



Doing Business in Rwanda: 2011 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 has a small market with a population of ten million people and a total Gross Domestic Product (GDP) of approximately \$5 billion.
- Economic growth was 11.2 percent in 2008, but declined to 5.3 percent in 2009 due to the global economic crisis. In 2010 the economy rebounded to 6.5 percent annual growth.

- In its 2010 Ease of Doing Business Indicators report the World Bank recognized Rwanda as the world's top reformer in business regulations and investment climate. Rwanda now ranks 58 in the world and 4th in Africa for ease of doing business.
- The economy is overwhelmingly rural and heavily dependent on agriculture. Eighty percent of the population is involved in subsistence farming and agricultural products comprise 36 percent of total GDP.
- In 2010, minerals were Rwanda's leading export generating \$74 million.
- Coffee and tea together generated over \$100 million in 2010 export earnings. Europe and the United States were the major markets for coffee exports and the Middle East and Pakistan for tea exports.
- Tourism is the country's leading foreign exchange earner, with total revenues of \$200 million in 2010 compared to \$138 million in 2007.
- Rwanda's small industrial sector comprises 16 percent of GDP and employs less than three percent of the active population. The Ministry of Finance and Economic Planning expects the sector to grow between 7 and 14 percent annually during the next three years. The services sector comprises 48 percent of GDP and has been growing at an average annual rate of 9.3 percent.
- Rwanda is highly dependent on imports that mainly come from Europe, China, India, Kenya and Uganda.
- Imports from the U.S. in 2010 were approximately \$100 million and included aviation equipment, pharmaceuticals, chemicals, and telecommunication equipment. Rwandan exports to the U.S. during the same period were approximately \$20 million.
- In 2007, Rwanda joined the East African Community (EAC), which has a combined population of over 120 million. In 2010 the member countries of the EAC formed a customs union, which is now evolving into a common market. 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 taxes under certain conditions.

- Purchasing power in Rwanda is low because of high poverty levels.
- Annual per capita income is approximately \$520, among the lowest in the world.
- Rwanda lacks a strong middle class and a vibrant entrepreneurial sector.
- There are high levels of unemployment and underemployment.
- There are fewer than 20 businesses in the entire country that employ 500 or more people.
- Rwanda is landlocked. Transportation costs for imports/exports are among the highest in the world.
- Energy costs at \$0.24 per kilowatt hour (K/hr) are high by regional and world standards.
- The skill base is low, but rising.

Market Opportunities

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- The construction sector is booming, especially in Kigali.
- Rwanda has large reserves of commercially viable methane gas in Lake Kivu. There is opportunity for commercial development. Methane gas has a range of by-products including calcium carbide, methanol, fertilizers and heating gas.
- The country's energy demand far outweighs its supply. The government encourages development of renewable and alternative energy systems, such as methane, solar, geothermal, peat and hydro power.
- The government projects that tourism will grow at nine percent annually for the next three years.
- Rwanda is positioning itself as a regional leader in Information and Communications Technology (ICT) and encourages investment in the sector.
- Since privatization in 2007, the mining sector has expanded rapidly and offers opportunities in exploration, extraction and processing.

- The Rwanda Development Board (RDB), a government institution, is charged with promoting investment and facilitating market entry for investors and 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 provide useful information on potential local business partners. PSF can be contacted at: www.PSF.org.rw.
- 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 to obtain the latest information and market developments.

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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. U.S. companies can contact the Rwandan Private Sector Federation or the U.S. Embassy's Economic and Commercial section for assistance in identifying a local agent. 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 ability to work with government officials.

Establishing an Office

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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 or radio. 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.

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 businesses and donor-funded purchases. On occasion government entities bypass the RPPA and issue tenders directly. Oversight of the 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. Full tender documents can be procured for \$100. For more information, visit the RPPA's website at: www.rppa.gov.rw.

