriate technologies which would support these sectors and the country in general, to mitigate or adapt to the effects of climate change.

On behalf of the Government of Rwanda, I thank all stakeholders from public and private sectors who participated in different consultation and validation meetings held to evaluate the selection and prioritization of the sectors and technologies. Their inputs were invaluable and deeply appreciated. Lastly, I extend my gratitude to the Global Environmental Facility (GEF) for providing financial support. I also thank the UNEP Division of Technology, Industry and Economics, the UNEP Risoe Centre and ENDA for their technical support and guidance.



## **EXECUTIVE SUMMARY**

This second phase of TNA project is aiming at identification of main barriers hindering the transfer and diffusion of Climate Change mitigation and adaptation technologies. Prioritized technologies were presented in the previous TNA report-1 for both mitigation and adaptation as follows: a) small hydropower, geothermal-to-power, Lake Kivu methane combined cycle gas turbine, Plug-in hybrid electric vehicles and large solar photovoltaic for mitigation; and b) seed and grain storage, agro forestry, radical terraces, drip irrigation and rainwater harvesting for adaptation.

Identification of main measures to remove such barriers for mitigation technologies resulted in a group of solutions and actions linked to key elements of enabling frameworks and policies. These are related to the areas of trade, subsidies, tariff, tax, regulation, public investment, reference and demonstration projects assistance to investors and front runners but also early adopters of technologies. Particular attention was given to barriers related to the national macroeconomic conditions including: inadequate financial options, high initial investment costs, importation duties, limited access to loans and high interest rates.

Comparison of costs and benefits resulted in a clear conclusion of potential application and adoption of all prioritized technologies, especially the new ones expected to be introduced in near future for mitigation. These technologies include geothermal, hybrid electric vehicles and large solar PV

In addition to the fact that all the prioritized mitigation technologies fulfill the key criteria of national priorities up to 2020, the target of GHG mitigation is expected from a diversification approach relying on, among others, exploitation of all available and sustainable energy resources. This is why the Lake Kivu methane gas is expected to play an important role in such a project in case carbon capture and sequestration is taken as an option.

Barrier analysis for the adaptation technologies was also conducted. The following were identified as main barriers which would hinder the transfer and diffusion of adaptation technology options: High initial investment costs, limited technical knowledge, limited awareness about long term benefits of some of the technologies, limited access to funds and high interest rates. It was also found that conducive enabling environments exist which may ease the transfer and diffusion. These include but not limited to: Existence of institutional policies, strategies and political will to subsidize raw agricultural inputs as well as provision of incentives.

## **CHAPTER 1: ENERGY SECTOR<sup>1</sup>**

#### 1.1 Preliminary Targets for Technology Transfer and Diffusion

Within the context of climate change mitigation and TNA project, targets for deployment of prioritized technologies are guided mainly by official documents such as the National Energy Policy and Strategy (MININFRA, 2012), the Rwanda Vision 2020 and the Millennium Development Goals (UNPD, 2005).

For any support to socio economic growth and poverty alleviation, sustainable and affordable energy technologies are required. As presented below the case of Rwanda is really crucial if we refer to some key indicators showing that the level of modern energy consumption is still very low. The annual per-capita primary energy consumption is only 0.17 toe (tone oil equivalent) in Rwanda against 0.16 toe in sub-Saharan Africa and 4.7 toe in industrialized` countries (IMF, 2008). For the case of other Sub-sectors of energy consumption (petroleum, electricity), Rwanda is also still lagging behind. Therefore, the targets below are aiming at improving the status quo so that at least 50% of the population can have access to electricity by the year 2017. As a whole, the cost estimates<sup>2</sup> for the funds required for implementation of the accelerated least cost generation mix from 2011 to 2017 is 5,274 Millions USD.

Regarding the particular sub-sector of electricity, we consider the increase of electricity capacity as a central target and expected outputs are as follows:

- Annual per-capita electric capacity from 5 kW in 2008 to 113 kW in 2020;
- Annual per-capita electric energy from 23 kWh in 2008 to 488 kWh in 2020;
- -Rate of access to electricity: from 6% in 2008 to 50% in 2020

The targets above in electricity energy usage are crucial as s Rwanda is still lagging behind in the matter of electricity services. While for instance in Sub-Saharan Africa and in developed countries, average annual per-capita electricity consumption was respectively 478 kWh and 1200 kWh in year 2008; such gaps are still valid up to now<sup>3</sup>.

<sup>&</sup>lt;sup>1</sup> All preselected technologies presented in the previous TNA report are feasible options at short/medium term

in the context of the timeframe up to year 2030 and mainly through the diversification approach. Within the context of national energy policy for goals up to 2017 in addition to the ranking process and criteria mentioned in TNA report, this stage of barriers analysis is limited to only **five** options: **geothermal, Kivu methane CCGT, hydropower, solar and Plug- in hybrid electric vehicles.** 

 <sup>&</sup>lt;sup>2</sup> Such total capital cost are expected to cover mainly the least cost generation of energy, electrification, petroleum storage, transmission lines, efficiency, biomass conservation and also capacity building.
 <sup>3</sup> Per-capita electricity consumption is therefore in sub-Saharan Africa 21 times more important (compared to Rwanda); in

<sup>&</sup>lt;sup>3</sup> Per-capita electricity consumption is therefore in sub-Saharan Africa 21 times more important (compared to Rwanda); in developed it is about 60 times more.

## 1.1.1 Specific targets in geothermal up to 2017

- Assessment of geothermal resources mainly in the volcanic northern areas and along the whole portion of Rift Valley from the north to the south-West of the country;
- Installation of a pilot project plant of 10 MW;
- Generation of about 310 MW of electricity power by the end of year 2017;
- Identification of private investors and partners for financial support.

## 1.1.2 Specific targets for Kivu methane gas

- Based on the successful 3.6 MW Kivu methane pilot project plant operational since November 2008, negotiate and establish agreements with private sector and international investors for funding projects of 20 MW to 50 MW;
- Installation of about 300 MW by the end of 2017 mainly by private promoters under support by the government agencies and donors;
- Negotiation between the governments of RD Congo and Rwanda for developing a joint 200 MW power plant based on methane gas;
- Liquefaction of methane gas for further replacement of biomass and diesel fuels used in households and industry sector<sup>4</sup>.

## 1.1.3 Specific targets for small-hydropower

- Promotion of private sector participation in hydropower production at large and small scales;
- The delivery of licenses for small hydropower projects;=--
- Exploitation of a higher number of small hydropower sites so that additional 75 MW can be installed between 2011 and 2017;
- Promoting the legal and regulatory frameworks of micro-hydropower and mini grids under the monitoring of EWSA ;
- Financing and investing through IPP (Independent Power Producers) negotiation between EWSA and local promoters and community-based associations or cooperatives.

<sup>&</sup>lt;sup>4</sup> Liquefied methane gas ( in addition to biogas, solar water heaters, biofuels, electricity) is greatly expected to contribute in reducing biomass use from 555 to 3000 kg-oil –equivalent, respectively from year 2008 to 2020.(MININFRA, 2012)

## **1.1.4 Specific targets for PHEV**

- Increasing the capacity of transport sector
- Substituting imported petroleum fuels by methane gas converted into liquid fuels
- Developing a market based on efficient gasoline cars
- Introducing the green transport through the use of biodiesel and deployment of electric vehicles

## **1.1.5 Specific targets for solar PV**

- Development of a national strategy for operation and maintenance of large solar PV system
- Exempting all types of solar equipments and components from import duties;
- Basic electrification of all schools, all health centers and all administrative offices in remote rural areas;
- Based on lessons learnt from the 250 kW pilot plant installed near Kigali at Mount Jali, replication and installation of solar PV connected to the national EWSA grid;
- Development of guidelines on sizing and tender for provision of solar systems with high quality<sup>5</sup> standards.

## **1.2 Methodology and Guidelines**

Our methodology, used in the identifying of barriers to acquisition and deployment of energy technologies, in the specifying of appropriate measures and enabling frameworks to succeed in the process of transfer and diffusion, will be influenced by characteristics of targeted technologies. New technologies can obviously require a preliminary phase of share of information about their popularity in developed countries. Inventory for further sustainability of energy resources is also essential.

With reference to guidelines and handbooks designed and published by UNDP and World Bank (UNDP, 2010; ESMAP, 2007), barriers hindering transfer and diffusion of energy technologies can be classified into four main categories: technological, financial, economic and institutional. For each selected and prioritized technology, barriers, measures and frameworks will be identified, analyzed and discussed through consultations with stakeholders expected to play a key role in all phases of the TNA project in Rwanda.

<sup>&</sup>lt;sup>5</sup> Such adequate procurement can also take in account of new solar products more efficient like concentrated solar photovoltaic (CPV)

According to the observations recorded in countries where our targeted energy technologies have been successful, the range of barriers to transfer and diffusion is large and covers the following issues : a) commercial and competitive aspect , b) skills and knowledge , c) availability of technology products , d) initial capital cost and total production cost, e) institutional framework, f) involvement of the investors and banks,g) access to loans and subsidies , h) access to the national grid and agreements between EWSA as a national utility and private developers, i) type of settlements in rural areas for population, j) importation of products and energy fuels, k) preference in using traditional wood fuels. For better reading, a simplified route cause analysis (diagram of causes, barriers and impacts) will be done for each technology i-e problem tree methodology (refer to annex-I). For each technology, the problem tree will be translated into the solution tree reflecting the transformation of causes into actions to removal of barriers and effects of barriers into results of measures.

#### 1.3 Barrier Analysis and Measures for Large Solar Photovoltaic (PV) Technology

#### **1.3.1** General description of technology

The initial research in PV technology proved that special material of semiconductors convert the sunlight directly into electricity. The process of preparing such materials requires about 1,400 °C., This is why, among other reasons, PV systems are expensive. Worldwide production was only 5 MW in the year 1982 and substantially increased to 385 MW in year 2001. These trends regard mainly small-scale solar PV.

In fact, large grid-connected solar PV technology is relatively new, but highly promising. Solar radiation globally produces about 5 kWh every day per square meter of a receiver surface. Conditions for a proper production of electric power directly connected to national grid, or any mini-grid, are complex. This is due to required agreements between EWSA and the private sector that is expected to invest in large-scale PV systems with 5 MW capacity or more. Characteristics of a 5 MW solar PV plant based on a modular unit of 73 kW [http://www.caddet.org] are roughly as follows:

- PV area:  $532 \text{ m}^2$
- ✓ PV efficiency: 14%
- ✓ Inverter efficiency: 85% (DC to AC)
- ✓ Total incident radiation: 526 MWh/year
- ✓ Total incident: 55 MWh/year; such a modular unit can result in a larger PV plant once about 70 units are assembled and can provide 5 MW

Connection to the national grid is more appropriate for reducing the cost by avoiding use of batteries. Thus, the capacity factor equals the daily sunshine duration (in Rwanda about 6 hours). Lifespan of main components is 25 years. There is an optional scenario for reduction of cost involving concentrating solar energy in order to use less size of solar modules (i.e. requirements of about 5 kWh/m<sup>2</sup> for the beam direct normal solar component).

#### 1.3.2 Identification of barriers to deployment of large solar PV

#### **1.3.2.1 Economic and financial barriers**

The causes of absence of development and introduction of large solar PV technology are as follows: High initial capital cost of solar product and batteries, fluctuations and inflation affecting the costs of equipments, investors and local developers are not attracted.

Skilled expertise is missing for setting up frameworks related to, for instance, agreements with EWSA for reduction of costs through a direct connection to national electric grid. Another constraint is related to inability to apply research and adopt new options like concentrated photovoltaic and organic solar cells.

The deployment of large solar PV system is also limited by the inexistence of pilot projects for further demonstration beyond the phase of research and development. One of the adverse impacts is the limited diversification of electric energy sources in Rwanda and low exploitation of such a clean resource.

| Elements of          | Presentation and dimensions                                                                                                                                                                                               |
|----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| barriers             |                                                                                                                                                                                                                           |
| High Initial Capital | The Photovoltaic system compared to other                                                                                                                                                                                 |
| Cost                 | commercial energy technologies remains very                                                                                                                                                                               |
|                      | expensive;                                                                                                                                                                                                                |
|                      | Subsidies and low taxes have not yet resulted in larger                                                                                                                                                                   |
|                      | diffusion of PV modules in Rwanda;                                                                                                                                                                                        |
|                      | Only some institutions (schools, health centers) can                                                                                                                                                                      |
|                      | just afford an installation of about 3kW for mainly                                                                                                                                                                       |
|                      | lighting purposes;                                                                                                                                                                                                        |
|                      | EWSA installed just only a small plant with a capacity                                                                                                                                                                    |
|                      | of 250 kW in Rwanda, near Kigali.                                                                                                                                                                                         |
| Limited access to    | Acquisition of solar modules is limited by the initial                                                                                                                                                                    |
| loans from banks     | capital cost which has to be paid for in cash;                                                                                                                                                                            |
| and leasing          | Lack of access to credit is limiting both investors and                                                                                                                                                                   |
| programs             | end users to small scale size of solar products.                                                                                                                                                                          |
| Weak network and     | Poor knowledge in PV sector results in buying non                                                                                                                                                                         |
| limited update of    | tested solar modules as of now and then, second hand                                                                                                                                                                      |
| information on       | products are taken as new on the local market; new                                                                                                                                                                        |
| solar products       | equipments remain expensive;                                                                                                                                                                                              |
|                      | In addition, imported products from Europe, China,                                                                                                                                                                        |
|                      | USA or Japan to Rwanda,( a landlocked country) are                                                                                                                                                                        |
|                      | quite expensive due to transport and transaction costs.                                                                                                                                                                   |
| High cost installing | Absence of decentralized mini-grid for distribution of                                                                                                                                                                    |
| private grids        | electricity energy is limiting deployment and diffusion                                                                                                                                                                   |
|                      | of large solar PV system.                                                                                                                                                                                                 |
|                      | barriers<br>High Initial Capital<br>Cost<br>Cost<br>Limited access to<br>loans from banks<br>and leasing<br>programs<br>Weak network and<br>limited update of<br>information on<br>solar products<br>High cost installing |

 Table 1: Economic and Financial Barriers

## **1.3.2.2 Non Financial barriers**

| Table 2: Non Financial Barr | iers |
|-----------------------------|------|
|-----------------------------|------|

| Barriers     | Elements of        | Presentation/ and dimensions                              |
|--------------|--------------------|-----------------------------------------------------------|
|              | barriers           |                                                           |
| Imperfection | Non-existent local | An initiative of assembling the solar modules was set     |
| of solar     | industry for solar | up before 1993 in Kabgayi headquarters of Catholic        |
| market       |                    | Church; it is no longer operational while it was          |
|              |                    | expected to play a key role in making solar cells more    |
|              |                    | known and popularised.                                    |
|              | Unfamiliarity with | Design, preparation and implementation of any solar       |
|              | solar PV           | PV project, especially for larger scales, require more    |
|              | technology         | skilled labor and expertise which are currently missing   |
|              |                    | for Rwanda ; among others, more special skills in         |
|              |                    | setting up local mini-grids are missing; all phases of    |
|              |                    | installation, operation and maintenance have to refer     |
|              |                    | to information on solar resources(variability within the  |
|              |                    | year).                                                    |
|              | Low                | From schools and universities to stakeholders' relative   |
|              | competitiveness    | low awareness to solar PV technology, especially for      |
|              |                    | large scale size, is noted; this option is found useful   |
|              |                    | only for very small application of lighting just like the |
|              |                    | option of simple batteries charged at any available       |
|              |                    | station.                                                  |
|              |                    | Compared to ordinary supply of energy from EWSA,          |
|              |                    | the solar PV is less practical. Power generated is low    |
|              |                    | while its cost of acquisition is high.                    |
|              | Access to enough   | Due to the limited efficiency of converting solar light   |
|              | land               | into electricity, large land areas are required for       |
|              |                    | installing a large solar PV. Rwanda has the highest       |
|              |                    | density of population in Africa; a situation that renders |
|              |                    | this application very challenging.                        |
| Human and    | Limited skilled    | Technicians trained for designing and installing the      |

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| institutional | expertise           | large solar PV plants are very few in Rwanda.           |
|---------------|---------------------|---------------------------------------------------------|
| capacity      | Non-existent centre | Expert skills development to properly design and plan   |
|               | for promoting solar | for the development and diffusion of the large solar    |
|               | application         | PV systems needs more focus.                            |
| Social and    | Resistance to       | The technical benefits from the use and installation of |
| cultural      | change and invest   | the large solar PV and connection to the EWSA grid      |
| behavior      | in large solar      | are not yet understood; the small sizes are better      |
|               |                     | known and therefore more popular in Rwanda.             |

## **1.3.3 Identification of Measures for Large Solar PV**

## **1.3.3.1** Economic and financial measures

#### **Table 3: Economic and financial measures**

| <b>Elements of Barriers</b> | Measures                              | Hierarchy of |
|-----------------------------|---------------------------------------|--------------|
|                             |                                       | Barriers     |
| High initial capital cost   | Need of different forms of subsidies; | Non-starter  |
|                             | More involvement of private sector.   | (killer)     |
| Limited access to loans     | Set up a special fund via the carbon  | Crucial      |
| and leasing programs        | credit market                         |              |
| High cost of transfer and   | Application of reduction of taxes and | Important    |
| transport (transaction)     | fees                                  |              |
| High cost of installing     | Special incentives;                   | Crucial      |
| the mini-grids              | Option of subsidized mini-grids       |              |

## 1.3.3.2 Non financial measures

| <b>Elements of barriers</b> | Measures                                       | Hierarchy of    |
|-----------------------------|------------------------------------------------|-----------------|
|                             |                                                | barriers        |
| Non-existent feed-in-       | Implementation of the policy and agreements    | Crucial         |
| tariff                      | for connection to EWSA grid                    |                 |
| Non-existent local          | Set up a partnership between stakeholders for  | Easy starter    |
| industry for solar and      | a promotion of local industry in solar and     | (insignificant) |
| poor commerciality          | related electronics                            |                 |
| Unfamiliarity with          | Enhance the capacity building and regular      | Important       |
| solar PV technology         | training                                       |                 |
| Limited access to land      | Introduction of CPV(Concentrated solar         | Less            |
|                             | Photovoltaic) technology in Rwanda             | important       |
| Low competitiveness         | Introduction of mechanism of progressive       | Important       |
|                             | payment of equipment instead of paying cash    |                 |
|                             | (leasing programs);                            |                 |
|                             | Promotion of solar modules integrated to       |                 |
|                             | buildings and adoption of low cost product     |                 |
|                             | like the CPV option                            |                 |
| Limited capacity of         | Set up a centre for promotion of solar power   | Important       |
| human and                   | systems application;                           |                 |
| institutional               | Organization of regular training for           |                 |
|                             | technicians                                    |                 |
| Resistance to move          | Set up a pilot project of large scale solar PV | Crucial         |
| towards large solar         | plant                                          |                 |

The urgent measures to overcome barriers to diffusion of large solar PV are mainly those which are regarding the higher ranked barriers classified as:"important", "crucial' and "killer". Therefore a special fund via the carbon credit market, subsidies, feed-intariff and capacity building are recommended. A particular centre for promoting the installation and deployment of large solar PV system is required.

For instance, based on experience and lessons from advanced countries, feed-intariff is a successful influence on deployment of large solar PV system. In Germany about 75% of installed PV capacity received such a tariff support (Rickerson et al, 2010). Instead of EWSA relying on the very small solar PV (250 kW), it is highly recommended to install a larger plant for further demonstration and replication where suitable at a faster pace..

