



Doing Business in Rwanda: 2013 Country

Commercial Guide for U.S. Companies

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Chapter 1: Doing Business in Rwanda

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Market Overview

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Rwanda is a small market, with a population of 10.7 million people and a Gross Domestic Product (GDP) of roughly six billion dollars. According to the International Monetary Fund (IMF), Rwanda's GDP grew 8 percent in 2012 and is forecast to grow 7.5 percent per annum on average through 2020. Despite decades of strong growth, Rwanda remains highly dependent on Official Development Assistance, which finances over 40% of the nation's annual budget.

In 2012 the World Bank's Ease of Doing Business Indicators report ranked Rwanda 52 in the world and third in Africa, building on six years of steady improvements in Rwanda's ranking. In 2010 and 2011, the report recognized Rwanda as one of the world's top reformers in business regulations and investment climate.

Rwanda's economy is overwhelmingly rural and heavily dependent on agriculture. Almost eighty percent of the workforce is engaged in subsistence farming. Agricultural production comprises approximately one-third of total GDP, although strong growth in the services sector, particularly hospitality and mining, has contributed to the recent downward trend in the economy's reliance on agricultural production.

Rwandan exports grew 24 percent year-on-year, reaching \$482 million in 2012. Commodities, particularly cassiterite, coltan, wolfram, tea, and coffee generated over 55% of Rwanda's 2012 export revenue. However, non-traditional export sectors also demonstrated strong growth, with pyrethrum (a natural insecticide) exports increasing 115 percent to just below \$10 million this past year.

Rwanda generated \$61 million in export earnings from coffee in 2012, an 18 percent fall from 2011. Tea exports increased 2.9 percent, to \$65.7 million, over the same period. Major markets for coffee exports were Europe and the United States, while the Middle East and Pakistan were the main buyers of Rwandan tea.

Tourism is the country's leading foreign exchange earner, with total revenues of \$240 million in 2012 compared to \$216 million in 2011.

Rwanda's small industrial sector comprises 14 percent of GDP and employs less than three percent of the active population. The services sector comprises approximately 53 percent of GDP and has been growing at an average annual rate above 9 percent.

Rwanda is highly import-dependent and the Rwandan government faces chronic large current account deficits. In 2012 Free on Board (FOB) imports totaled \$1.759 billion

(versus exports of \$482 million). Principal imports included foodstuffs, machinery and equipment, steel, petroleum products, aviation equipment, cement, and construction material. Europe, the United Arab Emirates, China, India, Kenya and Uganda are among Rwanda's major suppliers. Rwanda imported \$30.2 million in goods from the U.S. in 2012. Major U.S. imports included aviation equipment, pharmaceuticals, chemicals, and telecommunication equipment.

Rwanda exported \$33.3 million of goods, primarily coffee, to the United States in 2012. the primary good. A small but growing number of Rwandan companies export handicrafts benefitting from duty-free conditions under the African Growth Opportunity Act (AGOA).

In 2007, Rwanda joined the East African Community (EAC), which has a combined population of over 130 million. In 2010 the member countries of the EAC formed a customs union, which is slowly evolving into a common market. Also in 2010, Rwanda became the newest member of the Commonwealth. Rwanda is also a member of the Common Market for Eastern and Southern Africa (COMESA), which has a total population of 406 million. Products from COMESA countries are exempted from customs duties and taxes under certain conditions.

Market Challenges

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- Purchasing power in Rwanda is low. The World Bank estimates annual per capita income is approximately \$570.
- There are high levels of unemployment and underemployment. Rwanda's middle class is growing but remains small.
- Rwanda is landlocked. Transportation costs for imports/exports are among the highest in the world.
- Energy costs, at \$0.20 per kilowatt hour (KwH), are high by regional and world standards.
- There is a general shortage of skilled labor, driving labor costs higher in Rwanda than in many of its East African Community peers.
- The judicial system remains relatively weak. The sanctity of contract is not always upheld.
- Rwanda lacks a vibrant entrepreneurial sector. However, the Government of Rwanda has committed to fostering entrepreneurship through regional and district business centers and increased business education.

Market Opportunities

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- As a member of the East African Community, Rwanda maintains access to a regional market of over 130 million consumers. Rwanda also stands to benefit from the sizable market and natural resources of its western neighbor, the Democratic Republic of Congo.
- Rwanda has built strong road and aviation infrastructure. The country aims to become a regional hub for aviation and logistics, with plans for a new \$650 million airport to be constructed by 2017.
- Domestic and regional energy demand far outweighs Rwanda's supply. The government encourages development of energy production systems, particularly

those powered by alternative fuel sources like methane, solar, geothermal, peat and hydro power.

- Rwanda has large reserves of commercially viable methane gas in Lake Kivu. There is opportunity for commercial development for both energy and alternative uses such as calcium carbide, methanol, fertilizers, and heating gas.
- The construction sector is booming, especially in Kigali. There is a significant gap in domestic production of concrete and other construction materials relative to demand.
- The Rwandan government projects that tourism will grow at 9 percent annually for the next two years. Opportunities exist in hospitality, entertainment, tour operation, and training services.
- Rwanda is positioning itself as a regional leader in ICT and encourages investment in the sector.
- The mining sector has expanded significantly since privatization in 2007. The Rwandan government estimates that the mining sector will generate over \$400 million in exports by 2017. Rwanda offers small-scale opportunities in exploration, extraction and processing. Potential investors should note that Rwanda is subject to section 1502 of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act.

Market Entry Strategy

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Visiting Rwanda is critical for those considering entering into business here. We strongly encourage visitors to pay a courtesy call on the U.S. Embassy Economic and Commercial Section for the latest information and market developments. For assistance, please contact the U.S. Embassy Economic and Commercial Section at (250) 252 596-400.

Rwanda Development Board (RDB), a government institution, is charged with promoting investment and facilitating market entry for investors. It can often be a good place to start when considering establishing a business in Rwanda. RDB offers a range of services to potential investors including assistance to acquire licenses, certificates, approvals, authorizations and permits required by law to set up and operate a business enterprise in the Rwanda. Visit RDB's website at www.rdb.rw for further information. The Rwandan Private Sector Federation (PSF) can also provide useful information on potential local business partners. The PSF can be contacted at: www.PSF.org.rw.

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COUNTRY FACT SHEET: RWANDA

PROFILE

Population in 2011 (Millions): 10
 Capital: Kigali
 Government: Republic

ECONOMY

	2009	2010	2011
Nominal GDP (Current Billions \$U.S.)	5.2	5.6	6.3
Nominal GDP Per Capita (Current \$US)	533	559	620
Real GDP Growth Rate (% change)	4.1	7.2	8.6
Real GDP Growth Rate Per Capita (% change)	2.0	5.0	6.4
Consumer Prices (% change)	10.3	2.3	5.7
Unemployment (% of labor force)			
Economic Mix in 2010: 15% All Industries; 6.6% Manufactures; 52.8% Services; 32.2% Agriculture			

FOREIGN MERCHANDISE TRADE (\$US Millions)

	2009	2010	2011
Rwanda Exports to World	261	238	417
Rwanda Imports from World	1,112	0	1,357
U.S. Exports to Rwanda	34.1	30.6	120
U.S. Imports from Rwanda	19.2	21.5	30.9
U.S. Trade Balance with Rwanda	15.0	9.1	88.8
Position in U.S. Trade:			
Rank of Rwanda in U.S. Exports	172	176	149
Rank of Rwanda in U.S. Imports	151	153	148
Rwanda Share (%) of U.S. Exports	0	0	0.01
Rwanda Share (%) of U.S. Imports	0	0	0

Principal U.S. Exports to Rwanda in 2011:

1. Transportation Equipment (78.6%)
2. Chemicals (7.3%)
3. Computer & Electronic Products (5.5%)
4. Food & Kindred Products (2.5%)
5. Miscellaneous Manufactured Commodities (1.3%)

Principal U.S. Imports from Rwanda in 2011:

1. Agricultural Products (64.2%)
2. Food & Kindred Products (26.1%)
3. Forestry Products, Nesoi (5.4%)
4. Wood Products (1.7%)

FOREIGN DIRECT INVESTMENT

	2009	2010	2011
U.S. FDI in Rwanda (US \$Millions)	1.0	1.0	1.0
FDI in U.S. by Rwanda (US \$Millions)			

DOING BUSINESS/ECONOMIC FREEDOM RANKINGS

World Bank Doing Business in 2012 Rank: 52 of 185
 Heritage/WSJ 2012 Index of Freedom Rank: 59 of 179

Source: Created by USDOC/ITA/OTII-TPIS from many sources: FDI from USDOC, Bureau of Economic Analysis. US Trade from USDOC, Census Bureau, Foreign Trade Division. Rwanda Trade with World from United Nations where available. National Macroeconomic c from IMF/World Bank databases including World Economic Outlook and World Development Indicators. .WORLD and other country aggregates are summaries of available UN COMTRADE, IMF and other data, and coverage varies over time and by source, but typically represents greater than 85 percent of world trade and production. Note: Principal U.S. Exports and Imports Are 3-digit NAICS Categories

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/2861.htm>

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Using an Agent or Distributor

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Using a local agent who speaks the national languages (Kinyarwanda, English and French) can help with licensing, locating warehouse space, hiring staff and other administrative start-up tasks. For assistance, contact PSF at: www.PSF.org.rw or the U.S. Embassy Economic and Commercial Section at (250) 252 596-400.

