U.S. DEPARTMENT OF STATE
DIPLOMACY IN ACTION

Executive Summary

Rwanda enjoys strong economic growth, high rankings in the World Bank's Ease of Doing Business Index, and a reputation for low corruption. The Government of Rwanda has undertaken a series of pro-investment policy reforms intended to improve Rwanda's investment climate and increase other foreign direct investment (FDI). The country presents numerous opportunities for U.S. and foreign direct investment, including in renewable energy, infrastructure, agriculture, mining, tourism, and information and communications.

Yet despite its business-friendly reputation, FDI in Rwanda lags well behind some of its neighbors in the East African Community (EAC) – a mere 2.2 percent of GDP in 2012, worth USD 156 million. Potential and current investors cite a number of hurdles and constraints, including high transport costs, a small domestic market, limited access to affordable financing, inadequate infrastructure, ambiguous tax rules, and a lack of skills in the workforce.

General labor is available, but Rwanda suffers from a shortage of skilled workers, including accountants, lawyers, and technicians. Higher institutes of technology, private universities, and vocational institutes are improving and producing more and better-trained graduates each year.

There is no difficulty obtaining foreign exchange in Rwanda or transferring funds associated with an investment into a usable currency and at a legal market-clearing rate. In 1995, the government abandoned the dollar peg and established a floating exchange rate regime, under which all lending and deposit interest rates were liberalized.

The government maintains a high-profile anti-corruption effort and senior leaders articulate a consistent message emphasizing that fighting corruption is a key national goal. The government investigates corruption allegations and generally prosecutes and punishes those found guilty.

Rwandan law provides permanent residence and access to land to investors who deposit USD 500,000 in a commercial bank in the country for a minimum of six months. There are neither statutory limits on foreign ownership or control, nor any official economic or industrial strategy that discriminates against foreign investors.

Rwanda is a stable country with low violent crime rates. A strong police and military provide a security umbrella that minimizes potential criminal activity and political disturbances. On multiple occasions since 2008, however, unknown assailants have detonated grenades in Kigali and other areas of the country.

Rwanda is a member of the East African Community (EAC), and participates in a customs union that helps facilitate the movement of goods produced in the region and allows EAC citizens with certain skills to work in any member state.

Rwanda has also established a free trade zone outside the capital, Kigali, which includes current and planned future communications infrastructure. Bonded warehouse facilities are now available both in and outside of Kigali for use by businesses importing duty free materials.

1. Openness To, and Restrictions Upon, Foreign Investment

The Government of Rwanda (GoR) understands that private sector development is critical if Rwanda is to achieve its aim to reach middle-income status by 2020, and reduce the country's reliance on foreign aid. Over the past decade, the GoR has undertaken a series of pro-investment policy reforms intended to improve the investment climate, expand trade in products and services, and increase levels of foreign direct investment.

Rwanda enjoys strong economic growth, high rankings in the World Bank's Ease of Doing Business Index," and a reputation for low corruption. The country presents numerous opportunities for U.S. and foreign direct investment, including in renewable energy, infrastructure, **agriculture**, tourism, mining, and **information and communications**.

Yet despite its business-friendly reputation, FDI in Rwanda lags well behind some of its neighbors in the EAC – a mere 2.2 percent of GDP in 2012, worth USD 156 million. Potential and current investors cite a number of hurdles and constraints, including high transport costs, a small domestic market, limited access to affordable financing, inadequate infrastructure, ambiguous tax rules, and a lack of skills in the workforce.

In 2006, the Government of Rwanda (GoR) consolidated multiple investment-related government agencies, including the Office of Tourism and National Parks, and the Rwanda Investment and Export Promotion Agency, to establish the Rwanda Development Board (RDB), which serves today as the country's chief investment promotion agency.

RDB offers one of the fastest business registration processes in Africa: new investors can register online at RDB's website and receive approval to operate in less than 24 hours, and the agency's "one-stop shop" helps foreign investors secure required approvals, certificates, and work permits.

Despite RDB's investment facilitation role, some foreign investors say they face difficulty in obtaining or renewing work visas due to the GoR's demonstrated preference for hiring local or EAC residents over third country nationals.

