Electric mobility fiscal policies and incentives in Rwanda

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Introduction & rationale

➢ Transport sector in Rwanda is rapidly growing and much dependent on imported fossil fuel
➢ ICE vehicles have negative environmental impact:
  1. air pollution hazardous to health
  2. noise pollution
  3. emission of greenhouse gases that accelerate climate change
➢ The overdependence on fossil fuel has a strong effect on the trade balance
➢ CO2 emissions from liquid fuel use in road transport (diesel, gasoline), accounts for 13% of the total emissions

Introduction of electric mobility was proposed as one of the solutions to address the aforesaid issues
Government agenda and aspirations

➢ During the Meet the President event in August 2019, H.E President Paul Kagame announced that Rwanda is encouraging the shift to electric vehicles as part of country’s green agenda and climate action plan.

➢ A nationwide feasibility study conducted in 2019 confirmed the feasibility of introduction of EVs in Rwanda and highlighted the GoR contribution to create a conducive environment.

The study suggested following targets by 2030:

➢ 30% of electric motorcycle
➢ 8% of electric car (including jeeps)
➢ 20% electric buses
➢ 25% for electric taxi and mini/microbuses
Government agenda and aspirations

Well before, mindful of the benefits of combatting the climate change and its impacts following has been done:

➢ Rwanda submitted its National Adaptation Programmes of Actions (NAPA) in 2006.
➢ In line with the Paris Agreement, Rwanda submitted its Intended Nationally Determined Contribution (INDC) in 2015 which became its first NDC in 2016.
➢ Rwanda submitted its first National Communication to the UNFCCC in 2005, its second in 2012, and its third in 2018
➢ In 2011, the country adopted the Green Growth and Climate Resilience Strategy (GGCRS) setting out the country’s actions and priorities on climate change relating to both mitigation and adaptation and how these can be mainstreamed within economic planning.
Government agenda and aspirations

In 2020, Rwanda submitted the Updated Nationally Determined Contributions for the period 2020 to 2030 to:

1. serve as a blueprint for advancing targeted and measurable climate action in key sectors.
2. guide coordinated responses for both government agencies as well as international organizations, NGOs, civil society, and community-based organizations.

Under a BAU projection, Rwanda’s total emissions are forecasted to more than double over the 2015-2030 period, from 5.3 million tCO2e in 2015 to 12.1 million tCO2 e in 2030.

A detailed assessment of identified GHG mitigation options estimated a total emissions reduction potential of around 4.6 million tCO2e in 2030 against the BAU emissions in the same year of 12.1 million tCO2 e.

Implementation of highlighted mitigation measures intends to reduce forecasted emissions to around 7.5 MtCO2 e, (reduction of 38% by 2030)
Approved incentives

Fiscal incentives to attract electric transport

- Electricity tariff for charging stations be capped at the industrial tariff level (large industry category)
- The electric vehicles to benefit from a reduced tariff during the off-peak time
- Electric vehicles, spare parts, batteries and charging station equipment be treated as VAT zero rated products
- Exemption of import and excise duties on electric vehicles, spare parts, batteries and charging station equipment
- Exemption of withholding tax of 5% at customs
- Introduce carbon tax to discourage polluting vehicles

New Carbon Tax Bill to raise operational costs for businesses
Non-fiscal incentives to attract electric transport

- Rent free land for charging stations (for land owned by Government)
- Access to High Occupancy Vehicle lanes (Dedicated Bus Lanes)
- Green license plate to allow EVs getting preferential treatment in parking, free entry into congested zones that will be determined
- Provisions of electric vehicle charging stations in the building code and City planning rules
- Free license and authorization for commercial EVs
### Administrative Measures

1. Enforcement of existing emission standards to discourage the purchase of polluting vehicles
2. Establish restricted zones for green transport
3. Regulate importation of used vehicles by imposing age limit
4. Provide preference to electric vehicles for Government hired vehicles

### Other measures

Companies manufacturing and assembling electric vehicles in Rwanda are given other incentives in the investment code such as 15% Corporate Income Tax (CIT) and tax holiday (irrespective of the investment value)
Current status of Electric Vehicles fleet

**Ampersand**
- 369 e-motos in operation
- 8 charging stations

**Safi Universal Link**
- 23 e-motos in operation
- 5 Charging stations

**Rwanda Electric Motorcycle**
- 240 new e-motos in operation
- 80 ICE bikes retrofitted
- 5 Charging stations
- 8 modern BEV SUV

**Victoria Autofast**
- 124 PHEV operational
- 130 domestic charging infra installed
- 10 Public Charging station operation

**Volkswagen Mobility**
- 20 e-Golfs used for ride-hailing service
- 2 Public charging stations
Conducted analytical works around EVs sphere

1. Electric Bus Concept Validation in Kigali study under finance of IFC

   - The study provided a comprehensive analysis and proof of concept on the feasibility of e-buses and e-vehicles as a model for larger scale deployment to the rest of the Rwanda and other parts of Sub-Saharan Africa

   - The results of this study intended to allow GoR to initiate its assessment of e-buses adoption and develop its strategy of implementation with possible assistance from IFC

2. Quick Scan Charging Infrastructure for Kigali e-buses under finance of the GGGI

   - Preliminary study aimed to assess feasibility of electrification of buses in Kigali, where all currently existing e-buses charging infrastructure variants are meticulously investigated

   - The results of this study provided an insight on initial technology choice for electric bus charging infrastructure for e-buses in Kigali
Conducted analytical works cont’d

3. Solutions plus demonstration project under EU funding

- The demonstration action in SOLUTIONS plus aimed at integrating the Public Bus System with electrified feeder-services provided by 30 e-moto taxis (20 new and 10 remodelled) and 100 e-bikes that support first/last mile connectivity
- Suitable business models for e-buses and e-moto taxi will be explored and developed
- The demonstration project will also test the establishment of an e-Bike sharing scheme with charging points fitted with solar power energy to provide seamless charging service to riders.

4. Inclusive and Electric Last Mile Connectivity Study under the World bank funding

- This study assessed the current and potential role of electric last mile connectivity modes within the Kigali transport mix and developed a toolkit for National and City decision makers to govern the sub sector
- The results of the study informed the GoR on how to adopt and develop a strategy, and as well harness new technologies and innovative ideas for implementation of strategic design and regulation of electric last mile connectivity options
THANK YOU !