RWANDA
INVESTMENT CLIMATE STATEMENT
2015

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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 foreign direct investment (FDI). The country presents a number of opportunities for U.S. and foreign direct investment, including in renewable energy, infrastructure, agriculture, mining, tourism, and information and communications technology (ICT).

Yet, despite its business-friendly reputation, FDI in Rwanda lags well behind some of its neighbors in the East African Community (EAC), making up a mere 1.5 percent of GDP in 2013. 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 an under-skilled workforce ill-suited to the needs of foreign investors.

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. The change in 2009 from French to English as the language of instruction, from grade four onward, was abrupt, and deficits among some graduates remain a significant issue.

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.

There are neither statutory limits on foreign ownership or control, nor any official economic or industrial strategy that discriminates against foreign investors.

Rwanda benefits from low violent crime rates; its strong police and military provide a security umbrella that minimizes potential criminal activity and political disturbances. On multiple occasions between 2008 and 2014, however, unknown assailants detonated grenades in Kigali and other areas of the country.

Rwanda is a member of the 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

Attitude toward Foreign Direct Investment

The Government of Rwanda (GoR) understands that private sector development is critical if Rwanda is to achieve its aim of reaching middle-income status by 2020, and reducing 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–which averaged 7 percent annually from 2010 to 2014–high rankings in the World Bank's Doing Business report (#46 out of 189 countries in 2015, third best in Africa behind Mauritius and South Africa), and a reputation for low corruption. The country presents a number of opportunities for U.S. and foreign direct investment, including in clean and renewable energy, infrastructure, agriculture, tourism, mining, and information and communications technology.

Despite its business-friendly reputation, FDI inflows into Rwanda lag well behind some of its peers in the EAC–a mere 1.5 percent of GDP in 2013. Potential and current investors cite a number of hurdles and constraints, including Rwanda's landlocked geography and resulting high freight transport costs, a small domestic market, limited access to affordable financing, and frequently arbitrary tax, investment, and immigration rules.

In 2006, the 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 today serves as the country's chief investment promotion agency.

The RDB offers one of the fastest business registration processes in Africa. New investors can register online at the 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 the RDB's investment facilitation role, however, 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, as well as access to licenses, approvals, and procurement.

Rwanda's judicial system suffers from a lack of resources and capacity, including well-functioning courts. The Heritage Foundation's Economic Freedom Index has cited the judiciary's lack of independence from the executive. Investors occasionally 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, but has yet to be tested. The host government has honored international arbitration clauses in contracts when invoked, though sometimes reluctantly.

In 2008, the GoR implemented business reform legislation, which included new bankruptcy regulations and arbitration laws. In 2009, it enacted a new intellectual property law and a law to strengthen 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.

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.

In 2007, the GoR established 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, which is the third best in Africa after Botswana and Cape Verde. A 2014 report by Rwanda's Office of the Auditor General cited continuing problems with inappropriate procurement methods, but said violations had fallen 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.

Other Investment Policy Reviews

In 2012, the WTO conducted a Trade Policy Review of the East African Community (EAC), which includes Rwanda: https://www.wto.org/english/tratop_e/tpr_e/tp371_e.htm

In 2006, UNCTAD conducted an Investment Policy Review (IPR) of Rwanda: http://unctad.org/en/pages/PublicationArchive.aspx?publicationid=508

Laws/Regulations of Foreign Direct Investment

The Rwanda Development Board serves as Rwanda's chief investment promotion agency

Industrial Promotion

Not applicable.

Limits on Foreign Control

Rwanda has neither statutory limits on foreign ownership or control, nor any official economic or industrial strategy that discriminates against foreign investors.

Privatization Program

Not applicable.

Screening of FDI

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

Competition Law

Rwanda's Ministry of Trade and Industry published a Competition and Consumer Protection Policy in July 2010.

Investment Trends

Rwanda's new investment code, which will be published in 2015, offers new incentives to investors in the energy, ICT, logistics, and light manufacturing sectors. In particular, the government has identified energy investments as critical to allow the country to reach middle-income status by 2020. Rwanda is also working to position itself as a services hub, including as a regional center for logistics and air cargo transport.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2014	55 of 175	transparency.org/cpi2014/results
World Bank's Doing Business Report "Ease of Doing Business"	2015	46 of 189	doingbusiness.org/rankings
Global Innovation Index	2014	102 of 143	globalinnovationindex.org/content.aspx?page=data-analysis
World Bank GNI per capita	2013	USD 630	data.worldbank.org/indicator/NY.GNP.PCAP.CD

Millennium Challenge Corporation Country Scorecard

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 per capita gross national income (GNI) or USD 4,125 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/pages/docs/doc/report-guide-to-the-indicators-and-the-selection-process-fy-2015.

2. Conversion and Transfer Policies

Foreign Exchange

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.

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.

Remittance Policies

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, Kenya. 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.

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. 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 threats of expropriation, as property owners in selected areas have been compelled to construct multi-story commercial developments or face potential eviction from their property.