## 1.4 Barrier Analysis and Measures for Small Hydropower (SHP) Technology

## **1.4.1 General Description of Technology**

The small hydropower technology is a well known mitigation option and suitable for both remote areas and wider distribution through national grids. It is characterized by the following issues:

- The hydropower sector is playing a great role in economic development since the last decades of the 20<sup>th</sup> century,
- The production of hydro-electricity is based on a simple conversion of water potential energy into electricity by a combined system of water turbines and generators;
- Efficiency of conversion is relatively high, about 60%,
- Use of the Manning equation for designing small hydroelectric power systems driven by water flowing through pipes i.e steel or PVC or concrete penstocks,
- For power capacities less than 600 kW, installed transformers can be very small
- Hydraulic turbines' efficiency: 80%, generators: 90% and transformers: 90%,
- Option of in-stream turbine is appropriate for low lands like in Western Province of Rwanda,
- Design based on the Kaplan or Francis Turbine; self excited induction for picohydropower,
- Amount of electricity power is proportional to the head drop and the water flow discharged on turbine,
- Pico-hydro: lifespan is about 15 years,
- Micro-hydro: lifespan is about 30 years,
- The capacity factor i.e. operational time duration per day: about 50% or more according to the local conditions and the size of the demand,
- Power capacity: less than 50 kW for a pico-hydro system and less than 1 000 kW for a micro-hydro plant,
- The electricity output is linked to seasonal variations of water flow and specific designs.

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## **1.4.2 Identification of barriers**

## 1.4.2.1 Economic and financial barriers

## Table 5: Main economic and financial barriers

| Barriers   | <b>Elements</b> of | Presentation and dimension                                 |
|------------|--------------------|------------------------------------------------------------|
|            | barriers           |                                                            |
| Limited    | High cost of       | Due to the absence of local industries for electronics and |
| financial  | equipment          | electro-machinery, equipment for hydro plants is           |
| facilities |                    | imported.                                                  |
|            | Limited financial  | The number of private investors in energy sector and       |
|            | capacity of        | particularly in power production, supply and distribution  |
|            | private sector     | is still low due to limited financial capacity             |
|            | High cost of       | Due to, among other, the morphology, topography and        |
|            | construction and   | land slope, construction of small hydropower plant is      |
|            | installation       | expensive; it seems to be the case for instance for new    |
|            |                    | project of Rukarara (8 Megawatt) in the southern           |
|            |                    | province and Keya (2.2 Megawatt) in Northern-West          |
|            |                    | Rubavu district.                                           |
|            | Low access to      | High interest rates, often exceeding 18%;                  |
|            | loans              | Relatively short period of reimbursement of loans;         |
|            |                    | Problematic conditions and heavy guarantees                |

## **1.4.2.2** Non financial barriers

| Barriers      | Elements of       | Presentation and dimension                              |  |
|---------------|-------------------|---------------------------------------------------------|--|
|               | barriers          |                                                         |  |
| Limited       | Seasonal shortage | Small Hydropower plants do not have dams and            |  |
| Knowledge     | of designed       | reservoirs for storage and regulation;                  |  |
| for design    | discharge         | During dry period, only the base flow component is      |  |
| and           |                   | available in river and stream flows;                    |  |
| management    |                   | Records and historical data for small rivers are not    |  |
|               |                   | available.                                              |  |
|               | Limited expertise | Design of hydro plants require a multidisciplinary      |  |
|               | for training the  | team;                                                   |  |
|               | local trainees    | Difficulty in design for rivers with unknown water      |  |
|               |                   | levels and streams; unknown tools for modeling and      |  |
|               |                   | estimating time frames.                                 |  |
|               | Seasonal floods   | In addition to seasonal decrease in water resources     |  |
|               | and damage of     | (example in year 2004 for Mukungwa and Ntaruka          |  |
|               | installed         | power plants), floods and landslides damage the         |  |
|               | components of     | hydropower plants (case of Keya plant where the river   |  |
|               | power plant       | Sebeya is often flooding and has started to destroy the |  |
|               |                   | structure of fixed penstock pipe of one kilometer       |  |
|               |                   | length)                                                 |  |
| Low           | Incentives for    | Mechanism and frameworks for delivering the             |  |
| participation | developers are    | incentives are selective                                |  |
| of private    | missing           |                                                         |  |
| sector        |                   |                                                         |  |

## 1.4.3 Identification of Measures for Small Hydropower

## 1.4.3.1 Economic and financial measures

## Table 7: Economic and financial measures

| <b>Elements</b> of   | Measures                                               | Hierarchy of |
|----------------------|--------------------------------------------------------|--------------|
| Barriers             |                                                        | Barriers     |
| High cost of         | Promotion of industrial units for manufacturing        | Important    |
| equipments           | appropriate steel-pipes instead of importing them      |              |
|                      | (from Tanzania for instance) and for electrical        |              |
|                      | components like transformers and generators but also   |              |
|                      | water turbine for pico and small scales.               |              |
| High cost of         | Reinforcement of local expertise and capacity          | Crucial      |
| construction and     | building for high quality in designing small           |              |
| installation, and of | hydropower plants in mountains with high slope and     |              |
| preliminary studies  | varied geological structure                            |              |
| Limited financial    | Set up a specialized service facility to access loans  | Crucial      |
| capacity             | focusing on wider development of small hydropower      |              |
|                      | plants;                                                |              |
|                      | Set up a particular insurance scheme for hydrological  |              |
|                      | risk related to climate change impacts and variability |              |
|                      | in water resources                                     |              |

## 1.4.3.2 Non financial measures

#### **Table 8: Non financial measures**

| Elements of Barriers        | Measures                                | Hierarchy |
|-----------------------------|-----------------------------------------|-----------|
|                             |                                         | Barriers  |
| Fluctuation of water        | More share and dissemination of         | Important |
| resources                   | information on hydrological changes and |           |
|                             | risk of damaging the hydropower plants; |           |
| Limited skilled expertise   | Set up an appropriate and specific unit | Important |
| (in fact, studies and       | for training in renewable energy sector |           |
| preliminary design require  | and hydropower engineering.             |           |
| a multidisciplinary team of |                                         |           |

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| experts        | 5)          |    |                                     |         |
|----------------|-------------|----|-------------------------------------|---------|
| Low            | involvement | of | Increase and deliver the incentives | Crucial |
| private sector |             |    |                                     |         |

The most important barrier to remove is the limited financial capacity of private promoters of small hydropower in Rwanda. Thus, subsidies and acceptable interest rates for payment of loans are the most useful measures for such a technology. Reduction of costs of equipment and maintenance is expected from among other application of specific measures like establishment of a local manufacturer for key equipment as mentioned in the above table.

## 1.5 Barrier Analysis and Measures for the Combined Cycle Gas Turbine (CCGT)

## **1.5.1 General Description of Technology**

The CCGT plus an optional CCS technology is applicable to the Kivu methane gas in consideration of the following conditions:

- Small amount of Kivu methane gas under extraction since the 1950<sup>s</sup> for the heat purposes of the brewery BRALIRWA located in the North-West at Gisenyi town in Rubavu District;
- Annual supply: about 1.5 million cubic meters;
- Properties of the gas: mix of CO<sub>2</sub> and CH<sub>4</sub>;
- The CCGT is not yet applied in Rwanda; it is also the case for the CCS,
- The CCGT is a combined use of a set of components: gas combustor, gas turbine, heat recovery boiler, steam turbine. It is a reliable commercial,technology.
- The speed of methane resources regeneration rate is relatively limited. The planned speed of extraction can be adjusted to such a process of transformation resulting in renewability of methane gas.
- An amount of air and the methane gas are introduced in a combustor and burned.; The Gas Turbine, driven by gases from a combustor, is mechanically connected to the electric generator. Both heat and electricity are produced.

Such a use of both the gas turbine and steam turbines is commonly named: Combined Cycle Gas Turbine (CCGT). Modular units may range from 1 MW to 10 MW.

How does a CCGT work with both combustion gas turbine and steam turbine?

The methane gas is injected into a combustion chamber and burned. The exting expanding gases drive a gas turbine mechanically connected to a generator for producing electric energy. The waste heat is extracted from the gas turbine and sent to a boiler for producing

steam (Heat Recovery Steam – Gas Turbine). The steam, in turn, rotates a turbine (ST) connected to a generator. Specific parameters for a CCGT system are thermal efficiency: 34% for a gas turbine technology and 51% in case of a CCGT. Combustion gas turbine inlet temperature is 1 300 °C while steam turbine inlet temperature is 538 °C. The capacity factor of the CCGT is 80% (i.e. 19 hours) and life spanis 25 years.

The CCS is a set of components with roles of separation and extraction of  $CO_2$  from the CCGT flue gases, its compression and transportation through the pipelines towards a geological system or water body as a final destination for storage.

## **1.5.2 Identification of Barriers**

## **1.5.2.1 Economic and financial barriers**

## Table 9: Economic and financial barriers

| Barriers     | <b>Elements</b> of   | Presentation and dimension                         |
|--------------|----------------------|----------------------------------------------------|
|              | barriers             |                                                    |
| High cost of | High cost of         | The initial steps of methane gas production from   |
| methane      | extracting methane   | lake Kivu are expensive, installation of           |
| production   | gas                  | appropriate equipment is expensive too;            |
|              |                      | Biogas generation from households and              |
|              |                      | cooperatives is done on separate sites;            |
|              | Additional cost of   | Elimination of associated $CO_2$ and HS is also an |
|              | $CO_2$ and $H_2S$    | additional cost ( they account for up to 80% of    |
|              | storage              | gross mixed gases).                                |
|              | High cost to         | Gas from production units has to be transported    |
|              | achieve liquefaction | in a liquefied state ;(it is also the case for gas |
|              | temperature(-        | used in cooking and various industries as          |
|              | 168°C)               | planned by EWSA. This will include some of         |
|              |                      | the most important consumers like BRALIRWA         |
|              |                      | in North-West and CIMERWA in South-West of         |
|              |                      | the country.                                       |
|              | High cost of         | Adopt and apply the cheapest and available         |
|              | sequestration of     | techniques for sequestration, removal and storage  |
|              | exhaust gases        |                                                    |

## **1.5.2.2 Non Financial barriers**

| Barriers          | <b>Elements</b> of  | nts of Presentation and dimension               |  |
|-------------------|---------------------|-------------------------------------------------|--|
|                   | Barriers            |                                                 |  |
| Unfamiliar new    | Technical and skill | The CCGT is complex and required highly         |  |
| technology        | limitation          | qualified personnel , both gas turbine steam    |  |
|                   |                     | and recovery system are combined for            |  |
|                   |                     | increasing efficiency                           |  |
|                   | Limited gas         | CCGT requires enough preliminary production     |  |
|                   | production and      | of methane gas from Kivu lake, and biogas       |  |
|                   | distribution        | from different regions and companies ;          |  |
|                   |                     | Problem of collection and transportation of gas |  |
|                   |                     | is critical and is hindering the development of |  |
|                   |                     | CCGT technologies in Rwanda.                    |  |
| Conflict with the | Kivu gas is a rich  | Even though the methane fuel is not highly      |  |
| green policy      | resource and a non  | pollutant like the petroleum fuels, its         |  |
|                   | green energy        | exploitation and use require additional and     |  |
|                   |                     | specific actions of sequestration of exhaust    |  |
|                   |                     | gases                                           |  |

 Table 10: Non Financial barriers

## **1.5.3 Identification of Measures for CCGT**

## 1.5.3.1 Economic and financial measures

## Table 11: Economic and financial measures

| <b>Elements</b> of                   | Measures                                                                    | Hierarchy   |
|--------------------------------------|-----------------------------------------------------------------------------|-------------|
| Barriers                             |                                                                             | of Barriers |
| High cost of                         | Appropriate mechanism of funding CCGT based on                              | Crucial     |
| extracting                           | Kivu gas is to be setup;                                                    |             |
| methane gas                          |                                                                             |             |
| Additional cost                      | Instead of reinjection of the CO <sub>2</sub> at 90 m depth in lake         | Crucial     |
| of storage of                        | Kivu, such a gas can be considered as an input product                      |             |
| CO <sub>2</sub> and H <sub>2</sub> S | for industrial units of BRALIRWA for instance;                              |             |
|                                      | The $H_2S$ can be used for production of sulfuric acid                      |             |
|                                      | (H <sub>2</sub> SO <sub>4</sub> ), a useful chemical product for industrial |             |
|                                      | applications in addition to decrease of maintenance of                      |             |
|                                      | batteries storing energy from solar and wind option;                        |             |
| High cost of                         | Consider optional total use of gas for only plants                          | Non-Starter |
| liquefaction                         | located near extraction units;                                              | (killer)    |
| and transport                        |                                                                             |             |
| to end users                         |                                                                             |             |
| High cost of                         | Adoption of injection and storage in deep layers of the                     | Crucial     |
| sequestration                        | lake                                                                        |             |

## 1.5.3.2 Non financial measures

| Table 12: | Non | financial | measures |
|-----------|-----|-----------|----------|
|           |     |           |          |

| <b>Elements of Barriers</b> | Measures                                   | Hierarchy of |
|-----------------------------|--------------------------------------------|--------------|
|                             |                                            | Barriers     |
| Technical and skill         | Practical training in related technology;  | Important    |
| limitation                  |                                            |              |
| Limited gas production      | Set up a framework for prioritizing the    | Important    |
| and distribution at large   | CCGT projects                              |              |
| scale                       |                                            |              |
| Conflict with the green     | Implementation of carbon credit market for | Crucial      |
| policy                      | applying the CCS scenario                  |              |

Given that a pilot project on Kivu methane-to-electricity power has been installed and is operational since 2009, deployment of CCGT technology requires a special fund for initiating the combined cycle approach. While it is crucial to overcome the barriers related to the issues of costs, it is highly recommended to solve the problem of liquefaction and that of distribution of methane far from the station of production.

## 1.6 Barrier Analysis and Measures for PHEV Technology

## **1.6.1 General Description of Technology**

A plug-in hybrid electric vehicle (PHEV) is equipped with a conventional internal combustion engine and an electric motor A battery rechargeable through any electric power station runs the electric motor while the combustion engine depends on fossil fuels or biofuels. In case of fossil fuels, efficient gasoline option is more recommended. For such a technology combining the two sources of energy, the amount of  $CO_2$  emissions is lowered due to the decreased rate of fossil fuel consumption.

The source of electricity to which the battery plug is connected for recharging is expected to be a grid preferably based on hydropower, solar, wind and any other non carbon technology. For a recharging frequency of at least 2 times per day, PHEV consumes about 3 liters per 100 km against 4 liters in case of frequency of one charging per day. The overall efficiency of the system "Battery-Electric Motor-Wheels" transforming the chemical into mechanical through

electrical is about 75%. The efficiency of an internal combustion engine is about 15% in urban areas and 25% in rural or highways.

## **1.6.2 Identification of barriers for PHEV**

Like any other technology, transfer and diffusion of PHEV in Rwanda will be faced mainly with barriers related to resistance to change, market failure, limited demand including low financial and purchase capacity. National policy and provision of incentives for such a transport innovation are also needed. Appropriate loans from the banks and leasing programs are also required for promoting the PHEV technology option. Another constraint would be the inexistent infrastructure for recharging batteries.

Reference and pilot projects for a further deployment of PHEV alternative in Rwanda are also missing. For better implementation of GHG mitigation objectives, a diversification approach policy based on efficient gasoline-powered vehicles and electric power, is needed.

## **1.6.2.1 Economic and financial barriers**

| Туре      | Barriers   | Elements of barriers                    | Presentation and dimension        |
|-----------|------------|-----------------------------------------|-----------------------------------|
| Economic  | High cost  | Limited purchasing power of Rwanda      | GDP is low : about 275 USD        |
| and       | of         |                                         | per capita and per year           |
| Financial | purchasing | Inexistent incentives for promoting new | Banks , Micro-finances            |
|           | a PHEV     | vehicles in compliance with GHG         | institutions, government          |
|           |            | mitigation                              | agencies for transport sector are |
|           |            |                                         | not yet sensitized to             |
|           |            |                                         | facilitatepurchase of electric    |
|           |            |                                         | vehicles                          |
|           |            | Insufficient rates of taxes and fees to | Market for second hand            |
|           |            | conventional pollutant vehicles and     | vehicles is largely developed     |
|           |            | second hand vehicles                    | and dominant in Rwanda            |
|           |            | Inexistent local manufacturing units of | Only the process of importation   |
|           |            | components for assembling vehicles      | of vehicles fully ready for       |
|           |            |                                         | driving is in place               |
|           |            | Inexistent special externalities        | A lot of trucks and relatively    |
|           |            | applicable against vehicles consuming   | old mini-bus are highly           |
|           |            | non efficient gasoline and diesel       | pollutant and often emitting      |
|           |            |                                         | gases resulting from              |
|           |            |                                         | uncompleted combustion            |

 Table 13: Main
 barriers for PHEV technology

## **1.6.2.2 Non Financial barriers for PHEV**

| Туре      | Barriers          | Elements of barriers     | Presentation and dimension       |
|-----------|-------------------|--------------------------|----------------------------------|
| Non       | Market            | Monopoly of              | Only a very small number of      |
| Financial | imperfection      | conventional gasoline    | electric motorcycles are         |
|           |                   | and diesel vehicles      | available and optional           |
|           |                   | Affordable second hand   | Purchase cost of a new           |
|           |                   | vehicles                 | vehicle is almost twice more     |
|           |                   |                          | costly                           |
|           |                   | Non-established pilot    | PHEV vehicles are not yet        |
|           |                   | projects for             | available in Rwanda              |
|           |                   | demonstration            |                                  |
|           |                   | Unexpected               | Not possible to benefit from     |
|           |                   | competitiveness for      | inexistent PHEV market;          |
|           |                   | PHEV options             | economies of scale don't         |
|           |                   |                          | work                             |
|           |                   | Inexistent demand for    | Absence of infrastructure for    |
|           |                   | PHEV options             | PHEV battery stations;           |
|           |                   |                          | absence of first - steps actions |
|           |                   |                          | and promoters                    |
|           | Legal framework   | Only regulation and laws | GHG emissions from vehicles      |
|           |                   | governing conventional   | are not controlled along the     |
|           |                   | gasoline and diesel are  | road even when exhaust gases     |
|           |                   | operational              | are visibly observed             |
|           |                   | Penalties and removal of | Hesitation in destroying old     |
|           |                   | old vehicles are missing | vehicles is still predominant    |
|           | Network of actors | Private sector           | PHEV technology remains          |
|           |                   | participation in         | unknown and unfamiliar to        |
|           |                   | innovation for transport | public potential purchasers      |
|           |                   | sub-sector is limited    | and promoters of distribution    |
|           |                   |                          | of such vehicles                 |
|           |                   | Limited communication    | PHEV options are not             |

 Table 14:Non Financial barriers

|              | and share of               | considered and only            |
|--------------|----------------------------|--------------------------------|
|              | opportunities between      | conventional vehicles are      |
|              | PHEV manufacturers and     | imported from Europe and       |
|              | local importers for a step | Asia mainly.                   |
|              | towards introduction of    | Asia manny.                    |
|              |                            |                                |
|              | PHEV in the country        |                                |
| Human and    | Limited technical and      | PHEV , technology with         |
| Institution  | skilled human resources    | potential for GHG emission     |
| capacity     |                            | mitigation, is not yet         |
|              |                            | understood; very               |
|              |                            | limited number, if any,        |
|              |                            | of technicians                 |
|              |                            | sufficiently skilled in        |
|              |                            | such a technology              |
|              | Insufficient institutional | Campaign for promoting         |
|              | capacity                   | PHEV options is not            |
|              |                            | organized; discussion about    |
|              |                            | the PHEV benefits is non       |
|              |                            | existent                       |
|              | Dilemma: non starter, no   | Nobody is ready to introduce   |
|              | demand                     | PHEV                           |
| Social and   | Low confidence in          | Resistance to change and to    |
| Cultural     | PHEV alternatives          | replacement of conventional    |
|              |                            | vehicles by PHEV ones is       |
|              |                            | potentially hindering the      |
|              |                            | deployment of new transport    |
|              |                            | scenarios                      |
| Research and | Absence of transfer of     | Development of research and    |
| development  | knowledge and PHEV         | development facilities is      |
|              | technology from country    | missing while GHG emission     |
|              |                            | from the fuel combustion for   |
|              |                            |                                |
|              | potential consumers in     | road transport are the highest |
|              | Rwanda                     | in energy sector               |

| Limited    | focus        | on   | Impacts  | of   | imported    | fossil |
|------------|--------------|------|----------|------|-------------|--------|
| replacing  | fossil fuels | s by | fuels on | ener | gy bill are | highly |
| local rene | ewable en    | ergy | negative |      |             |        |
| resources  |              |      |          |      |             |        |