When interviewing potential agents, key criteria include contacts with the appropriate labor market, ability to secure warehouse space, knowledge of local competition, previous work experience, and proven ability to work with government officials and U.S. businesses.

When interviewing distributors, key considerations include the distributor's sales records, sales territory, sales force, product mix, facilities, marketing policies, and customer profile.

Establishing an Office

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The Rwanda Development Board (RDB) provides foreign businesses investing over \$250,000 with an efficient business registration service and potential tax incentives. Business registration can be completed online in approximately six hours. RDB can assist investors with filing of the necessary business, tax, work permit and Social Security registrations.

For current regulations and/or assistance contact the Rwanda Development Board at www.rdb.rw or the U.S. Embassy Economic and Commercial Section at (250) 252 596-400.

Franchising

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Franchising is not common in Rwanda, although FedEx, MoneyGram, DHL and Western Union have been successful through their franchise operations. Regulations in this sector are not yet well established.

Direct Marketing

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The Rwandan postal system is not yet sufficiently developed to support large scale direct marketing. Marketing is conducted primarily through word-of-mouth, radio and outdoor campaigns. The internet and mobile phones are emerging as important marketing media.

Joint Ventures/Licensing

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The government encourages joint ventures with foreign firms, particularly in sectors requiring expertise that is not available in Rwanda. Investment conferences and trade missions to seek partners are frequently planned in Asia, the U.S., Europe and the Middle East. Over the past two years, the Rwandan government has exhibited strong interest in establishing Public Private Partnerships (PPP), particularly in the energy and infrastructure sectors. The Rwandan government has created numerous special purpose vehicles (SPVs) to facilitate PPPs and joint ventures with foreign investors.

Selling to the Government

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The government established the National Tender Board in 1997 to issue and manage procurement rules, regulations, guidelines and policies. In 2008 the National Tender Board was replaced by the Rwanda Public Procurement Authority (RPPA). The RPPA serves as the government's procurement agency for the majority of government, government-owned business, and donor-funded purchases. On occasion government entities bypass the RPPA and issue tenders directly. Oversight of government finances is carried out by the Auditor General's Office, which was established in early 1999 to carry out a continuous audit of the government.

For more information, visit the RPPA's website at: www.rppa.gov.rw.

Distribution and Sales Channels

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Very few non-agricultural products are produced in Rwanda, leaving most distribution and sales channels heavily reliant on import-export partners. No single company dominates the import-export business. Instead, numerous trading companies import goods mostly from the region, Europe, China and Dubai. Construction of the Kigali Free Trade Zone (KFTZ) was completed in April 2012. The KFTZ is designed to serve as a distribution platform to the entire Great Lakes region. KFTZ's location allows for easy access to the main road corridors to Uganda (for Mombasa port) and Tanzania (Dar es Salaam port), as well as to Kigali International Airport. It was also designed for easy access to the planned Bugesera International Airport and future potential rail links. Currently, the nearest railway terminal is a dry port located in Isaka, Tanzania, almost 500 miles from Kigali. Goods shipped by rail are transferred to trucks in Isaka for the remaining journey to Kigali, adding significantly to both the time and cost of goods shipped to Rwanda.

Transport remains one of the biggest economic challenges in Rwanda. Transportation expenses in Rwanda are nearly twice as much as in neighboring countries.

Selling Factors/Techniques

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English and French are generally spoken by the Rwandan business community, but many customers speak only Kinyarwanda. Experienced business persons recommend providing promotional materials in Kinyarwanda when marketing consumer goods, especially with new or unfamiliar products. The limited purchasing power of the majority of the population may require businesses to adjust their products and pricing structure to fit local tastes and levels of disposable income. Nonetheless, Rwanda does have a growing population of consumers who can afford premium products, particularly high end vehicles and consumer electronics.

Electronic Commerce

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The government and many established businesses maintain websites and conduct business electronically, but local electronic commerce is not well-developed. Credit and debit cards are generally limited to the capital of Kigali. Internet access and speed are growing slowly. Visa Inc. opened an office in Kigali in late 2011 and is working to facilitate electronic payment services. As of December 2012, approximately 100,000 credit cards had been issued in Rwanda. The national air carrier, RwandAir, began online booking and payment in February 2012, although payment is still taken via third party processing companies in Kenya and/or South Africa. While mobile banking platforms via cellular telephones is growing, it is not yet a fully viable manner of conducting electronic commerce throughout Rwanda.

Trade Promotion and Advertising

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Private and government-owned radio stations and television are available for commercial advertisements. Radio advertising and outdoor campaigns are likely to reach a wider audience than television, as televisions remain rare in households outside of major towns. Local and regional newspapers in Kinyarwanda, English, and French are moderately well circulated and sell advertising space. Advertising by e-mail, telephone, and text message has become popular.

The Private Sector Federation (PSF) organizes trade shows both in the country and abroad. Visit www.exporwanda.com for detailed information.

Pricing

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Aside from petroleum products and certain commodities, prices are liberalized in Rwanda. Prices for petroleum and commodity products are set by the government after consultations with industry stakeholders. Value Added Tax (VAT) is fixed at 18 percent and the penalty for missing or late payment is fixed at 10 percent a month.

Sales Service/Customer Support

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The government and importers of sophisticated industrial equipment generally ask for after-sale service agreements. There are a growing number of small computer and

electronics companies specializing in after-sales support, however most multinational companies active in Rwanda service local clients via offices in Nairobi or Johannesburg.

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Protecting Your Intellectual Property in Rwanda:

Several general principles are important for effective management of intellectual property (“IP”) rights in Rwanda. First, it is important to have an overall strategy to protect your IP. Second, IP is protected differently in Rwanda than in the U.S. Third, rights must be registered and enforced in Rwanda, under local laws. Your U.S. trademark and patent registrations will not protect you in Rwanda. There is no such thing as an “international copyright” that will automatically protect an author’s writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the Rwandan market. It is vital that companies understand that intellectual property is primarily a private right and that the US government generally cannot enforce rights for private individuals in Rwanda. It is the responsibility of the rights’ holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Rwandan law. The U.S. Commercial Service can provide a list of local lawyers upon request. A list of Rwandan lawyers is also available on the Embassy website at <http://rwanda.usembassy.gov>.

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Rwanda require constant attention. Work with legal counsel familiar with Rwandan laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support

efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Rwanda or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at www.StopFakes.gov.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at www.stopfakes.gov.
- For US small and medium-size companies, the Department of Commerce offers a "SME IP Advisory Program" available through the American Bar Association that provides one hour of free IP legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and . For details and to register, visit: http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.StopFakes.gov This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IP-infringing products) and allows you to register for Webinars on protecting IP.

Many investors perceive Rwanda to be one of the least corrupt countries in Africa. Investors should nevertheless perform due diligence on potential local partners, distributors, or agents. Rwanda's two credit reference bureaus may be of some assistance in facilitating due diligence on local partners or agents. Both the U.S. Embassy's Commercial Assistant and the Rwanda Development Board can provide a local company's profile upon request.

Local Professional Services

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Firms should retain a local attorney when doing business in Rwanda, particularly as Rwandan employment law can prove difficult for American firms to uphold correctly. Rwandan employees have won large compensatory awards against American firms in the past year. Most local professional associations, including the Rwanda Bar Association, do not maintain websites. Attorney lists are available from the U.S. Embassy in Kigali at

http://kigali.usembassy.gov/attorneys_in_rwanda.html.

Few large accounting and professional services firms are active in Rwanda. Nonetheless, the PSF does have a small professional services chamber, which can assist American companies in finding local accounting and other professional services firms in Rwanda. See www.psf.org.rw for more information.

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[http://www.minicom.gov.rw/](http://www.minicom.gov.rw)

<http://www.rdb.rw>

<http://www.psf.org.rw>

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Chapter 4: Leading Sectors for U.S. Export and Investment

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Information and Communication Technology (ICT)

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The government is investing heavily in developing ICT infrastructure to enable service delivery. Installed infrastructure includes:

- A 2,500 kilometer (km) optic fiber throughout the country, with nine regional links to neighboring countries
- Internet Data Center
- Wireless Broadband in Kigali, to be extended to all major towns
- ICT Park to incubate start-ups
- Mobile and fixed telephony, Voice over Internet Protocol (VOIP)
- Broadband internet including DSL, VSAT, ISDN and GPRS.

