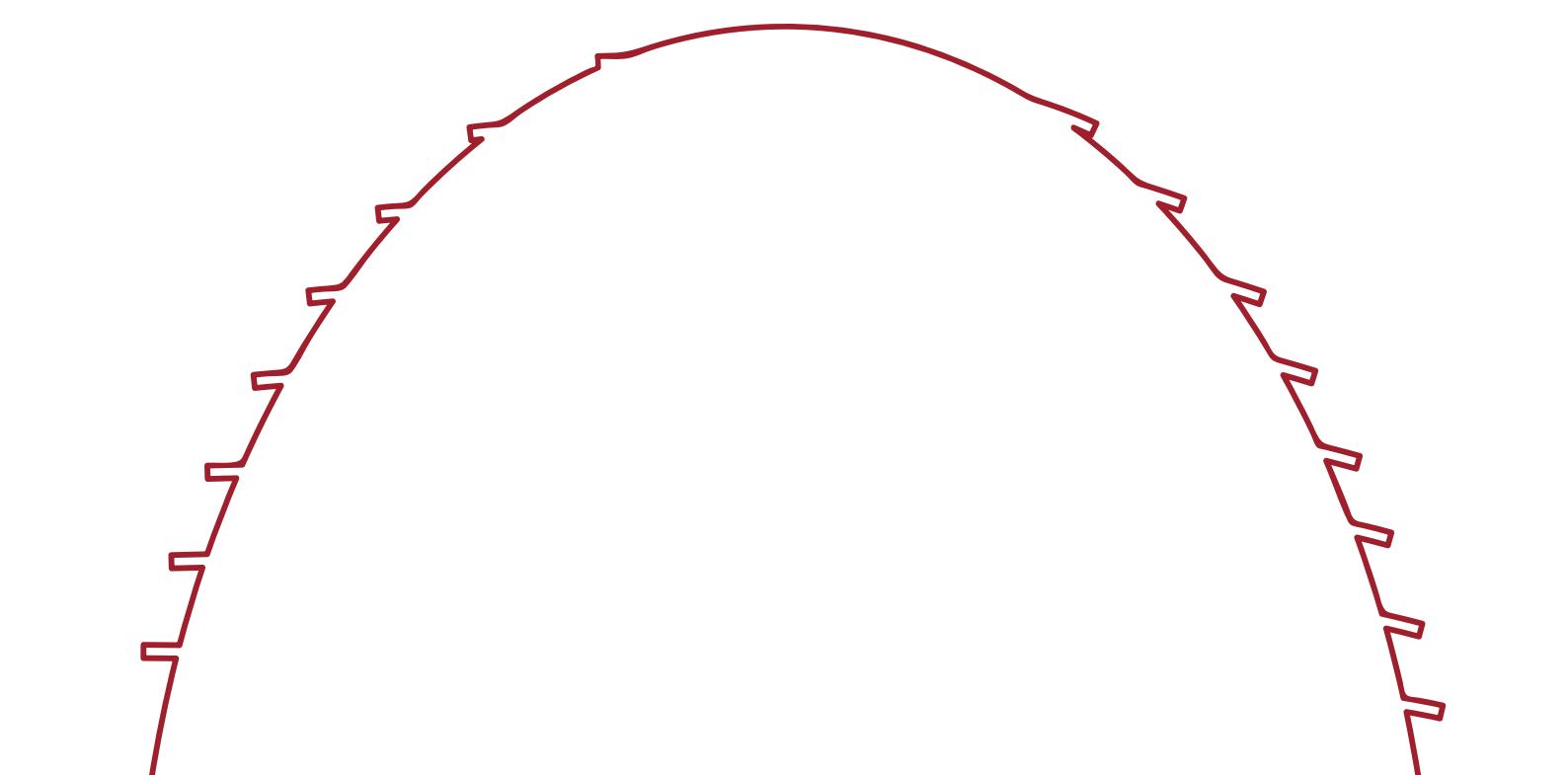




Investment Guide

Rwanda



ALN.AFRICA

ONE REGION
ONE VISION
ONE ALN

About ALN Rwanda

K-Solutions & Partners (ALN Rwanda) are exceptionally well positioned to offer clients practical insights into legal issues arising in Rwanda's rapidly evolving economic environment. The firm has a reputation for delivering in-depth knowledge of both local and international business practices.

Our extensive commercial and financial legal expertise, enhanced by membership of an alliance of premier law firms across Africa, ideally place us to represent clients in major business matters nationally, regionally and internationally. The firm regularly advises financial institutions, multinationals, telecommunications companies, airlines, government bodies, embassies, NGOs, international manufacturers and retailers. In addition, our lawyers are known for cutting-edge expertise in IT (including internet and e-commerce), banking and finance, employment, intellectual property, data protection and privacy, media and tourism law.



About ALN

ALN is an integrated alliance of the preeminent full-service corporate law firms in 15 African countries and a regional office in UAE. Together, ALN firms provide clients with seamless practical and business-focused legal, advisory and transactional services across Africa.

The alliance specialises in blending deep local knowledge and reach with sector-specific expertise, to successfully guide clients in navigating locally and across borders.

Executive Summary

Rwanda is fast becoming one of the most attractive destinations for investors looking for new opportunities. With its rapidly growing economy, favourable business environment and tax policies, the country is a destination for those seeking new investment opportunities.



Rwanda is politically, socially, and economically stable. Private investments are protected under domestic laws and through international conventions. The legal and regulatory framework is conducive to investment. To attract and facilitate new investments, the Government of Rwanda revised the investment law to facilitate the attraction and growth of new sectors. This law introduced incentives driving the growth of key sectors. With its stable political system, Rwanda is attracting Foreign Direct Investment and experiencing overall economic growth.

Rwanda is a hub for rapidly integrating East Africa, located centrally bordering three countries in East Africa. It is part of the EAC and COMESA, with a market potential of 146 million consumers in the EAC and 460 million in COMESA. Rwanda also enjoys easy access to the eastern DRC market of approximately 35 million people.

There are various potential investment opportunities, including the following sectors infrastructure, agriculture, energy, tourism, ICT, education, health, real estate and construction, financial services, and mining.

Overview

Rwanda

President

Paul Kagame

GDP

USD 11.93 billion

Drives On

Right Side

Type of Government

Multiparty Republic

Area

26,338 Sq/Km

Calling Code

+250

Timezone

GMT/UTC +2

Local Currency to

USD

FRW 1,076.07 (as of 18 Jan
2023)