# 1.6.3 Identification of Measures for PHEV deployment

# **1.6.3.1 Economic and financial measures**

#### Table 15: Measures to overcome barriers for PHEV

| Category      | Measures      | Elements            | Presentation and dimension                  |
|---------------|---------------|---------------------|---------------------------------------------|
| Economics     | Special       | Incentives to       | Subsidized importation of PHEV              |
| and Financial | incentives to | encourage           | options;                                    |
|               | suppliers and | suppliers and       | Exemption from import taxes and fees;       |
|               | consumers of  | promoters of        | Exemption from parking fees                 |
|               | PHEV          | PHEV                |                                             |
|               | Bonus         | Incentives to       | Some bonus subsidies are given to           |
|               |               | consumers           | purchasers of PHEV options and              |
|               |               |                     | efficient gasoline cars emitting less       |
|               |               |                     | than 150/g.km                               |
|               | Subsidies for | Incentives to       | Distribution of bonus subsidies for         |
|               | industry of   | manufacturing       | battery and electric motor suppliers        |
|               | vehicles      | units               | and manufacturers ;                         |
|               |               |                     | Subsidies for recharging battery            |
|               |               |                     | stations for at least a period of the first |
|               |               |                     | 3 years of PHEV promotion                   |
|               | Leasing       | Special loans for   | Leasing programs for PHEV                   |
|               | programs      | purchase channel    | consumers;                                  |
|               |               |                     | Special fund in case of mini-buses;         |
|               |               |                     | Leasing program for maintenance             |
|               |               |                     | services and technical units                |
|               | Stopping the  | Discouraging the    | Increasing import taxes(custom,             |
|               | use of non    | importation of      | excise);                                    |
|               | efficient     | conventional        | Establishment of road use fees only for     |
|               | vehicles      | gasoline and diesel | new conventional vehicles;                  |

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|               | vehicles        | Increased interest rate             |
|---------------|-----------------|-------------------------------------|
| Subsidies for | Incentives for  | Subsidized maintenance station in   |
| converting    | converting pre- | charge of facilitating access to    |
| old cars      | owned vehicles  | converted vehicles                  |
|               | into hybrid     |                                     |
|               | vehicles        |                                     |
| Use of the    | Carbon credits  | All suppliers and consumers of PHEV |
| carbon market |                 | options benefit from carbon credits |

# 1.6.3.2 Non financial measures

**Table 16: Non financial measures** 

| Туре          | Measures          | Elements                       | Presentation and        |
|---------------|-------------------|--------------------------------|-------------------------|
|               |                   |                                | dimensions              |
| Non Financial | Creation of       | Installation of a governmental | All converted vehicles  |
|               | market for PHEV   | unit plant for swapping and    | receive a certification |
|               |                   | converting vehicles into       | of a swapped vehicle    |
|               |                   | hybrid ones                    |                         |
|               | Local fabrication | Development of a local         | Manufacturing unit of   |
|               | of batteries      | capacity of PHEV market        | batteries and of $H_2S$ |
|               |                   | service;                       | extracted from lake     |
|               |                   |                                | Kivu;                   |
|               | A manufacture of  | Local production of            | Manufacturing unit of   |
|               | electric motors   | equipments                     | electric motors and     |
|               |                   |                                | other key spare parts   |

#### 1.7 Barrier Analysis and Measures for Geothermal

#### 1.7.1 General Description of Technology

By the year 1870there was discovery of the role of radiogenic heat generated by long-lived radioactive isotopes of Uranium, Thorium and Potassium. In 1942, installed capacity of worldwide geothermal -electricity reached 127 MW as compared to 9,028 MW in year 2003. Geothermal exploitation follows a substantial investigation and exploration before deciding on the type of technology. There are 2 types of technology: Engineering Geothermal System (Hot Dry Rocks) or Naturally Hydrothermal Resources (Wet Rock Technology);

Once a sustainable reservoir of geothermal resources is discovered and drilled whole wells are properly installed, geothermal water brine, at about 180°c and pressure of 8 atmospheres, is extracted. A heat exchange system playing the role of transfer of heat to any selected working fluid is also installed.

- A steam turbine, driven by a heat working fluid, is connected to an electric generator. A system of conventional condenser and cooling tower fulfills the properties of thermodynamic cycle. Finally, the underground geothermal field is recharged through a reinjection at about 1 km from the position of the drilled whole wells.
- A binary hydrothermal electric power option is based on 2 fluids (1.gothermal steam/ brine and 2. hydrocarbon working heat fluid)
- Working fluids: Kalina water-ammonia mixture; butane; n-pentane
- Capacity range: 200 kW to 20 MW
- Temperature required for the geothermal water brine is about 120 °C to 170 °C
- Flow of fluids: mode of a closed-loop in order to minimize GHG emissions
- Modern drilling can reach a depth of 10 km underground
- Average geothermal gradient: 3 °C/100 m
- Binary plants are elaborated for commercial purposes in small modular units
- For instance in Ethiopia, the installed geothermal-electric power was 8.5 MW in year 2003 against 45 for Kenya; up to now, leading countries are mainly USA (2 800 MW), Philippines (1 905 MW), Italy (862 MW),...
- In case of geothermal resources reaching a temperature higher than 180 °C and a pressure up to 8 atmospheres or more, the geothermal steam can be directly passed through the turbine connected to the generator; then it is condensed and re-injected into deep layers of ground for the recharging purposes; such an avoidance of use of a heat exchanger and a hydrocarbon working heat fluid makes the geothermal technology cleaner without

emission of GHG; instead, for lower temperatures and pressures, the steam is still containing the brine, thus a use of a heat exchanger and a hydrocarbon fluid is required.

# **1.7.2 Identification of Barriers to geothermal technology**

#### **1.7.2.1 Economic and financial Barriers**

| Table 17 | : Economic | and financial | Barriers |
|----------|------------|---------------|----------|
|----------|------------|---------------|----------|

| Barriers            | Elements of        | Presentation and dimension                             |
|---------------------|--------------------|--------------------------------------------------------|
|                     | barriers           |                                                        |
| Cost of first steps | Cost of            | Required various studies(geological, chemical,         |
| and information on  | preliminary        | physical, location of wet aquifers and dry hot         |
| potentialities      | investigation      | rocks) are expensive;                                  |
|                     |                    | Potential sites in Rwanda are in the extreme           |
|                     |                    | North-West and extreme South-West regions              |
|                     | Limited            | Investment in new technology like geothermal has       |
|                     | incentives and     | to be associated with wide support for covering        |
|                     | subsidies          | the initial capital cost;                              |
|                     |                    | The first step of a pilot project is not yet installed |
|                     | Cost of validation | Unless a number of measures and incentives are         |
|                     | of result of       | openly made applicable and available, private          |
|                     | exploration        | investors will continue to hesitate and avoid any      |
|                     | studies; cost of   | involvement in geothermal exploitation and             |
|                     | large campaigns    | implementation.                                        |
|                     | for geothermal     |                                                        |
|                     | High capital and   | The newer the technology the higher the costs;         |
|                     | maintenance        | regional experience from Kenya and Ethiopia is         |
|                     | costs              | not a sufficient basis for projecting relative costs   |
|                     |                    | of production and maintenance in Rwanda.               |

# 1.7.2.2 Non financial Barriers

| Barriers                | <b>Elements of Barriers</b> | Presentation and dimension                |
|-------------------------|-----------------------------|-------------------------------------------|
| Stability of            | Risk of damage by           | Installation of geothermal power plants   |
| infrastructure          | earthquake events and       | is expected along the Rift Valley and     |
|                         | other hazardous events      | high lands in western branch, i.e         |
|                         |                             | volcanic zone and regions with high       |
|                         |                             | frequency of earthquake occurrences.      |
| Limited Human           | Insufficient expertise      | Given that a critical mass of skilled     |
| resources               | and skilled technicians     | local expertise in geothermal process     |
|                         |                             | and exploitation is missing, transfer and |
|                         |                             | deployment phases are weakened.           |
| Limited involvement of  | Information on              | Only surface studies have been            |
| private sector          | potential resources is      | achieved ;                                |
|                         | not available ;             | The planned pilot project of 10 MW is     |
|                         | Hesitation of private       | still awaited                             |
|                         | investors                   |                                           |
| Conflict with owners of | Very high density of        | Areas expected to host the geothermal     |
| lands                   | land occupation by          | plants are those which are highly         |
|                         | anthropogenic               | covered by agriculture plantations        |
|                         | activities                  |                                           |

## Table 18: Non financial Barriers

# 1.7.3 Identification of Measures for Geothermal

# 1.7.3.1 Economic and financial measures

#### **Table 19: Economic and financial measures**

| Elements of barriers          | Measures                                   | Hierarchy of |
|-------------------------------|--------------------------------------------|--------------|
|                               |                                            | Barriers     |
| Cost of preliminary           | Set up a special fund for new technologies | Non -starter |
| investigation                 | and benefit from carbon credits            | (killer)     |
| Limited incentives and        | Negotiations for different forms of        | Crucial      |
| subsidies                     | subsidies                                  |              |
| Cost of validation of results | Unit of monitoring the geothermal          | Important    |
| of exploration studies ;      | resources and research; proper reinjection |              |
| Cost of large company for     | of water from plants.; a 10 MW pilot       |              |
| geothermal                    | project                                    |              |
| High capital and              | Access to fund for initial equipment       | Non-starter  |
| maintenance costs             |                                            | (killer)     |
| Non sufficient expertise and  | Capacity building and Training in order to | Crucial      |
| skilled technicians           | associate a human expertise to the         |              |
|                               | alternative of coming pilot geothermal     |              |
|                               | power plants                               |              |

| <b>Elements of Barriers</b> | Measures                                            | Hierarchy of |  |
|-----------------------------|-----------------------------------------------------|--------------|--|
|                             |                                                     | Barriers     |  |
| Risk of damage by           | Design and construction taking into                 | Less         |  |
| earthquake event and        | account the risk of high vibration;                 | important    |  |
| others hazardous events     | insurance; avoidance of sites with a high           |              |  |
|                             | potential of landslides and of geological           |              |  |
|                             | fractures.                                          |              |  |
| Limited human               | Installation of a research centre for               | Crucial      |  |
| capacity                    | geothermal and related disciplines                  |              |  |
| Limited involvement of      | Set up an industrial association of private         | Crucial      |  |
| private sector              | promoters;                                          |              |  |
|                             | Make available a legal framework for                |              |  |
|                             | subsidies and incentives for interested             |              |  |
|                             | private investors                                   |              |  |
| Conflict with owners of     | Involvement of land owners in sharing the Important |              |  |
| lands                       | exploitation of geothermal                          |              |  |

# **1.7.3.2 Non financial barriers Table 20: Non financial barriers**

Measures, actions and solutions expected for removal of economic and financial barriers are linked to a set of financial inputs. They are to be considered from the beginning of the geothermal exploration and cover the crucial cost of drilling and installing of equipment. It is recommended to enhance the capacity building for further establishment of a research and development facility and future management of the pilot –plant project (10 MW).Risk management of potential damage to the proposed plant should also be considered.

# **1.8** Linkages of Identified Barriers for the Energy Sector

Apart from the small hydropower, all these prioritized technologies are almost new in Rwanda and require a substantial phase of RDD (research-development-demonstration). There is also a common limitation in a database on energy resources' distribution and availability.

The PHEV barriers are, among others, linked to the low level of deployment of renewable energy technologies.

| Туре        | Barriers                    | Linkages                                          |
|-------------|-----------------------------|---------------------------------------------------|
| Economic an | d High initial capital cost | Special attention has to be paid to technologies  |
| Financial   |                             | requiring particular equipment due to their       |
|             |                             | costs for acquisition and installation (case of   |
|             |                             | drilling and wells for geothermal; solar          |
|             |                             | collectors; methane and its distribution after    |
|             |                             | liquefaction).                                    |
|             | Low access to loans         | All technologies are sharing such a financial     |
|             | for investing in energy     | constraint. Small companies are facing this       |
|             | sector                      | problem moreespecially for the case of new        |
|             |                             | technologies (CCGT and CCS; geothermal;           |
|             |                             | PHEV).                                            |
|             |                             | The interest rate is high and a preliminary       |
|             |                             | condition of having a guarantor are constraints   |
|             |                             | common to the diffusion of all these              |
|             |                             | prioritized options.                              |
|             | -High cost of fuel          | Cost of fuels like biomass and petroleum is       |
|             | -High Operation and         | high due to limitation in their resources and     |
|             | Maintenance costs           | also their transport from the unit of preparation |
|             |                             | and treatment to the site of the power plants or  |
|             |                             | centre of consumers.                              |
|             | Cost of access to lands     | Technologies facing such a problem are            |
|             | and wetlands                | mainly those requiring large size of land for     |
|             |                             | extracting or collecting energy fuel              |
|             |                             | (geothermal; reservoirs for hydropower) or for    |

Table 21: Analysis of Linkages of Barriers for the Energy Sector

|               |                           | installation of the power plant (large solar PV;   |
|---------------|---------------------------|----------------------------------------------------|
|               |                           | solar CSP). For some technologies                  |
|               |                           | (geothermal, large hydro) arable land is           |
|               |                           | allocated to power plantsand this can lead to      |
|               |                           | potential conflicts with the agricultural sector.  |
|               | High cost of              | Particularly geothermal and Kivu methane are       |
|               | exploitation for access   | characterized by high cost of extracting and       |
|               | or extraction of fuel     | collecting the intake resource; drilling for the   |
|               |                           | geothermal can require a depth of wells            |
|               |                           | reaching about 3 km and reinjection wells are      |
|               |                           | separated by about 1 km.                           |
|               | High cost of storage of   | Imported petroleum products, Kivu methane          |
|               | energy resources and      | gas -to -power production for industry and         |
|               | output products           | cooking, heat energy produced by solar             |
|               |                           | concentrators require large capacity of storage.   |
| Non Financial | Lack of legal statute for | Small scale power technologies like solar PV,      |
|               | promotion of              | micro-hydropower are especially affected by        |
|               | independent or mini-      | such a constraint to transmission, diffusion and   |
|               | grid connections          | distribution of remote power generated; more       |
|               |                           | appropriate facilities are required for attracting |
|               |                           | private investors and communities.                 |
|               | Limited local industry    | -                                                  |
|               | -                         | · · · · ·                                          |
|               | for electro-mechanics     | require basic equipments which are (almost if      |
|               |                           | not all) imported for the case of Rwanda. One      |
|               |                           | can name turbines (steam, gas), electronics;       |
|               |                           | meters and generators; such a constraint can       |
|               |                           | result among others in high cost of operation,     |
|               |                           | maintenance and in lowered in diffusion of         |
|               |                           | technologies like the Pico/micro/mini              |
|               |                           | hydropower requiring among others                  |
|               | T · · · 1 · · ·           | importation of pipes.                              |
|               | Limited human and         | All prioritized technologies require a             |
|               | institutional capacity    | preliminary focus on estimation and studies on     |

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| for | r private companies     | sustainability of energy resource fuels, a       |
|-----|-------------------------|--------------------------------------------------|
| an  | 1 I                     | design for the whole plant, various capacities   |
|     |                         |                                                  |
|     | oducers or              | and enough skilled human staff for               |
| de  | velopers                | maintenance; thus any limited information and    |
|     |                         | weak expertise are affecting all these           |
|     |                         | technologies.                                    |
| Li  | mited mechanisms,       | Particular technologies facing high cost of      |
| fra | ameworks and            | newly introduced equipment are most affected     |
| sta | atements for access to  | by such a barrier to diffusion of energy         |
| su  | bsidies, incentives     | technologies presented above for this TNA        |
| an  | d carbon credits        | project in Rwanda.                               |
| Inc | existent specific joint | This barrier is a cross-cutting issue and, if    |
| res | search/ development     | relevant measures are not strengthened for a     |
| in  | energy sector           | further removal, can result in stagnant capacity |
|     |                         | for design and introduction of new               |
|     |                         | technologies.                                    |
| Li  | mited cooperation       | It is especially regarding hydropower and Kivu   |
| for | r the shared electric   | methane, two main technologies shared with       |
| reg | gional grid             | other countries in the region; such a regional   |
| int | terconnection           | cooperation can transform Rwanda (once           |
|     |                         | production of energy for supply is enough and    |
|     |                         | exceeding the local demand) into an exporting    |
|     |                         | energy.                                          |

| N° | Technology    | Measure n°1                            | Measure n°2                     |
|----|---------------|----------------------------------------|---------------------------------|
| 1. | Geothermal    | Make available detailed feasibility    | Allocation of benefits from     |
|    | Power         | studies and exploration for further    | carbon credits to subsidies for |
|    |               | information on geothermal              | investors interested in         |
|    |               | potentialities both for the wet hot    | exploration of geothermal       |
|    |               | aquifers and for the dry hot rocks     | power; lessons from a pilot     |
|    |               | scenarios                              | plant will be useful            |
| 2. | Kivu Methane  | Installation of a capacity building    | Attracting the local small      |
|    | CCGT          | towards a wider improved               | companies through a delivery    |
|    |               | efficiency through combination of      | of subsidies for joint          |
|    |               | the gas turbine, the CHP system of     | companies for both electric     |
|    |               | heat recovery and the steam turbine    | generation and liquefaction for |
|    |               | in addition to installation of         | covering the demand located     |
|    |               | components for carbon capture and      | far from lake Kivu; lessons     |
|    |               | sequestration of exhaust gases         | and experience from Kivu        |
|    |               |                                        | methane pilot plant are         |
|    |               |                                        | awaited                         |
| 3. | Hydropower(sm | Distribution of subsidies facilitating | Incentives and subsidized       |
|    | all scale)    | the development of independent         | insurance related to climate    |
|    |               | mini-grids and assistance in setting   | and hydrological risks and thus |
|    |               | up a mini-industry for basic           | for an insurance supported by   |
|    |               | electronics and electro-machinery      | government and partners so      |
|    |               | equipment and devices for better       | that the private companies,     |
|    |               | maintenance and diffusion of such a    | small developers and            |
|    |               | technology; lessons experience         | cooperative producers can be    |
|    |               | from Tanzania where pipes for          | more attracted                  |
|    |               | penstocks are manufactured can be      |                                 |
|    |               | explored;                              |                                 |
| 4  | PVEH          | Provision of incentives to both        | Discouraging the importation    |
|    |               | suppliers; promoters, consumers        | non efficient gasoline and      |
|    |               | and manufacturing industrial units     | diesel vehicles by means of     |
|    |               | of PHEV components                     | decreasing their costs and      |

Table 22: Most important measures for Prioritized Technologies

|   |        |       |                                      | establishing subsidized         |
|---|--------|-------|--------------------------------------|---------------------------------|
|   |        |       |                                      | purchase cost of PHEV           |
| 5 | Solar( | large | Industrial unit of large solar PV    | Feed in tariffs and facilities  |
|   | PV)    |       | through appropriate subsidies and    | related to direct connection to |
|   |        |       | incentives by both government and    | national EWSA grid in order to  |
|   |        |       | partners (local industry for         | avoid use of large field of     |
|   |        |       | assembling solar cells and for       | batteries and to promote the    |
|   |        |       | electronics like inverters ; special | economy of scales through       |
|   |        |       | fund for solar)                      | installation of large solar PV  |

#### **1.9 Enabling Framework to Overcome Barriers**

Among prioritized technologies for wider development of energy sector in the context of economic growth, poverty reduction and climate change mitigation, some of them are already planned to be implemented mainly before the year 2017. With reference to the updated National Energy Policy and Strategy additional electric power capacity scheduled for installation is about 150 megawatts per year over the period of 2011 to 2017 so that 1052.4 megawatts will be operational in Rwanda as an added capacity in the year 2017 (MININFRA. 2011).