Investors have also cited the inconsistent application of tax incentives and import duties as a significant challenge to doing business in Rwanda. Under Rwandan law, foreign firms should receive equal treatment with regard to taxes, and access to licenses, approvals, and procurement.

Rwanda's 2005 investment law provides permanent residence and access to land to investors who deposit USD 500,000 in a commercial bank in the country for a minimum of six months. There are neither statutory limits on foreign ownership or control, nor any official economic or industrial strategy that discriminates against foreign investors.

Rwanda's judicial system suffers from a lack of resources and capacity, including functioning courts. The Heritage Foundation's Economic Freedom Index has cited the judiciary's lack of independence from the executive. Investors cite the GoR's casual approach to contract sanctity and say the government fails to enforce court judgments in a timely fashion. The neutral arbitration clause of the U.S.-Rwanda Bilateral Investment Treaty, which entered into force on January 1, 2012, may mitigate some of these concerns for U.S. investors.

In 2008, the GoR implemented business reform legislation, which included new bankruptcy regulations and arbitration laws. In 2009, it approved a new intellectual property law. A company law, also adopted in 2009, strengthened investor protections by requiring greater corporate disclosure, increasing the liability of directors, and improving shareholders' access to information. In 2011, the GoR reformed tax payment processes and enacted additional laws on insolvency and arbitration. Under the 2012 penal code, the government may compel a firm to disclose proprietary information to government authorities under the auspices of a criminal investigation of fraudulent bankruptcy or other alleged criminal offense. These laws were designed to facilitate international business and further improve the investment climate.

There is no mandatory screening of foreign investment. However, RDB does evaluate the business plans of investors that seek tax incentives in order to record incoming foreign investment and better allocate incentives to qualified foreign investors.

Historically, the government has encouraged foreign investment through outreach and tax incentives. The only difference in treatment between foreign and domestic companies is the initial capital requirement for official registration, which the GoR sets at USD 250,000 for foreign investors, and USD 100,000 for domestic investors. There are no reports of foreign investors declining to invest due to these differing treatments.

Foreign investors can acquire real estate, though there is a general limit on land ownership, and both foreign and local investors can acquire land through leasehold agreements that extend to a maximum of 99 years.

The GoR established the Privatization Secretariat and the Rwanda Public Procurement Agency to ensure transparency in government tenders and divestment of state-owned enterprises. Rwanda's ranking in Transparency International's "Corruption Perception Index" has improved significantly, falling from 102 in 2008, to 49 in 2013, the top ranked country in eastern Africa. A 2012 report by Rwanda's Office of the Auditor General cited continuing problems with inappropriate procurement methods, but said violations had reduced significantly from years past.

There are no laws requiring private firms to adopt articles of incorporation or association that limit or prohibit foreign investment, participation, or control.

The World Bank, Transparency International, the Heritage Foundation, and the Millennium Challenge Corporation (MCC) have all reported improved business climate indicators over the last five years.

TABLE 1: The following chart summarizes several well-known indices and rankings.

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2013	49 of 175	http://cpi.transparency.org/cpi2013/results/
Heritage Foundation's Economic Freedom index	2013	65 of 177	http://www.heritage.org/index/ranking
World Bank's Doing Business Report "Ease of Doing Business"	2013	32 of 189	http://doingbusiness.org/rankings
Global Innovation Index	2013	112 of 142	http://www.globalinnovationindex.org/content.aspx?page=gii-full-report-2013#pdfopener
World Bank GNI per capita	2012	USD 600	http://data.worldbank.org/indicator/NY.GNP.PCAP.CD

The Millennium Challenge Corporation, a U.S. Government entity charged with delivering development grants to countries that have demonstrated a commitment to reform, produced scorecards for countries with a 2012 per capita gross national income (GNI) or $4,085 or less. A list of countries/economies with MCC scorecards and links to those scorecards is available here: http://www.mcc.gov/pages/selection/scorecards. Details on each of the MCC's indicators and a guide to reading the scorecards are available here: http://www.mcc.gov/documents/reports/reference-2013001142401-fy14-guide-to-the-indicators.pdf

Here are some useful websites to help navigate the laws, rules, procedures and registration requirements for foreign investors