Distribution and Sales Channels

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No single company dominates the import-export business. Instead, numerous trading companies import goods mostly from the region, Europe, China or Dubai. Construction of the Kigali Free Trade Zone area (KFTZ), an export free processing zone, began in 2008, but is not yet completed. The KFTZ is designed to serve as a distribution platform to the entire region. The nearest railway terminal where Rwandan goods can be loaded on to trucks is a dry port located in Isaka, Tanzania, almost 500 miles from Kigali. Transport remains one of the biggest economic challenges in Rwanda, with transportation expenses running almost 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 or Swahili. 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 to fit local tastes and levels of disposable income. Nonetheless, Rwanda does have a growing population of consumers who can afford premium products.

Electronic Commerce

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E-commerce is not widespread in Rwanda, but is growing. The government and many established businesses maintain websites and conduct business electronically, but local electronic commerce is not well-developed. Credit cards, debit cards and internet access are limited to major towns.

Trade Promotion and Advertising

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Private and government-owned radio stations and television are available for commercial advertisements. Radio advertising is more likely to reach a wider audience than television, which is rare in households outside of major towns. Local and regional newspapers in Kinyarwanda, English and French are moderately well circulated and sell advertising space. Billboards are also used for advertising and, beginning recently, more advertising is taking place through e-mails, telephone and text messaging. 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. The 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.

Protecting Your Intellectual Property

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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 (USG) 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/ipprogram_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.

Due Diligence

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Rwanda has the reputation as one of the least corrupt countries in Africa, but investors should nevertheless perform due diligence on potential local partners, distributors 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 employees can be very litigious regarding personnel issues. 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.

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<http://www.minicom.gov.rw/>
<http://www.rdb.rw>

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

Commercial Sectors

- Information and Communications Technology (ICT)
- Real Estate
- Aviation/Transportation
- Financial Services
- Tourism
- Mining
- Energy

Agricultural Sectors

- Agro-processing
- Storage facilities
- Fertilizers
- Farm equipment
- Horticulture

Information and Communications Technology (ICT)

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Rwanda has attracted \$500 million in Information and Communications Technology (ICT) investment over the last three years from both the private and public sectors. 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.
- Software development

MTN Rwanda, TiGO and Rwandatel are the three major telecom providers of fixed/mobile telephones, and internet services. Today there are over 3.1 million mobile subscribers, representing 32 percent market penetration.

The ICT private sector is growing, especially in networking and software development, with a few Rwandan companies now exporting services to Burundi and eastern DRC.

The Rwandan government is investing heavily in Regional Communication Infrastructure to connect the country to the global network as well as in ICT skills development. The government is currently partnering with Carnegie Mellon University to establish a Center for Excellence focused on increasing ICT skills in the country.

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

Real Estate

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With an economy expected to grow at an average rate of 6-8 percent per annum for the next five years, the construction and real estate sector will remain a key development sector and a potential driver of future economic growth.

Rwandan housing market remains under-served with an annual demand for an estimated 25,000 units of which 8,000 – 10,000 are in Kigali.

Investment in residential and commercial real estate has grown from \$100 million in 2003 to \$480 million in 2009. Growth in the sector has been driven by population growth of 2.8 percent per annum, an emerging and growing middle class, increased Diaspora investment in Rwandan property markets and government investment in infrastructure expansion and modernization of urban and rural infrastructure

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

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

Aviation and Transportation Infrastructure

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Rwanda understands the importance of infrastructure in the development of a competitive private sector. To this end, the government continues to invest heavily in infrastructure including roads, rail and water transport with the intent of dramatically reducing the cost of transport to local businesses and individuals.

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 Burlington Northern Santa Fe Railway (BNSF).

Investment Amount:

Total estimated project cost is \$4.7 billion, including \$3.7 billion for the new lines and \$1 billion for the rehabilitation of the Dar-Es Salaam – Isaka line.