The top prioritized power technologies are geothermal (310 MW), Kivu methane (295.5 MW), hydropower (75.6 MW for small scale and 161MW for large scale) and peat (200MW); being percentage-wise about 29%, 28%, 23% and 19% respectively. In addition to the above main contributing sources, there are two other minor ones: diesel (10MW) and solar photovoltaic (0.3MW).

Our discussion on enabling frameworks for overcoming barriers to transfer and diffusion of energy technologies will be limited, below, to only the five above mentioned prioritized options (geothermal, methane, hydropower, hybrid electric vehicles and solar).

| Туре      | Common             | Enabling Frameworks                    | Responsible  |
|-----------|--------------------|----------------------------------------|--------------|
|           | Barriers           |                                        |              |
| Financial | Limited financial  | Framework for benefits from carbon     | REMA;        |
|           | capacity of        | market and credits; a special          | MININFRA;    |
|           | private investors  | partnership and joint ventures can be  | EWSA, BANKS. |
|           |                    | undertaken.                            |              |
|           | High tariff of     | Standard Mechanism for increasing      | EWSA ; RURA; |
|           | kilowatt-hour      | efficiency of converting a fuel into   | MININFRA     |
|           | generated          | electric power (more subsidies and     | ;MINICOM     |
|           |                    | incentives); Laws and agreements       |              |
|           |                    | with EWSA                              |              |
|           | High capital cost  | Availing a legal statute to facilitate | MINICOM;     |
|           |                    | accessing special funds, subsidies,    | BANKS;       |
|           |                    | particular loans and incentives to     | DONORS       |
|           |                    | innovators                             |              |
|           | Limited local      | Legal framework on research            | MINICOM;     |
|           | industry on        | oriented to energy sector and          | MINEDUC      |
|           | common devices     | promotion of industrial units for      |              |
|           | like turbine       | support to the maintenance             |              |
|           | ,generators and    | requirements.                          |              |
|           | electronics        |                                        |              |
| Non       | Limitation in      | Setting up a network for capacity      | MIFOTRA;     |
| Financial | human capacity     | building and regular training in       | MININFRA;    |
|           | and expertise      | energy sector especially for design    | UNIVERSITIES |
|           |                    | and management of power plants.        | NGOs         |
|           | Limited            | Organization of campaigns, for and     | PRIVATE      |
|           | motivation for     | seminars for attracting small power    | SECTOR       |
|           | joint companies    | producers and investors in different   | ASSOCIATION; |
|           | from smaller       | sub-sectors of energy.                 | EWSA         |
|           | scale producers    |                                        |              |
|           | Limited facilities | Establishment of pilot projects for    | DONARS;      |
|           | in research and    | new technologies;                      | MININFRA;    |
|           |                    |                                        | l            |

 Table 23: Addressing Common Barriers to the five prioritized technologies

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| development and  | Special fund for key energy options     | MINEDUC;      |
|------------------|-----------------------------------------|---------------|
| demonstration    |                                         | REMA          |
| Resistance to    | Policy on assistance to innovators,     | RDB; RBS;     |
| change and       | early adopters and front-runnors;       | RURA; MINICOM |
| limited          | Policy on inter-agencies                |               |
| acceptance of    | coordination;                           |               |
| new technologies | Policy on industrial alliances at local |               |
|                  | and international level                 |               |

#### 1.10. Cost/ benefit analysis

Below we present an analysis of costs and benefits for the five prioritized technologies. We considered the generating costs[ in: US dollars or cents per kWh] of each technology; in fact such a parameter is calculated through an adjusted initial capital cost extended to the overall lifetime, the fixed and variable operation and maintenance costs and, the cost of energy fuels, if any. The benefits [in: kg/MWh or g/kWh] are related to the contribution of energy technologies to the GHG mitigation applications. Therefore we comparatively analyzed the information resulting from the ratio [in: USD/kg or USD/tonnes] between such costs and benefits.

Annual NPV (net present values) have been calculated for each technology over the lifespan for a discount rate of 10 % both the costs and benefits have been discounted. Considering the double objective of the TNA project aiming at fighting both "against poverty and against the effects of climate change as interrelated efforts" (UNDP, 2010), the prioritized options include the Kivu methane gas CCGT technology improved by the additional CCS option. In addition to such a double worldwide target, it was suggested by the COP 15 at Copenhagen in December 2009 "to accelerate technology development and transfer in support of action on mitigation that will be guided by a country-driven approach and be based on national circumstances and priorities" (UNFCCC, 2009b). Within the context of the TNA project and with targets mitigating the GHG emissions, below we present an alternative of replacing for instance the oil-fired power technology (gas turbine) by low- carbon technologies.

In fact, about e half of total electricity in Rwanda is currently provided by the thermal power plants using imported liquid fuels. From 2005 to 2008, total electricity production was respectively 115.8, 230.4, 248.6 and 276.5 GWh/year. Thus the average increase per year is

40 GWh. Therefore in the coming three years, about 558 GWh, will be required. In case of business-as-usual about 280 GWh will be provided by thermal power plants.

The calculations below, i.e tables 24 and 25, are therefore based on the scenario of replacing thermal power plant (280 GWh) by more clean options.

|                                | Small      | Large solar | Geothermal | Kivu methane |
|--------------------------------|------------|-------------|------------|--------------|
|                                | hydropower | PV          |            | CCGT with    |
|                                |            |             |            | CCS          |
| Unit CO <sub>2</sub> emission[ | 43         | 155         | 197        | 315          |
| kg/MWh]                        |            |             |            |              |
| Annual CO <sub>2</sub>         | 12         | 43          | 55         | 88           |
| emission[megatons]             |            |             |            |              |
| Avoided CO <sub>2</sub>        | 198        | 167         | 155        | 122          |
| emission <sup>6</sup>          |            |             |            |              |
| [megatons/year]                |            |             |            |              |
| Benefits                       | 396        | 334         | 310        | 244          |
| [10 <sup>6</sup> USD/year]     |            |             |            |              |
| Unit generating                | 151        | 616         | 156        | 131          |
| cost[USD/MWh]                  |            |             |            |              |
| Annual generating              | 42.3       | 172.5       | 43.7       | 36.7         |
| $cost[10^6 USD]$               |            |             |            |              |
| Benefit-to-cost                | 9.4        | 2           | 7          | 6.6          |
| ratio                          |            |             |            |              |

 Table 24: Costs and benefits with link to GHG mitigation

<sup>&</sup>lt;sup>6</sup> Refer to the baseline OIL/DIESEL power plant emitting 750 Kg/MWh , i,e about 210 megatons of CO<sub>2</sub> emission /year

| Table 25: Net Present Values (NPV) per each technology for a scenario of replacing 280 |  |
|----------------------------------------------------------------------------------------|--|
| MWh from oil thermal power plants                                                      |  |

| N <sup>th</sup> year | NPV for Small              | NPV for Large              | NPV for                    | NPV for                    |
|----------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|                      | hydropower                 | solar PV                   | Geothermal                 | Methane                    |
|                      | [10 <sup>6</sup> USD/year] | [10 <sup>6</sup> USD/year] | [10 <sup>6</sup> USD/year] | CCGT with                  |
|                      |                            |                            |                            | CCS                        |
|                      |                            |                            |                            | [10 <sup>6</sup> USD/year] |
| 1                    | 323                        | 157                        | 238                        | 187                        |
| 2                    | 293                        | 142                        | 217                        | 170                        |
| 3                    | 267                        | 129                        | 197                        | 154                        |
| 4                    | 242                        | 118                        | 179                        | 140                        |
| 5                    | 220                        | 107                        | 163                        | 127                        |
| 6                    | 200                        | 97                         | 148                        | 116                        |
| 7                    | 182                        | 88                         | 134                        | 105                        |
| 8                    | 165                        | 80                         | 122                        | 96                         |
| 9                    | 150                        | 73                         | 111                        | 87                         |
| 10                   | 137                        | 66                         | 101                        | 79                         |
| 11                   | 124                        | 60                         | 92                         | 72                         |
| 12                   | 113                        | 55                         | 83                         | 65                         |
| 13                   | 103                        | 50                         | 76                         | 59                         |
| 14                   | 93                         | 45                         | 69                         | 54                         |
| 15                   | 85                         | 41                         | 63                         | 49                         |

Given that the CO<sub>2</sub> emission by oil-fired technology is estimated at about 210 000 tons per year, replacement of such a technology by any renewable option will result in a significant mitigation. With regard to the above results, the best scenario is the replacement of oil and diesel-based power technologies by alternatives presenting the lowest amount of CO<sub>2</sub> emission. The indicative cost of environmental externalities is varying between 2 and 28 USD per ton of CO<sub>2</sub> emissions (IPCCC, 2007). Therefore, In consideration of this minimum 2 USD per ton of CO<sub>2</sub> emission; externalities' costs related to the reduction of GHG emission were agreeable in accordance with the literature related to, among other publications, technical and economic assessment of energy technologies (ESMAP, 2007).

One may wonder how options like geothermal and solar photovoltaic are characterized by an important emission of  $CO_2$ . This is due to the process of preparation, treatment and other steps in the overall channel network of fuel production. Thus, it is important to remember that such trends are not affecting the operation process during the lifespan of large solar and geothermal plants.

The NPV calculated for each prioritized technology in the sub-sector of electricity and presented above in table 25 proves that all these options are profitable; therefore their diffusion at large scale in Rwanda is recommended (1.10.6 Cost-Benefit Analysis for PHEV)

Table 26: Operation and maintenance costs of PHEV option

| Item             | Item Non Efficient fuel vehicle |                  | Savings          |
|------------------|---------------------------------|------------------|------------------|
| Maintenance      | 17 US cents/km                  | 6.8 US cents/km  | 10.2 US cents/km |
| Fuel consumption | 2 US cents/km                   | 1.2 US cents/km  | 0.8 US cents/km  |
| Operating Cost   | 0.8 US cents/km                 | 0.7 US cents/km  | 0.1 US cents/km  |
| Tires            | 19.7 US cents/km                | 8.7 US cents/km  | 11 US cents/km   |
| Total            | 39.5 US cents/km                | 17.4 US cents/km | 22.1 US cents/km |

Theabove data are linked to the following approximate Gasoline fuel cost in Kigali(Rwanda)

Average rate of consumption: 10 liters/100km for conventional vehicle and 4 liters/100km for PHEV

Average mileage distance: 50 km/day i.e. 18250 km/year

Average lifespan = 10 years

The fuel consumption item regards only the fossil gasoline fuel; electricity for recharging the batteries is assumed to come from non carbon fuel

Saving from the use of PHEV instead of pollutant GNEF is 22.1 US cents/km i.e. a rate of reduced operation and maintenance cost of 56%.

<sup>=1.7</sup> US/liter

|                       | Urban circulation | Rural circulation |
|-----------------------|-------------------|-------------------|
| Gasoline no efficient | 2.3 US cents/km   | 1.3 US cents/km   |
| vehicle((GNEF)        |                   |                   |
| PHEV                  | 0.5 US cents/km   | 0.47 US cents/km  |
| Savings               | 1.8 US cents/km   | 0.83 US cents/km  |

Table 27: Reduction of GHG emissions costs

The above results are based on an average GHG mitigation cost ranging between 20 and 50 USD per ton of  $CO_2$  equivalent (Litiman, 2012); the  $CO_2$  emission is 458 g/km and 105 g/km respectively for the gasoline non efficient vehicle and the PHEV option in case of urban circulation. Regarding the rural circulation, emissions are 262g/km and 95 g/km respectively for GNEF and PHEV options.

The above calculation of cost of GHG emission considered the higher rate (50 USD/tone).

Replacement of a GNEF vehicle by a PHEV option results in the savings-related externalities of about 1.8 US cents/km in case of urban circulation. This is justified by the rate of decrease in GHG emission of about 77%. Therefore it is highly recommended to swap from the non efficient cars to cleaner hybrid electric cars. The PHEV technology combined with electricity power generation technologies fully based on non carbon fuels as stated above in the analysis of the four prioritized technologies (geothermal, solar, hydropower and Kivu methane CCGT with optional CCS components); it is expected to play a key role in GHG mitigation in Rwanda.

Finally, for a unit PHEV replacing a conventional non efficient vehicle, the net benefits and savings are about 1693 USD/year in case of an adjusted initial purchase-cost estimated at 4440 USD over a lifespan of 10 years.

Table 26: Estimated NPV for the PHEV technology

| Ν          | 1    | 2    | 3    | 4    | 5    | 6   | 7   | 8   | 9   | 10  |
|------------|------|------|------|------|------|-----|-----|-----|-----|-----|
| NPV        | 1539 | 1399 | 1272 | 1156 | 1051 | 956 | 869 | 790 | 718 | 653 |
| (USD/year) |      |      |      |      |      |     |     |     |     |     |

The estimated annual NPV for a PHEV unit is presented above in table 26. They are positive and hence the PHEV technology is profitable. Its potential transfer and diffusion in Rwanda can induce and boost the development of renewable energy use.

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# **CHAPTER 2: AGRICULTURE SECTOR**

#### 2.1 Preliminary targets for technology transfer and diffusion

#### 2.1.1 Description of targets for prioritized technologies in the agriculture sector

As mentioned in the TNA report, five adaptation technologies were prioritized for the agriculture sector. These include: Seeds and grain storage, Agro forestry, Radical terraces, Drip irrigation and Rainwater harvesting.

#### 2.1.1.1 Targets for seed and grain storage

The target group for the transfer and diffusion of this technology is the farmers' associations/cooperatives in the first place. These are considered as ideal for the good management and maintenance of the systems once put in place. Although the number of fully operating farmers associations/cooperatives is not yet well known, it is assumed that the entire Rwandan farming community which is estimated at 1 400 000 households will benefit from seed and grain storage technology transfer and diffusion.

The cost of the deployment of the technology is estimated as follow: To install storage capacity of 60 000 tons with modern and well studied drying area, management offices and other supporting equipment it ranges from \$ 480000 to \$ 900000 in local conditions. This makes the unit cost range from \$ 8 to \$ 15 / ton. The transfer and diffusion of the technology should start immediately after the TNA project is concluded.

#### 2.1.1.2 Targets for agro forestry

Agro forestry systems being suitable for all kind of farming practices, the target group for its transfer and diffusion is the entire Rwandan farming community. It is estimated that all the sub groups (farming communities, associations and/cooperatives) of the 1 400 000 households involved in farming activities will benefit from agro forestry transfer and diffusion. The average cost to put in place 1 ha of agro forestry plantations is 10 000 \$ covering land preparation, seedling preparation (seeds purchasing, tubing, shade construction, nursery maintenance) and baby trees plantation. The transfer and diffusion of the technology should start immediately after the TNA project is concluded.

#### 2.1.1.3 Targets for radical terraces

Radical terraces are ideal for slopes ranging from 13% to 55%, it is estimated that agricultural land with radical terracing potential is owned by 1 000 000 households which are the main part of the Rwandan farming community. For this reason, the transfer and diffusion of radical terracing as an adaptation technology will target 71% of the entire farming community in Rwanda. The average cost to establish one hectare of radical terraces in Rwanda including labor and basic tools such as picks, shovels etc is \$ 1000 tax exclusive. The cost for any additional unit (ha) of radical terracing would cost the same amount as the initial unit. The transfer and diffusion of the technology should start immediately after the TNA project is concluded.

#### 2.1.1.4 Targets for drip irrigation

The transfer and diffusion of drip irrigation as a technology option for climate change adaption in Rwanda will target farming community populations located in low land regions, the central plateau with no accidental slopes and other areas where the land has been worked so as to be able to cater for agriculture infrastructures. This farming community is estimated at 1 200 000 households which is about 80% of the entire farming community in Rwanda. Looking at the technology diffusion cost, the technology is widely variable; however the cost of a drip irrigation system ranges from US\$ 800 to US\$ 2,500 per hectare depending on the specific type of technology, automatic devices, used materials as well as the amount of labor required. The transfer and diffusion of the technology should start immediately after the TNA project is concluded.

#### 2.1.1.5 Targets for rainwater harvesting

Rainwater harvesting transfer and diffusion could simply be beneficial to the entire Rwandan population given the country's relatively high precipitation per annum. In fact, rainfall average is 1400 mm per annum with abundant precipitation of 2000 mm in the North western part of the country and low precipitation of 700 mm in the South eastern part of the country. All the 1 400 000 households which make the Rwandan farming community could benefit from the transfer and diffusion of this technology. The installation of one cubic meter in a small sized (240 m<sup>3</sup>) runoff pond system costs \$ 15. The cost to install one cubic meter in rooftop rainwater harvesting system varies depending on the tank type:

- 1. With plastic tank: \$ 230
- 2. Stone and concrete tank: \$ 220

The transfer and diffusion of the technology should start immediately after the TNA project is concluded.

#### 2.1.2 Methodology

In the first place, literature review was carried out by the consultant in order to list and classify barriers that may hinder the transfer and diffusion of prioritized technologies for the agriculture sector based on guidelines as elaborated and published by the UNDP. Initially, barriers hindering transfer and diffusion of prioritized technologies in the agriculture sector were classified into four main categories: technological, financial, economic and institutional. Being barriers or measures, two types are considered in the context of speed of diffusion;

financial and non financial. Thus for measures we can simplify and consider only two types: financial and non financial measures. Our methodology also considered a consultation process during which listed barriers were discussed among a wide scope of stakeholders including agriculture and finance experts, academics, researchers, NGOs representatives and the media. The consultation was initiated by individual meetings to draft relevant suggestions, and concluded by a workshop where the outcome of individual meetings was discussed and finalized. The workshop was held on 4<sup>th</sup> September 2012 at Umubano Hotel, Kigali, Rwanda.

#### 2.2 Barrier analysis and possible enabling measures for agro forestry

#### 2.2.1 General description of agro forestry

Agro-forestry is an integrated approach to the production of trees and of non-tree crops or animals on the same piece of land. The crops can be grown together at the same time, in rotation, or in separate plots when materials from one are used to benefit another. Agroforestry systems take advantage of trees for many uses such as: to hold the soil, to increase fertility through nitrogen fixation, or through bringing minerals from deep in the soil and depositing them by leaf-fall; and to provide shade, construction materials, foods and fuel (climatetechwiki.org).

#### 2.2.2 Identification of barriers for agro forestry

Rwandan agriculture is one of the sectors which are vulnerable to the effects of climate change especially soil erosion as a result of heavy rains. The country holds a total space of 1.4 million hectares with agricultural production potential. The same space can be used for agro forestry development which would help the agriculture sector and the country in general to adapt to the effects of climate change. However, there exist barriers that hinder proper implementation of the technology in Rwanda. The following key barriers have been identified:

- 1. Agro forestry inputs are not well distributed which makes them not easily accessible to local farmers. These include: seeds, germplasm and credit.
- Lack of demonstration plots: Farmers are difficult to convince unless they see the advantages of agro forestry. Very few demonstration plots have been established as case studies to generate concrete results

- 3. There exists gaps of knowledge on agro forestry systems among agriculture extension agents who are in regular contact with farmers.
- 4. Farmers are not prepared to invest in agro forestry for long term benefits. They prefer immediate benefits
- 5. There is also lack of infrastructure for handling and processing of existing agro forestry products and lack of marketing services.