Top Level Domain

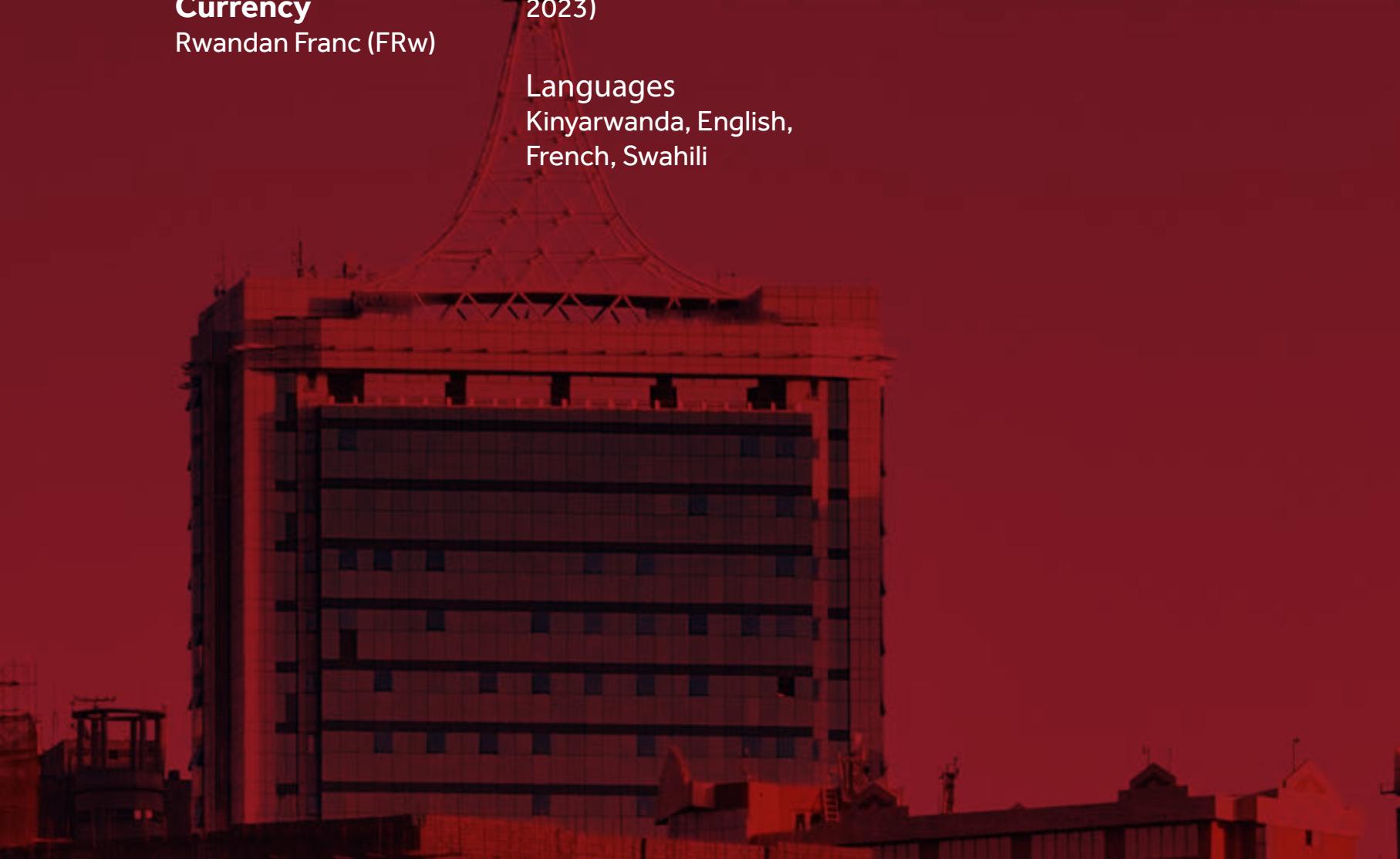
.rw

Currency

Rwandan Franc (FRW)

Languages

Kinyarwanda, English,
French, Swahili



Capital City
Kigali



Political Overview



Rwanda's head of state is the President, who is elected directly by the people for a five-year term renewable once. The President is also the head of government and the Commander in Chief of the Rwandan Defence Forces.

Fairly extensive powers are vested in the President, including the conclusion of international treaties, the declaration of a state of emergency, and the dissolution of the Chamber of Deputies.

Legislative power is held by the National Assembly which is bicameral i.e. the lower house or Chamber of Deputies and the Senate. Legislative elections for the lower house took place in September 2018 and the elections for the Senate in September 2019. The next presidential elections are due in August 2024.

Economic Performance

Rwanda has made substantial progress in stabilising and recovering its economy to levels that existed before the 1994 genocide against the Tutsi. The country enjoys strong economic growth, averaging over 7% GDP growth annually over the last two decades. The Rwandan economy grew more than 9% in 2019 due to strong growth in industry, construction, services and agriculture.

The International Monetary Fund projected Rwanda's economic growth would only be by 2% in 2020 due to the global COVID-19 outbreak. In spite of the ongoing global economic impact of COVID-19, the country continues to show many positive long-term economic signs: inflation was below 5% in 2019, the country maintains its reputation for low corruption and the percentage of foreign assistance (external grants and loans) in the country's annual budget has dropped from over 80% a decade ago to 39.5% in the 2020/2021 National Budget. Rwanda enjoys relatively high rankings in the World Bank's Ease of Doing Business Index, which ranked Rwanda 38th out of 190 economies in the 2020 report and second-best in Africa behind Mauritius.

In 2021, Rwanda exported a total of USD 1.59 billion, making it the number 151 exporter in the world. During the last five reported years the exports of Rwanda have changed by USD 881 million from USD 706 million in 2016 to USD 1.59 billion in 2021.

The most recent exports are led by Gold (USD 368 million), Refined Petroleum (USD 107 million), Tin Ores (USD 99.2 million), Tea (USD 90.1 million), and Niobium, Tantalum, Vanadium and Zirconium Ore (USD 88.4 million). The most common destination for the exports of Rwanda are Democratic Republic of the Congo (USD 587 million), United Arab Emirates (USD 438 million), Thailand (USD 78.8 million), Ethiopia (USD 42.6 million), and Pakistan (USD 33.2 million).

Leading sectors include energy, agriculture, trade and hospitality, ICT and financial services. There is growth in the services sector, particularly construction and tourism which has contributed to overall economic growth in recent years. GDP per capita was USD 818 in 2019, according to the Rwanda National Institute of Statistics (NISR). In 2022, the GDP per capita rose to USD 958. GDP per Capita in Rwanda is expected to reach USD 959.62 by the end of 2023, according to Trading Economics global macro models and analysts' expectations.

The government has prioritised turning Rwanda into a regional trade, logistics, and conference hub. The country aspires to become an upper-middle-income country (UMIC) by 2035, and a high-income country (HIC) by 2050. The Country has developed Vision 2050 which seeks to ensure high standards of living for all Rwandans focusing on areas such as: quality of life; modern infrastructure and livelihoods; and transformation for prosperity.



EXPORTS ▲ IMPORTS ▼

\$368M | \$287

Gold leads the most recent exports with a value of USD 368 million.



38/190

Rwanda is ranked 38th among 190 economies in the ease of doing business, according to the latest World Bank's 2020 Doing Business Index.

External Debt Ratings

According to the "Debt Sustainability Analysis" published by the World Bank in July 2022, both Rwanda's risk of external debt distress and risk of overall debt distress is rated as moderate. The Country's sovereign risk is B rated.

Ease of Doing Business

Rwanda is ranked 38 among 190 economies in the ease of doing business, according to the latest World Bank's 2020 Doing Business Index. The country is also named among the top best five improving economies globally for implementing regulatory reforms, ranking second in Africa.

Regional Economic Communities

Rwanda is a member of the Common Market for Eastern and Southern Africa (COMESA), the Intergovernmental Authority on Development (IGAD), the East African Community (EAC), and the Economic Community of Central African States (ECCAS).

Rwanda has signed the African Continental Free Trade Agreement ("AFCFTA"), which is described as "the African continent's most ambitious integration initiative, embedded in the Agenda 2063 of the African Union, whose main objective is to create a single continental market for goods and services with free movement of people and investments, thus expanding intra-African trade across the continent, enhancing competitiveness and supporting economic transformation in Africa".