Data	Link
Detailed list of steps, forms and requirements, costs, processing time, contact details of entities involved and legal bases can be consulted online for the following procedures:	http://rwanda.eregulations.org/
Registering a foreign company (Rwanda Development Board)	http://rwanda.eregulations.org/procedure/10/4?l=en
Registering a foreign company (online)	http://rwanda.eregulations.org/procedure/11/7?l=en
Paying taxes	http://rwanda.eregulations.org/menu/12?l=en
Obtaining an investment certificate (to benefit from incentives)	http://rwanda.eregulations.org/procedure/26/41?l=en
Obtaining a single entry visa	http://rwanda.eregulations.org/procedure/64/59?l=en

2. Conversion and Transfer Policies

There is no difficulty obtaining foreign exchange, or transferring funds associated with an investment into a usable currency and at a legal market-clearing rate. In 1995, the government abandoned the dollar peg and established a floating exchange rate regime, under which all lending and deposit interest rates were liberalized. The central bank holds daily foreign exchange sales freely accessed by commercial banks.

Investors can remit payments only through authorized commercial banks. There is no limit on the inflow of funds, although local banks are required to notify the central bank of all transfers over USD 10,000 to mitigate the risk of potential money laundering. Additionally, there are some restrictions on the outflow of export earnings. Companies generally must repatriate export earnings within three months after the goods cross the border. Tea exporters must deposit sales proceeds shortly after auction in Mombasa. Repatriated export earnings deposited in commercial banks must match the exact declaration the exporter used crossing the border. Rwandans working overseas can make remittances to their home country without impediment.

It usually takes two to three days to transfer money using SWIFT financial services. Other financial services companies such as Western Union and Money Gram are also available to investors seeking to transfer funds.

Since January 2007, the Rwandan franc (Rwf) has been convertible for essentially all business transactions. Rwanda has a liberal monetary system and complies with International Monetary Fund (IMF) Article VIII and all Organization for Economic Cooperation and Development (OECD) convertibility requirements.

3. Expropriation and Compensation

The government reserves the right to expropriate property "in the public interest" and "for qualified private investment" under the expropriation law of 2007. The government and landowner negotiate compensation directly depending on the importance of the investment and the size of the expropriated property. RDB may facilitate expropriation in cases where the expropriation is potentially controversial. Valuation of expropriated property is often opaque and controversial. In the past several years, a number of property owners have protested expropriation of their property by the City of Kigali and claimed that the compensation offered was below market value and not in accordance with the expropriation law. Implementation of the Kigali City Master Plan has at times created additional threatened expropriations, as property owners in selected areas have been compelled to construct multi-story commercial developments or face potential eviction from their property.

In 2013, the City of Kigali seized Rwanda's largest mall, the Union Trade Center (UTC), from its Rwandan owner, a political exile who lives in South Africa. Soon after seizing the property, the government issued a new "abandoned property" law that grants the GoR expanded authority to expropriate and manage the property of owner-investors who reside outside Rwanda.

In the past, mining sector investors have complained that the GoR has denied access to their mining concessions without appropriate compensation.

Rwanda's 2007 Law Relating to Expropriation in the Public Interest requires the government to pay compensation to property owners prior to relocation or expropriation. In practice, however, this procedure has not always been followed.

4. Dispute Settlement

Under the U.S.-Rwanda Bilateral Investment Treaty, U.S. investors have the right to bring investment disputes before neutral, international arbitration panels. Disputes between U.S. investors and the GoR in recent years have been resolved through international arbitration, court judgments, or out of court settlements.

Rwanda is a signatory to the Convention on the Settlement of Investment Disputes (ICSID) and African Trade Insurance Agency (ATI). ICSID seeks to remove impediments to private investment posed by non-commercial risks, while ATI covers risk against restrictions on import and export activities, inconvertibility, expropriation, war, and civil disturbances. Rwanda is a member of the East African Court of Justice for the settlement of disputes arising from or pertaining to the East African Community (EAC). Rwanda has also acceded to the 1958 New York Arbitration Convention.

In 2012, the GoR launched the Kigali International Arbitration Center (KIAC), an alternative business settlement venue that aims to reduce the costs of contract settlement and enforcement for investors. Rwanda's Private Sector Federation has estimated that investors are forced to spend around 68 percent of the value of court awards pursuing claims via commercial courts.