MTN Rwanda, TiGO and Airtel are the major telecom providers of mobile telephones. Market penetration is approximately 44 percent, with 4.3 million mobile subscribers in Rwanda. MTN Rwanda, AltechStream, Airtel, Rwandatel and Broadband Services Corporation are the major providers of internet services. Despite a nation-wide fiber optic backbone, fewer than 20 percent of Rwandans have access to the internet. Korea Telecom recently announced a deal to provide 4G LTE broadband services and to improve last mile connectivity in Rwanda's rural areas.

The Rwandan government is investing heavily in regional communication infrastructure to connect the country to the global network. Rwanda currently maintains connections to three undersea cables, via Tanzania and Uganda/Kenya. In 2011, Carnegie Mellon University established a campus in Kigali which currently offers certificates and post-graduate degrees in Information Technology. With the heavy focus on investment in ICT education, the Government of Rwanda is committed to making Rwanda an "African Silicon Valley" over the coming years.

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<http://www.rdb.rw/rdb/ict.html>

Construction

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Real estate development and construction have been key growth sectors for the past three years. Rwandan GDP has grown 7.5 percent per annum over the past decade and both Rwandan and international economists expect this trend to continue in the short and medium term. Population growth of 2.8 percent per annum combined with an emerging middle class and diaspora investment should continue to bolster some segments of Rwanda's real estate sector.

Rwanda's low and middle income housing market remains under-served. Annual demand is estimated at 25,000 new units, of which 8,000 – 10,000 are in Kigali. In 2011 Rwanda amended its mortgage laws to facilitate access to home loans. As a result, banks have reduced down payment amounts from 70 percent to 30 percent and extended the duration of mortgage loans to up to 20 years. This has further stimulated housing demand.

There appears to be an adequate supply of high end, luxury homes in Kigali. Some landlords have complained of falling rents and/or stagnant rental properties in the newer, high-end developments of Kigali. Commercial real estate developers have dramatically changed Kigali's skyline over the past five years. Significant investment opportunities should continue to arise as the City of Kigali continues to implement its development master plan.

Sub-Sector Best Prospects

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Construction of low and middle income housing in Kigali is a significant prospect for the right international firm. Construction materials and transportation costs are extremely high in Rwanda, making affordable housing difficult to build. However, with over 25,000 new units needed per annum just to satisfy current housing demand, there is opportunity for firms that utilize local building materials and/or new, green housing technology. For further information on low and middle-income housing opportunities please visit the City of Kigali's website, www.kigalicity.gov.rw or contact the U.S. Embassy's Economic and Commercial section.

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Opportunities in construction and real estate include development of low cost and middle-income housing estates, warehousing, office buildings and malls, as well as investment in construction of apartments and hotels.

The current outline of the Kigali City master plan provides an insight into the future plans for the city. The city plan is available at: www.kigalicity.gov.rw.

As part of the City of Kigali's development strategy, the Government of Rwanda is currently seeking investment in the following projects.

Kimihurura Gateway Project

Project Description:

Located on 53 hectares, the Kimihurura Gateway Project will develop commercial buildings for sale or lease, which will serve as a vibrant tourist and financial hub.

Akumunigo Development Project**Project Description:**

Located on 58 hectares of land, the Akumunigo Development Project involves the development of residential housing for low to middle income earners.

Kimichanga Development Zone**Project Description:**

Located on 50 hectares of land, the Kimichanga Development Zone involves the expansion of Kigali's central business district and the development of high-end residential properties.

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<http://www.rdb.rw/rdb/real-estate.html>
www.kigalicity.gov.rw

Transportation Infrastructure

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The Government of Rwanda continues to invest heavily in infrastructure projects including roads, rail and water transport with the intent of dramatically reducing transportation-related costs, a factor which limits Rwanda's continuing economic growth.

Opportunities

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Isaka-Kigali Railway

Project Description:

The Isaka-Kigali Railway is part of a wider project which will link Isaka (Tanzania) to Kigali (Rwanda) and Keza (Tanzania) to Gitega and Musongati (Burundi). The project entails:

- The construction of two new rail lines (Kigali to Isaka and Gitega and Musongati to Isaka)
- The rehabilitation of the existing Isaka to Dar es Salaam line
- Acquisition of rolling stock to carry passengers, cargo and ore traffic

Feasibility studies were completed in 2009 by the German rail company Deutsche Bahn and American company Burlington Northern Santa Fe Railway (BNSF). The line is expected to shorten the transportation time from the Dar es Salaam port to Kigali from a couple of weeks to a few days.

Investment Amount:

Total estimated project cost is \$4.7 billion.

Bugesera International Airport

Project Description:

Rwanda has experienced a sharp increase in air traffic over the past three years, with over 400,000 passengers transiting Kigali International Airport in 2012. The Government of Rwanda plans to construct a new international airport, which by 2030 would accommodate up to 1.8 million passengers. The Rwandan government aims to complete negotiations for Bugesera International Airport in 2013, and to break ground in early 2014 with a target completion date of 2018.

The proposed Bugesera International Airport will be constructed in Bugesera district, approximately 30 km south of Kigali. The airport will be built in three phases and will increase the country's capacity for passenger handling to 1.8 million by the end of phase one (2030), 10-20 million by the end of phase two and 50-60 million by the end of phase three.

The Rwandan government publically tendered this project in early 2012 and received numerous proposals from international firms and consortia. However, the tender failed

in late 2012 due to a lack of financially viable bids. The Rwandan government is currently open to private proposals for the project.

Investment Amount:

Total projected investment is \$635 million.

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<http://www.rdb.rw/rdb/infrastructure.html>

Financial Services

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Rwanda was little affected by the global financial crisis but, like its neighbors in East Africa, is in the process of transition towards a more modern, competitive, open, and inclusive financial system. The National Bank of Rwanda (BNR) is now the sole regulator and supervisor for the entire financial sector, except the securities markets. As part of the national Financial Sector Development Plan (FSDP), the BNR has improved its supervisory practice, conformed more to international best practices, strengthened enforcement, and taken intervention actions deliberately.

The Rwandan financial sector includes insurance and banking services (commercial banks, development banks and microfinance institutions).

The banking sector has seen strong growth over the past five years, including increased participation by multinational banks and foreign equity. Major actors in the banking sector are Access Bank, Banque Commerciale du Rwanda, Banque de Kigali, Banque Populaire du Rwanda, Ecobank, Equity Bank and Kenya Commercial Bank. Key players in the insurance sector are AAR, COGEAR, CORAR, RAMA, MMI, SONARWA, and SORAS.

In 2011 the government launched the Rwanda Stock Exchange in order to facilitate trading of equities and to improve capital mobilization in the private sector. In 2013, the Rwandan government plans to launch a regional commodities exchange, in order to improve pricing transparency for Rwanda's top commodity exports.

Sub-Sector Best Prospects

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Mobile payment systems and the expansion of credit via credit cards are two sub-sectors that offer significant potential growth in the coming years. Rwanda has a high mobile penetration rate, but only a small percentage of the total population outside of Kigali has access to the formal banking sector. Only 100,000 credit cards have been issued in Rwanda, out of a total population of 10.7 million.

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<http://www.rdb.rw/rdb/financial-services.html>
www.minecofin.gov.rw

Education

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Rwanda is currently suffering from a significant lack of skilled workers. The country's fast-growing economy is experiencing qualified labor shortages, which are currently being filled by workers from neighboring Kenya and Uganda. Through its development plan, Rwanda aims to transform itself from a subsistence agriculture-based society to one that is service-driven and knowledge-based. To that end, there is significant opportunity present for education and training companies, as well as consultancies specializing in customer service, hospitality, information technology, accounting, engineering, construction, and management education. For more information see Rwanda Education Board's website: www.reb.rw

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Rwanda Education Board: <http://www.reb.rw/>

Tourism

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Rwanda offers tourists a “one of a kind” opportunity to visit one-third of the world’s remaining mountain gorillas, one-third of Africa’s bird species, several unique species of primates, volcanoes, game reserves, resorts and islands on the expansive Lake Kivu, graceful dancers, artistic crafts, and friendly people.

Rwanda is a relatively safe country with one of the lowest crime rates in Africa. All major attractions are located along a circuit within a one to four hour drive from the capital, Kigali. Positioned in the heart of central and East Africa with easy access to neighboring countries Uganda, Tanzania, Burundi, Democratic Republic of Congo and Kenya, Rwanda is an ideal location for travel within the region for conference and leisure tourists.