# 2.2.3 Proposed measures to overcome barriers for agro forestry

With respect to barriers translated into causes and effects of not fully adopting agro forestry as an adaptation technology option to climate change in Rwanda, identified measures to overcome the barriers are presented in table 28. Mainly, technical knowledge gaps which exist in the agro forestry industry can be dealt with through training, information sharing workshops and study tours. The legal framework should also be elaborated in order to adapt it to current country needs and priorities.

| Category                                | Barriers                 | Measures                       | Hierarchy<br>of barriers |
|-----------------------------------------|--------------------------|--------------------------------|--------------------------|
| <b>Technical</b> Existence of technical |                          | Improvement of technical       | Important                |
|                                         | knowledge gaps           | knowledge through training,    |                          |
|                                         | among agro extension     | workshops and study tours to   |                          |
|                                         | agents                   | all agro extension agents      |                          |
| Political                               | Existence of gaps in     | Revise the legal framework of  | Important                |
|                                         | forestry development     | the agro forestry section by   |                          |
|                                         | legal framework          | initiating a project aiming at |                          |
|                                         |                          | developing specific laws on    |                          |
|                                         |                          | agro forestry development      |                          |
| Information                             | Limited information at   | Create awareness among         | Important                |
| and                                     | farm level               | farmers through meetings and   |                          |
| awareness                               |                          | community radio                |                          |
| Economic                                | Inadequate access to     | Promote access to credit and   | Crucial                  |
| and<br>financial                        | credit and high interest | reduce interest rates by       |                          |
|                                         | rate                     | decentralizing agriculture     |                          |
|                                         |                          | development funds up to        |                          |

Table 28: List of proposed measures to overcome identified barriers for agro forestry

|   |                         | Sector level                  |             |
|---|-------------------------|-------------------------------|-------------|
|   |                         |                               |             |
|   |                         |                               |             |
|   | Relatively high initial | Reduction of charges to       | Non starter |
|   | • •                     | farmers on initial investment |             |
|   |                         |                               |             |
| 2 | absence of immediate    | on agro forestry development  |             |
| e | economic benefits       | through provision of inputs   |             |
|   |                         | such as seedlings.            |             |

## 2.2.4 Enabling framework

Through its Strategic Plan for the Transformation of Agriculture (PSTA II), Rwanda has set up several mechanisms that would enable the implementation of technologies which improve agricultural production while sustaining the environment. Different government institutions/agencies have been given different mandates and roles which provide an ideal framework for technology transfer and diffusion among the population. For example ministries are policy makers while government agencies together with local government entities are policy implementers.

Based on the proposed measures, the table below illustrates enabling environment that complements the existing institutional framework in order to overcome identified barriers that may hamper the development of agro forestry in Rwanda.

| Table 29: Enabling environment to implement proposed measures to overcome |  |
|---------------------------------------------------------------------------|--|
| identified barriers for agro forestry                                     |  |

| Proposed measures                                             | Enabling Environment      |  |
|---------------------------------------------------------------|---------------------------|--|
| Provide training to all agro extension agents:                | -MINIRENA                 |  |
| -Organize seminars                                            | -MINAGRI                  |  |
| -Conduct workshops                                            | -MINALOC                  |  |
| -Organize and conduct study tours                             | -MINECOFIN                |  |
| Provide information and create awareness among farmers:       | -MINICOM                  |  |
| -Create demonstration plots around the country                | -RNRA                     |  |
| -Organize and conduct study tours                             | -REMA                     |  |
| -Provide awareness materials to farmers                       | -RAB                      |  |
| associations/cooperatives                                     | -RGB                      |  |
| Promote access to credit and reduce interest rates:           | -RBS                      |  |
| Create small farmers agro financing institutions              | -RCA                      |  |
| Reduce charges to farmers on initial investment and Educate   | -PSF                      |  |
| farmers about multiplied medium to long term benefits of agro | -Farmers                  |  |
| forestry systems:                                             | associations/cooperatives |  |
| -Provide subsidies for agro forestry inputs                   | -Research institutions    |  |
| -Tax exemption on imported inputs                             | -NGOs                     |  |
| -Provide awareness materials                                  | -National Adaptation      |  |

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| -Use of media (news papers, radio, TV) | Programs of Action       |
|----------------------------------------|--------------------------|
|                                        | -Policy on agro forestry |
|                                        | -Forestry strategy       |
|                                        |                          |
|                                        |                          |
|                                        |                          |

#### 2.2.5 Cost benefits analysis for agro forestry

#### **Measures**

The key barrier to transfer and diffusion of agro forestry islimited adoption of agro forestry systems among farmers.

The target when transferring and diffusing this technology would be to make agro forestry systems fully adoptable within farming communities.

List of alternative measures:

Know how, rural policies, awareness raising, access, subsidies etc Complimentary measures:

- a) Improvement of existing technical knowledge
- b) Revision of agro forestry legal framework
- c) Creation of awareness among farmers
- d) Promote access to credit and reduce interest rates
- e) Reduction of charges to farmers on initial investment on agro forestry development through subsidies on inputs (seedlings and fertilizers)

#### Costs

1. Awareness and knowledge raising among farmers

Cost of trainers, workshops and training material

In the first year, a starter pack would be made available and be distributed to each of the farming households to allow farmers learn about the benefits of agro forestry.

The cost of a representative pack was estimated at \$15 per household including training and information.

The total cost was estimated at: \$15\*1 400 000 households= \$21 million

2. Subsidies to cover a share of costs on initial investment

Assuming that each household will be 100% provided with seedlings to be planted on 0.01 ha (10 seedlings) at an average cost of 0.1 per seedling, the total cost would be: 0.1\*10\*1 400 000= 1.4 million

3. Ensure access to available inputs such as seedlings and fertilizers

Costs related to legal reforms and infrastructure

We assumed this to be part of the overall development agenda and we did not estimate any cost.

Other cost:

These would include labor, land and fertilizers. Regarding labor this is only man power since Rwandan agriculture is human labor intensive. The agriculture land generally belongs to the farmer and in most cases it is inherited from the family. We also assume that most the fertilizers to be used will be organic manure available locally at a negligible cost. Total costs: (awareness and knowledge raising + subsidies on initial investments cost +

related to legal reforms and infrastructure + other costs)

Total costs (USD)  $_{year 1}$ : 21 million + 1.4 million + 0 + 0

$$= 22.4$$
 million

Total costs (USD) year 2: 0 + 1.4 million + 0 + 0

= 1.4 million

#### **Benefits:**

Starting in Year 5, one-fourth of the trees will be coppiced annually and sold as building poles for \$ 0.40 each.

Assuming that fruit trees will be 50% of the total planted trees and the total number being 14 million per annum, sales of buildings will be:

 $0.40^{*}$  (7 million) = 0.7 million from year 5

Starting in Year 7, \$5 worth of fruit will be sold each year.

Fruit sales will be:

5\$ \*7 million tress= \$ 35 million from year 7

The discount rate was fixed at 5 % and 9%

| Year | Total Benefits<br>(USD) | Total Costs<br>(USD) | Net benefits<br>(USD) | Discounted<br>net benefits at<br>5% (USD) | Discounted<br>net<br>Benefits at<br>8% (USD) |
|------|-------------------------|----------------------|-----------------------|-------------------------------------------|----------------------------------------------|
| 1    | -                       | 22 400 000           | -                     | -                                         | -                                            |
| 2    | -                       | 1 400 000            | -                     | -                                         | -                                            |
| 3    | -                       | 1 400 000            | -                     | -                                         | -                                            |
| 4    | -                       | 1 400 000            | -                     | -                                         | -                                            |
| 5    | 700 000                 | 1 400 000            | -                     | -                                         | -                                            |
| 6    | 1 400 000               | 1 400 000            | 0                     | 0                                         | 0                                            |
| 7    | 37 100 000              | 1 400 000            | 35 700 000            | 27 127 659                                | 20 840 630                                   |
| 8    | 72 800 000              | 1 400 000            | 71 400 000            | 52 192 982                                | 38 594 594                                   |
| 9    | 108 500 000             | 1 400 000            | 107 100 000           | 75 316 455                                | 56 603 603                                   |
| 10   | 144 200 000             | 1 400 000            | 142 800 000           | 96 617 050                                | 66 203 059                                   |
| NPV  | 1                       |                      | 1                     | 251 254 146                               | 182 241 886                                  |

Table 30: Net present values for agro forestry

By Year 10, crops yields (i.e. maize) and revenues on the remaining land will be 22% higher than they would have been without the trees. (Costs of planting and harvesting the maize remain constant.) This assumes an absolute increase in yields of 11% over ten years, compared with a decrease of 11% if the trees had not been planted.

#### 2.3 Barrier analysis and possible enabling measures for drip irrigation

#### 2.3.1 General description of drip irrigation

Drip irrigation is a technology based on the constant application of a specific and focused quantity of water to soil crops. The system uses pipes, valves and small drippers or emitters transporting water from the sources (i.e. wells, tanks and or reservoirs) to the route area and applying it under particular quantity and pressure specifications. Compared to surface irrigation, which can provide 60 per cent, water-use efficiency and sprinklers systems which can provide 75 per cent efficiency, drip irrigation can provide as much as 90 per cent water-use efficiency (FAO, 2002).

#### 2.3.2 Identification of barriers for drip irrigation

The majority of Rwandan farmers (about 90%) still rely on rain fed agriculture which makes agriculture production much more vulnerable to irregular rainfall and prolonged draughts. With an estimation of 589 000 ha of potential irrigable land, the government of Rwanda through the Ministry of Agriculture has targeted to irrigate at total space of 100 000 ha by 2017 from 18 000 ha in 2011 mostly using flood irrigation which, combined with unreliable precipitation will put more pressure on water resources.

Drip irrigation has been identified as the most efficient technology to assist the agriculture sector/production to adapt to the effect of climate change, especially by reducing water consumption given its 90% efficiency on water use. In local context, barriers to the implementation of the technology have been identified as follows:

| Table 31: Identified barriers that may hamper the implementation of drip irrigation in |  |
|----------------------------------------------------------------------------------------|--|
| Rwanda                                                                                 |  |

| Classification | Barriers                          | Main characteristics                           |  |
|----------------|-----------------------------------|------------------------------------------------|--|
| Financial      | High initial investment cost      | Drip irrigation components are expensive to    |  |
|                |                                   | purchase                                       |  |
|                | Difficulties to access funds      | Small/medium farming agriculture is not        |  |
|                |                                   | well funded in Rwanda                          |  |
| Economic       | Limited private companies         | Drip irrigation components/ equipment are      |  |
|                | dealing in the importation of     | only bought on order through few companies     |  |
|                | drip irrigation equipment.        | which imports them.                            |  |
|                | Limited equipment                 | No manufacturers of drip irrigation            |  |
|                | manufacturers in place            | equipment/components are available in          |  |
|                |                                   | Rwanda except for pvc pipes and tanks          |  |
| Technological  | Existence of gaps in technical    | There exist limited local expertise in drip    |  |
|                | skills in irrigation              | irrigation installation and maintenance.       |  |
| Natural        | Seasonal fluctuation of water     | Due to changing times of abundant              |  |
|                | availability                      | precipitations, rain water resources are no    |  |
|                |                                   | longer reliable which affects rivers and       |  |
|                |                                   | internal lakes levels.                         |  |
|                | Elevation of agricultural lands   | It would be more beneficial for Rwandan        |  |
|                | vs common water sources           | agriculture to apply drip irrigation on        |  |
|                | location                          | hillside. Given the overall landscape of the   |  |
|                |                                   | country which is hilly it becomes difficult to |  |
|                |                                   | access water sources which are mostly found    |  |
|                |                                   | in valleys.                                    |  |
|                | Competition with other water      | In places where water is more scarce like the  |  |
| uses           |                                   | north eastern part of the country, there may   |  |
|                |                                   | be competition between agriculture and         |  |
|                |                                   | animals on water resources                     |  |
| Cultural       | Irrigation is not given its right | People do not clearly understand the role that |  |
|                | value among many of local         | water plays in the plant life and development. |  |
|                | agriculture practitioners         |                                                |  |

# 2.3.3 Proposed measures to overcome barriers for drip irrigation

With respect to barriers translated into causes of not adopting drip irrigation as an adaptation technology option to climate change in Rwanda, identified measures to overcome the barriers are presented in table 32.

| Category    | Barriers                    | Measures                              | Hierarchy   |
|-------------|-----------------------------|---------------------------------------|-------------|
|             |                             |                                       | of barriers |
| Economic    | Few private companies       | Awareness creation with the           | Important   |
| & Financial | dealing in drip irrigation  | purpose of creating interest among    |             |
|             | equipments importation.     | local importers through improved      |             |
|             |                             | access to loans at reduced interest   |             |
|             |                             | rates                                 |             |
|             | Limited number of           | Awareness creation with the           | Important   |
|             | manufacturers of drip       | purpose of creating interest among    |             |
|             | irrigation equipments       | local manufacturers by                |             |
|             |                             | guarantying tax exemption on raw      |             |
|             |                             | material                              |             |
|             | High initial investment     | Reduce charges to farmers on          | Non starter |
| cost        |                             | initial investment of drip irrigation |             |
|             |                             | installations through subsidies.      |             |
|             | Difficulties to access      | Facilitate farmers to access funds    | Crucial     |
| funds       |                             | by creating agriculture funding       |             |
|             |                             | institutions and reducing interest    |             |
|             |                             | rates.                                |             |
| Technologi  | Limited of technical        | Improve technical skills on drip      | Important   |
| cal         | skills on drip irrigation   | irrigation through trainings,         |             |
|             |                             | workshops and study tours             |             |
| Cultural    | Irrigation is not given its | Educate local agriculture             | Important   |
|             | right value among many      | practitioners about the vital role of |             |
|             | of local agriculture        | water in plant growth and             |             |
|             | practitioners               | productivity through awareness        |             |

| Table 32: List of proposed measures to overcome i | identified barriers for drip irrigation |
|---------------------------------------------------|-----------------------------------------|
|---------------------------------------------------|-----------------------------------------|

|  | campaigns. |  |
|--|------------|--|
|  |            |  |

Table 33 below highlights measures which would assist to overcome identified barriers in implementing drip irrigation.: Local importers and manufacturers would be convinced to import and manufacture drip irrigation equipment by offering them loans at reduced interest rates and through tax exemptions on raw materials.

Through subsidies, charges to farmers on initial investment of drip irrigation systems purchase and installation can be reduced making drip irrigation systems more affordable. Decentralizing agriculture development funds up to sector level would facilitate farmers' to access funds.

Technical skills on drip irrigation can be developed through training, workshops and study tours. Local agriculture practitioners should be educated about the vital role of water in plant growth and productivity by comparing well irrigated crops/fields against non- irrigated crops/fields using demonstration fields.

#### 2.3.4 Enabling framework to implement measures for drip irrigation

# Table 33: Enabling environment to implement proposed measures to overcomeidentified barriers for drip irrigation

| Proposed measures                                          | Enabling Environment |
|------------------------------------------------------------|----------------------|
| Create interest among local importers and convince them to | -MINIRENA            |
| import drip irrigation equipment/components by offering    | -MINAGRI             |
| them loans at reduced interest rates                       | -MINALOC             |
| Create interest among local manufacturers and convince     | -MINECOFIN           |
| them to import drip irrigation equipment through tax       | -MINICOM             |
| exemptions on raw materials                                | -RNRA                |
| Reduce charges to farmers on initial investment of drip    | -REMA                |
| irrigation installations through subsidies                 | -RAB                 |
| Facilitate farmers to access funds:                        | -RGB                 |
| -Create agriculture funding institutions                   | -RBS                 |
| -Reduce interest rates on small and medium sized farming   | -RCA                 |
| activities                                                 | -PSF                 |
| Provide technical skills                                   | -Farmers             |

| -Organize seminars                                              | associations/cooperatives     |
|-----------------------------------------------------------------|-------------------------------|
| -Conduct workshops                                              | -Research institutions        |
| -Organize and conduct study trips on drip irrigation            | -NGOs                         |
| Educate local agriculture practitioners about the vital role of | -National Adaptation          |
| water in plant growth and productivity:                         | Programs of Action            |
| -Organize training of trainers through workshops, seminars,     | -Irrigation and mechanization |
| show casing, demonstration plots.                               | task force                    |
| -Conduct farmers awareness campaign by using awareness          | -National water resources     |
| materials, the media like news papers (Imvaho nshya),           | management policy             |
| Radio (Rwanda, Contact fm, Flash fm, Salus fm and others)       | -Irrigation master plan       |
|                                                                 | -Irrigation strategy          |
|                                                                 | -Land policy                  |
|                                                                 | -Land use master plan         |
|                                                                 | -Environmental organic law    |
|                                                                 | -Environmental policy         |
|                                                                 |                               |

# 2.3.5 Cost benefit analysis for drip irrigation

# <u>Measures</u>

The key barrier to transfer and diffusion of drip irrigation is limited acceptance of drip irrigation systems.

The target when transferring and diffusing this technology is increased acceptance of drip irrigation.

List of alternative measures:

Access to loans, tax exemption, subsidies, know-how, awareness raising

Complimentary measures:

a. Create interest among local importers through improved access to loans at reduced interest rates.

b. Create interest among local manufacturers by guaranteeing tax exemption on raw material

- c. Reduce charges to farmers on initial investment of drip irrigation installations through subsidies.
- d. Improve existing technical skills on drip irrigation through training, workshops and study tours

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e. Educate local agricultural practitioners about the vital role of water in plant growth and productivity through awareness campaigns.

#### Costs

1. The creation of interest among local importers through improved access to loans at reduced interest rates.

We assume that this programme is included in current planned financial reforms and do not estimate any cost.

2. The creation of interest among local manufactures by guaranteeing tax exemption on raw material.

No cost is estimated since tax exemption on raw material is one of the mechanisms which the government of Rwanda adopted in order to promote the development of the manufacturing sector.

3. Subsidies to cover a share of costs on initial investment.

Assuming that each of the 1.2 million farming households which would directly benefit from drip irrigation transfer and diffusion will be assisted at 50% in order to acquire a drip irrigation system able to water 0.04 ha each year at a cost of \$ 1650 per hectare, The total cost would be: [50 % (\$ 1650 \* 0.04) \* 1 200 000] = \$39 million

4. Improve existing technical skills on drip irrigation through training, workshops and study tours

At the beginning of the programme a starter pack would be made available and be distributed to each of the benefiting households (1.2 million) to allow the community familiarize themselves with the technology.

The cost of the starter pack was estimated at \$15 per household including training and information.

The total cost for capacity building is estimated at: \$15\*1 200 000 households

= \$ 18 million

Other cost:

These would include system maintenance and other irrigation infrastructures which are estimated at \$100 per hectare per year. (0.04\*100) \* 1200000 households = 4.8 million Total costs: (improved access to loans + tax exemption + subsidies on initial investment +

technical skills + other costs)

Total costs (USD)  $_{year 1}$ : 0 + 0 + 39 million + 18 million + 4.8 million

= 61.8 million

Total costs (USD) <sub>year 2</sub>: 0 + 0 + 39 million + 0 + 4.8 million

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= 43.8 million

## **Benefits:**

In the first place, the adoption of drip irrigation would allow farmers to harvest four times a year instead of two.

Assuming that corn is produced all over the country with average yields of 5 tonnes per hectare at a price of \$60 per ton, it comes to \$300 of sales of corn per hectare.

Net benefit is estimated at: (sales-inputs and labor)

\$300-225= \$75 per hectare

Total benefit is: (\$ 75\* 0.04\*1200000 households\*2) = \$ 7 200 000 per annum

| Year | Total Benefits<br>(USD) | Total Costs<br>(USD) | Net benefits<br>(USD) | Discounted<br>net benefits at<br>5% (USD) | Discounted net<br>Benefits at 8%<br>(USD) |
|------|-------------------------|----------------------|-----------------------|-------------------------------------------|-------------------------------------------|
| 1    | 7 200 000               | 61 800 000           | -                     | -                                         | -                                         |
| 2    | 14 400 000              | 43 800 000           | -                     | -                                         | -                                         |
| 3    | 21 600 000              | 43 800 000           | -                     | -                                         | -                                         |
| 4    | 28 800 000              | 43 800 000           | -                     | -                                         | -                                         |
| 5    | 36 000 000              | 43 800 000           | -                     | -                                         | -                                         |
| 6    | 43 200 000              | 43 800 000           | -                     | -                                         | -                                         |
| 7    | 50 400 000              | 43 800 000           | 6 600 000             | 5 015 197                                 | 3 852 889                                 |
| 8    | 57 600 000              | 43 800 000           | 13 800 000            | 10 087 719                                | 7 459 459                                 |
| 9    | 64 800 000              | 43 800 000           | 21 000 000            | 14 769 932                                | 10 510 510                                |
| 10   | 72 000 000              | 43 800 000           | 28 200 000            | 19 079 837                                | 13 073 713                                |
| NPV  |                         |                      | L                     | 48 952 685                                | 34 895 931                                |

Table 34: Net present values for drip irrigation

As an adaptation technology option, the key benefits of drip irrigation system are as follows

• It is a convenient and efficient way to supply water directly into the soil along individual crop rows and surrounding individual plant roots.