The Capital Markets

Law No. 057/2021

Law No. 057/2021 of 18/09/2021 establishes the Capital Market Authority of Rwanda. The Capital Markets Authority (CMA) works to suggest and enforce government policies that keep the Capital market fair and lucrative. Its mission is to protect investors in the capital market, ensure an orderly, fair, transparent and efficient market and reduce systemic risk in matters relating to capital market business.

Stock Exchange

The Rwanda Stock Exchange Limited (RSE) incorporated in October 2005 is entrusted with regulating the stock market operations in Rwanda. The RSE allows for Over the Counter Trading (OTC) where members can buy and sell stocks directly to clients. All OTC transactions must be reported to the RSE. The RSE also holds daily formal trading hours from 9:00am-12:00pm where open outcry sessions also take place.

Bilateral & Multilateral Treaties

Rwanda has bilateral investment agreements with the Belgium-Luxembourg Economic Union ("BLEU"), Germany, the Republic of Korea, Switzerland, and the United States. Treaties have been signed with Mauritius, Morocco, South Africa, Singapore, Turkey, the United Arab Emirates and Qatar.

Multilateral Treaties to which Rwanda is party to: (i) the East African Community (EAC), (ii) the Common Market for Eastern and Southern Africa (COMESA), (iii) the African Union (AU), (iv) African Trade and Insurance Agency (ATI) (v) and the World Trade Organization (WTO).

Rwanda is also party to the World Intellectual Property Organization (WIPO), the Paris Convention on Intellectual Property, the Universal Copyright Convention, and the Berne Copyright Convention.

Double Taxation Agreements

Rwanda has double Taxation Agreements (DTAs) with Belgium, Jersey, Mauritius, Singapore, Turkey, The United Arab Emirates, and South Africa.

The Kigali International Financial Centre (KIFC) has also initiated twenty-four Double Taxation Treaties (DTTs) including with international partner countries in Africa, Europe, Asia-Pacific, US, and Israel in addition to a variety of existing DTTs already in force. This extensive network of DTTs provides investors not only with beneficial, transparent and reliable international tax frameworks but also creates legal certainty critical for international market entrants.



Regulatory Environment

In recognition of the private sector as a key engine of growth and development, the Rwandan government has implemented impressive regulatory reforms since 2008.

The Rwandan government rolled out a visionary and ambitious reform programme of its financial services sector under the name of Kigali International Financial Centre (KIFC) which acts an avenue to investors and financial actors who want to effectively manage their assets and structure their investments across Africa. It offers a pro-business environment and in full compliance with international standards and regulatory requirements. It also enables the structuring and domiciliation of investment funds, including alternative investment vehicles such as private equity funds in order to ultimately catalyse the economic growth of Rwanda and Africa.

Rwanda is a signatory to the World Intellectual Property Organisation and is party to WTO's Agreement on Trade-related Intellectual Property Rights (TRIPS). The country is also party to the Paris, Brussels and Berne conventions, as well as The Hague agreement. It is also a member of African Regional Intellectual Property Organisation. Law No. 31/2009 of 26/10/2009 on the Protection of Intellectual Property was enacted in 2009. This law protects patents, utility models, industrial designs or models, layout-designs of integrated circuits, marks, geographical indications, copyrights and related rights. In 2018, amendments were undertaken to the Intellectual Property Law, 2009 to provide further reinforcement to its provisions.

The Ministry of Commerce, Rwanda Revenue Authority and Rwanda Bureau of Standards work together to address issues involving counterfeit products on the Rwandan market. A dedicated department within the Rwanda Development Board (the Office of the Registrar General, ORG) has been created to improve intellectual property rights by registering all commercial entities and facilitating business identification and branding.

Specific Statutory Restructuring and Insolvency Regimes
The Law No. 47/2017 of 23/9/2017 governing the organisation of banking overrides all other legislation when it comes to the restructuring or insolvency processes of financial institutions licensed by the Central Bank of Rwanda. This Law provides for the following processes:

Regarding Creditor relief ranking of a liquidated bank, this Law provides that in any liquidation, the proceeds from the sale of assets and guarantees, minus costs associated with the liquidation, are distributed to the various categories of creditors. The deposit guarantee fund has, in accordance with the law governing it, the first claim to the extent of sums repaid to the depositors of the liquidated bank. The remaining proceeds must be distributed to other creditors

in the following order: 1° depositors for sums uninsured by the deposit guarantee fund; 2° other creditors of the bank in accordance with the law relating to commercial recovery and settling of issues arising from insolvency.

If the liquidation of a bank reveals an insufficiency of assets, the Central Bank may, upon request by the liquidator, refer the matter before a competent court to request one or many members of the Board of Directors or senior management involved in the insolvency of the bank to discharge the liabilities in part or in whole.

Law No. 075/2021 of 06/12/2021 relating to insolvency also establishes proceedings for settling issues arising from insolvency of a company, a partnership and an individual, unless otherwise provided for by other Laws.

The Law No. 007/2021 of 05/02/2021 Governing Companies

Law No. 007/2021 of 05/02/2021 governs companies in Rwanda. It provides that Registration of a company in the Office of the Registrar General is compulsory. Business registration operates as a single-point integrated service. Upon completion of the business registration, one has to also complete tax registration with the Rwanda Revenue Authority and employer registration with the Social Security Fund of Rwanda.

This integrated registration is achieved through the filling of a consolidated application form covering all the information required for registration and notification with the relevant agencies. Business Registration is concluded by the issuance of a business registration certificate which has a unique enterprise code that acts as a unique identifier of the business in relation to any public agency. The Enterprise/Company code is also the tax identification number (TIN).

The company can either register as a foreign company or a subsidiary of the foreign company. It can as well register as a public or private company. Article 247 of the company law provides that a foreign company can establish a place of business in Rwanda as a branch or through a country representative and is obliged to apply for registration within 10 working days of establishing a place of business. Even though the law gives different definitions for a foreign company and a subsidiary, in practice, both types of companies operate more or less in a similar way since they can all be wholly owned and controlled by a holding company registered in a foreign country. Application for company registration is done through an online portal, and once all the relevant documents are submitted, a company is registered with 6 working hours.

Investment Promotion

Institutes Governing Investment Promotions

As a result of the Investment Law of 2006 (which has since been replaced by Law No. 006/2021 of 05/02/2021 on investment promotion and facilitation), the Rwanda Development Board (RDB) was established in 2008 to facilitate and fast-track new investment projects.

RDB consolidates several government agencies previously involved in promoting investment including the Rwanda Investment and Export Promotions Agency, the Rwanda Commercial Registration Service Agency, the Human Resource and Institutional Capacity Development Agency, the Rwanda Information and Technology Agency, and the Rwanda Office of Tourism and National Parks.

RDB acts as a 'one-stop centre' for investors and provides assistance in obtaining all required approvals, certificates, land, work permits, and tax incentives. Business plans for potential investors are evaluated by the RDB in order to better allocate investment incentives and record incoming investment. RDB has chosen energy, transport, ICT, financial services, and construction of low-cost housing as priority sectors in which to target investment.

The Kigali International Financial Centre (KIFC) is an ecosystem of financial actors that will transform Rwanda into an international financial destination for investors seeking opportunities across the African continent.