The government projects that the tourism sector will grow 9 percent annually for the next two years. This growth rate introduces numerous opportunities in the hospitality, entertainment, tour operation, and training services sectors.

Opportunities

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Tourism, like other sectors, is experiencing a significant shortage in qualified human capital. This scarcity introduces an opportunity for professionals with an expertise in customer service and hospitality training.

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<http://www.rdb.rw/rdb/tourism.html>

Mining

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Rwanda has small mineral reserves of tungsten ore, tin (cassiterite), colombite and tantalite. Investment opportunities exist to increase productivity through geological surveys, semi-industrial mining, and minerals processing.

The Government of Rwanda has also identified quarries for construction materials and deposits of gold, precious stones, diamond, beryl, topaz, ruby, sapphire, garnet, as well as other unexploited deposits. There are major peat deposits in the southwest of Rwanda which are only just being exploited and could be used for electricity generation or processed as an alternative to firewood.

The Rwanda Geology and Mines Department (GMD) of the Ministry of Natural Resources offers complete information on Rwandan mining policy and law on its website: <http://www.ogmr.minirena.gov.rw/>.

Potential investors in the mining sector should consider section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The legislation can be viewed at: <http://thomas.loc.gov/>.

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<http://www.ogmr.minirena.gov.rw>

<http://thomas.loc.gov/>

Energy

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Rwanda currently benefits from an installed electric generation capacity of 100 megawatts (MW), of which approximately 85 MW is produced daily. Rwanda faces some of the highest energy costs in the world (over US\$0.20 per kilowatt hour), creating a significant opportunity for U.S. independent power producers, energy consultants, and renewable energy specialists.

Recognizing the strategic importance of the sector, the government has ambitious plans to expand generation capacity to 540 MW by 2017 through development of methane gas, geothermal, and hydroelectric (macro and micro) resources. The government has identified 333 potential micro-hydro sites, most of which have not been yet developed.

Power grid

As of July 2011, less than 15% of the population had access to Rwanda's power grid. However, national grid coverage is being expanded through a \$311 million capital budget roll-out plan. Transmission and distribution networks will be expanded from 3,300 km to 5,000 km by the end of 2013, generating significant new demand for electricity.

Renewable energy

By 2017 the government plans to generate 90 percent of Rwanda's electricity needs from renewable sources. Rwanda has significant potential for geothermal, solar and hydropower production. Additionally, the Government of Rwanda is encouraging the production of bio-fuels.

Generation

Currently, half of the electricity produced in Rwanda is generated from hydro-electric sources. The other half is generated from thermal power plants which burn imported diesel, costing the Rwandan government approximately US\$0.40 per kilowatt hour to produce. U.S. firm Contour Global is in the process of building a 100 MW power generation facility using methane gas from Lake Kivu as a fuel source. Construction on the first 25 MW facility is scheduled to be complete by 2014. Numerous U.S. firms have demonstrated interest in solar and geothermal projects in Rwanda in the last year, with at least one solar deal expected to be signed by mid-2013.

Opportunities

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- Renewable energy generation: including solar, bio-fuels, hydro, methane gas, and geothermal
- Power distribution equipment
- Infrastructure and services
- Technical assistance

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Rwanda Development Board – www.rdb.gov.rw

Rwanda Ministry of Infrastructure – www.mininfra.gov.rw

Rwanda Utilities Regulatory Authority – www.rura.gov.rw

Agriculture

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Agriculture has historically been a mainstay of Rwanda's economy and is of pivotal importance to the country. Contributing over a third of the country's GDP and employing approximately 80 percent of the country's working population, it remains a key sector in Rwanda's efforts to foster private sector development.

Agriculture is a priority sector in Rwanda's Vision 2020 national development strategy. The government aims to replace subsistence farming with a fully-monetized, commercial agricultural sector by 2020. Principal agricultural exports are coffee and tea. Additionally, pyrethrum (a natural, flower-based, insecticide) exports have risen substantially over the past three years. The government is interested in increasing agricultural production. As such, Rwanda will need to import an increasing amount of agricultural inputs such as seeds, fertilizers, and small-scale machinery to achieve its agricultural development goals.

Opportunities

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- Agro-processing
- Storage facilities
- Fertilizers
- Pyrethrum farming and processing (a plant-based, natural insecticide)
- Farm equipment (for small farms)
- Plant propagation
- Education and farmer training

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Ministry of Agriculture: <http://www.minagri.gov.rw/>

Rwanda Horticulture Development Authority (RHODA): <http://www.rhoda.gov.rw>

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Chapter 5: Trade Regulations, Customs and Standards

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Import Tariffs

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In 1998 the government established the Rwanda Revenue Authority (RRA), which oversees the collection of taxes and customs duties. Customs duties on imports range from a maximum of 30 percent to no duty on specified items. The government harmonized duty rates with the other EAC member countries in 2009. Beginning in 2010, the member states of the EAC began to implement a common customs union. Approved raw materials, computers, and energy equipment are not charged customs duties. The RRA has expanded customs processing facilities, increased personnel and introduced a computerized system to reduce corruption. Pre-clearance of goods is now accepted to facilitate fast delivery of goods. In early 2012, the Government of Rwanda announced the introduction of one-stop “electronic single window,” to be phased in at border crossings with its EAC neighbors. The government continues to collect 18 percent Value Added Tax (VAT) on most goods, a process that began in 2001. For more information on Rwandan taxes please refer to the RRA website. www.rra.gov.rw.

Trade Barriers

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There are no significant trade barriers within Rwanda that affect the importation of goods and services to Rwanda. However, most imports and exports are shipped by road from the ports of Mombasa, Kenya and Dar es Salaam, Tanzania, a distance of up to 1,500 km. Commercial traffic to and from these ports is subject to frequent delays, numerous weigh points, and high transportation costs. In 2012 and 2013 there have been reports of pilferage and theft of goods along the road to Mombasa. Additionally, Rwandan mining companies and the press have reported the theft of up to \$30 million of Rwandan mineral exports awaiting onward shipment from Dar es Salaam port. As such, shipping insurance and freight forwarding services may prove difficult to acquire in Rwanda.

Import Requirements and Documentation

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The export/import licensing process is relatively simple and fast. Export licenses can be obtained from any commercial bank in Rwanda. Companies must have a trade registration card, which can be issued by the RRA, to indicate that the holder is in the import/export business.

Temporary Entry

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Products entering Rwanda with a final destination to neighboring countries do not pay duties. Clearing agents must guarantee that goods in transit will not be sold within the country. The agents first execute bonds that act as guarantees to the RRA; then the goods are escorted to specified bonded warehouses. Goods declared for trade exhibitions are not taxed unless they are sold. Warranty and non-warranty items going out of the country for repair pay VAT upon their return.

Labeling and Marking Requirements

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Labeling and marking requirements are detailed in documents that can be purchased at Rwanda Bureau of Standards (RBS). The cost of each document is approximately \$10-15. An exporter or manufacturer must comply with compulsory requirements of the standards or codes of practice. The list of these regulations can be found in the Official Gazette No. 19 dated October 1, 2005. Information on labeling and marking requirements can be obtained from the RBS website: www.rwanda-standards.org

Prohibited and Restricted Imports

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The importation and manufacture of narcotic drugs, firearms, ammunition, or explosives are prohibited. Exportation and importation of wild specimens of endangered flora and fauna are also prohibited.

Customs Regulations and Contact Information

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All importers must use clearing agents to process goods through customs. Several private warehouses exist, and many businesses have their own warehouses. The cost of warehousing is based on handling charges and length of warehousing. For further information, contact the Customs Office, which is located within the RRA, by calling (250) 0252 578487 or by visiting <http://www.rra.gov.rw/>.

Standards

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Standards Organizations

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The Rwanda Bureau of Standards (RBS) was established in 2001 and is the government institution charged with the implementation of standards, testing, product certification, accreditation work, labeling, marking, and technical regulations. More information on RBS is available on its website: www.rwanda-standards.org.

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries.

Notify U.S. is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL

<http://www.nist.gov/notifyus/>.

Conformity Assessment

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The Rwanda Bureau of Standards (RBS) is the recognized testing and conformity assessment body for commercial purposes in the country. More information on RBS is available on its website: www.rwanda-standards.org

Product Certification

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Refer to the RBS website for a complete listing of certification requirements and required documentation: www.rwanda-standards.org

Accreditation

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There is currently no private accreditation body in Rwanda.