Bugesera International Airport

Project Description:

The new international airport will be constructed in Bugesera district, around 40 km from Kigali city center. The airport will be built in three phases and will increase the country's capacity for passenger handling from 400,000 passengers per annum 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.

Investment Amount

Total projected investment is \$635 million.

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

Financial Services

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

The banking sector has seen tremendous growth over the past five years including increased participation by multinational banks and foreign equity. The market capitalization of the banking sub-sector is \$200 million supporting \$1 billion in assets.

Key players in the banking sector are Access Bank, Banque Commerciale du Rwanda, [Banque de Kigali](#), [Banque Populaire du Rwanda](#), [Ecobank](#), and [KCB](#). Key players in the Insurance sub 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 improve capital mobilization in the private sector.

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

Tourism

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Rwanda offers tourists a “one of a kind” journey to 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. It is a 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. Located in the heart of central and East Africa with easy access to bordering countries of Uganda, Tanzania, Burundi, Democratic Republic of Congo and Kenya, Rwanda is an ideal location for travel within the region for conference and leisure tourists.

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

Mining

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Rwanda has significant mineral reserves of tungsten ore, tin (cassiterite), colombite and tantalite. Significant investment opportunity exists to increase productivity through geological surveys, industrial mining and minerals processing.

The government has also identified quarries (for construction materials) and deposits of precious stones gold, diamond, beryl, topaz, rubies, sapphires, garnets and 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 fire wood.

The Rwanda Geology and Mines Authority (OGMR) website <http://www.ogmr.minirena.gov.rw/> has complete information on Rwandan mining policy and law.

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

Ministry of Natural Resources – minitere@rwanda.com

<http://www.rwandamining.com/presentation.htm> Rwanda Office of Geology and Mining –

Tel: 250 0252 582628

Energy

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Power grid

Power grid coverage in Rwanda 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 2012

Renewable energy

The government plans eventually to meet 90 percent of Rwanda's electricity needs from renewable sources and also is encouraging production of bio-fuels.

Generation

Rwanda currently generates less than 80 Megawatt (MW) of electricity domestically, half from hydro-electric, half from diesel. 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 is scheduled to be complete by 2013.

Recognizing the strategic importance of the sector, the government has ambitious plans to grow generation capacity to 1000 MW over the next seven years 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 developed.

Opportunities

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

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www.rwandainvest.com

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 almost 80 percent of the country's working population, it remains a key sector in Rwanda's effort to foster private sector-led 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. The agricultural sector has averaged 45 percent of GDP over the past decade. The principal agricultural export products are coffee, tea and horticulture. The government is interested in increasing agricultural production, and Rwanda will need to import an increasing amount of agricultural inputs such as seeds, fertilizers and pesticides.

Opportunities

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- Agro-processing
- Storage facilities
- Fertilizers
- Farm equipment
- Horticulture

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[Ministry of Agriculture](#)

[Rwanda Animal Resources Development Authority \(RARDA\)](#)

[Rwanda Agricultural Development Authority \(RADA\)](#)

[Rwanda Horticulture Development Authority \(RHODA\)](#)

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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 custom 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. 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

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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 1,500 km. Commercial traffic to and from these ports is subject to frequent delays and high transportation costs.

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, that indicates that the holder is in the import/export business.

U.S. Export Controls

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To promote the development of export industries, all exports are exempt from duties and sales taxes. Rwanda is a signatory to the Convention on International Trade in Endangered Species (CITES), making it illegal to import or export specimens of endangered flora and fauna.

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. 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 time 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 their website.

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 RBS is the recognized testing and conformity assessment body for commercial purposes in the country.

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.

Labeling and Marking

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Labeling and marking should abide by specifications, codes and practices in the compulsory list of standards maintained by RBS. The list of those regulations can be found in the Official Gazette No. 19 dated October 1, 2005.

Contacts

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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. Rwanda signed a Bilateral Investment Treaty with the United States in 2008.