It has mainly three objectives: to advance the competitiveness of Rwanda's financial sector to meet international standards and position the country as a financial services hub for the region, to leverage Rwanda's reputation as a safe and compliant jurisdiction to increase foreign direct investment to structure and domicile their investments in Rwanda and to create a conducive legal and tax environment and upskilling the local financial sector to offer specialised talent to serve the market. Its target investors consist predominantly of high-net-worth individuals, institutional and retail investors such as mutual and pension funds and insurance companies, multinational corporations, investment banks, and financial advisory firms interested in establishing Funds and Fund Management companies, Holding companies, SPVs, Foundations, Trusts, Banks, FinTech and Global Trading companies.

The general rule is that a resident taxpayer is liable to personal income tax from all domestic and foreign sources during each tax period. Under the new Law No. 027/2022 of 20/10/2022 establishing taxes on income, a resident taxpayer who was not resident in Rwanda in the 5 years immediately prior to becoming resident and who works as an expert or a professional directly for an entity carrying out Kigali International Financial Centre licensed activities, is exempted from personal income tax on foreign sourced income during the first 5 years following the date of becoming resident.

A non - resident taxpayer is only liable to personal income tax which has a source in Rwanda.





Photo: Adrianople Group

Investment Incentives

Investors registered with the RDB can obtain certificates that make them eligible for certain benefits, including reductions in corporate income tax payable, Value Added Tax (VAT) exemptions on all imported raw materials and imported vehicles for investors and their foreign employees, and duty exemption on plant, machinery, and equipment.

The Rwandan Government also offers an investment allowance of 50% of the amount invested in new or used assets, provided the amount invested is at least RWF 30 million (USD 50,000) and business assets are held for at least 3 tax periods. Investors who demonstrate the capacity to add value and invest in priority sectors enjoy greater incentives. The Government also offers grants and special access to credit to investors promoting rural areas.

Rwanda has also enacted the new Law No. 006/2021 of 05/02/2021 on Investment Promotion and Facilitation. This new law repeals the Investment Law, 2015 and provide for tax incentives on corporate and passive income for specific regulated financial services spurring potentially cross-border investments.

Special Economic Zones

In 2011, the Special Economic Zones of Rwanda (SEZAR) was implemented.

Through a merger of the former Kigali Free Trade Zone and the Kigali Industrial Park project the Kigali Special Economic Zone (KSEZ) was created. Phase I of the KSEZ cover 98 hectares of land and Phase II is planned to cover 178 hectares of land.

To join a special economic zone in Rwanda businesses and individuals must complete and submit an application to the SEZAR.

Taxation

Income Tax - Individuals, Corporations and Trust

Residents are taxed on worldwide income, whereas non-resident corporations are subject to tax on their Rwandan-sourced income. A corporation is generally considered to be resident, if it is established according to Rwandan law or if its headquarters are in Rwanda.

Branches of foreign companies and permanent establishments are also considered residents. Foreign-sourced income derived by residents is subject to corporation tax in the same way as Rwanda-sourced income.

Corporate Income tax (CIT) is imposed on a company's total income after the deduction of normal business expenses. The corporate tax rate is 30%, with some discounts for registered investors based on the number of employees and the amount of income derived from the export of goods and services. Losses may be carried forward for 5 tax periods. The carry-back of losses is not permitted. It should be noted that the government intends to reduce CIT rate from 30% to 28% with an aim of further reducing it to 20%.

Personal Income Tax

Individual income tax rates are based on an individual's personal income. The new Income Tax law has new rates with regard to Personal Income Tax.

In the first year following its commencement, the tax rate applicable shall be as follows:

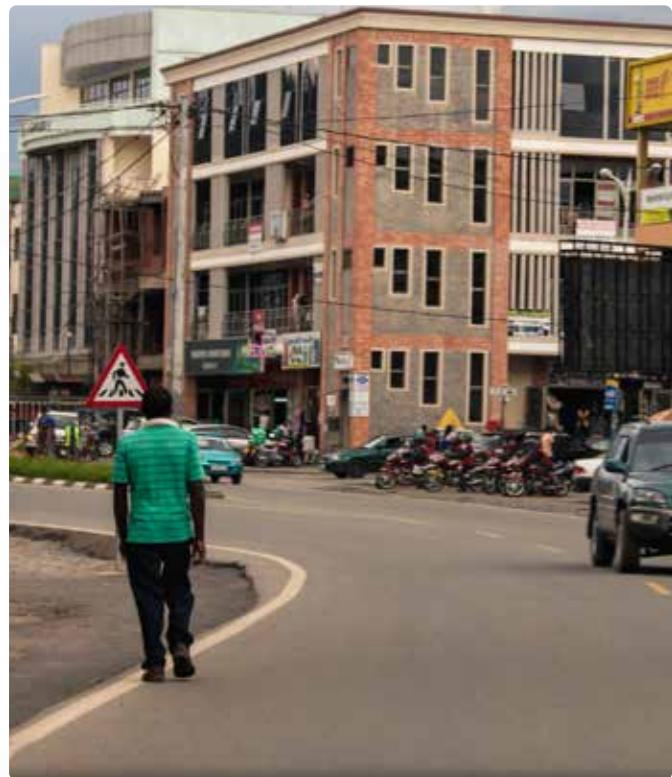
- Zero percent (0%) applicable to the annual taxable profit between zero to seven hundred and twenty thousand Rwandan francs (0-720,000Frw).
- Twenty percent (20%) applicable to the annual taxable profit between seven hundred twenty thousand one Rwandan francs to one million two hundred thousand Rwandan francs (720,001 - 1,200,000Frw).
- Thirty percent (30%) applicable to the annual taxable profit between one million two hundred thousand one Rwandan francs and more (1,200,000Frw and more).

From the second year following commencement of the new law, the tax rate applicable shall be as follows:

- Zero percent (0%) applicable to the annual taxable profit between zero to seven hundred and twenty thousand Rwandan francs (0-720,000Frw).
- Ten percent (10%) applicable to the annual taxable profit between seven hundred twenty thousand one Rwandan francs to one million two hundred thousand Rwandan francs (720,001 -1,200,000Frw).
- Twenty percent (20%) applicable to the annual taxable profit between one million two hundred thousand one Rwandan Francs to two million four hundred thousand Rwandan Francs (1,200,001-2,400,000Frw).
- Thirty percent (30%) applicable to the annual taxable profit between two million four hundred thousand one Rwandan francs and more (2,400,001) and more.

Capital Gains Tax

In general, capital gains are taxed as ordinary income at the standard rate of corporate tax. The tax rate on capital gain is 5% applicable on the gain. However, capital gains derived from the sale or cession of commercial immovable property are separately taxed at a rate of 30% while capital gains on secondary market transactions on listed securities are exempt.



Withholding Tax

A withholding tax of 15% is levied on:

- dividends, except those governed by paragraph 2 of Article 47 of the Income Tax Law;
- Interests;
- Royalties, service fees including management and technical service fee;
- performance payments made to a crafts person, a musician, an artist, a player, sports, cultural or leisure activities irrespective of whether paid directly or indirectly;
- goods sold in Rwanda;
- profit after tax or retained earnings that are converted into shares, except for financial institution with paid-up capital below the minimum requirement set by the National Bank of Rwanda;
- profits repatriated from Rwanda;
- payments made in cash or in kind by a resident person in Rwanda on behalf of a non-resident in Rwanda contracted person provided for under the contract in addition to contractual remuneration, and on a company that carries out gaming activities on the difference between winnings of the player and amount invested by the player.