In 2008, Rwanda created specialized commercial courts to address commercial disputes and facilitate enforcement of property and contract rights. To clear a backlog of commercial cases, the GoR hired experienced foreign judges who presided over Rwandan commercial trials. The role of the judges was positively received and non-controversial. The law governing commercial establishments, the investment law, the law on privatization and public investment, the land law, and the law on protection and conservation of the environment are currently the primary legislation governing investments in Rwanda.

Judgments by foreign courts and contract clauses that abide by foreign law are accepted and enforced by local courts, though local courts lack capacity and experience to adjudicate cases governed by non-Rwandan law. There have been a number of private investment disputes in Rwanda, though the GoR has yet to stand as complainant or respondent in a World Trade Organization (WTO) dispute settlement.

Rwanda signed and ratified the Multilateral Investment Guarantee Agency (MIGA) convention on October 27, 1989. MIGA issues guarantees against non-commercial risks to enterprises that invest in member countries.

Rwanda has maintained good relations with the U.S. Overseas Private Investment Corporation (OPIC) since the 1960s. Although OPIC's portfolio of investments and insurance policies in Rwanda is small, the corporation is seeking to expand investments in the country.

5. Performance Requirements/Incentives

Unless stipulated in a memorandum of understanding characterizing the purchase of privatized enterprises, performance requirements are not imposed as a condition for establishing, maintaining, or expanding other investments. Such requirements are imposed chiefly as a condition to tax and investment incentives. Investors who demonstrate capacity to add value and invest in priority sectors have generally enjoyed more tax and investment incentives, including Value Added Tax (VAT) exemptions on all imported raw materials, 100 percent write-off on research and development costs, five-to-seven percent reduction in corporate income tax for firms whose exports are worth at least USD 3 million, duty exemption on equipment, and a favorable accelerated rate of depreciation of 50 percent in the first year. The government also offers grants and special access to credit to investors who develop in rural areas. There are no import quotas for investors.

The GoR has said that a forthcoming revision of the investment law, which the government plans to release in June 2014, will be less generous with investor tax breaks, which currently average 2.7 percent of GDP. The government says it will instead offer lower tax rates to investors in the energy, transport, and logistics sectors.
The government encourages foreign investors, without legal obligation, to transfer technology and expertise to local staff to help develop Rwanda's human capital. Recently, the GoR has limited the number of visas that investors can obtain for non-Rwandan or non-EAC citizen staff, thereby aiming to accelerate technology and expertise transfer to Rwandan staff. Many American investors cite the GoR's unwillingness to support visas for expatriate staff as one of the most significant limitations on doing business on Rwanda. The GoR has said that, under the forthcoming revision of the investment law, it plans to ease restrictions on the hiring of foreign labor.

RDB has been successful in developing investment incentives and publicizing investment opportunities abroad. Registered foreign investors have obtained benefits in the past, including exemption from value-added tax and duties when importing machinery, equipment, and raw materials. However, investors have complained that coordination between RDB and Rwanda Revenue Authority (RRA) is limited, resulting in assessment by RRA on duties or taxes on registered investments despite RDB's assurance that such investments qualified for tax-exempt or tax-incentivized status. The GOR has recently prioritized expanding Rwanda's tax base and increasing revenue. Consequently, RDB's ability to issue tax incentives to new foreign investors has been somewhat constrained, and may be limited further by the upcoming revision of the investment law.

There is no legal requirement that investors must purchase from local sources or export a certain percentage of their output. However, in the past, the government has made available preferential tax incentives to investors who create significant export-oriented growth. The government determines eligibility for such incentives on request and based on several factors: exports must total at least 80 percent of production (or at least 10 percent if manufacturing under bond); and capital investment much reach USD 100,000 for local investors and Common Market for East and Southern Africa (COMESA) member states, or USD 250,000 for non-COMESA investors.

There is no legal obligation for nationals to own shares in foreign investments or requirement that shares of foreign equity be reduced over time. However, the government strongly encourages local participation in foreign investments. The government does not impose conditions on the transfer of technology.

The government is not involved in assessing the type and source of raw materials for performance, but the National Bureau of Standards determines quality standards.