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. Similarly, the 2015 Law Relating to Investment Promotion and Facilitation (hereafter noted as the 2015 investment code) forbids the expropriation of investors' property in the public interest unless the investor is fairly compensated. In practice, however, these procedures have not always been followed.

4. Dispute Settlement

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

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 signatory to the International Center for 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 for investors pursuing claims via commercial courts, court fees can typically total up to 68 percent of the value of court awards.

Rwanda's commercial courts address commercial disputes and facilitate enforcement of property and contract rights. National laws governing commercial establishments, investments, privatization and public investments, land, and the protection and conservation of the environment are currently the primary directives 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.

Bankruptcy

In 2008, the GoR implemented business reform legislation, which included new bankruptcy regulations and arbitration laws. In 2009, it enacted a new intellectual property law and a law to strengthen 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.

Investment Disputes

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.

In 2013, one dispute with a foreign investor in Rwanda was settled through international arbitration.

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International Arbitration

In 2015, one U.S. investor notified the Rwandan government of its intent to file a claim under the U.S.-Rwanda Bilateral Investment Treaty if the two sides' dispute could not be resolved during the negotiation and consultation period.

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.

Rwanda's commercial courts address commercial disputes and facilitate enforcement of property and contract rights. National laws governing commercial establishments, investments, privatization and public investments, land, and the protection and conservation of the environment are currently the primary directives governing investments in Rwanda.

ICSID Convention and New York Convention

Rwanda is a member of the International Center for Settlement of Investment Disputes (ICSID) and a signatory to the 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.

Duration of Dispute Resolution

Not applicable.

5. Performance Requirements and Investment Incentives

WTO/TRIMS

The Government maintains measures that may violate the WTO's TRIMs (Trade Related Investment Measures) by allowing parallel imports of goods from countries where patents and original trademarks are not registered and recognized.

Investment Incentives

Rwanda offers tax and other incentives to investors in priority sectors such as export, manufacturing, energy, ICT, financial services, and construction.

Research and Development

Not applicable.

Performance Requirements

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. Rwanda's 2015 investment code eliminates VAT exemptions in favor of corporate income tax reductions available to investors in priority sectors, which include export, manufacturing, energy, ICT, financial services, and construction.

Under the 2015 investment code, international companies that base their headquarters or regional offices in Kigali and invest a minimum of USD 10 million in Rwanda, in addition to fulfilling a number of other requirements, are exempt from corporate income tax.

The 2015 investment code also offers a corporate income tax rate of 15 percent, down from 30 percent, to investors who export at least 50 percent of the goods (excluding coffee, tea, and minerals) and services that they produce in Rwanda, or who invest in the energy, transport, ICT, or financial services sectors. Finally, the 2015 investment code offers tax holidays of up to seven years to investors who invest at least USD 50 million in Rwanda.

Some investors have cited the GoR's unwillingness to support visas for expatriate staff as one of the most significant limitations on doing business on Rwanda. Under the 2015 investment code, the government allows registered investors who invest a minimum of USD 250,000 to hire up to three expatriate employees, without the need to conduct a labor market test in Rwanda. Investors who wish to hire more than three expatriate employees must conduct a labor market test, unless the available position is listed on Rwanda's "Occupations in Demand" list.

Some current investors have complained that coordination between the RDB and the Rwanda Revenue Authority (RRA) is limited, resulting in assessment by the RRA on duties or taxes on registered investments despite the 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, the RDB's ability to issue tax incentives to new foreign investors has been constrained, and is limited somewhat further by the 2015 investment code.

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.

While the government does not impose conditions on the transfer of technology, it does encourage foreign investors, without legal obligation, to transfer technology and expertise to local staff to help develop Rwanda's human capital. There is no legal requirement that investors must purchase from local sources or export a certain percentage of their output, though the government offers tax incentives for the latter.

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.

Effective November 1, 2014, Rwanda requires that all U.S. citizens possess a visa to enter Rwanda. A visa valid for 30 days for the purpose of tourism can be purchased for USD 30 upon arrival at Kigali International Airport or at Rwanda's land borders. Accepted forms of payment include U.S. dollars printed after 2006 and credit cards issued by Visa.

U.S. citizens planning to remain in Rwanda for more than 30 days must apply for a permit within 15 days of their arrival at the Directorate General of Immigration and Emigration in Kigali. 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.

Data Storage

The Rwandan government has not implemented forced localization policies. It does not require IT providers to turn over source code, or that data be stored in Rwanda.

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 formerly 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

Real Property

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. The 2015 investment code states that investors shall have the right to own private property, whether individually or in association with others.

Intellectual Property Rights

The 2015 investment code also guarantees protection of investors' intellectual property rights, and legitimate rights related to technology transfer.