The new income tax law under its Article 65 has introduced a provision providing for the exemption on from paying the withholding tax of 15% stipulated in Articles 60, 62 and 63 for newly registered tax payers during the concerned annual tax period. These exemptions concern taxpayers who are subject to withholding tax on payments, withholding tax on goods imported for commercial use and withholding tax on public tenders.

The withholding tax rate may be reduced in terms of a relevant double tax agreement.

Value Added Tax

Value Added Tax is imposed on the sale of goods and the provision of services. The standard VAT rate is 18%, with exemptions and zero-rating available in certain cases. The registration threshold for VAT purposes an annual turnover of RWF 20 million (USD 34,500). Voluntary registration is available for taxpayers whose turnover does not meet this threshold.

The following activities are exempted from VAT:

- Supply of clean water;
- Health industry products; and
- Equipment for those with disabilities.

Exempted Services are:

- Education services;

- Transportation services;
- Rentals and sale of land;
- Financial services;
- Insurance services
- Funeral services
- Previous metal sale
- Energy supply equipment;
- Trade unpin subscriptions; and
- Industrial machinery.

Import Duty

The general tariff (for goods not originating from East Africa) under the East African Union stipulates import duty rates of 0% for raw materials, 10% for semi-finished goods and 25% for finished goods.

Excise Duty

Excise duty ranges from 5% to 150%. The excise duty on motor vehicles is between 5% to 15%; 8% on telecommunication; 70% on liquor, brandy, and whisky; and 60% on beer.

Transfer Pricing & Thin Capitalisation

Related persons involved in controlled transactions must have documents justifying that their prices and profits are applied according to arm's length principle.

If such persons do not provide documents or the documents provided do not justify that the price and the profit are applied in accordance with the arm's length principle, the tax administration adjusts transaction prices or profits in accordance with general rules on transfer pricing.

However, before determining the price arrangement between related persons, the taxpayer may request the tax administration to enter into an advance pricing agreement for a fixed period to determine modalities of setting prices and profit complying with arm's length principle.



Financial Sector Regulation

The supervision and regulation of the financial sector in Rwanda are entrusted to the National Bank of Rwanda. The National Bank of Rwanda is held to standard as ensured by its occasional institution checks led by the International Monetary Fund (IMF).



Anti-Bribery Corruption

The Government of Rwanda maintains a high-profile, anti-corruption message; institutions including the Ombudsman's office, the Anti-Corruption Unit of Rwanda Revenue Authority, and the Auditor General's Office identify corruption cases.

Rwanda has signed and ratified the UN Anti-corruption Convention. It is a signatory of the Organisation for Economic Co-operation and Development Convention on Bribery. It is also a signatory of the African Union Anti-corruption Convention. Rwanda has also adopted Law No.54/2018 of 13/08/2018 on fighting against Corruption which aims at preventing and punishing corruption in public organs, civil society private institutions, and international organisations operating or wishing to operate in Rwanda. It also states the offences and penalties for corruption.

Giving and accepting a bribe is a criminal act under law, and penalties depend upon the details of each specific case. The Government is implementing these laws with increasing effectiveness and enforcement is the same for both foreign and local investors.

Rwanda is ranked the least corrupt in the region for 2020 Transparency International's Corruption.



Dispute Resolution

Most disputes in Rwanda are resolved through litigation in court. The Country gazette the Law No. 005/2008 of 14/02/2008 to determine and establish arbitration and conciliation in commercial matters. Courts treat arbitration agreements as binding and can exclude the jurisdiction of a court.

An ordinary court before which an action regarding an arbitration agreement is seized shall submit it to arbitration, if a party so requests, before submitting his or her statements on the substance of the dispute unless it finds that the arbitration agreement is null and void, inoperative or incapable of being performed.

Rwanda is a signatory to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, 1958.

Under the Law No. 005/2008 of 14/02/2008 on arbitration and conciliation in commercial matters, arbitral awards are enforceable in Rwanda award, irrespective of the country in which it was made and shall be recognised as binding. However, this shall not be respected if the country in which the award was issued does not respect cases decided in Rwanda. The party relying on an award taken or applying for its enforcement shall supply the duly authenticated original award or its duly certified copy, a copy of original arbitration agreement or its duly certified copy. If the award or agreement is not made in an official language of the Republic of Rwanda, the party shall supply a translated copy in one of the recognised languages in Rwanda.

In Rwanda, it is the Commercial High Court that has authority to hear in the first instance, complaints against the arbitration awards rendered outside of Rwanda which require the exequatur on the Rwandan territory. The Commercial High Court does not review nor interpret the merits of the case in the foreign Award, it only enforces the outcomes of the decided Awards.

Foreign judgments and decisions rendered by foreign courts can also be executed in Rwanda and are heard by the High Court on consideration that the foreign judgment does not comprise an element incompatible with the public order and Rwandan law principles, has acquired the force of res judicata in accordance with the laws of the country of origin, copy of the judgment fulfils all the conditions necessary for its authenticity in accordance with such laws and rights of defence have been respected. Rwanda is a member of the International Centre for the Settlement of Investment Disputes and African Trade Insurance Agency.

Rwanda also signed and ratified the Multilateral Investment Guarantee Agency Convention. Further, an international arbitration centre was established (Kigali International Arbitration Centre) on 31st January 2012. The Centre operates as the forum for settlement of most business-related disputes on both national and international levels and deals with matters also involving the Government of Rwanda and entrepreneurs or investors. It is also a forum for mediation on both national and international levels.



Competition Act

Law No. 36/2012 of 21/09/2012 relating to competition and consumer protection aims at encouraging competition in the economy by prohibiting practices that undermine the normal and fair course of competition practices in commercial matters. It also aims at ensuring consumer's interests promotion and protection.



This Law prohibits horizontal and vertical agreements, decisions and concerted practices between undertakings that have, as their object, the undermining, prevention, restriction or distortion of competition, unless they are exempt or form part of a single economic entity.

Cartel conduct such as price fixing, market division and collusive tendering and also minimum resale price maintenance are prohibited by the Competition Law. The same law prohibits abuse of dominance.

A firm engaging in a restrictive horizontal or vertical agreement, or abusing its dominant position, commits an offence and may face sanctions including administrative fines ranging from 5% to 10% of the enterprise's annual turnover for the fiscal year preceding the year in which the offence occurred. The EAC and COMESA regulate prohibited practices in the EAC and COMESA areas respectively and activities in Rwanda should be conducted with these regional competition bodies in mind.

Under this Law, a dominant enterprise is one which enjoys, either alone or in partnership with another enterprise, a dominant position on the market without any other obstacle from either other persons or companies that are or can get involved in competition.

In determining whether an enterprise is in a dominant position, consideration shall be given to the following: 1° relevant market defined in terms of both its product and geographic dimensions; 2° level of actual or potential competition in terms of number of competitors, production capacity and demand; 3° barriers to the entry of competitors; 4° background of competition and rivalry between competitors in the sector of activity.