U.S. passport holders do not require a visa for visits to Rwanda of 90 days or less. Foreigners applying for work permits and/or residency visas must apply within 15 days of their arrival in country. The government generally processes visa applications for U.S. citizen investors in a timely manner. However, some investors have complained that the application process for work permits and extended stay visas has become onerous. Immigration authorities frequently request extra documentation detailing applicants' qualifications and, at times, have taken several months to adjudicate cases. Applicants may facilitate the process by ensuring that they travel with original police clearances, preferably stamped or notarized. Educational documents should be on original letterhead. Applicants should also obtain a certified copy of diplomas, if the original is not carried.

Investors should be aware that East African Community (EAC) applicants are given hiring preference and the Immigration Office may refuse work permits for non-EAC citizens when it is deemed that an EAC citizen can undertake the job in question.

6. Right to Private Ownership and Establishment

Local and foreign investors have the right to own and establish business enterprises in all forms of remunerative activity. The Rwandan constitution stipulates that every person has the right to private property, whether personal or in association with others. The government cannot violate the right to private ownership except in the public interest and only then after following procedures that are determined by law and subject to fair compensation.

The law also allows private entities to acquire and dispose of interests in business enterprises. Foreign nationals may hold shares in locally incorporated companies. The government has continued to privatize state holdings, including former state-owned Cimerwa cement, though the government, ruling party, and military continue to play a dominant role in Rwanda's private sector.

7. Protection of Property Rights

The law protects and facilitates acquisition and disposition of all property rights. Investors involved in commercial agriculture have leasehold titles and are able to secure property titles, if necessary. A property registration and land titling effort, the result of a 2005 land law, was completed in 2013.

Intellectual property: Rwanda is a member of African Regional Intellectual Property Organization (ARIPO). It is also a member of World Intellectual Property Organization (WIPO) and is currently working towards harmonizing its legislation with WTO trade-related aspects of intellectual property. The Ministry of Commerce (MINICOM), the Rwandan Revenue Authority (RRA), and the Rwandan Bureau of Standards (RBS) work together to address issues involving counterfeit products on the Rwandan market. Through the RBS and the RRA, Rwanda has worked to increase protection of intellectual property rights, but many goods that violate patents, especially pharmaceutical products, make it to market nonetheless.

Rwanda has yet to ratify WIPO internet treaties, though the government has taken steps to implement and enforce the WTO TRIPS agreements. Intellectual property legislation covering patents, trademarks, and copyrights was approved in October 2009. A Registration Service Agency, which is part of the RDB, was established in 2008, and has improved intellectual property right protection by registering all commercial entities and facilitating business identification and branding.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at http://www.wipo.int/directory/en/.

Embassy point of contact: Jeffrey Bowan BowanJD@state.gov

Local lawyers list: http://rwanda.usembassy.gov/attorneys_in_rwanda.html

8. Transparency of the Regulatory System

The government generally employs transparent policies and effective laws to foster clear rules consistent with international norms. Institutions such as the Rwanda Revenue Authority, the Ombudsman's office, Rwanda Bureau of Standards (RBS), the National Public Prosecutions Authority (NPPA), the Rwanda Utilities Regulatory Agency, the Public Procurement Agency, and the Privatization Secretariat all have clear rules and procedures. However, some investors claim that the RRA unfairly targets foreign investors for audits. In recent years, several investors raised concerns that RRA breached Rwandan law by auditing corporate financial statements that had already exceeded the statute of limitations for review.

There is no formal mechanism to publish draft laws for public comment, although civil society sometimes has the opportunity to review proposed laws. There is no government effort to restrict foreign participation in industry standards-setting consortia or organizations.

Some investors complain that the strict enforcement of tax, labor, and environmental laws impede investment. In 2009, the government updated the labor code to simplify labor recruitment and facilitate the hiring, firing, and retention of competent staff.

In 2003, Rwanda established an ombudsman's office that monitors transparency and regulatory compliance in all governmental sectors. The Rwanda Utility Regulation Agency, the Auditor General's Office, the Anticorruption Division of the RRA, the RBS, and the National Tender Board also enforce regulations. From 2009 to 2013, the press reported instances of alleged malfeasance involving private citizens and Rwandan officials. This led to investigations and arrests of high-ranking officials as well as a number of resignations.

There is no informal regulatory process managed by nongovernmental organizations. Existing legal, regulatory, and accounting systems are generally transparent and consistent with international norms, but are not always enforced.