Web Resources

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Rwanda Bureau of Standards:

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/ \$A Commodity Credit Corporation: <http://www.fsa.usda.gov/ccc/default.htm>

U.S. Agency for International Development: www.usaid.gov

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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 investment in policy and in practice. As a result of reforms implemented in 2008-2010, the World Bank recognized Rwanda as the world's top business climate reformer in 2009 and the second most improved in 2010. Rwanda now ranks fourth from the top in sub-Saharan Africa in the World Bank rankings.

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 \$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 \$250,000 to qualify for tax and other investment incentives.

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.

Rwanda is still developing its legal investment infrastructure, and the commercial judicial system continues to lack capacity. Specialized commercial courts began operations in 2008 and, with the help of foreign commercial judges, have largely cleared a substantial backlog of cases.

In 2008, a business law reform commission drafted new commercial legislation to facilitate investment and improve the business climate. In 2009, the government began to implement this legislation, which included new bankruptcy regulations and arbitration laws. It has also approved a new Intellectual Property law. A new company law adopted in 2009 strengthened investor protections by requiring greater corporate disclosure, increasing the liability of directors and improving shareholders' access to information.

While there is no mandatory screening of foreign investment, RDB does evaluate business plans of investors seeking tax incentives 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 (registration is not mandatory) – \$250,000 for foreign investors; \$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 from 50 to 99 years.

The government established the Privatization Secretariat and the Rwanda Public Procurement Agency (RPPA) to ensure transparency in government tenders and divestment of state-owned enterprises. Over the last two years Rwanda improved its rankings in Transparency International's "Corruption Perception Index" from 102 in 2008 to 66 in 2010, placing Rwanda as the "least corrupt" country in East Africa.

RDB provides investors with a "one-stop" investment services center. Additionally, RDB organizes investment conferences, both in Rwanda and abroad, to attract foreign investment. RDB directors and local businesses regularly join Rwandan President Paul Kagame in overseas tours to attract foreign investors. In September 2009, President Kagame was the keynote speaker at the annual Corporate Council for Africa meeting held in Washington, DC.

RDB assists potential investors in securing all required approvals, certificates, land for their projects, work permits, and tax incentives. Foreign investors who pass through RDB have not reported any discrimination. Legally, foreign firms are treated equally with regard to taxes, access to licenses, approvals, and procurement.

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

The World Bank, Transparency International, the Heritage Foundation and MCC have all reported improved business climate indicators over the last two years.

Measure	Year	Index/Ranking
TI Corruption Index	2010	4/66
Heritage Economic Freedom	2010	59.1/93
World Bank Doing Business	2011 (published in 2010)	58
MCC Gov't Effectiveness	2011 (published in 2010)	0.72/ 95 percent
MCC Rule of Law	2011 (published in 2010)	0.42/76percent
MCC Control of Corruption	2011 (published in 2010)	0.90/98percent
MCC Fiscal Policy	2011 (published in 2010)	-1.0/72percent
MCC Trade Policy	2011 (published in 2010)	77.8/83percent
MCC Regulatory Quality	2011 (published in 2010)	0.35/82percent
MCC Business Start Up	2011 (published in 2010)	0.993/100percent
MCC Land Rights Access	2011 (published in 2010)	0.815/98percent
MCC Natural Resource Mgmt	2011 (published in 2010)	64.12/63percent

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 justification for all transfers over \$20,000 to facilitate the oversight 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 soon 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 freely make remittances to their home country. 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. The Rwandan Franc exchange rate is closely tied to the US dollar.

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. Buyers and sellers negotiate compensation directly depending on the importance of the investment and the size of the expropriated property. RDB may facilitate expropriation in cases where the expropriation is potentially controversial. Valuation of expropriated property is often opaque and controversial. Legislation governing valuation of expropriated properties is still pending. In 2008, a number of property owners vocally 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.

Authorities have not expropriated any industrial plants; expropriation has been limited to residential areas and small farms. For detailed information on the expropriation law, visit www.primature.gov and 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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The government established an arbitration center in 1998 as an alternative dispute resolution mechanism, but it has not lived up to expectations according to businesses that have utilized it. 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.