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Rwanda Bureau of Standards PO Box: 7099 Kigali-Kicukiro, Tel: +250-252 58 61 03, Fax 250 252 58 33 05; email: www.rwanda-standards.org

Trade Agreements

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Rwanda is one of 20 members of the Common Market for Eastern and Southern Africa (COMESA), which offers preferential terms of trade for its members. Rwanda is also a member of the World Trade Organization (WTO) and joined the East African Community (EAC) in 2007 and Commonwealth in 2010. The EAC began implementation of a customs union and common market for member states in 2010. The Rwanda-U.S. Bilateral Investment Treaty came into force on January 1, 2012.

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Rwanda Bureau of Standards: www.rwanda-standards.org

Rwanda Development Board: www.rdb.rw

Rwanda Revenue Authority: www.rra.gov.rw

Export-Import Bank of the United States: www.exim.gov

Country Limitation Schedule: www.exim.gov/tools/country/country_limits.html

OPIC: <http://www.opic.gov>

Trade and Development Agency: www.tda.gov

SBA's Office of International Trade: www.sba.gov/oit

Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

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Chapter 6: Investment Climate

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Openness to Foreign Investment

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The Government of Rwanda recognizes the private sector is an essential engine of development and welcomes Foreign Direct Investment (FDI). Over the past five years the government has undertaken a series of policy reforms to improve Rwanda's competitiveness in attracting foreign investment. As a result, the World Bank recognized Rwanda as a top business climate reformer in 2009 and 2010. Rwanda now ranks third in sub-Saharan Africa, behind only Mauritius and South Africa. Despite Rwanda's strong improvement in international business climate rankings, U.S. FDI has not increased correspondingly.

The Rwanda Development Board (RDB) was established in 2008 to fast track development projects and to facilitate new investment. RDB consolidates several government agencies previously involved in promoting investment including the Rwanda Investment and Export Promotion Agency (RIEPA), the Rwanda Commercial Registration Service Agency (RCRSA), the Human Resource and Institutional Capacity Development Agency (HIDA), the Rwanda Information and Technology Agency (RITA) and the Rwanda Office of Tourism and National Parks (ORTPN).

The establishment of RDB builds on the investment law of 2006 which assists investors in obtaining necessary licenses, visas, work permits, and tax incentives and which remains in full force. The law provides permanent residence and access to land for investors who deposit USD 500,000 in a commercial bank in Rwanda for a period not less than six months. This law also fixes the minimum initial capital investment

requirement for foreign investors at USD 250,000 to qualify for tax and other investment incentives. Despite RDB's role in facilitating FDI, international investors have remarked that they have faced difficulty in obtaining or renewing visas and that tax incentives and import duties have been applied inconsistently.

RDB provides investors with a "one-stop" investment services center. Through the one-stop center RDB assists potential investors in securing all required approvals, certificates, work permits, tax incentives and land registrations. Foreign investors who pass through RDB have not reported any discrimination. By law, foreign firms are treated equally with regard to taxes, access to licenses, approvals, and procurement. Rwanda's Parliament is currently debating a land law which would limit foreign firms' ability to own land without a majority Rwandan ownership stake. However, at the time of writing, the revised law had not been approved.

No statutory limits on foreign ownership or control exist, and there is no official economic or industrial strategy that has discriminatory effects on foreign investors. Investors should, however, note the above regarding a possible change to the law governing land ownership.

Rwanda is still developing its legal infrastructure. Specialized commercial courts began operations in 2008 and, with the help of foreign commercial judges, have largely cleared a substantial backlog of cases. Despite this, the Heritage Foundation's 2011 Economic Freedom Index raised concerns regarding a lack of independence and capacity in the judicial system as well as corruption in legal processes. Investors have commented that the sanctity of contracts is not always upheld and court judgments are not always enforced in a timely fashion. For U.S. investors, the neutral arbitration clause of the U.S.-Rwanda Bilateral Investment Treaty, which came into force on January 1, 2012, may assuage some of these concerns.

In 2008, the government implemented business reform legislation, which included new bankruptcy regulations and arbitration laws. A revision to the law on insolvency is currently before Rwanda's Parliament. In 2009 the government 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 Government of Rwanda reformed tax payment processes and enacted additional laws on insolvency and arbitration. These laws were designed to facilitate international business and to further improve the investment climate. Despite these laws, recovery rates following corporate insolvency remain very low.

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

The government encourages 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 – USD 250,000 for foreign investors; USD 100,000 for domestic investors. There are no reports of foreign investors declining to invest due to these differing treatments. Foreign investors can start a new business irrespective of the initial capital requirement.

Foreign investors can acquire real estate, but there is a general limit on land ownership. Although land is owned by the state, both foreign and local investors can acquire land through lease-hold agreements that extend to a maximum of 99 years. Likewise, should it be approved, a revised land law currently under debate could limit land ownership only to firms that are majority Rwandan-owned.

The government 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 50 in 2012. The index rated Rwanda as the "least corrupt" country in East Africa. Despite the strong improvement in these rankings, the most recent Auditor General report to Rwanda's Parliament highlighted that over USD2.6 million of tenders were awarded in breach of Rwandan procurement law in 2010. Some of the entities applying inappropriate procurement methods were the Ministry of Infrastructure, the Prime Minister's Office and the Office of the Ombudsman.

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

Measure	Year	Index/Ranking (Percentile)
TI Corruption Index	2012	50 out of 176
Heritage Economic Freedom	2012	64.9/59 th
World Bank Doing Business	2013 (published in 2012)	52 nd
MCC Gov't Effectiveness	2013 (published in 2012)	0.94 (100%)
MCC Rule of Law	2013 (published in 2012)	0.60 (93%)
MCC Control of Corruption	2013 (published in 2012)	1.32 (100%)
MCC Fiscal Policy	2013 (published in 2012)	-0.4 (87%)
MCC Trade Policy	2013 (published in 2012)	78.0 (87%)
MCC Regulatory Quality	2013 (published in 2012)	0.65 (96%)
MCC Business Start Up	2013 (published in 2012)	0.991 (100%)
MCC Land Rights Access	2013 (published in 2012)	0.81 (94%)
MCC Natural Resource Protection	2013 (published in 2012)	56.4 (49%)

Conversion and Transfer Policies

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There is no difficulty obtaining foreign exchange, or transferring funds associated with an investment into a freely usable currency and at a legal market clearing rate. In 1995, the government established a market-determined exchange rate system 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, but the central bank requires notification from local banks for 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.

Expropriation and Compensation

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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 land owner negotiate compensation directly depending on the importance of the investment and the size of the expropriated property. The 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 the compensation offered was below market value and not in accordance with the expropriation law. Currently, implementation of the Kigali City Master Plan is creating additional threatened expropriations, with property owners being compelled to construct multi-story commercial developments or face potential eviction from their property. Likewise, mining sector investors have complained that the Government of Rwanda has denied access to their mining concessions without appropriate compensation.

Rwanda's 2007 Law Relating to Expropriation in the Public Interest requires compensation to be paid to property owners prior to relocation or expropriation. In practice, however, this procedure has not always been followed. For detailed information on the expropriation law, visit www.amatageko.net and see official gazette law No 18/2007 of 19 April 2007.

There are no laws that require local ownership, but the Organic Land Law allows the Government to expropriate land that is “underutilized.”

Dispute Settlement

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Currently there are no known outstanding formal disputes between U.S.-registered businesses operating in Rwanda and the Government of Rwanda. However, it is expected that investors in the mining and energy sectors will proceed with arbitration against the Government of Rwanda in 2013. Known disputes between U.S. businesses and the Government of Rwanda in recent years have been resolved either through court judgment or an out of court settlement.

On January 1, 2012 the U.S.-Rwanda Bilateral Investment Treaty came into force. Under the auspices of this international treaty, U.S. investors have the right to bring investment disputes before neutral, international arbitration panels.

Rwanda is a member of the International Center for the Settlement of Investment Disputes (ICSID) and African Trade Insurance Agency (ATI), which are supported by the World Bank and Lloyds of London. ATI covers risk against restrictions on import and export activities, inconvertibility, expropriation, war, and civil disturbances. Rwanda is also a member of the East African Court of Justice for the settlement of disputes arising from or pertaining to the East African Community (EAC).

In 2012 the GOR launched the Kigali International Arbitration Center (KIAC) as an alternative venue for the settlement of business disputes. In launching the center, the GOR aimed to reduce the cost of contract settlement and enforcement for investors. Rwanda's Private Sector Federation estimated that investors spend approximately 68% of the value of court judgments in pursuing a claim via commercial courts. Given the recent launch of KIAC, its effectiveness remains to be seen.

In 2008, Rwanda opened specialized commercial courts to address commercial disputes and facilitate enforcement of property and contract rights. To clear a backlog of commercial cases, Rwanda hired experienced foreign judges who presided over Rwandan commercial trials. Their role 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 currently are the main laws governing investments in Rwanda.