A key component of the government's regulatory system is the Office of the Auditor General, which was established in 1999 to audit government adherence to fiscal controls. The OAG reports annually to Parliament and those reports have prompted wide-ranging criminal investigations of alleged misconduct in previous years.

Consumer protection associations exist, but are largely ineffective. The business community has been able to lobby the government and provide feedback on government policy and execution through the Private Sector Federation, a business association with strong ties to the government.

Rwanda is a member of the U.N. Conference on Trade and Development's international network of transparent investment procedures: http://rwanda.eregulations.org/. Foreign and national investors can find detailed information on administrative procedures applicable to investment and income generating operations including the number of steps, name and contact details of the entities and persons in charge of procedures, required documents and conditions, costs, processing time, and legal bases justifying the procedures.

9. Efficient Capital Markets and Portfolio Investment

Access to affordable credit is a serious challenge in Rwanda. Interest rates are high, banks offer short-term loans only, and Rwandan commercial banks are unable to issue significant loan values. Investors who seek to borrow more than USD 1 million must often engage in multi-party loan transactions, usually leveraging support from larger Kenyan banks. Credit terms generally reflect market rates and foreign investors are able to negotiate credit facilities from local lending institutions if they have collateral and "bankable" projects.

The private sector has limited access to credit instruments. Most Rwandan banks are conservative, risk-averse, and trade in a limited range of commercial products, though additional products are becoming available as the industry matures. Credit cards are not used extensively, except in major hotels and a few restaurants. Debit cards have been introduced on a limited basis. In December 2011, Visa International opened an office in Rwanda and announced a partnership with the central bank through which the company is working to expand electronic payment services throughout Rwanda. While the use of credit cards is becoming more popular, Rwanda remains primarily a cash-based economy.

An over-the-counter (OTC) market was established in 2008, with the assistance of the U.S. Department of the Treasury. Trading volume is limited and confined to the sale of government treasury bills and a few corporate bonds and shares. In December 2010, Heineken launched the country's first initial public offering (IPO) for 30 percent of the shares in its Rwandan subsidiary, Bralirwa. Subsequently, Bank of Kigali (BOK) became the second listed Rwandan firm, with its shares officially trading on the Rwanda Stock Exchange from September 1, 2011. Kenya Commercial Bank (KCB), Kenya's National Media Group (NMG), and Kenyan supermarket chain Uchumi (USL) also cross-list their shares, bringing the total number of companies traded on the Rwanda Stock Exchange to five.

The central bank capital requirement for commercial and investment banks is currently Rwf 5 billion (USD 7.4 million). As of 2014, all banks were compliant with the capital requirement. The required minimum capital adequacy ratio of 15 percent is above the Basel minimum requirement.

With only a small OTC market, corporations generally trade shares among one another or with private investors. No hostile takeovers have occurred involving foreign investors, and both the central bank and government have been active in seeking foreign investors for the banking sector.

The IMF gives the central bank high marks for its effective monetary policy. In June 2010, Rwanda became the seventh country in the world to adopt the IMF's Policy Support Instrument (PSI), a program designed for countries that have achieved macroeconomic stability and no longer require financial support from the IMF. Rwanda successfully completed its seventh review under the PSI in 2013.

Rwanda is one of just a few sub-Saharan countries to have issued sovereign bonds. In April 2013, Rwanda launched a USD 400 million, 10-year eurobond priced to yield 6.875 percent. Orders eventually reached more than 9 times the bond's issue size. The GoR earmarked the proceeds to fund a new convention center, build a 28-MW hydropower station, and expand RwandAir, the state-run carrier.

10. Competition from State-Owned Enterprises (SOEs)

Rwandan law allows private enterprises to compete with public enterprises under the same terms and conditions with respect to access to markets, credit, and other business operations. Since 2006, the government has made an effort to privatize SOEs, to reduce the government's non-controlling shares in private enterprises, and attract FDI, especially in the **information and communications**, tourism, banking, and **agriculture** sectors.

Rwandan investors and investor groups have acquired minority and majority stakes in former SOEs. Government shareholders, including the Rwandan Social Security Board and other government savings schemes, back a number of these investor groups. Individuals with close ties to the government and/or ruling party lead other firms. Current SOEs include water and electricity utilities, and companies in **construction**, **information and communications**, mining, insurance, **finance**, and other investments. The government continues to own significant and sometimes controlling interests in telecommunications, insurance, hotels and other sectors.