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. However, some government entities and officials have opposed strongly foreign choice of law clauses and international arbitration. 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.

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 enjoy more tax and investment incentives, which include 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 \$3-5 million, duty exemption on equipment, and a favorable accelerated rate of depreciation of 50 percent in the first year.

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. Immigration authorities generally grant work permits to foreign expatriates as long as they are key personnel and fall into categories of skilled labor where Rwandans are not available.

RDB has been increasingly successful developing investment incentives and publicizing investment opportunities. Registered investors obtain certificates that bring benefits, including exemption from value-added tax and duties when importing machinery, equipment, and raw materials. RDB also assists with the issuance of expatriate work permits, securing all the required government permits, and assisting with land acquisition if required. The government offers grants and special access to credit to investors promoting rural areas. There are no import quotas for investors.

There is no legal requirement that investors in general must purchase from local sources or export a certain percentage of their output. However, to benefit from incentives in a planned export zone, investors will be required to export a certain percentage of the finished product. The government regulates access to export-related foreign exchange.

The government gives preferential tax incentives to investors who create significant export-oriented growth. The government determines eligibility for such incentives upon request based on several factors: exports must total at least 80 percent of production (or exports total at least 10 percent if manufacturing under bond); capital investment is at

least \$100,000 (local investors and Common Market for East and Southern Africa -- COMESA-- member states) or \$250,000 (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 Rwanda Bureau of Standards (RBS) determines quality standards. The government does not require investors to disclose proprietary information to government authorities.

U.S. and other foreign firms participate in government-financed and/or subsidized research and development programs.

There are no onerous residence visa or work-permit requirements that inhibit foreign investors' mobility. There is no visa requirement for U.S. nationals for the first 90 days of their stay in Rwanda. The government generally processes visa applications for other foreign nationals in a timely manner. As a result of the 2009 entry into force of the East African Community (EAC) customs union, other East Africans who qualify as skilled workers do not need permits to work in Rwanda. Unskilled workers do require visas. The RDB facilitates visas and work permits for potential investors.

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 ownership, whether personal or in association with others. The government cannot violate the right to private ownership except in the public interest, and with 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 in public enterprises that would compete with the private sector. However, holding companies closely affiliated with the government continue to dominate 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 is now underway nationwide.

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 (IPR) 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 RRA, and 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 drugs, 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 have been drafted and are pending parliamentary review. A Registration Service Agency, which is part of the RDB, was established in 2008 and will improve IPR further 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 RRA, the Ombudsman's office, the RBS, the National Public Prosecutions Authority (NPPA), the Rwanda Utilities Regulatory Agency (RURA), the RPPA, and the Privatization Secretariat all have clear rules and procedures. However, some investors claim that the RRA unfairly targets foreign investors for audits.

There is no formalized mechanism to publish draft laws for public comment, although civil society 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 compliance to regulation in all governmental sectors. The RURA, the Auditor General's Office, the Anticorruption Division of the RRA, the RBS, and the National Tender Board also enforce regulations. In 2009 and 2010, the press frequently reported instances of alleged malfeasance involving private citizens and Rwandan officials. This led to investigations and arrests of high ranking officials as well as a number of resignations.

There is no informal regulatory process managed by nongovernmental organizations.

Existing legal, regulatory and accounting systems are generally transparent and consistent with international norms but are not always enforced.

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

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 partially funded by the government.

Efficient Capital Markets and Portfolio Investment

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Access to affordable credit is a serious challenge in Rwanda, as interest rates are relatively high and loans are usually short-term. Savings rates have been low. However, 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.