As a Common Market for Eastern and Southern Africa (COMESA) member state, Rwanda is automatically a member of African Regional Intellectual Property Organization (ARIPO). It is also a member of the World Intellectual Property Organization (WIPO) and is 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/

Resources for Rights Holders

Point of Contact at Embassy: Jeffrey D. Bowan
BowanJD@state.gov

The Rwanda Development Board (RDB) and the Rwandan Bureau of Standards (RBS) are the main regulatory bodies for Rwanda's intellectual property rights law. The RDB registers intellectual property rights, providing a certificate and ownership title. The RBS inspects imported products to ensure compliance with standards.

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.

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 Office of the Auditor General (OAG), the Anticorruption Division of the RRA, the RBS, and the National Tender Board also enforce regulations. Since 2010, the press has reported many cases of alleged malfeasance involving private citizens and Rwandan officials that have 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. In recent years, the OAG's annual reports to parliament have prompted wide-ranging criminal investigations of alleged misconduct and corruption.

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 United Nations Conference on Trade and Development's (UNCTAD) 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 one million must often engage in multi-party loan transactions, usually leveraging support from larger regional 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 and competition increases. Credit cards are not used extensively, except in major hotels, grocery stores, and larger restaurants that cater to tourists. 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, outside of Kigali, 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), Kenyan supermarket chain Uchumi (USL), and Equity Bank also cross-list their shares, bringing the total number of companies traded on the Rwanda Stock Exchange to six.

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. In December 2014, the Executive Board of the IMF completed the second review of Rwanda’s economic performance under IMF Policy Support Instrument, and concluded the 2014 Article IV consultation with Rwanda.

Rwanda is one of just a few sub-Saharan Africa 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.

Money and Banking System, Hostile Takeovers

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 and competition increases.

Meanwhile, Rwanda's financial sector remains highly concentrated. Around 50 percent of all bank assets in Rwanda are held by four to five of the largest commercial banks, while just one bank – state-owned Bank of Kigali (BoK) – holds 30 percent of all assets.

The IMF gives the National Bank of Rwanda (BNR), Rwanda's central bank, high marks for its effective monetary policy.

10. Competition from State-Owned Enterprises

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 (ICT), 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, as well as companies in construction, ICT, aviation, mining, insurance, finance, and other investments. The government continues to own significant and sometimes controlling interests in telecommunications, insurance, hotels, food production, 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.

OECD Guidelines on Corporate Governance of SOEs

Not applicable.

Sovereign Wealth Funds

In 2012, the Rwandan government launched the Agaciro Development Fund, a sovereign wealth fund that includes investments from Rwandan citizens and the international diaspora.

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.

OECD Guidelines for Multinational Enterprises

Not applicable.

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 United Nations (UN) peacekeepers continued to engage in combat operations against other armed groups in the DRC state of North Kivu, which borders Rwanda.

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.

FARDC carried out military operations against the FDLR in eastern DRC in early 2015. The U.S. Department of State recommends that U.S. citizens exercise caution when traveling near the Rwanda-DRC border, given the possibility of fighting and cross-border shelling involving the FDLR and other armed groups in the region.

Grenade attacks aimed at the local populace occurred on a recurring basis between 2008 and early 2014 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, 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.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

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

Resources to Report Corruption

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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 United States 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 Switzerland (1963), Germany (1967), and Belgium (1985). Rwanda signed bilateral investment treaties with the Republic of Korea, Mauritius, and South Africa, but those treaties have yet to enter force.

Bilateral Taxation Treaties

Rwanda does not have a bilateral taxation treaty with the United States.

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, Gigawatt Global, 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. The Rwandan education system is struggling with the transition, given a shortage of teachers qualified to teach in English.

Rwanda has ratified all the International Labor Organization (ILO) eight core conventions and attempts to adhere to these 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 16 and for hazardous work at 18, and strengthened prohibitions on the use of child labor and hazardous or forced work. Approximately 16 percent of children in Rwanda are engaged in child labor, particularly in agriculture and in domestic service. Tea is included on the U.S. government's List of Goods Produced by Child Labor or Forced Labor.

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/Trade Facilitation

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 and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical source*		**USG or international statistical source**		**USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other**
Economic Data	**Year**	**Amount**	**Year**	**Amount**	
Host Country Gross Domestic Product (GDP) ($M USD)	2013	6,951	2013	7,521	www.worldbank.org/en/country

Foreign Direct Investment	**Host Country Statistical source***		**USG or international statistical source**		**USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other**
U.S. FDI in partner country ($M USD, stock positions)	N/A	N/A	N/A	N/A	
Host country's FDI in the United States ($M USD, stock positions)	N/A	N/A	N/A	N/A	
Total inbound stock of FDI as % host GDP	2012	17.4	2013	1.5	World Bank

*National Bank of Rwanda

Table 3: Sources and Destination of FDI

A significant share of foreign direct investment in Rwanda is made through holding companies based in Mauritius, which serves as a regional tax haven.

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%	Total Outward	N/A	100%
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: IMF Coordinated Direct Investment Survey

Table 4: Sources of Portfolio Investment

Portfolio investment data are not available for Rwanda.

19. Contact for More Information

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