Some private firms assert that SOEs and private enterprises in which the government owns shares, or that have close ties to government officials, receive preferential treatment with regard to access to credit and tax compliance enforcement.

SOEs generally have boards of directors that function independently. However, GoR officials and their representatives sit on SOE boards and exercise considerable influence. Most SOEs are required to publish audited annual reports, but some are not readily available.

11. Corporate Social Responsibility

There is a growing awareness of corporate social responsibility (CSR), but only a few companies – chiefly foreign-owned – have implemented sustainable programs. In recognition of the firm's strong commitment to CSR, the U.S. Department of State awarded Sorwathe, a U.S.-owned tea producer in Kinihira, Rwanda, the Secretary of State's 2012 Award for Corporate Excellence for Small and Medium Enterprises.

12. Political Violence

Rwanda is a stable country with relatively little violence. A strong police and military provide a security umbrella that minimizes potential criminal activity and political disturbances.

In 2012 and 2013, there was fighting in the eastern Democratic Republic of Congo (DRC) between Congolese armed forces (FARDC) and the M23, an armed group comprised mostly of soldiers who defected from the FARDC. While M23 was defeated militarily in November 2013, the FARDC and UN peacekeepers continued to engage in combat operations against other armed groups in the DRC state of North Kivu, which borders Rwanda. The U.S. Department of State recommends that U.S. citizens exercise caution when traveling near the Rwanda-DRC border, given the possibility of renewed fighting.

In late August 2013, cross-border fire landed within the borders of Rwanda in Rubavu district, including within the city of Gisenyi. The GoR blamed these incidents on the FARDC. In early December 2012, a small element of armed individuals crossed the border from eastern DRC and attacked a ranger camp northwest of Kinigi. The attack, which occurred just south of Volcanoes National Park, left one ranger dead. The Democratic Forces for the Liberation of Rwanda (FDLR) claimed responsibility for this incursion. The FDLR is an armed group that includes former soldiers and supporters of the regime that orchestrated the 1994 genocide and that continues to operate in eastern DRC, near the border with Rwanda.

Grenade attacks aimed at the local populace have occurred on a recurring basis over the last five years in Rwanda. Four attacks occurred in Kigali in 2013 and early 2014, killing five and injuring 48 persons.

Despite occasional violence along Rwanda's border with eastern DRC, there have been no incidents involving politically motivated damage to investment projects or installations since the late 1990s.

13. Corruption

The government maintains a high-profile anti-corruption effort and senior leaders articulate a consistent message emphasizing that combating corruption is a key national goal. The government investigates corruption allegations and generally prosecutes and punishes those found guilty. Enforcement is the same for both foreign and local investors. High-ranking officials accused of corruption often resign during the investigation period and many have been prosecuted. Senior government officials take pride in Rwanda's reputation for being tough on corruption, and numerous governmental institutions play an active role in investigating public officials accused of such.

Rwanda has signed and ratified the UN Anticorruption Convention. It is a signatory to the OECD Convention on Combating Bribery. It is also a signatory to the African Union Anticorruption Convention. Giving and accepting a bribe is a criminal act under law, and penalties depend on circumstances surrounding the specific case. U.S. firms have identified the perceived lack of government corruption in Rwanda as a key incentive to investing in the country.

Some firms have reported occurrences of petty corruption in the customs clearing process, but there are few or no reports of corruption in transfers, dispute settlement, regulatory system, taxation, or investment performance requirements. A local company cannot deduct a bribe to a foreign official from taxes. A bribe by a local company to a foreign official is a crime in Rwanda.

The Office of the Auditor General has pursued many corruption cases in recent years, most of which involved misuse of public funds. The Rwanda Governance Board monitored governance more broadly and promoted mechanisms to control corruption. The Rwanda Revenue Authority's Anticorruption Unit had a code of conduct and an active mechanism for internal discipline. The Office of the Ombudsman, the National Tender Board, the Rwanda Utilities Regulatory Agency, and the National Bureau of Standards also enforced regulations.