The Central Bank encourages and facilitates investments through the sale of treasury bills and bonds. An over-the-counter (OTC) market was established in 2008 with the assistance of the U.S. Department of Treasury, but volume is limited and confined to sale of government treasury bills and a few corporate bonds and shares. In December 2010, Rwanda's largest foreign investor, Heineken, launched the country's first Independent Private Offering (IPO) for 30 percent of the shares in its Rwandan subsidiary, Bralirwa. According to the Minister of Finance, the shares were oversubscribed. Bralirwa listed its shares on the newly launched Rwanda Stock Exchange in January 2011, the first Rwandan company to do so.

The percentage of non-performing loans in the commercial market remains high at 12.8 percent in 2010. In 2009, the commercial banking sector made a concerted effort to "clean up" its loan portfolios, which further restricted capital availability.

In 2006, the central bank increased the capital requirement for commercial and investment banks to \$9.2 million. As of 2009, all banks were compliant with the minimum capital requirement. The required minimum capital adequacy ratio of 15 percent is well above the Basel minimum requirement of eight percent.

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.

Competition from State Owned Enterprises (SOE)

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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 most of Rwanda's biggest companies. Many smaller SOEs, when privatized, have been acquired by Rwandan investors and investor groups, including some that themselves have government shareholders, and others led by individuals with close ties to the government. SOEs include water and electricity utilities and companies in construction, mining, finance, tea and other agricultural investments. The government continues to own minority shares 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, sometimes receive preferential treatment with regard to access to credit and, as noted earlier, in tax compliance enforcement.

SOEs generally have boards of directors that function independently. However, ministers 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.

Political Violence

Rwanda is a stable country with little violence. A strong police and military provide a security umbrella that minimizes potential criminal activity and political disturbances. On several occasions during 2009 and 2010 unknown assailants detonated grenades in

Kigali and in rural areas of the country. There have been no incidents involving politically motivated damage to projects or installations since the late 1990s.

Presidential elections in 2010 were peaceful and orderly. President Kagame won 93 percent of the popular vote in the elections and was returned for his second, and final, seven-year term in office. Although the eastern region of Democratic Republic of the Congo (DRC) neighboring Rwanda remains unstable, rebel groups operating in the DRC have not conducted insurgent activity in Rwanda since the late 1990s. In 2009, Rwanda reestablished diplomatic ties with the DRC and the two countries are now cooperating to establish peace in the eastern DRC and improve regional economic ties. Rwanda acts in concert with its neighbors to fight crime and terrorism, and it actively cooperates in efforts to identify and freeze the assets of known terrorist individuals or organizations.

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. This country is party to the UN Anticorruption Convention, the OECD Convention on Combating Bribery, and the African Union Anticorruption convention, but generally all countries prohibit the bribery and solicitation of their public officials.

OECD Antibribery Convention: The OECD Antibribery Convention entered into force in February 1999. As of December 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 143 parties to it as of December 2009 (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 has signed and ratified the UN Anticorruption 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 33 parties (see <http://www.oas.org/juridico/english/Sigs/b-58.html>) Rwanda is not a 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 46 member States (45 European countries and the United States). As of December 2009, the Criminal Law Convention has 42 parties and the Civil Law Convention has 34 (see www.coe.int/greco.) Rwanda is not a 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 trans-nationally) 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 an FTA 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.

The Rwandan government maintains a high-profile anti-corruption effort and senior leaders articulate a consistent message that combating corruption is a key national goal. There are relatively frequent public reports of investigations into allegations of misconduct by officials using their office for personal gain. The government regularly investigates such incidents and 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 relative lack of 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. The police and the NPPA prosecute cases. Since 2009, the Ombudsman's office has criminal investigative powers that allow it to pursue corruption cases.

There is a local chapter of Transparency International in Rwanda. Other similar regional non-governmental organizations do not operate in Rwanda, yet periodically issue reports about the country. Transparency International reported in its 2010 report that Rwanda has improved its ranking in the Corruption Perception index from 2.7 in 2007 to 4.0 in 2010.