• It saves money by using water and labor efficiently.

• It can effectively deliver very small amounts of water daily, which can save energy; increase yields and minimize leaching of soluble chemicals.

# 2.4 Barrier analysis and possible enabling measures for rain water harvesting

# 2.4.1 General description of rain water harvesting

Rain water harvesting is a technology used for collecting and storing rainwater from rooftops, the land surface or rock catchments using simple techniques such as jars and pots as well as more complex techniques such as underground check dams. Commonly used systems are constructed of three principal components; namely, the catchment area, the collection device, and the conveyance system.

# 2.4.2 Identification of barriers for rain water harvesting

In Rwanda, most pressure in agricultural water use comes from the continuously increasing irrigated space and this depends on how efficiently water is used. As rainfall becomes unreliable and extreme water conditions intensify, it is becoming a must to expand

agricultural irrigated land using harvested rainwater as a water source and using all water harvesting methods which include: runoff ponds, pitting methods, trenching methods etc. Through technology needs assessment, barriers that my hamper the implementation of rainwater harvesting as a climate change adaptation option have been identified as shown in the table below.

| Table 35: Identified | barriers | that | may | hamper | the | implementation | of rain | water |
|----------------------|----------|------|-----|--------|-----|----------------|---------|-------|
| harvesting in Rwanda | l        |      |     |        |     |                |         |       |

| Classification | Barriers                         | Main characteristics                     |
|----------------|----------------------------------|------------------------------------------|
| Financial &    | High cost of RWH systems         | RWH systems components are still         |
| Economic       |                                  | expensive to purchase                    |
|                | Difficulties to access funds     | Small/medium farming agriculture is      |
|                |                                  | not well funded in Rwanda                |
| Technological  | Lack of skills and know how in   | There is no enough local expertise in    |
|                | Rain Water Harvesting Techniques | rain water harvesting systems            |
|                |                                  | installation and maintenance.            |
| Natural        | Unreliable rainfall              | Due to changing times of abundant        |
|                |                                  | precipitations, rain water resources are |
|                |                                  | no longer reliable                       |
|                | Presence of acidic soils         | There exists acidic soils in many parts  |
|                |                                  | of the country mainly due to over-       |
|                |                                  | exploitation of the bed rock.            |
|                | Severe soil erosion causing      | Soil erosion being one of the main       |
|                | sedimentation and silting        | environmental degradation issues in      |
|                |                                  | Rwanda, rain water harvesting systems    |
|                |                                  | especially those using surface runoffs   |
|                |                                  | may receive considerable amount of       |
|                |                                  | sediments.                               |

# 2.4.3 Proposed measures to overcome identified barriers for rainwater harvesting

With respect to barriers as translated into causes and effects of not fully adopting rain water harvesting (RWH) selected as an adaptation technology option to climate change in Rwanda, identified measures to overcome the barriers are presented in the table below.

| Table 36: List of proposed measures to overcome identified barriers for rainwater |
|-----------------------------------------------------------------------------------|
| harvesting                                                                        |

| Category      | Barriers           | Measures                     | Hierarchy   |
|---------------|--------------------|------------------------------|-------------|
|               |                    |                              | of barriers |
| Economic &    | High cost of RWH   | Reduce charges to farmers    | Non starter |
| Financial     | systems            | on the cost of rain water    |             |
|               |                    | harvesting systems through   |             |
|               |                    | subsidies                    |             |
|               | Difficulties to    | Facilitate farmers to access | Important   |
|               | access funds       | funds by decentralizing      |             |
|               |                    | agriculture development      |             |
|               |                    | funds up to sector level     |             |
| Technological | Limited skills and | Improve technical skills and | Non starter |
|               | know how in Rain   | know how on Rainwater        |             |
|               | Water Harvesting   | Harvesting Techniques        |             |
|               | Techniques         | through trainings,           |             |
|               |                    | workshops and study tours    |             |

# 2.4.4 Enabling framework to implement measures for rainwater harvesting

# Table 37: Enabling environment to implement proposed measures to overcome identified barriers for rainwater harvesting

| Proposed measures                           | Enabling Environment                    |  |
|---------------------------------------------|-----------------------------------------|--|
| Reduce the cost of rain water harvesting    | -MINIRENA                               |  |
| systems:                                    | -MINAGRI                                |  |
| -Promote low cost material through research | -MINALOC                                |  |
| and show casing                             | -MINECOFIN                              |  |
| -Empower local manufacturers by providing   | -MINICOM                                |  |
| incentives and tax exemptions on raw        | -RNRA                                   |  |
| materials                                   | -REMA                                   |  |
| Facilitate farmers to access funds:         | -RAB                                    |  |
| -Create agriculture funding institutions    | -RGB                                    |  |
| -Reduce interest rates on small to medium   | -RBS                                    |  |
| sized farming activities                    | -RCA                                    |  |
| Provide technical skills and know how on    | -PSF                                    |  |
| Rain Water Harvesting Techniques:           | -Farmers associations/cooperatives      |  |
| -Organize seminars                          | -Research institutions                  |  |
| -Conduct workshops                          | -NGOs                                   |  |
| -Organize and conduct study tours           | -National Adaptation Programs of Action |  |
| Promote rain water harvesting systems       | -Water policy=Rainwater harvesting      |  |
| which minimize evaporation:                 | strategy-Irrigation strategy            |  |
| - Use of underground storage systems        | -Irrigation master plan                 |  |
| Minimize soil acidity:                      | -                                       |  |
| -Lime application                           | -                                       |  |
| Promote erosion control techniques:         |                                         |  |
| -Construction of radical terraces           |                                         |  |
| -Agro forestry development and diffusion    |                                         |  |

# 2.4.5 Cost benefit analysis for rainwater harvesting <u>Measures</u>

The key barrier to transfer and diffusion of rainwater harvesting is limited adoption of rainwater harvesting systems among rural communities.

The target when transferring and diffusing this technology is rainwater harvesting systems adoption within rural communities.

List of alternative measures:

Subsidies, access to loans and know- how.

Complimentary measures:

- a. Reduce charges to farmers on the cost of rainwater harvesting systems through subsidies
- b. Facilitate farmers to access funds by decentralizing agriculture development funds up to sector level
- c. Improve technical skills and know how on rainwater harvesting techniques through trainings, workshops and study tours

## Costs

1. Subsidies to cover a share of cost on initial investment

It was established that all the 1.4 million households involved in farming activities would benefit from rainwater harvesting. Taking the cost of one cubic meter rooftop rain water collection and storage at \$ 220 as a baseline and subsidies are fixed at 50% of the cost a rainwater harvesting system with a capacity of one cubic meter per household;

Subsidies are estimated as follow:

[50 % (220\*0.1) \* 1400000 households]

=\$ 15 400 000 per annum

2. The facilitation of farmers to access funds/loans

This component appears on the country's development programmes, therefore no cost is estimated

3. Improvement of technical skills and know- how on rainwater harvesting techniques.

We assume that two people per sector will be trained in order to provide needed technical assistance to the farmers. The number of administrative sectors is 418 and the cost to train one person is estimated at \$ 2000.

Total capacity building costs are estimated as follow:

2000\*2\*418

= \$ 1 672 000

Other costs: These are related to system maintenance and renovation and are estimated at 5 installed cubic meter per annum which is \$5\*1400000 = \$7000000

Total costs: (subsidies on initial investment + improved access to loans + technical skills + other costs)

Total costs (USD) <sub>year 1</sub>: 15 400 000 + 0 + 1 672 000 + 7 000 000

 $= 24 \ 172 \ 000$ Total costs (USD) <sub>year 2</sub>: 15 400 000 + 0 + 0 + 7 000 000  $= 22 \ 400 \ 000$ 

## Benefits

Harvesting rain waters especially for agricultural purposes would allow farmers to harvest four times a year instead of two.

Assuming that corn is produced all over the country with average yields of 5 tonnes per hectare at a price of \$60 per ton which is \$ 300 of sales of corn per hectare.

Net benefit is estimated at: (sales-inputs and labor)

```
$300-225= $75 per hectare
```

Total benefit is: (\$ 75\*0.04 ha of irrigated fields per annum\*1400000 households\*2 additional harvests)

= \$ 8 400 000 per annum

| Year | Total Benefits<br>(USD) | Total Costs<br>(USD) | Net benefits<br>(USD) | Discounted<br>net benefits at<br>5% (USD) | Discounted net<br>Benefits at 8%<br>(USD) |
|------|-------------------------|----------------------|-----------------------|-------------------------------------------|-------------------------------------------|
| 1    | 8 400 000               | 24 172 000           | -                     | -                                         | -                                         |
| 2    | 16 800 000              | 22 400 000           | -                     | -                                         | -                                         |
| 3    | 25 200 000              | 22 400 000           | 2 800 000             | 2 491 103                                 | 2 223 987                                 |
| 4    | 33 600 000              | 22 400 000           | 11 200 000            | 9 580 838                                 | 8 235 294                                 |
| 5    | 42 000 000              | 22 400 000           | 19 600 000            | 16 118 421                                | 13 342 409                                |
| 6    | 50 400 000              | 22 400 000           | 28 000 000            | 22 134 387                                | 17 654 476                                |
| 7    | 58 800 000              | 22 400 000           | 36 400 000            | 27 659 574                                | 21 249 270                                |
| 8    | 67 200 000              | 22 400 000           | 44 800 000            | 32 748 538                                | 24 216 216                                |
| 9    | 75 600 000              | 22 400 000           | 53 200 000            | 37 412 095                                | 26 626 626                                |
| 10   | 84 400 000              | 22 400 000           | 62 000 000            | 41 948 579                                | 28 743 625                                |
| NPV  |                         |                      |                       | 190 093 535                               | 142 291 903                               |

 Table 38: Net present values for rainwater harvesting

Other benefits qualified as qualitative/adaptative include; but not limited to:

-High soil erosion reduction potential

High flooding reduction potential

## 2.5 Barrier analysis and possible enabling measures for radical terraces

## 2.5.1 General description of radical terraces

Radical terracing refers to a technique of landscaping a piece of sloped land into a series of successively receding flat surfaces or platforms, which resemble steps, for the purposes of more effective farming. This type of landscaping, therefore, is called terracing. Graduated terrace steps are commonly used to farm on hilly or mountainous terrain. Terraced fields decrease erosion and surface runoff retaining soil nutrients.

According to Mupenzi et al. 2012, radical terraces contributed to increase in the farm productivity, fight against erosion and also contributed to poverty reduction in Rwanda.

## 2.5.2 Identification of barriers for radical terraces

Radical terraces have been selected as one of the technologies that are most suitable in assisting the agriculture sector and Rwanda in general to adapt better to the adverse effects of climate change. The selection was due to their benefits which include: a ) Enabling the development of larger areas of arable land in rugged terrain; b) Facilitating modern cropping techniques such as mechanization, irrigation and transportation on sloping land, c) Increasing the moisture content of the soil by retaining a larger quantity of water, d) Capturing run-off soil which can be diverted through irrigation channels at a controlled speed to prevent soil erosion and others. However, there exists barriers which may hamper their proper implementation in Rwanda as identified in the table below

| Table 39: Identified barriers that may hamper the implementation of radical terraces in |  |
|-----------------------------------------------------------------------------------------|--|
| Rwanda                                                                                  |  |

| Classification | Barriers                           | Main characteristics                       |
|----------------|------------------------------------|--------------------------------------------|
| Financial &    | High cost of equipment/tools       | The price of hoes, pick axes and other     |
| economic       |                                    | tools that are used in terracing are still |
|                |                                    | expansive at the local market              |
| Technological  | Limitation of technical skills in  | There exist few experts in terracing       |
|                | terracing                          | techniques                                 |
|                | Limited reference information such | Terracing feasibility studies are          |
|                | as on slope, soil depth, type etc. | specific to sites and have only been       |
|                |                                    | conducted to terraced sites.               |
| Cultural       | Acceptability within communities   | Given the long term benefits of            |
|                |                                    | terraces, the local population tends to    |
|                |                                    | reject their implementation.               |

# 2.5.3 Proposed measures to overcome barriers for radical terraces

With respect to barriers translated into causes and effects of not fully adopting slow forming terraces which was selected as an adaptation technology option to climate change in Rwanda, identified measures to overcome the barriers are presented in the table below.

Table 40: List of proposed measures to overcome identified barriers for radical terraces

| Category      | Barriers              | Measures                              | Hierarchy<br>of |
|---------------|-----------------------|---------------------------------------|-----------------|
|               |                       |                                       | measures        |
| Economic &    | High cost of          | Reduce the cost of                    | Non starter     |
| Financial     | equipment/tools       | equipment/tools by promoting          |                 |
|               |                       | local manufacturers through           |                 |
|               |                       | incentives                            |                 |
| Technological | Limited technical     | Improve technical skills in terracing | Crucial         |
|               | skills in terracing   | by organizing/conducting              |                 |
|               |                       | seminars, workshops and               |                 |
|               |                       | showcasing through demonstration      |                 |
|               |                       | plots and study tours                 |                 |
|               | Limited reference     | Conduct terracing feasibility         | Important       |
|               | information such      | studies nationwide through            |                 |
|               | as slope, soil depth, | topographical surveys                 |                 |
|               | type etc.             |                                       |                 |
| Cultural      | There exist limited   | Increase the level of                 | Important       |
|               | acceptability of      | acceptability of terraces             |                 |
|               | terraces within       | within communities through            |                 |
|               | communities           | awareness campaigns using             |                 |
|               |                       | community radio and                   |                 |
|               |                       | demonstration plots                   |                 |

# 2.5.4 Enabling framework to implement measures for radical terraces

# Table 41: Enabling environment to implement proposed measures to overcome identified barriers for radical terraces

| Proposed measures                               | Enabling Environment                    |
|-------------------------------------------------|-----------------------------------------|
| Reduce the cost of equipment/tools by           | -MINIRENA                               |
| promoting local manufacturers through           | -MINAGRI                                |
| incentives                                      | -MINALOC                                |
| Provide technical skills in terracing:          | -MINECOFIN                              |
| -Organize seminars                              | -MINICOM                                |
| -Conduct workshops                              | -RNRA                                   |
| -Organize and conduct study tours               | -REMA                                   |
| Conduct terracing feasibility studies           | -RAB                                    |
| nationwide:                                     | -RGB                                    |
| -Mobilize funds                                 | -RBS                                    |
| -Hire private firm specializing in pre          | -RCA                                    |
| terracing/topographical surveys                 | -PSF                                    |
| Increase the level of acceptability of terraces | -Farmers associations/cooperatives      |
| within communities by                           | -Research institutions                  |
| preparing and conducting terracing benefits     | -NGOs                                   |
| awareness campaign using community radio,       | -National Adaptation Programs of Action |
| demonstration plots and study tours.            | -Land husbandry strategy                |
|                                                 |                                         |

## 2.5.5 Cost benefits analysis for radical terraces

## **Measures**

The key barrier to transfer and diffusion of radical terraces is limited adoption of radical terraces among rural communities.

The target when transferring and diffusing this technology is radical terraces adoption within rural communities

List of alternative measures:

Incentives, know how, baseline surveys, awareness campaigns.

Complimentary measures:

- a. Reduce the cost of needed terracing tools through the provision of incentives to local manufacturers
- b. Conduct training for skills and know how improvement
- c. Conduct surveys in order to have a baseline on which countrywide terracing would be based.
- d. Conduct awareness campaigns on the long term benefits of radical terraces
- e. Provision of incentives to local manufacturers to reduce the price of basic terracing tools

#### Costs

1.

It was established that a total of 294 000 ha of arable land needs the establishment of radical terraces.

The cost to establish 1 ha of radical terraces is estimated at \$ 1000. The cost of tools (shovels, tridents, etc.) is 40% of the total cost which is \$ 400 per hectare. Assuming that manufacturers are provided with incentives totaling 50%, total incentives are estimated as follow:

[50% (400 \* 294 000)/10)

= \$ 5 800 000 per annum

2. Conduct training for skills and know how improvement

Assuming that a representative starter pack will be given to each of the benefiting households at the beginning of the programme at a cost of \$ 17 per household including the cost of establishing demonstration plots,

The total cost for capacity building is estimated at:

 $20*1\ 000\ 000 = 20\ 000\ 000$ 

3. Conducting baseline surveys at a cost of \$ 200 per hectare

Total cost for baseline surveys are estimated as follow:

 $($200*294\ 000) / 10 = $5\ 800\ 000\ per\ annum$ 

4. Conduct awareness campaigns

This cost is not given a numerical value as we assumed that it will be integrated into other agro extension activities

Other costs include labor + other inputs

= [(\$ 200 \* 294000) + (\$15\*29400)]/10

=\$ 6 321 000 per annum

Total cost: (incentives to local manufacturers + capacity building through trainings + conduct baseline surveys + cost of awareness campaigns + other costs including labor and other inputs)

Total costs (USD) year 1: \$5 800 000 + \$20 000 000 + \$5 800 000 + 0 + 6 321 000 = \$ 37 921 000 Total costs (USD) year 2: \$ 5 800 000 + 0 + \$5 800 000 + 0 + 6 321 000

= \$ 17 921 600

#### Benefits

Adequate radical terracing results in increment of yield up to 10% for corn and 10% increment of productive space mainly used for agro forestry and forage.

Assuming that all the installed radical terraces are used to produce corn, which gives yields of 5 tonnes per hectare in normal conditions, financial benefits are estimated as follow:

1. Benefits resulting from normal corn yields + increase in yields as a result of radical terraces:

From year 3 there will be:

Sales of normal yields (in the absence of radical terraces)

[\$ 60\*29400]/10= \$ 1764000 per annum

Sales of 10% increase in yields as a result of radical terracing

[10% (\$60\*294000 ha\*5 tonnes)]/10

= \$ 882 000 per annum

2. Benefits resulting from increase in productive space:

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Assuming that the 10% additional space is used for agro forestry trees at a rate of 1000 trees per hectare with 50% of the trees being fruits trees, benefits are estimated as follow:

From year five, one-fourth of the 50% of all the trees will be coppiced annually and sold as building poles for \$ 0.40 each.

{\$ 0.40\*[50% (294000 ha \* 1000)/4]}/10

= \$ 1 470 000 per annum

It is assumed that main agro forestry inputs such as seedlings are fully subsidized

Starting in Year 7, \$5 worth of fruit will be sold each year.

 $\{ 5*[50\% (294000 ha * 1000] \}/10 \}$ 

= \$ 73 500 000 per annum

Table 42: Net present values for radical terraces

| Year | Total<br>Benefits<br>(USD) | Total Costs<br>(USD) | Net<br>benefits(USD) | Discounted<br>net benefits<br>at 5% | Discounted net<br>Benefits at 8%<br>(USD) |
|------|----------------------------|----------------------|----------------------|-------------------------------------|-------------------------------------------|
|      |                            |                      |                      | (USD)                               |                                           |
| 1    |                            | 37921000             | -                    |                                     |                                           |
| 2    |                            | 17921600             | -                    |                                     |                                           |
| 3    | 2646000                    | 17921600             | -                    |                                     |                                           |
| 4    | 5292000                    | 17921600             | -                    |                                     |                                           |
| 5    | 9408000                    | 17921600             | -                    | -                                   |                                           |
| 6    | 13524000                   | 17921600             | -                    |                                     |                                           |
| 7    | 99372000                   | 17921600             | 81450400             | 61892401                            | 47548394                                  |
| 8    | 168756000                  | 17921600             | 150834400            | 110259064                           | 81532108                                  |
| 9    | 245922000                  | 17921600             | 228000400            | 160337834                           | 114114314                                 |
| 10   | 323988000                  | 17921600             | 306066400            | 207081461                           | 141894483                                 |
| NPV  |                            |                      |                      | 539570761                           | 385089300                                 |

Other adaptation benefits include:

- -Soil erosion reduction potential
- -Water conservation
- -Natural hazards (land slide) minimization.