Any enterprise of a dominant position is deemed to harm competition if it: 1° restricts, or likely to restrict, the entry of any enterprise in any market; 2° prevents or deters, or is likely to prevent or deter, any enterprise from engaging in competition in the market; 3° eliminates or removes or is likely to eliminate or remove, any enterprise from the market; 4° directly or indirectly imposes unfair purchase or selling prices or other restrictive practices; 5° limits the production of goods or services for a market to the prejudice of consumers; 6° as a party to an agreement makes the conclusion of such agreement subject to acceptance by another party or supplementary obligations which, by their nature or according to commercial usage, have no connection with the subject of the agreement; 7° engages in any business activity that results in the exploitation of its customers or suppliers, so as to frustrate the benefits expected from competition in the market.

Consumer Protection

The Law No. 36/2012 of 21/09/2012 relating to competition and consumer protection was passed and published and a Competition and Consumer Protection Policy has been adopted by the Rwandan Government.

This policy guarantees various consumers' rights; the right to a guarantee, the right to be shown the prices of all products and services, the right to a valid invoice, the right to customer service and care, the right to safety, protection against unsanitary products on the market, and to curtail malpractices in the trade and supply of essential commodities.

The Ministry of Commerce, The National Standards Inspectorate, Competition, and Consumer Protection Authority, the Rwanda Utility Regulatory Agency and the Rwanda Bureau of Standards are the main government bodies that are responsible for the enforcement of the policy.

In 2017, Rwanda Inspectorate, Competition and Consumer Protection Authority was established whose functions include preventing and inspecting practices that undermine, repel or prohibit competition.

The Consumer's Association of Rwanda is an organisation that was formed to ensure the protection and promotion of consumers' rights. It has effectively managed to tackle the problem of excessive prices on the market, to protect consumers' interests in as far as the quality of goods and services and sensitize consumers in regard to the protection of their rights and respective duties.



Real Property

The use and management of land are governed by Law No. 27/2021 of 10/06/2021 governing Land.

Under this law, foreigners are entitled to an emphyteutic lease or land concession for a maximum period of 99 years or 49 years as the case may be, but only for investment purposes. Foreigners may be granted freehold titles by a presidential order in exceptional circumstances.

The lease period is based on a land use plan and business plan approved by the relevant authorities. Further still, a foreigner

may be granted freehold title if provided for by an international convention that Rwanda is a signatory to or under the condition of reciprocity deriving from bilateral agreements.

In Rwanda's Special Economic Zones, however, a foreigner shall be treated as a national and may be granted a freehold title.



Sectors



Agriculture

Agriculture has been a historical mainstay of Rwanda's economy. It contributes almost one-third of Rwanda's GDP and employs approximately 68% of the country's working population. It remains a key sector in Rwanda's efforts to foster private-sector development.

It is a priority sector in Rwanda's Vision 2050 national development strategy. The government aims to replace subsistence farming with fully monetized and technology-intensive commercial agriculture and agro-processing by 2050. Principal agricultural exports are coffee, tea, and some value-added agricultural products such as canned tomatoes, honey, French beans, passion fruit, macadamia nuts, and mushrooms.

The country's Economic Development and Poverty Reduction Strategy defines a large number of priority programs in the agriculture sector including the intensification of sustainable production systems in crop cultivation and animal husbandry; building the technical and organisational capacity of farmers; promoting commodity chains and agribusiness and strengthening the institutional framework of the sector at central and local level.

Financial Services

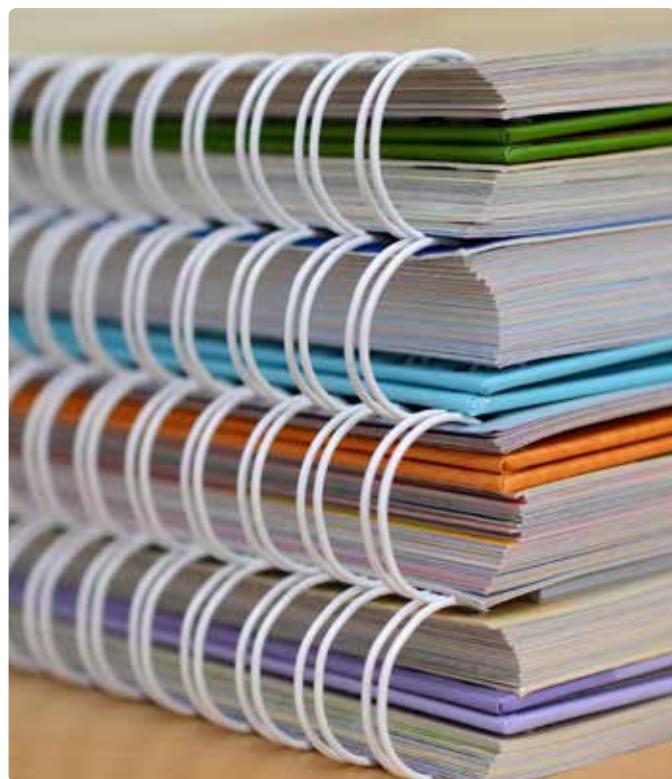
Rwanda's financial system has now come of age. Its financial sector has made great strides towards becoming modern. The sector is stable, well-capitalized, profitable, and liquid. The sector consists of a vast and growing array of institutions, a stock exchange, Banks, microfinance institutions, savings and credit cooperatives (SACCOs), insurance companies, and pension funds and is becoming increasingly diversified.

There are currently 16 commercial banks in Rwanda, many microfinance institutions, and rural savings and credit cooperatives. The sector is overseen by the National Bank of Rwanda. Growth potential remains strong with only 77% of the population engaged in the formal financial system, which includes the banking sector as well as insurance firms, mobile money networks, and microfinance institutions. As of 2022, 40% of adults in Rwanda are banked (an increase from 26% in 2016, 23% in 2012 and 14% in 2008). In order to improve access to credit, a private credit reference agency has been set up, of which all banks and other financial institutions must be members. Other companies such as utilities can participate voluntarily.

The Rwandan microfinance sector consists of 460 institutions, of which three are microfinance banks, 19 limited liability companies, 416 Umurenge SACCOs and 22 non-Umurenge SACCOs. The sector serves nearly four million micro, medium and small entrepreneurs (MSMEs and SMEs) in Rwanda, as per Association of Microfinance Rwanda (AMIR). Specific rules apply to micro-financing institutions. They need to receive the Central Bank's approval before starting operations. Foreign nationals who propose to manage a micro-credit institution are immediately granted operational clearance. Capital markets are at an early stage of development, with a small stock exchange. The Rwanda Stock Exchange opened on 31st January 2011.

Education

Rwanda's education system has been undergoing a transformative phase triggered by country's aspirations, vision and goals. The education sector's Policy mission is to transform Rwandans into skilled and competent human capital by providing them with inclusive and equitable quality education, relevant labour market skills, and lifelong learning, anchored on Rwandan values.



The government has shown considerable commitment to the sector through various initiatives, including through providing free and compulsory education for 9 years of basic education. Free education is now being expanded to 12 years of education. It has equally undertaken the major reform of changing the curriculum, switching from knowledge to competence-based, and thus making it responsive to the needs of learners, society, and the labor market.

Rwanda has also developed the Education sector strategic plan which covers the period 2018-2024. It has been developed through collective efforts of the ministry of education and relevant stakeholders in the education sector, keeping in mind these challenges. Its conception is based on a wide consensus and the plan is linked to Rwanda's long-term strategy for development called the National Strategy for Transformation and Prosperity, in which education is one of the central pillars.

The Investment Law 2021 also provides investors in the education sector with incentives of a flat accelerated depreciation rate of 50% for the first year for new or used assets if they invest USD 50,000 in the education sector.