Judgments of foreign courts and contract clauses choosing foreign governing law are accepted and enforced by local courts. Local courts lack experience adjudicating cases with non-Rwandan governing law. There have been a number of private investment disputes in Rwanda, but the government has never been involved as a 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 has been actively involved in Rwanda since the mid-1970s.

Performance Requirements and Incentives

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Unless stipulated in a memorandum of understanding that characterizes the purchase of privatized enterprises, performance requirements are not imposed as a condition for establishing, maintaining, or expanding other investments. They are mostly imposed as a condition to access tax and investment incentives. Investors who demonstrate capacity to add value and invest in priority sectors generally enjoy 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 if the company exports products and services valued from USD three to five million, duty exemption on equipment, and a favorable accelerated rate of depreciation of 50 percent in the first year. The government offers grants and special access to credit to investors developing rural areas. There are no import quotas for investors.

Although there are no legal obligations regarding these matters, the government encourages foreign investors to transfer technology and expertise to local staff in order 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, in an effort to accelerate technology and expertise transfer to Rwandan staff. Many American businesses cite the GOR's unwillingness to support visas for expatriate staff as one of the most significant limitations on doing business in Rwanda.

The RDB has been successful developing investment incentives and publicizing investment opportunities abroad. Registered foreign investors may obtain benefits including exemption from value-added tax and duties when importing machinery, equipment, and raw materials. However, investors have complained that coordination between the RDB and the Rwanda Revenue Authority is limited, resulting in the Rwanda Revenue Authority assessing duties or taxes on registered investments despite RDB assurances that these investments qualified for tax-exempt or tax-incentivized status. This was particularly the case with regards to importing machinery and equipment in 2011-2012. The GOR has made increasing Rwanda's revenue base a policy priority. As such, the RDB's ability to issue tax incentives to incoming foreign investors has been somewhat constrained.

There is no legal requirement that investors must purchase from local sources or export a certain percentage of their output. However, the government gives preferential tax incentives to investors who create significant export-oriented growth. The government determines eligibility for such incentives upon request and based on several factors: exports must total at least 80 percent of production (or at least 10 percent if manufacturing under bond); capital investment is at least 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 that nationals own shares in foreign investments or 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 transferring 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.

There is no visa requirement for U.S. national tourists for the first 90 days of their stay in Rwanda. 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 United States citizen investors in a timely manner. However, the application process for work permits and extended stay visas has recently become significantly more

onerous. Immigration authorities frequently request extra documentation on applicants' qualifications and have taken multiple months to reach a decision in many 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 their diplomas, should they not be traveling with the original.

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 the job in question can be undertaken by an EAC citizen.

Right to Private Ownership and Establishment

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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 to dispose of interests in business enterprises. Foreign nationals may hold shares in locally incorporated companies. The government has divested and continues to divest from public enterprises. However, in 2012 the GOR took control of CIMERWA, a previously privatized cement company, due to perceptions that the existing private stakeholders were not maximizing the firm's output. Private holding companies closely affiliated with the government, the ruling party, and the military continue to play a dominant role in the private sector.

Protection of Property Rights

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The law protects and facilitates acquisition and disposition of all property rights. Investors involved in commercial agriculture have lease-hold titles and are able to secure property titles, if needed. The land law passed in 2005 stipulates modalities of property registration and a land titling campaign that began as a pilot project in 2008 has recently been completed.

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. However, as a least-developed country, Rwanda has until 2013 to abide by specific WTO TRIMs.

Rwanda adheres to key international agreements on intellectual property rights and their protection, but as a least-developed country, Rwanda has until 2013 to abide by specific Trade Related Intellectual Property (TRIP) arrangements. As a member of COMESA, Rwanda is automatically 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 earned accolades for its protection of intellectual property rights, but many goods that violate patents, especially pharmaceutical products, make it to market nonetheless.

Rwanda has not yet ratified WIPO internet treaties, but 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..

Transparency of Regulatory System

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The government generally uses transparent policies and effective laws to foster clear rules consistent with international norms. Institutions such as the Rwanda Revenue Authority (RRA), the Ombudsman's office, the 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, investors claim that the RRA unfairly targets foreign investors for audits. In 2012, multiple investors raised concerns that the RRA breached Rwandan law by auditing corporate financial statements that had already exceeded the Rwandan statute of limitations for review.

There is no formalized 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. The government updated the labor code in 2009 to simplify recruitment of labor and facilitate the hiring, firing and retention of competent staff.

Rwanda established an Ombudsman's office in 2003 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 through 2012 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. In 2011, the only major reported instance of alleged malfeasance involving a senior Rwandan official led to the arrest and resignation of the editor of the newspaper that carried the story. The 2012 prosecution of a senior official of the Ministry of Local Government for alleged bribery and corruption ended in acquittal.

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, established in 1999 to audit government adherence to fiscal controls. The Auditor reports regularly to the Parliament and those reports led to wide-ranging criminal investigations of alleged misconduct in prior years.

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

Efficient Capital Markets and Portfolio Investment

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Access to affordable credit is a serious challenge in Rwanda. Interest rates are high, banks only offer short-term loans, and Rwandan commercial banks are unable to issue significant loan values. Investors looking to borrow more than USD 1 million normally must engage in multi-party loan transactions, usually leveraging support from larger Kenyan institutions. 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. Following privatization, commercial banks introduced a variety of credit instruments with more products becoming available as the local banking 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 intends to significantly 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 US Department of Treasury. Trading volume is limited and confined to 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 became the second listed Rwandan firm, with its shares officially trading on the Rwanda Stock Exchange from September 1, 2011. Kenya Commercial Bank (KCB) and Kenya's National Media Group also cross-list their shares on the Rwanda Stock Exchange, bringing the total number of companies traded on the exchange to four.

The central bank capital requirement for commercial and investment banks is currently USD 8.3 million. As of 2011, all banks were compliant with the minimum 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 themselves or with private investors. No hostile takeovers have occurred involving foreign investors,

and both the central bank and the government have been very active in seeking foreign investors for the banking sector.

The IMF gives the central bank high marks for its effective management of the regulatory system. In June 2010, Rwanda became the seventh country in the world to adopt the IMF's Policy Support Instrument, a program designed for countries that have achieved macroeconomic stability and no longer need financial support from the IMF. Rwanda successfully completed its fifth review under the IMF's Policy Support Instrument in 2012.

Competition from State Owned Enterprises

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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 intensive effort to privatize SOEs, to reduce the government's non-controlling shareholdings in private enterprises, and to attract foreign direct investment, especially to the telecommunications, tourism, banking, and agriculture sectors. Foreign investors now own controlling interests in some of Rwanda's largest firms. Rwandan investors and investor groups have acquired many privatized SOEs. A number of these investor groups are backed by government shareholders, including the Rwandan Social Security Board and other government savings schemes. Others are led by individuals with close ties to the government and/or ruling party. SOEs include water and electricity utilities and companies in construction, mining, finance, tea and other agricultural investments. The government continues to own significant and controlling interests in telecommunications, insurance, hotels and other sectors.

Some private sector firms assert that SOEs and private enterprises in which the government owns shares, or that have close ties to the 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.

Corporate Social Responsibility

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There is a growing awareness of corporate social responsibility but only a few companies (primarily those that have international ownership) have actually implemented sustainable programs. The U.S. Department of State awarded Sorwathe, an American-owned tea producer in Kinihira, Rwanda, with the Secretary of State's 2012 Award for Corporate Excellence for Small and Medium Enterprises in recognition of the firm's strong commitment to corporate social responsibility.

Political Violence

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Rwanda is a stable country with relatively little violence in the past decade. A strong police and military provide a security umbrella that minimizes potential criminal activity and political disturbances. On multiple occasions since 2008, unknown assailants

detonated grenades in Kigali and in rural areas of the country. The most recent detonations occurred on March 30, 2012.

Presidential elections in 2010 were peaceful and orderly. President Kagame won 93 percent of the popular vote and returned for his second, and final, seven-year term in office.

In April 2012, conflict erupted in the eastern Democratic Republic of Congo (DRC) between the Congolese armed forces (FARDC) and M23, an armed group comprised of formerly integrated soldiers who defected from the FARDC. Ongoing fighting between those forces and among other armed groups has caused thousands of Congolese to enter northwest Rwanda as refugees.

In mid-November 2012, cross-border fire landed within the borders of Rwanda in the vicinity of Gisenyi. One week later, there was an apparent incursion by armed militants in the vicinity of Mudende. In early December 2012, a small element of armed individuals allegedly 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 Government of Rwanda has accused the Democratic Forces for the Liberation of Rwanda (FDLR) of responsibility for these incursions. 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 of Rwanda.

Despite the recent increase in 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.