## 2.6 Barrier analysis and possible enabling measures for seed and grain storage

## 2.6.1 General description of seed and grain storage

Good seed and grain storage helps ensure household and community food security until the next harvest. Commodities for sale can be held back so that farmers can avoid being forced to sell at low prices during the drop in demand that often follows a harvest. While considerable losses can occur in the field, both before and during harvest, the greatest losses usually occur during storage. Therefore the basic objective of good storage is to create environmental conditions that protect the product and maintain its quality and its quantity, thus reducing product loss and financial loss. Only well-dried seeds should be stored. Seeds with moisture in them become damp, moldy and vulnerable to insect attacks.

## 2.6.2 Identification of barriers for seed and grain storage

Rwanda has established a National Post-Harvest Staple Crop Strategy which is a policy framework to assist with strengthening the harvesting, post-harvest handling, trade, storage, and marketing within staple crop value chains. All these are meant to help strengthening markets and linkages for farmers, and reducing post-harvest losses which would compromise food security.

Adequate seed and grain storage being critical in food security, the technology intervenes as one of the techniques used in post harvest and has been selected as one of the technologies that would assist the country in fighting adverse effects of climate change. However, there exist barriers that may hamper the implementation of the technology as presented in the table below.

| Classification | Barriers                              | Main characteristics                    |  |  |
|----------------|---------------------------------------|-----------------------------------------|--|--|
| Financial &    | High initial investment cost          | Although as seed and grain storage      |  |  |
| economic       |                                       | system might be cost effective in       |  |  |
|                |                                       | Rwanda; The installation its            |  |  |
|                |                                       | components involves high costs          |  |  |
|                | Delays in material deliveries         | Most of the materials of the already    |  |  |
|                | Limited rural infrastructures such as | few installed seed and grain storage    |  |  |
|                | roads                                 | systems have been imported.             |  |  |
|                |                                       | Although there exist efforts in         |  |  |
|                |                                       | improving rural feeder roads, the       |  |  |
|                |                                       | overall state of road infrastructure is |  |  |
|                |                                       | still bad.                              |  |  |
| Technological  | Lack of technical skills in           | There are few, if any, experts in seed  |  |  |
|                | installation and maintenance of seed  | and grain storage systems               |  |  |
|                | and grain storage systems             |                                         |  |  |

 Table 43: Identified barriers that may hamper the implementation of seed and grain storage in Rwanda

# 2.6.3 Proposed measures to overcome barriers for seed and grain storage

With respect to barriers translated into causes and effects of rejecting seed and grain storage which was selected as an adaptation technology option to climate change in Rwanda, identified measures to overcome the barriers are presented in the table below.

| Table 44: List of proposed measures to overcome identified barriers for seed and grain |  |
|----------------------------------------------------------------------------------------|--|
| storage                                                                                |  |

| Category      | Barriers               | Measures                        | Hierarchy   |
|---------------|------------------------|---------------------------------|-------------|
|               |                        |                                 | of          |
|               |                        |                                 | barriers    |
| Economic &    | High initial           | Reduce initial investment costs | Non starter |
| Financial     | investment cost        | through incentives and          |             |
|               |                        | subsidies                       |             |
|               | Limited basic rural    | Improvement of basic rural      | Important   |
|               | infrastructures        | infrastructures through         |             |
|               |                        | construction of new rural       |             |
|               |                        | feeder roads and improvement    |             |
|               |                        | of existing ones                |             |
| Technological | Lack of technical      | Provide technical skills in     | Crucial     |
|               | skills in installation | installation and maintenance of |             |
|               | and maintenance of     | seed and grain storage systems  |             |
|               | seed and grain         | by organizing/conducting        |             |
|               | storage systems        | seminars, workshops and         |             |
|               |                        | showcasing through              |             |
|               |                        | demonstration plots and study   |             |
|               |                        | tours                           |             |

# 2.6.4 Enabling framework to implement measures for seed and grain storage

# Table 45: Enabling environment to implement proposed measures to overcome identified barriers for seed and grain storage

| Proposed measures                               | Enabling Environment                    |
|-------------------------------------------------|-----------------------------------------|
| Reduce initial investment costs through tax     | -MINIRENA                               |
| exemptions on imported material to be used in   | -MINAGRI                                |
| seed and grain storage systems installation and | -MINALOC                                |
| creation of interest among existing local       | -MINECOFIN                              |
| manufacturers through the provision of          | -MINICOM                                |
| incentives                                      | -RNRA                                   |
| Facilitate access to funds by decentralizing    | -REMA                                   |
| agriculture development funds up to sector      | -RAB                                    |
| level and reduction of interest rates           | POST HARVEST TASK FORCE                 |
| Improvement of basic rural infrastructures      | -RGB                                    |
| through construction of new rural feeder roads  | -RBS                                    |
| and improvement of existing ones                | -RCA                                    |
| Provide technical skills in installation and    | -PSF                                    |
| maintenance of seed and grain storage systems   | -Farmers associations/cooperatives      |
| by organizing/conducting seminars, workshops    | -Research institutions                  |
| and showcasing through demonstration plots      | -NGOs                                   |
| and study tours                                 | -National Adaptation Programs of Action |
|                                                 | -Seed policy                            |
|                                                 |                                         |

## 2.6.5 Cost benefits analysis for seed and grain storage

## **Measures**

The key barrier to transfer and diffusion of radical terraces is limited acceptability of seed and grain storage within rural communities

The target when transferring and diffusing this technology is seed and grain storage systems acceptance within rural communities

List of alternative measures:

Incentives, subsidies, rural infrastructures, know how

Complimentary measures:

- a. Reduce initial investment costs through incentives and subsidies
- b. Improvement of basic rural infrastructures through construction of new rural feeder roads and improvement of existing ones
- c. Provide technical skills in installation and maintenance of seed and grain storage systems by organizing/conducting seminars, workshops and showcasing through demonstration plots and study tours
- d. Provision of incentives to local manufacturers and importers in order to make available needed components

#### Costs

1. The cost establishing an efficient seed and grain storage of one metric tonne in a 60 000 metric tonnes capacity system is \$ 15.

Total incentives at 50% rate are estimated at:

[50% (\$15\*400000)]/10

= \$ 300 000 per annum

Subsidies are estimated at:

[50% (\$15\*400000)]/10

= \$ 300 000 per annum

2. The cost of improving rural infrastructures is assumed to be covered under other development programmes and no cost estimates are established

3. Conduct trainings for skills and know how improvement

We assume that two people per sector will be trained in order to provide needed technical assistance to the farmers. The number of administrative sectors is 418 and the cost to train one person is estimated at \$ 2000.

Total capacity building costs are estimated as follow:

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### 2000\*2\*418

= \$ 1 672 000

Other costs are related to system maintenance which is estimated at 10% of the total cost of the installation of one metric tonne

= [10 %\*( 400000\*15)]/10

=\$ 60 000 per annum

Total cost: (incentives to local manufacturers + subsidies to farmers + infrastructure + capacity building through trainings + other costs which are mainly maintenance costs)

Total costs (USD) year 1:  $300\ 000 + 300\ 000 + 0 + 1\ 672\ 000 + 60\ 000$ =  $2\ 320\ 000$ Total costs (USD) year 2:  $300\ 000 + 300\ 000 + 0 + 0 + 60\ 000$ =  $660\ 000$ 

## Benefits

Direct benefits are those related to reduction of post harvest losses. In fact adequate seed and grain storage systems allow farmers to save 60% yields under storage.

Assuming that only corn grains are stored. Direct benefits are estimated as follow:

[60% (\$ 60\*400000)]/10

= \$ 1 440 000 per annum

| Year | Total    | Total Costs | Net           | Discounted net | Discounted net |
|------|----------|-------------|---------------|----------------|----------------|
|      | Benefits | (USD)       | benefits(USD) | benefits at 5% | Benefits at 8% |
|      | (USD)    |             |               | (USD)          | (USD)          |
| 1    | 1440000  | 2320000     | -             |                |                |
| 2    | 2880000  | 660000      | 2220000       | 2053654        | 1903945        |
| 3    | 4320000  | 660000      | 3660000       | 3256227        | 2907069        |
| 4    | 5760000  | 660000      | 5100000       | 4362703        | 3750000        |
| 5    | 7200000  | 660000      | 6540000       | 5378289        | 4452008        |
| 6    | 8640000  | 660000      | 7980000       | 6308300        | 5031525        |
| 7    | 10080000 | 660000      | 9420000       | 7158054        | 5499124        |
| 8    | 11520000 | 660000      | 10860000      | 7938596        | 5870270        |
| 9    | 12960000 | 660000      | 12300000      | 8649789        | 6156156        |
| 10   | 14400000 | 660000      | 13740000      | 9296346        | 6369958        |
| NPV  | 1        | I           |               | 54401961       | 41940057       |

Table 46: Net present values for seed and grain storage

The adaptation benefit of adequate seed and grain storage relies in its capacity to ensure food security and availability of quality seeds in case of bad harvests.

## 2.7 Linkages of barriers identified for the agriculture sector

During barrier analysis exercise, linkages between technologies were identified. The most common barrier for all the five technologies prioritized for the agriculture sector is gaps and/or lack of technical skills and knowledge. High cost of technology implementation has also been identified as a cross cutting barrier for all the technologies. Other barriers include: Difficult access to funds, lack of awareness about the benefits of the technologies and limited rural infrastructures.

Complementarities have also been established between all the five prioritized technologies. In fact, a good agro forestry system would be supported by the establishment of radical terraces for possible extension, especially in the Rwandan context where land size is a crucial problem in agriculture production. On the other hand, radical terraces would benefit from agro forestry systems in the sense that they contribute to soil fertility improvement trough biomass (leaves) fall and decomposition, therefore increasing their productivity. Agro forestry species also contribute to radical terraces slope protection.

Given the general slope of Rwandan agriculture land (13%-55%) and its related impacts such as increased runoff leading to soil erosion and land slide, rainwater harvesting and drip irrigation should be done after radical terraces and agro forestry systems are in place so as to maximize system outputs. Seed and grain storage is here considered most needed once the used of the other four technologies is optimized.

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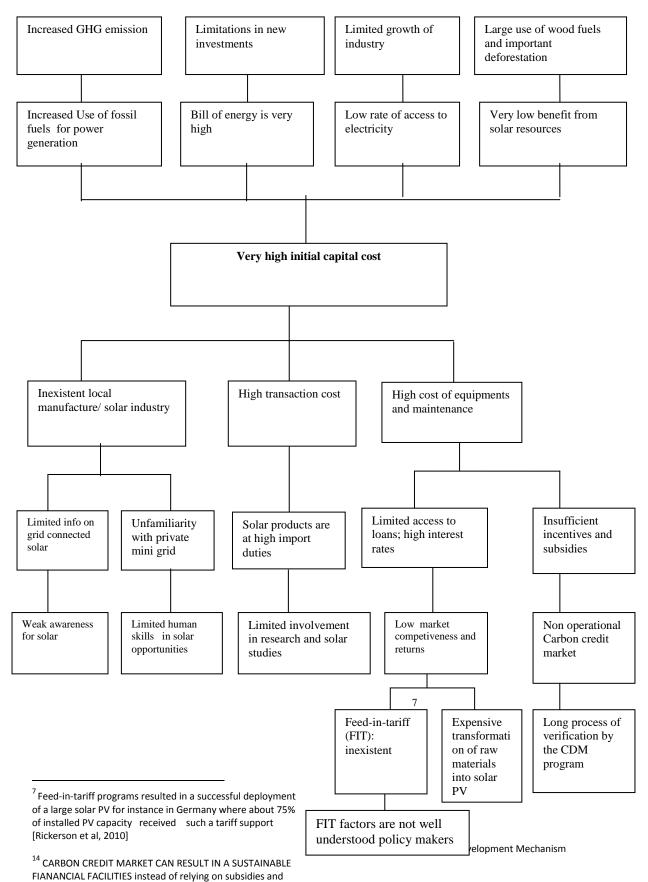
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# Annexes

# Annex 1- Market maps, problem and solution trees

**1.1 Energy sector** 

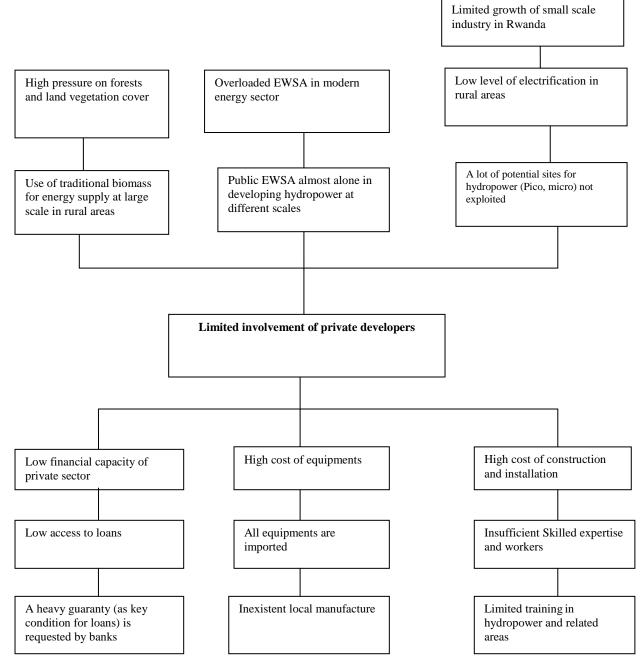
**1.1.1 Problem trees** 



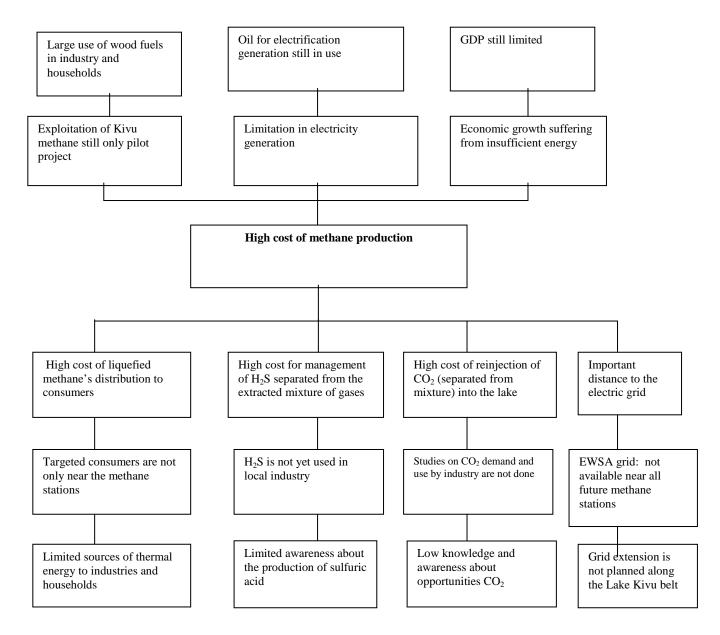
Large Solar PV Technology

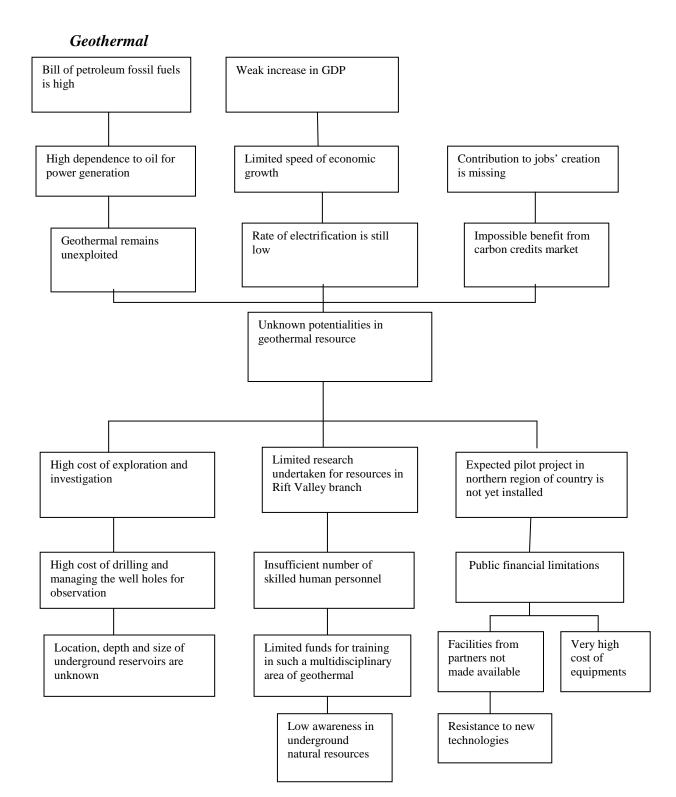
Other support from donors and government