Resources to report corruption:

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Name: Mrs. Pauline Gashumba

Title: Director of Preventing and Fighting Corruption
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Name: Mr. Patrick Mwesigye
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14. Bilateral Investment Agreements

Rwanda is eligible for trade preferences under the African Growth and Opportunity Act (AGOA), which the United States enacted to extend duty-free and quota-free access to the U.S. market for nearly all textile and handicraft goods produced in eligible beneficiary countries. The U.S. and Rwanda signed a Trade and Investment Framework Agreement (TIFA) in 2006, and a Bilateral Investment Treaty (BIT) in 2008. Rwanda has also signed bilateral investment treaties with Germany (1967) and Belgium (1985).

15. OPIC and Other Investment Insurance Programs

The Overseas Private Investment Corporation (OPIC) has provided financing and political risk insurance to eleven U.S. projects in Rwanda since 1975, including Sorwathe Tea Ltd., Forestry and Agricultural Investment Management, and Westrock Coffee Holdings, LLC. Given Rwanda's political, economic, and currency stability, OPIC officials have expressed interest in expanding the corporation's portfolio in Rwanda and are currently evaluating potential projects.

The Export-Import Bank (EXIM) continues its program to insure short-term export credit transactions involving various payment terms, including open accounts that cover the exports of consumer goods, services, commodities, and certain capital goods. Rwanda is a member of the Multilateral Investment Guarantee Agency (MIGA) and the African Trade Insurance Agency (ATI).

16. Labor

General labor is available, but Rwanda suffers from a shortage of skilled labor, including accountants, lawyers, and technicians. Higher institutes of technology, private universities, and vocational institutes are improving and producing more and better-trained graduates each year. Carnegie Mellon University has opened a campus in Kigali – its first in sub-Saharan Africa – and currently offers masters-level courses in information and communication technologies. In 2012, the government extended basic compulsory education from nine to twelve years. In 2009, the government designated English, rather than French, as the language of instruction for students from grade four onwards.

Rwanda attempts to adhere to International Labor Organization (ILO) conventions protecting worker rights. Policies to protect workers in special labor conditions exist, but enforcement remains inconsistent. The government encourages, but does not require, on-the-job training and technology transfer to local employees.

In 2000, the government revised the national labor code to eliminate gender discrimination, restrictions on the mobility of labor, and wage controls. In 2009, parliament passed a new labor code, which sets the minimum age for formal employment at 18, and strengthened prohibitions on the use of child labor and hazardous or forced work. Companies find skill deficits in many sectors when hiring, though such deficits will continue to shrink as literacy rates increase and Rwandan institutions of higher learning produce additional, qualified graduates. Rwanda's literacy rate was 71 percent in 2013, up from 58 percent in 1991.

17. Foreign Trade Zones/Free Ports

Rwanda is a member of the East African Community (EAC), and participates in a customs union that helps facilitate the movement of goods produced in the region and allows EAC citizens with certain skills to work in any member state. Rwanda is also a member of the Economic Community of the Great Lakes (CEPGL), along with the DRC and Burundi; and of COMESA, which includes Rwanda, Burundi, Comoros, DRC, Djibouti, Egypt, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Seychelles, Sudan, Swaziland, Uganda, and Zimbabwe. COMESA countries have a free trade agreement that permits goods originating in member states and that comply with certain rules of origin to enter other member markets duty free. Value addition on imported raw materials must reach three percent to qualify for duty free entry.

Rwanda has established a free trade zone outside the capital, Kigali, which includes current and planned future communications infrastructure. Bonded warehouse facilities are now available both in and outside of Kigali for use by businesses importing duty free materials.

18. Foreign Direct Investment Statistics

TABLE 2: Key Macroeconomic data, Rwanda Gross Domestic Product

	National Institute of Statistics Rwanda		World Bank		USG or international Source of data (Source of Data: BEA; IMF; Eurostat; UNCTAD, Other)
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (*Millions U.S. Dollars)*	2012	6,411	2012	7,103	

TABLE 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations *(US Dollars, Millions)*					
Inward Direct Investment			**Outward Direct Investment**		
Total Inward	495	100%	N.D.	N.D.	N.D.
South Africa	110	22%			
Libya	58	12%			
Mauritius	55	11%			
Kenya	54	11%			
Netherlands	36	7%			
"0" reflects amounts rounded to +/- USD 500,000.					

Source: International Monetary Fund

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