Healthcare

The Rwandan healthcare system is referral in nature. Treatment begins at the bottom of the pyramid by the Community Health Worker and can be scaled up the pyramid to the Provincial Hospitals and Referral Hospitals. The country currently operates a well-functioning, decentralised healthcare public service system comprising 1700 health posts, 500 health centers, 42 district hospitals, and five national referral hospitals. With over 84% of Rwandans insured by the mutuelle de santé, Rwanda has ensured that her citizens have access to primary health care.

Rwanda also has a vibrant private health services sector, which comprises of 2 general hospitals, two eye hospitals, 50 clinics and polyclinics, eight dental clinics, four eye clinics, and 134 dispensaries.

Incentives to support the Health sector include Corporate income tax holiday of up to 7 years is provided when investing at least an amount equivalent to USD 50 million, an accelerated depreciation rate of 50% for the first year, foreign companies investing at least USD 250,000 are allowed to recruit three foreigners without a labor test and exemption of VAT on imported medical equipment

Manufacturing

Rwanda's key industries include agricultural products, small-scale beverages, soap, furniture, shoes, plastic goods, textiles, detergents, paper tissues, papers, chemicals, leather and footwear and cosmetics, Construction materials such as granite tiles, cement, roofing sheets and tiles and steel bars and light items, Furniture Laboratory Equipment and Electronic & Automotive manufactured goods such as phones, computers, and vehicle-assembly. There are opportunities across the board in manufacturing in Rwanda, first for the domestic market, which would be of interest, especially to small and medium enterprises, and then for the regional market. The high cost of imports in this landlocked country offers opportunities for import-substitution activities that enjoy certain natural protection. Rwanda's manufacturing sector is growing at an annual rate of 7% and employs less than 3% of the population. The manufacturing sector is mostly concentrated in Kigali and is focused on food processing.



Mining

Rwanda has the vision to become a regional mineral processing hub, adding value to minerals mined in Rwanda and the region before exporting them. Mining is the second largest export revenue earner in the country.

The key minerals that are mined and traded are tinstone, tantalite (coltan), wolfram, tungsten, gemstones and small reserves of gold. The mining sector is governed by Law No. 58/2018 of 13/08/2018 on Mining and Quarry Operations. This Law is tailored to improve extractives sector governance, accountability, safety, and environmental protection. It seeks to promote professionalism and growth of the mining sector while giving a new lease of life to the mine workers whose safety at work has been the cause for concern. It also tackles a wide range of other issues in the sector, including licensing, illegal mining, and the safety of the communities that surround mines and stipulates penalties, including jail terms and fines, to mining companies or individuals who illegally operate the business

The Mining Law provides that an exploration licence is valid for an initial period not exceeding four years whereas a mining licence is valid for an initial period not exceeding 15 years. A Quarry licence is categorised into three; non-commercial quarry licence valid for a period of one-year renewable, commercial small-scale quarry licence valid for a period of 5 years renewable and an industrial quarry licence valid for a period not exceeding 15 years determined based on the feasibility study of the quarry project approved by the relevant organ but the licence duration is renewable.

The government has entrusted the implementation of mining laws, regulations and policies to the Rwanda Mines, Petroleum and Gas Board (RMB). Its responsibilities include:

- implementing mining (and petroleum and gas) policies, laws and strategies;
- monitoring and coordinating the implementation of strategies relating to mines, petroleum and gas; and
- supervising and monitoring private and public entities conducting mining, trade and other mineral operations.

Energy

Rwanda has variety of potential energy resources from biomass, hydro, solar, petroleum, methane gas, wind and geothermal. Currently, over 80% of energy consumed is derived from wood, burnt in its primary state or processed into charcoal. This form of energy is used mainly by households. However, Rwanda has a deficit in wood, both for energy purposes and for other economic activities. Rwanda faces substantial problems with electricity, and responsibility for its generation and distribution has recently been handed over to the Energy, Water and Sanitation Authority. Only 42% of Rwanda's population is currently connected to the electricity network, mainly in the capital Kigali and a number of towns. However, the Government of Rwanda through its power sector has very ambitious targets to achieve 512 MW installed power generation capacity, from its current 216 MW power generation and have universal access (100%) by 2023/24. It is determined to achieve 52% on-grid connections and 48% off-

grid connections by 2023/24.

Rwanda imports about 13% of its electricity from neighboring countries, which further raises costs. The government now aims to make better use of existing resources and is actively promoting alternatives to the traditional sources of energy production, including establishing micro-power plants, use of solar and wind energy, geothermal energy, and use of peat or methane gas from Lake Kivu where there are estimated reserves of 55 billion m³.

Rwanda has neither oil resources nor refineries. All petroleum products are imported. The consumption of petroleum in Rwanda stands at 23 million litres per month, which is imported mainly from Kenya. Around 15 oil companies operate in Rwanda. There are five main storage facilities in Gatsatsa and Butare with a total capacity of almost 30,000 m³; smaller facilities are located in Kigali and Gisenyi.

Telecommunications

Rwanda continues to be one of the fastest growing African Countries in the Information and Communication Technology sector. There are a myriad of avenues for growth in the sector including e-commerce and e-services, mobile technologies, applications development and automation to becoming a regional centre for training of ICT Professionals and research.

The country was slow to liberalise the mobile sector, and MTN enjoyed a monopoly until 2006 when the fixed-line incumbent, Rwandatel (since acquired by Liquid Telecom) became the second mobile operator. There was effective competition among three operators after Tigo launched services in 2009. However, the acquisition of Tigo by Airtel saw a significant consolidation in the market, and the cancellation of Rwandatel's licence in 2011 resulted in the market becoming a duopoly.

Government has installed over 5000 Kilometres of fibre optic cable throughout Rwanda with links to regional links to neighbouring countries. This has ensured the interconnection of Rwanda's regions, promotion of e-governance and provision of fast and efficient ICT infrastructure throughout the country. The government of Rwanda has made ICT a high priority sector and is in the process of developing a Techno Park near Kigali to facilitate investment in this area.

Interest from investors in the country's ICT sector remains strong. A deal with Korea Telecom has resulted in development of a wholesale LTE operator, Korea Telecom Rwanda Networks, which provides retail services to a number of fixed-line operators as well as to the Mobile Network Operators. The number of subscribers on LTE infrastructure has increased sharply, helped by national LTE coverage achieved in mid-2018.

There is an increase in uptake of mobile financial services which has increased operators' revenue and deepened strategies through the introduction of value-added services, especially in these times of the COVID-19 pandemic where cashless transactions are encouraged.

Tourism

Tourism is one of the largest source of foreign exchange earnings in Rwanda. The Country's tourism revenue rose by 171%, from USD 164 million in 2021 to USD 445 million recorded in 2022, according to the 2022 annual report by the Rwanda Development Board (RDB).

This growth represents an 89% recovery compared with the pre-COVID-19 pandemic period.

The Government of Rwanda has developed a strategy that focuses on high-end eco-tourism and invites private investment into developing the sector. As part of the Rwanda National Innovation and Competitiveness Program, a group of 40 Private Sector, Public Sector and NGO leaders forming Rwanda's Tourism Working Group have focused on creating high-value and low-environmental impact experiences, for eco-travelers, explorers and business travelers.