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/department/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 212 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/sc_country.asp. The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: <http://go.worldbank.org/RQQXYJ6210>.
- 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/en/initiatives/gcp/GlobalEnablingTradeReport/index.htm>.
- 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 92 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/>.

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.

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 Sorwathe, 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 several projects in energy, agriculture, construction and tourism.

The Export-Import Bank (EXIM) continues its program to insure short-term export credit transactions involving various payment terms, including open accounts that cover exports to the U.S. 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 more graduates each year. In 2009, the government raised compulsory basic education from six to nine years and encouraged English, instead of French, as the language of instruction from elementary school grade three onwards.

Rwanda attempts to adhere to the International Labor Organization (ILO) convention 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 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. The EAC is currently implementing a common market among the five member states. 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 is in the process of establishing a free trade zone in the outskirts of Kigali. Bonded warehouse facilities are now available to businesses importing duty free materials.

Foreign Direct Investment Statistics

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Foreign direct investment (FDI) in Rwanda surged from 2006 to 2009. According to the World Bank's World Investment Report 2009, FDI flows into Rwanda increased from \$16 million in 2006 to \$119 million in 2009.

Web Resources

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www.rdb.rw

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Chapter 7: Trade and Project Financing

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- [How Does the Banking System Operate](#)
- [Foreign-Exchange Controls](#)
- [U.S. Banks and Local Correspondent Banks](#)
- [Web Resources](#)

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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Local banks operate in both local currency and dollar-based accounts. Starting in 2008, a capital requirement 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 still limited to local transactions. Commercial banks are authorized to provide loans in foreign currency. The government has recently implemented a financial sector development plan that improves access to financial services and competition in the banking sector and in micro-finance.

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. The central bank maintains foreign currency reserves equivalent to seven months of imports.

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.

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/>

\$A Commodity Credit Corporation: [http://www.fsa.\\$a.gov/cc/default.htm](http://www.fsa.$a.gov/cc/default.htm)

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

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Chapter 8: Business Travel

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Business Customs

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Rwandan business customs are similar to those in the United States. It is common for business people to dress in suits and exchange business cards during business transactions.

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_107.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 U.S. companies that require travel of foreign businesspersons to the United States should be aware that security options are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/index.html>
United States Visas.gov: <http://www.unitedstatesvisas.gov/> [Consular Section US Embassy Kigali](#): <http://rwanda.usembassy.gov>

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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Reliable internet access is generally available. Blackberries and cell phones are increasingly used and are the preferred medium of business communication.

Transportation

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

Language

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English and French are the accepted business languages in Rwanda. Kinyarwanda and Kiswahili are spoken by the majority of Rwandans.

Health

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Medical service is available at King Faisal Hospital, but pharmacies lack some prescription drugs commonly used in western and European countries. It is advisable to carry personal prescription drugs. Mineral water is available in stores and hotels. Sanitation standards are much better in Kigali city than in the countryside. For more information please refer to: http://travel.state.gov/travel/cis_pa_tw/cis/cis_1007.html
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
Saturday Holidays: Contact the consular section of the US Embassy in Kigali for an updated list of Rwandan holidays.

Temporary Entry of Materials and Personal Belongings

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Permitted for qualified investors

Web Resources

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http://travel.state.gov/travel/cis_pa_tw/cis/cis_1007.html

www.rwanda.usembassy.gov

www.rdb.rw

www.psf.org.rw

www.minicom.gov.rw

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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); Deputy Director for Investment Promotion; Ms Clare Akamanzi; Tel: 250-788301661; Email: clare.akamanzi@rwandainvest.com.

Rwanda Private Sector Federation. Tel: 250:788312222, www.psf.org.rw

U.S. Embassy Kigali Economic and Commercial Office. Tel: 250: 252 596400 ext 2410 or 2538

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>

(Add link to trade events section of local buyusa.gov website here or just delete this text.)

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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

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)**.

We value your feedback on the format and contents of this report. Please send your comments and recommendations to: Market_Research_Feedback@trade.gov

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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