## Small Hydropower

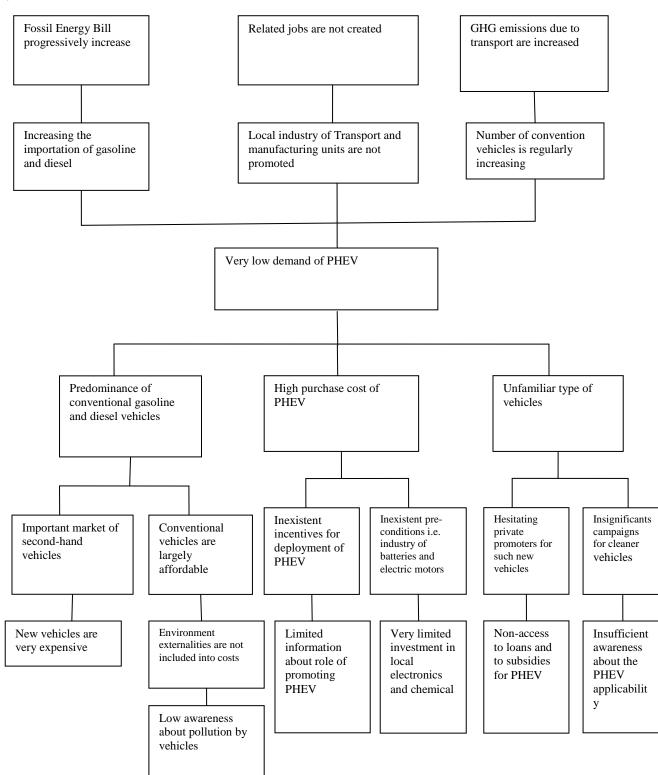


# Kivu Methane CCGT



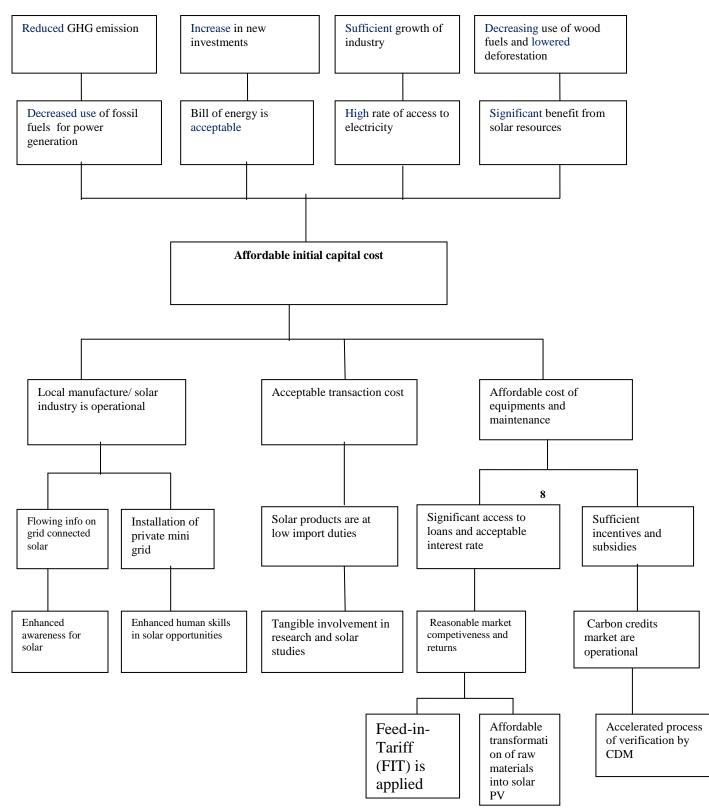


PHEV



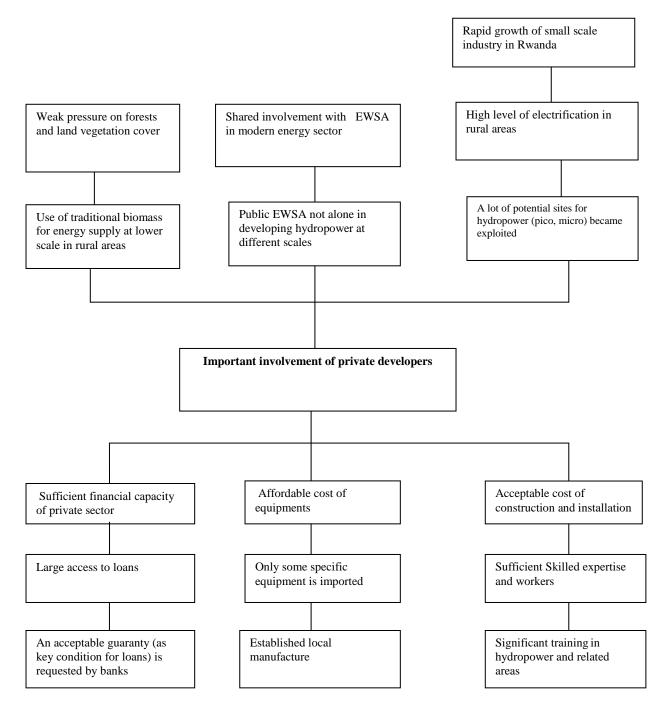
## **1.1.2 Solution trees**

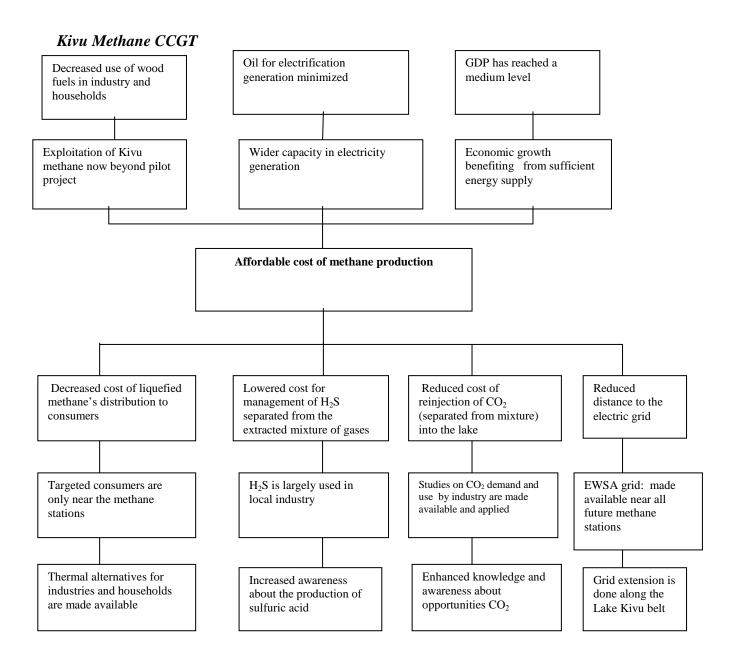
## Large Solar PV Technology



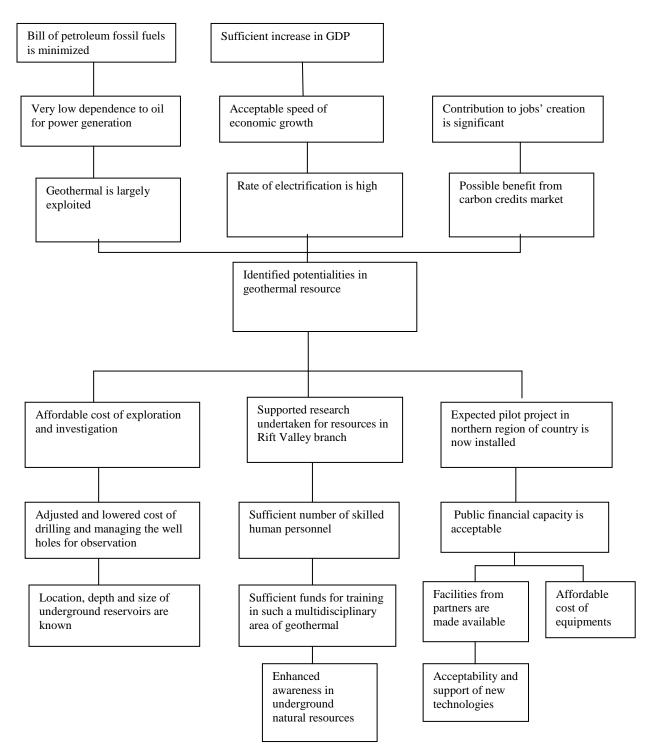
<sup>&</sup>lt;sup>8</sup> Banks can play a key role in placing a given technology on a competitive and sustainable footing (Sirnivasson, 2009); Cash- payment market is replaced by credit-payment market

## Small hydro power

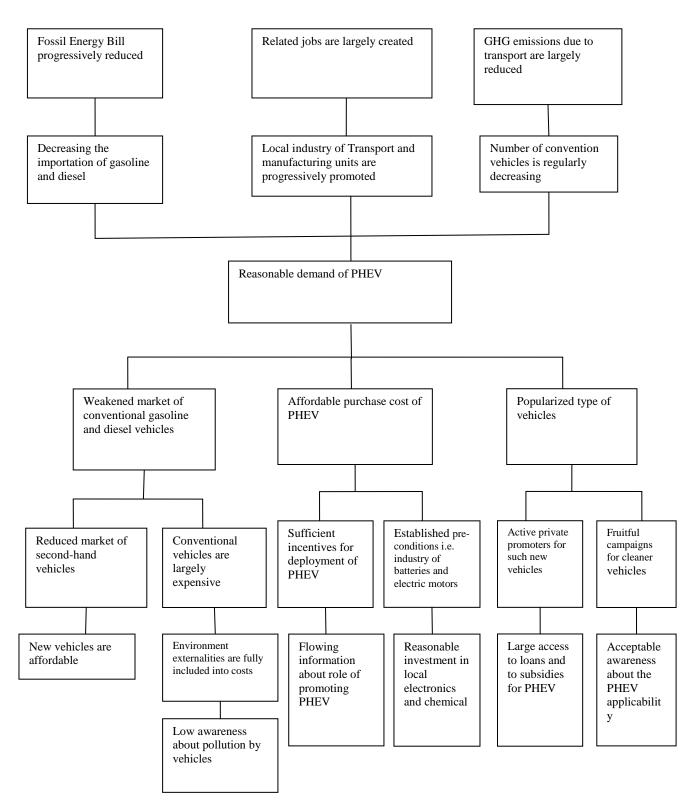




Geothermal



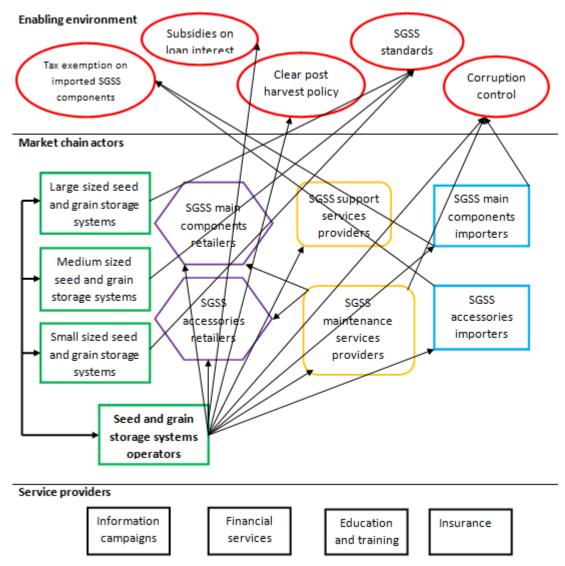
PHEV

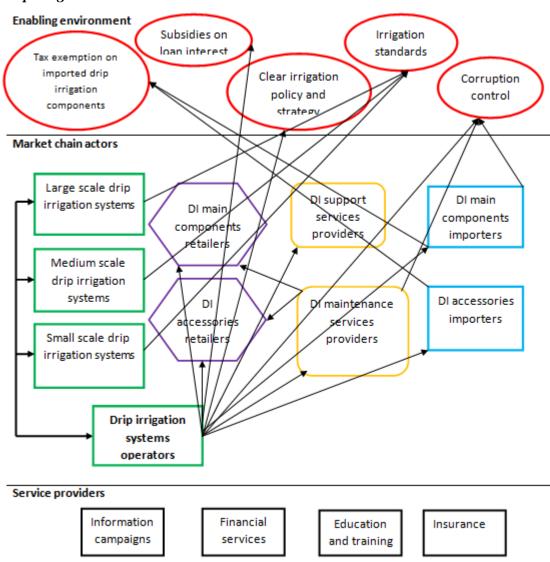


## **1.2 Agriculture sector**

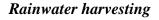
### 1.2.1 Market maps

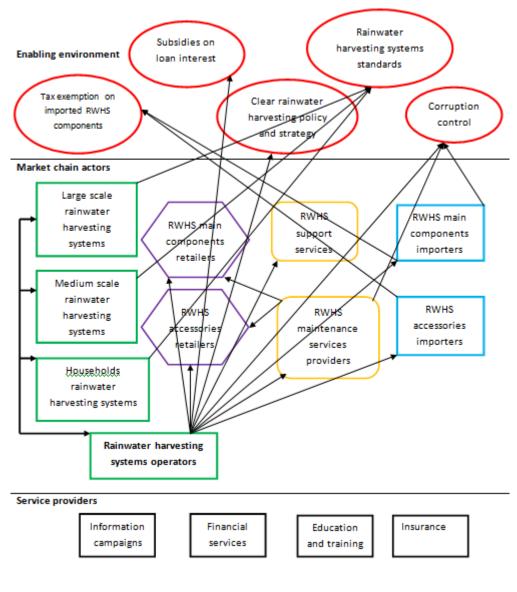
## Seed and grain storage





#### Drip irrigation

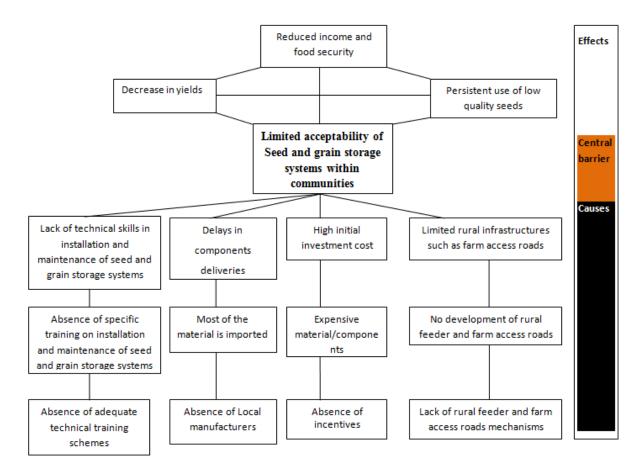


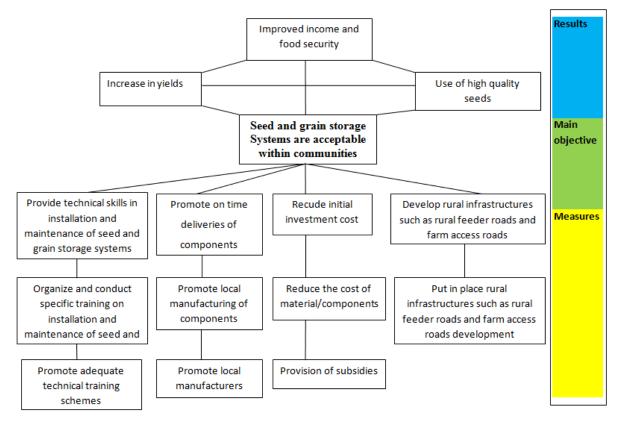


## 1.2.2 Problem and solution trees

## Seed and grain storage

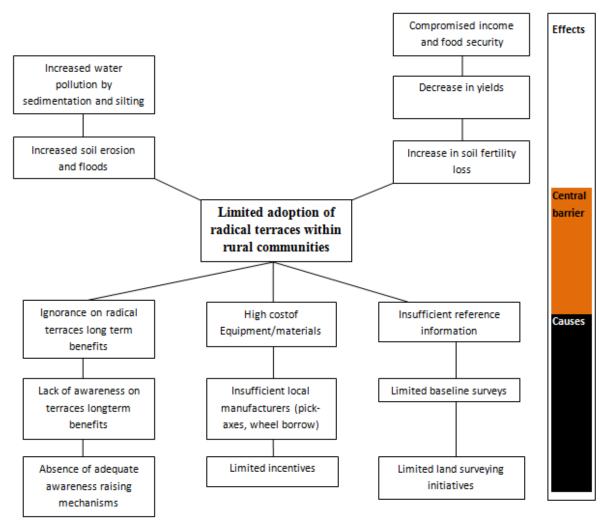
#### **Problem tree**

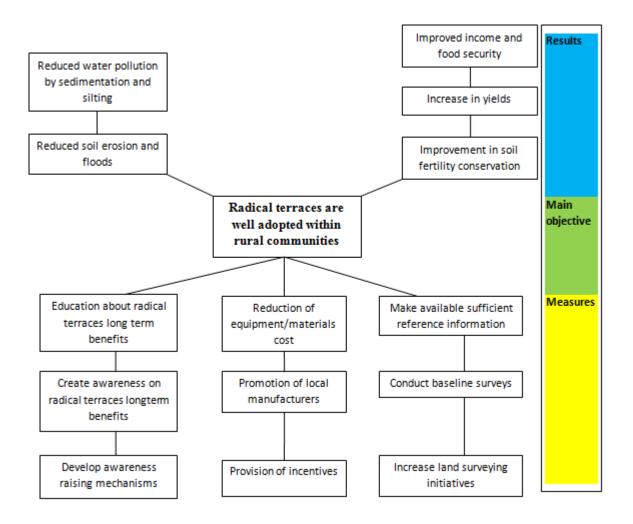




## Radical terraces

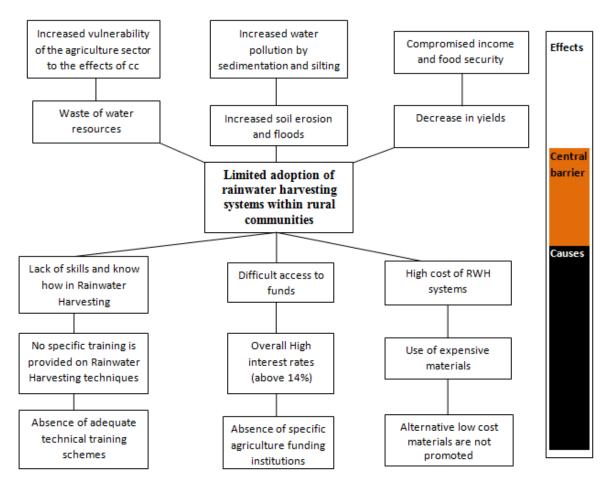
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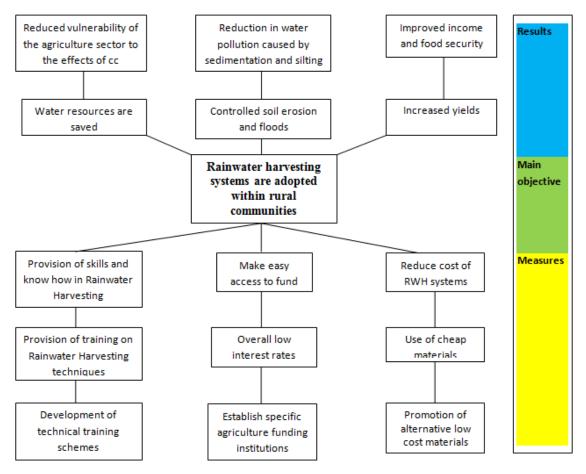




## Rainwater harvesting

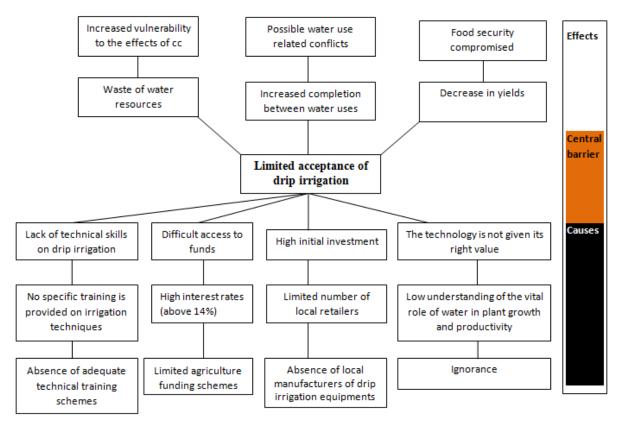
## **Problem tree**

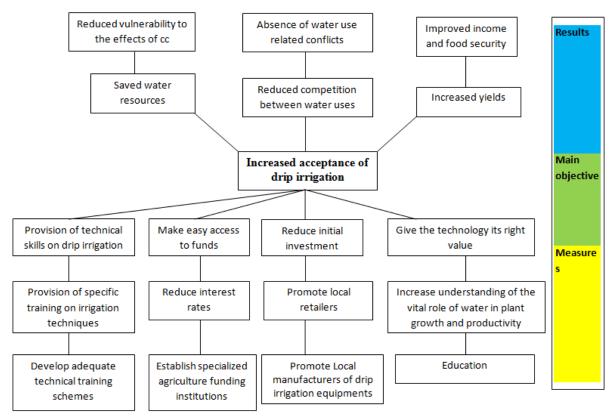




## Drip irrigation

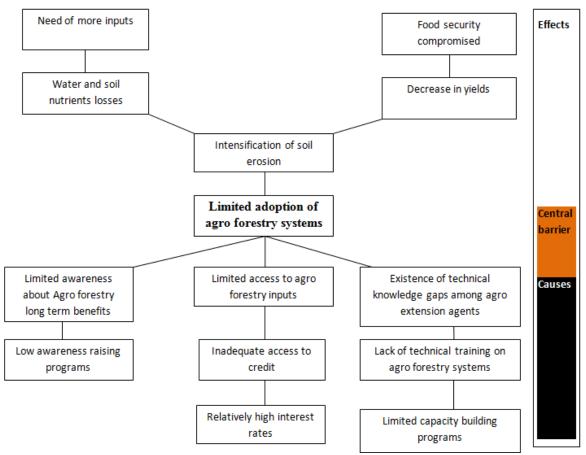
## **Problem tree**

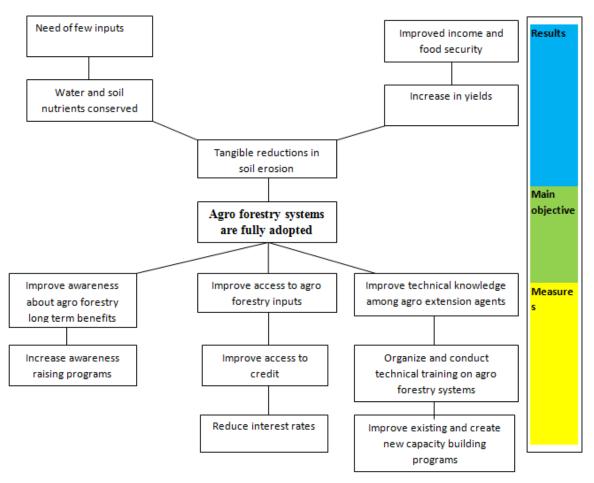




## Agro forestry







# Annex 2- List of involved stakeholders and their contacts

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|    |                        | energy                  |                |            |                         |

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