Retail

The main players in the retail sector are local small-scale private investors. The sector is one of the priority sectors for the Rwanda Economy Digitalisation Programme. The sector and its upstream activities generate significant economic value and provide income for many Rwandans.

According to Statista, revenue in the e-commerce market in Rwanda is projected to reach USD 381.7 million in 2023. Revenue is also expected to show an annual growth rate (CAGR 2023-2027) of 14.87%, resulting in a projected market volume of USD 664.5 million by 2027.



Key Developments

Government Vision/ Agenda

The current government of Rwanda has placed an emphasis on developing the Country's economic and international relations spheres. The Rwandan government has a goal to become a middle-income country by 2035 which is supported by the government's 7 years of government programme: National Strategy for Transformation (NST1).

Infrastructure

The Government of Rwanda commits almost a tenth of its annual budget to transport and other infrastructure. To develop a vibrant private sector, Rwanda is investing in Roads, Rail and water transport infrastructure with the intent of dramatically reducing the cost of transport to businesses and individuals. The government is striving to transition from a developing country to a middle-income country by 2035. To achieve this goal, the government is targeting 100% electricity access by 2024 (52% on-grid, 48% off-grid). Rwanda is endowed with natural energy resources including hydro, solar, and methane gas in Lake Kivu in the west of the country. It currently has 225 MW of installed generation capacity and 53% of the country has access to electricity. Issues of affordability of off-grid solutions persist, but the Government of Rwanda, development partners and the private sector are working together to address this challenge.

There are also several rail projects with potential of stimulating trade and reducing the cost of doing business. There is the development of two major regional lines in a bid to link the country to the major sea ports of Mombasa and Dar-es-salaam and the Dar-es-salaam- Isaka-Kigali railway project, which will connect Kigali (Rwanda) from Isaka to the Tanzanian port of Dar es salaam.

There is also the Mombasa–Nairobi–Kampala–South Sudan–Kigali standard gauge railway line project which is part of the Northern Corridor Integration Projects, an East African Community regional effort to develop a railway system network that will link the four partner states to

developments in the fight against bribery and corruption

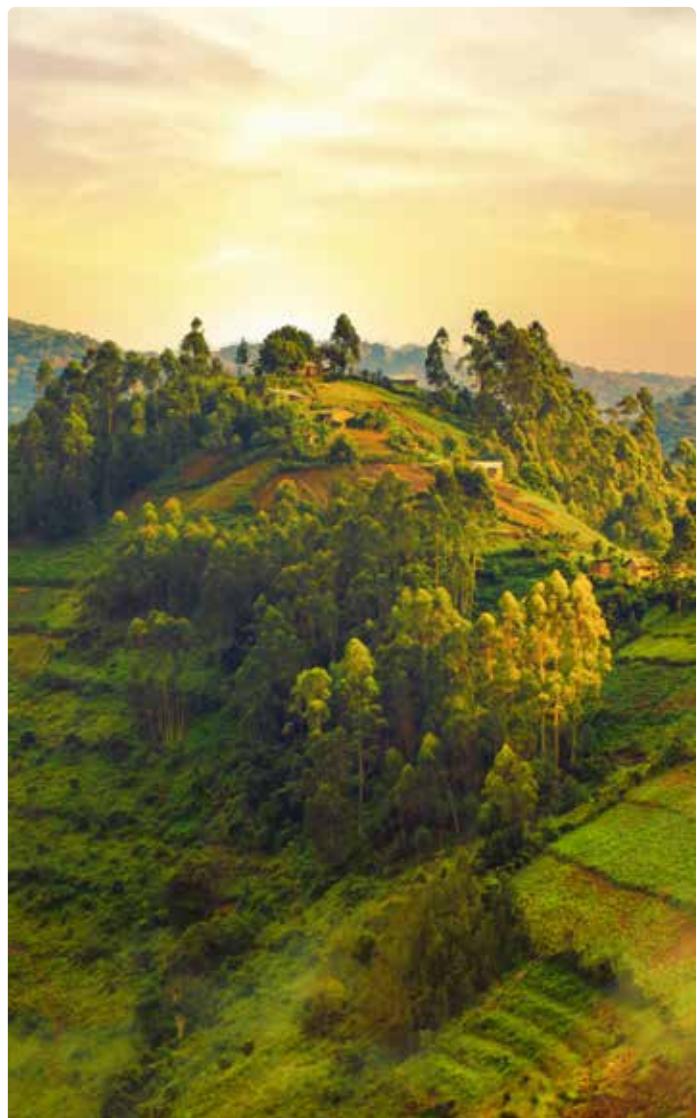
The government of Rwanda has made the fight against corruption one of its top national priorities by ensuring that adequate anticorruption legal frameworks and monitoring institutions are in place. Rwanda is performing better than many other African countries on most governance indicators in terms of control of corruption, being the least corrupt country in East Africa and fourth in Africa. Law No. 54/2018 of 13/08/2018 on fighting against Corruption aims at preventing and punishing corruption in public organs, civil society private institutions and international organisations operating or wishing to operate in Rwanda.



Other Notable Legal and Regulatory Reforms

Rwanda has also undertaken significant new legal and regulatory changes that can ultimately boost investor confidence. Some of these new legislations include:

- The new Law No. 028/2023 of 19/05/2023 on the prevention and punishment of money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction came into effect on the 19th of May 2023. It seeks to among other changes: The offences of money laundering, terrorist financing and financing of proliferation of weapons of mass destruction are imprescriptible; increases the penalty period against money laundering; prescribes the penalty is life imprisonment In case the terrorist financing results into death; a legal person that conducts money laundering, terrorist financing or financing of proliferation of weapons of mass destruction acts, commits an offence. Upon conviction, it is liable to a fine of 10 to 20 times the value of proceeds of crime laundered or the value of the financing given. In addition to this, the legal person is also liable to one or more of the penalties, namely dissolution, permanent closure of establishments in which incriminated acts have been committed or which have been used to commit such acts.
- In realising the important role the existence of a sound financial consumer protection framework plays in the expansion of access to financial services, Rwanda has enacted a new Law No. 017/2021 of 03/03/2021 relating to Financial Services Consumer Protection which seeks to protect a financial service consumer and has provided a number of provisions to this effect.
- Law No. 058/2021 of 13 October 2021 relating to the Protection of Personal Data and Privacy was published on 15 October 2021 and applies to the processing of personal data by electronic or other means using personal data through an automated or nonautomated platform and the data controller, the data processor or a third party who: a) is established or resides in Rwanda and processes personal data while in Rwanda; b) is neither established nor resides in Rwanda, but processes personal data of data subjects located in Rwanda.
- The legal framework of the recently enacted Law No. 008/2021 of 16/02/2021 governing partnerships sets out three forms of partnerships in Rwanda: general partnerships; limited partnerships; and limited liability partnerships. In addition, and to their advantage, the new Income tax law excludes Partnerships from paying Corporate Income Tax. Its Article 52 provides that income generated from general partnership, limited partnership and limited liability partnership is taxable at the level of each partner.
- The new Law No. 027/2022 of 20 /10/2022 establishing taxes on income has also introduced various significant changes to the tax system and endeavors to align it with the vision of the Kigali International Financial Centre (KIFC).
- In an effort to create an attractive ecosystem for continued investment in Rwanda, to comply with international standards, and to fill certain gaps identified in the now repealed law, Rwanda has enacted the new Law n° 020/2023 of 31/03/2023 governing tax procedures.





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