Corruption

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Corruption, including bribery, raises the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both the foreign country and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U. S. firm that believes a competitor is seeking to use bribery of a foreign public official to secure a contract should bring this to the attention of appropriate U.S. agencies, as noted below.

U.S. Foreign Corrupt Practices Act: In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. For more detailed information on the FCPA, see the FCPA Lay-Person's Guide at: <http://www.justice.gov/criminal/fraud/>

Other Instruments: It is U.S. Government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Antibribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements. Rwanda has signed and ratified the UN Anticorruption Convention. It is a signatory of the OECD Convention on Combating Bribery. It is also a signatory of the African Union Anticorruption Convention.

OECD Antibribery Convention: The OECD Antibribery Convention entered into force in February 1999. As of March 2009, there are 38 parties to the Convention including the United States (see <http://www.oecd.org/dataoecd/59/13/40272933.pdf>). Major exporters China, India, and Russia are not parties, although the U.S. Government strongly endorses their eventual accession to the Convention. The Convention obligates the Parties to criminalize bribery of foreign public officials in the conduct of international business. The United States meets its international obligations under the OECD Antibribery Convention through the U.S. FCPA. Rwanda is party to the OECD Convention.

UN Convention: The UN Anticorruption Convention entered into force on December 14, 2005, and there are 158 parties to it as of November 2011 (see <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>). The UN Convention is the first global comprehensive international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery. Rwanda is party to the UN Convention.

OAS Convention: In 1996, the Member States of the Organization of American States (OAS) adopted the first international anticorruption legal instrument, the Inter-American Convention against Corruption (OAS Convention), which entered into force in March 1997. The OAS Convention, among other things, establishes a set of preventive measures against corruption, provides for the criminalization of certain acts of

corruption, including transnational bribery and illicit enrichment, and contains a series of provisions to strengthen the cooperation between its States Parties in areas such as mutual legal assistance and technical cooperation. As of December 2009, the OAS Convention has 34 parties (see <http://www.oas.org/juridico/english/Sigs/b-58.html>) Rwanda is not party to the OAS Convention.

Council of Europe Criminal Law and Civil Law Conventions: Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and account offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on compensation for damage relating to corrupt acts, whistleblower protection, and validity of contracts, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 49 member States (48 European countries and the United States). As of December 2011, the Criminal Law Convention has 43 parties and the Civil Law Convention has 34 (see www.coe.int/greco.) Rwanda is not party to the Council of Europe Conventions.

Free Trade Agreements: While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize “active bribery” of public officials (offering bribes to any public official must be made a criminal offense, both domestically and transnationally) as well as domestic “passive bribery” (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website: <http://www.ustr.gov/trade-agreements/free-trade-agreements>. Rwanda does not have a free trade agreement (FTA) in place with the United States.

Local Laws: U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department’s U.S. and Foreign Commercial Service can provide assistance with navigating the host country’s legal system and obtaining a list of local legal counsel.

Assistance for U.S. Businesses: The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company’s overarching compliance program when choosing business partners or agents overseas. The U.S. Foreign and Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its Website at www.trade.gov/cs.

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department’s Advocacy Center and State’s Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy

personnel and through the Department of Commerce Trade Compliance Center “Report A Trade Barrier” Website at tcc.export.gov/Report_a_Barrier/index.asp.

Guidance on the U.S. FCPA: The Department of Justice’s (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department’s present enforcement intentions under the anti-bribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ’s Fraud Section Website at www.justice.gov/criminal/fraud/fcpa. Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the Chief Counsel for International Counsel, U.S. Department of Commerce, Website, at http://www.ogc.doc.gov/trans_anti_bribery.html. More general information on the FCPA is available at the Websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

Due to Rwanda’s tough anti-corruption policies, public sector corruption is limited and perceived to be the lowest among East and Central African nations.

Anti-Corruption Resources

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a “Lay-Person’s Guide to the FCPA” is available at the U.S. Department of Justice’s Website at: <http://www.justice.gov/criminal/fraud/fcpa>.
- Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: http://www.oecd.org/departement/0,3355,en_2649_34859_1_1_1_1_1,00.html. See also new Antibribery Recommendation and Good Practice Guidance Annex for companies: <http://www.oecd.org/dataoecd/11/40/44176910.pdf>.
- General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: http://www.ogc.doc.gov/trans_anti_bribery.html.
- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at: http://www.transparency.org/policy_research/surveys_indices/cpi/2009. TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth

analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See <http://www.transparency.org/publications/gcr>.

- The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 213 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See <http://info.worldbank.org/governance/wgi/index.asp>. The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: <http://data.worldbank.org/data-catalog/BEEPS>.
- The World Economic Forum publishes the *Global Enabling Trade Report*, which presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and a separate segment on corruption and the regulatory environment. See <http://www.weforum.org/s?s=global+enabling+trade+report>.
- Additional country information related to corruption can be found in the U.S. State Department's annual *Human Rights Report* available at <http://www.state.gov/g/drl/rls/hrrpt/>.
- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which provides indicators for 106 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: <http://report.globalintegrity.org/>.

Corruption in Rwanda

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The government maintains a high-profile anti-corruption effort and senior leaders articulate a consistent message that combating corruption is a key national goal. There were relatively frequent public reports of investigations into allegations of misconduct by officials using their office for personal gain in 2010-2011. The government investigates such incidents and generally prosecutes and punishes those found guilty. Enforcement is the same for both foreign and local investors. High-ranking officials accused of corrupt activities 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 corruption.

Rwanda has signed and ratified the UN Anticorruption Convention. It is a signatory of the OECD Convention on Combating Bribery. It is also a signatory of 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 businesses report occurrences of petty corruption in the customs clearing process, but there are limited 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.

Institutions including the Ombudsman's office, the Anti-Corruption Unit of the RRA, and the Auditor General's Office identify corruption cases. Rwanda's National Public Prosecution Authority (NPPA) prosecutes cases. Since 2009, the Ombudsman's office has held criminal investigative powers that allow it to pursue corruption cases. NPPA has also increased the number of financial crime and white-collar crime prosecutors in recent years.

There is a local chapter of Transparency International in Rwanda. Transparency International ranked Rwanda as 50th out of 176 nations worldwide in its 2012 Corruption Perception index.

Bilateral Investment Agreements

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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 in 2008. The Bilateral Investment Treaty officially came into force on January 1, 2012.

OPIC and Other Investment Insurance Programs

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The Overseas Private Investment Corporation (OPIC) has provided a single investment guarantee in Rwanda to Sorwathé, an American-owned tea factory. Given Rwanda's political, economic, and currency stability, OPIC officials have expressed interest in expanding OPIC involvement in Rwanda and are currently evaluating future 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).

Labor

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General labor is available, but there is a shortage of skilled labor, including accountants, lawyers, and technicians. Higher institutes of technology, many private universities, and vocational institutes are improving and producing more and better-trained graduates each year. Carnegie Mellon University opened a campus in Kigali – its first in sub-Saharan Africa – and began offering masters-level courses in information and communication technologies in 2012. In 2012, the government extended basic compulsory education from nine to twelve years. In 2009, the government made English

mandatory, instead of French, as the language of instruction from elementary school 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 of and technology transfer to local employees.

The government revised the national labor code in 2000 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 work 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, but these deficits will continue to shrink as literacy rates increase and more qualified people graduate from Rwandan institutions of higher learning. The general population's literacy rate continues to improve.

Foreign-Trade Zones/Free Ports

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Rwanda is a member of several sub-regional economic organizations, such as the East African Community (EAC), which put in place a customs union in 2009. That union facilitates the movement of goods produced in the region and permits an EAC citizen with certain skills to work in any member country. Rwanda is also a member of the Economic Community of the Great Lakes (CEPGL) together 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 countries and that comply with certain rules of origin to enter other member markets duty free. Value addition on imported raw materials must be three percent to qualify for duty free entry. Rwanda has established a free trade zone outside Kigali, with excellent 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.

Foreign Direct Investment Statistics

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Despite a reputation for low perceived corruption and high rankings on the World Bank's annual "Doing Business" survey, foreign direct investment in Rwanda remains scarce. The Rwanda Development Board reported FDI inflows of USD 398 million and USD 626 million in 2010 and 2011, respectively. However, official data from the United Nations Conference on Trade and Development's (UNCTAD) 2012 World Investment Report lists only USD 42 million and USD 106 million of FDI inflows to Rwanda over the same periods. It remains to be seen if the official inflow figures will catch up with RDB's projections over the coming years, as foreign investors decide if and when to implement previously proposed investment projects..

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<http://www.rdb.rw>

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Chapter 7: Trade and Project Financing

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How Do I Get Paid (Methods of Payment)

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Local banks operate in both local currency and dollar-based accounts. Most suppliers are paid through wire transfers to their home bank accounts, although most investors eventually open an account at one of the eight local commercial banks.

How Does the Banking System Operate

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The banking system faced significant restructuring and merger/acquisition activity in 2007 and 2008. The system is highly concentrated but is competitive in key markets. It is also relatively efficient, although performance indicators have been affected at banks addressing problem loans coupled with continuing expansion efforts.

The banking sector consists of eight commercial banks, four specialized financial institutions, one western microfinance bank, and numerous small pension funds. Additionally, country-wide savings and credit cooperatives (SACCOs) have gained a significant share of personal savings, particularly in rural areas.

Starting in 2008, a capital requirement for all banks was fixed at \$9.2 million. All commercial banks have international correspondent banks operating in major cities of the world. Automatic Teller Machines (ATM) are available, but are mostly limited to local transactions. Some Bank of Kigali and EcoBank ATMs will accept international Visa transactions. There have been reports of identity theft and card skimming at numerous ATMs throughout the country. Commercial banks are authorized to provide loans in foreign currency.

Foreign-Exchange Controls

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Foreign exchange is liberalized, and commercial banks are allowed to buy foreign currency following an administered floating exchange rate. Controls are limited to cash withdrawals for travelers. Individuals are allowed to withdraw any amount of foreign currency from their personal accounts. Exporters are required to repatriate all export earnings within three months of their export. Repatriated foreign exchange should match the value stated in the export declaration.

Numerous foreign donors delayed foreign assistance payments to Rwanda in 2012/2013 due to political concerns regarding Rwanda's alleged involvement in recent instability in eastern Democratic Republic of Congo (DRC). While Rwanda's central bank managed to maintain macroeconomic stability during this period, doing so cost the Rwandan Franc

6 percent of its January 2012 value and roughly half of the Central Bank's foreign reserves. While the Rwandan Franc has stabilized, the currency remains vulnerable to future shocks created by political decisions regarding the implementation of foreign assistance.

U.S. Banks and Local Correspondent Banks

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No U.S. banks currently operate in Rwanda, but most of the larger commercial banks in Kigali maintain correspondent relations with reputable U.S. banks.

Project Financing

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Due to the very high cost of local borrowing, most foreign investors utilize U.S., Asian, or European financing for Rwandan investment projects. Local project finance, however, is available, albeit in small tranches and at relatively expensive rates. Most Rwandan banks are limited to small investments (generally under \$3 million) in a single project, making lending consortia essential for larger projects. Rwandan banks and lawyers are becoming more accustomed to project finance. A draft insolvency law currently before Rwanda's parliament aims to make local banks first in line to be paid in the event of future private sectors defaults. If passed, this law should stimulate further project finance deals for Rwandan banks, and may somewhat reduce the cost of local commercial borrowing.

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Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

Rwanda Development Bank: www.brd.rw

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Business Customs

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In many ways, Rwandan business customs are similar to those in the United States. It is common for business people to dress in suits and to exchange business cards during business meetings.

However, culturally, a direct “no” to a proposal is rare. Rwandan businesspeople may acknowledge the merits of a proposal when their actual investment interest is limited. Oral commitments may not be considered contractually binding.

Travel Advisory

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The latest travel advisory information can be found at:
http://www.travel.state.gov/travel/cis_pa_tw/cis/cis_1007.html

Visa Requirements

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General travel information to Rwanda, including visa requirements can be found at: http://www.travel.state.gov/travel/cis_pa_tw/cis/cis_1007.html. If staying for less than 90 days, most U.S. business people and U.S. tourists traveling to Rwanda do not require a visa to enter Rwanda.

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security evaluations are handled via an interagency process.

Visa applicants should go to the following links.
State Department Visa Website: <http://travel.state.gov/visa/>
Embassy Kigali: <http://rwanda.usembassy.gov>

Telecommunications

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Internet access is available throughout Rwanda, however connection and electricity outages may affect access. There are few internet cafés outside of the major cities. Mobile phones are increasingly used and are the preferred medium of business communication.

Transportation

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Air transport is dominated by regional air services that link to Nairobi, Kenya and Kampala, Uganda several times a day. There are also regular direct flights from Kigali to Brussels, Amsterdam, Doha, Istanbul, and Johannesburg.

The list of current airlines servicing Kigali is provided below:

Airline	Destination
Air Burundi	Bujumbura
Air Uganda	Entebbe, Juba
Brussels Airlines	Brussels
Ethiopian Airlines	Addis Ababa, Entebbe
Kenya Airlines	Bujumbura, Nairobi
KLM	Amsterdam
Qatar Airways	Doha
RwandAir	Brazzaville, Bujumbura, Cyangugu, Dar es Salaam, Dubai, Entebbe, Gisenyi, Johannesburg, Kilimanjaro, Lagos, Libreville, Mombasa, Nairobi
South African Airways	Johannesburg
Turkish Airways	Istanbul

Rwanda does not have railway transport, but the governments of Rwanda, Tanzania, and Burundi are studying plans to extend the railway from Tanzania to Kigali.

Language

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English and French are the accepted business languages in Rwanda, although many Rwandans may find English communication difficult. Interpreters are generally not needed for business meetings. Kinyarwanda and Kiswahili are spoken by the majority of Rwandans.

Health

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Medical and dental facilities are limited, and some medicines are in short supply or unavailable; you should carry your own supply of properly-labeled medications to cover your entire stay. In Kigali, King Faisal Hospital is a private facility that offers 24-hour assistance with physicians and nurses on duty in the emergency room. There is also a missionary dental clinic and a few private dentists. Ambulances are available in Kigali through SAMU by calling 912 from any mobile phone, or through King Faisal Hospital at (250) 078 830 9003.

The yellow fever vaccine is required for all travelers over 9 months of age, and travelers who cannot show proof of vaccination will not be permitted to enter Rwanda.

Malaria is endemic to Rwanda. You are strongly encouraged to take prophylactic medications to prevent malaria. These should be initiated prior to entry into the endemic

area. Some malaria prophylaxis medicines are not available in Rwanda and, because of possible counterfeiting of antimalarial medications, should be obtained from a reliable pharmaceutical source before arrival.

Regular U.S. health insurance may not cover doctors' and hospital visits in other countries. Medicare does not pay for any medical care received outside of the United States or its territories. Having coverage is important, as medical evacuation from Rwanda may cost upwards of \$30,000. For more information on international medical insurance, please visit http://www.travel.state.gov/travel/cis_pa_tw/cis/cis_1007.html

The U.S. Embassy maintains a current list of healthcare providers and facilities in Rwanda. For more information, visit http://rwanda.usembassy.gov/medical_information.html

Local Time, Business Hours, and Holidays

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Local Time: GMT + 2 Business Hours: 8am – 6pm Monday – Friday 8am – 1pm

Rwanda observes a number of public holidays throughout the year. The week following the Genocide Memorial Day on April 7th is designated as an official week of mourning. In addition, the last Saturday of every month is designated as the national day of community service, *umuganda*. Most businesses close down and road traffic is prohibited until approximately mid-day on an *umuganda* Saturday.

Temporary Entry of Materials and Personal Belongings

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Items contained in the personal luggage of travelers are exempt from custom duties when items are not for commercial purpose.

Commercial samples are exempt from custom duties when their combined value does not exceed 100,000 Rwandan Francs (approximately \$160).

For a complete list of the items that are exempt from custom duties under Rwandan law and for a comprehensive list of the required accompanying documentation, please refer to the Rwanda Revenue Authority at http://www.rra.gov.rw/rra_article175.html.

Web Resources

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http://travel.state.gov/travel/cis_pa_tw/cis/cis_1007.html
http://rwanda.usembassy.gov/medical_information.html
http://www.rra.gov.rw/rra_article175.html

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Chapter 9: Contacts, Market Research and Trade Events

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- [Market Research](#)
- [Trade Events](#)

Contacts

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Rwanda Development Board (RDB); Investment Promotion Department; Tel: (250) 252 580 804; Email: ipd@rdb.rw.

Rwanda Private Sector Federation. Tel: (250) 788 312 222, www.psf.org.rw

For additional contact information please check with the Commercial Section of the US Embassy in Kigali at (250) 252 596 400 or visit our website at:

http://rwanda.usembassy.gov/economic_and_commercial.html

Market Research

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To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/mrktresearch/index.asp> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, and is free.

Trade Events

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Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents/index.asp>

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Chapter 10: Guide to Our Services

The President's National Export Initiative aims to double exports over five years by marshaling Federal agencies to **prepare U.S. companies to export successfully, connect them with trade opportunities** and **support them once they do have exporting opportunities**.

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: www.export.gov

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link: (Insert link to Products and Services section of local buyusa.gov website here.)

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRAD(E)**.

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.

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