



# **Investment Opportunities**

## G20 Compact with Africa

## COUNTRY CONTEXT

### Investor Friendly Climate—

- Ranked as the easiest place to do business in the EAC region
- Ranked as the 3rd most competitive in Africa

**Liberal Trade Regimes**—covering EU, AGOA; multiple bilateral treaties; signed agreements on the reciprocal promotion and protection of investments; and double taxation agreements

**Access to Markets**—Rwanda is a member of several different regional economic blocks which means it has access to 12.1 million Rwandans, 162 million people in the EAC, 430 million people in COMESA and 90 million people in CEPEGL

**Connectivity**—5000 km of fiber optic cabling laid throughout the country connecting all 30 districts and with nine regional links to neighboring countries, 10 GBPS of broadband capacity, 4GLTE reaching 95% of the population

**Rwanda Development Board**—independent, influential government agency built with global expertise and charged with fast-tracking business development

## CREDIT RATING

	Rating	Outlook
Fitch Ratings	B+	Stable
Standard & Poor's	B	Stable



## KEY FACTS

Languages	Kinyarwanda, English, French
Currency	Rwandan Franc
Government	Presidential Republic
Land area	24, 668 sq. km
Coastline	0
Major urban areas	Kigali
Population	11.8 million
Literacy rate	70.5%
GDP (current, 2016)	8.41 billion
GDP Growth (2016 est)	5.9%
GDP per capita (current, 2016)	\$712
Natural resources	Gold, cassiterite, wolframite, methane, hydropower, arable land





## COMPACT MEASURES

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### MACROECONOMIC FRAMEWORK

- Macroeconomic stability maintained with low level of debt (Policy Support Instrument program with IMF and continue strengthening public debt management)
- Enhance tax compliance and broaden tax base (VAT and reaching out to untaxed sectors: agriculture, property tax)
- Develop and implement a PPP Strategy

### BUSINESS FRAMEWORK

- Continue easing regulatory frameworks around business licensing, tax compliance, minority protections, insolvency etc.
- Facilitate access to infrastructure for businesses through the development of industrial parks (land+ utilities + connectivity to market)

### FINANCING FRAMEWORK

- Development of domestic capital market and financial and business services center
- Financing schemes (housing, agriculture) to attract and facilitate private investment



## OPPORTUNITY

# INDUSTRIAL PARKS

### Develop and operate industrial parks—\$215 million

- Unavailability of readily developed factory units constitutes a main constraint to light manufacturing investment into Rwanda.
- The government is looking for a real estate developer to establish (and potentially operate) industrial parks that provide “Advance Factory Units” for light manufacturers.
- The government has secured land (estimated build-up size 13,180 m<sup>2</sup>) that is ready for purchase and development. The properties are well-connected via road and national grid.



## OPPORTUNITY

# TEXTILES AND GARMENTS

The textile and apparel industry in Rwanda is small with only two major textile manufacturing companies (C&H, UTEXRWA), a number of sizable small to medium-scale operators, knitting cooperatives and a silk sector, which is in its infancy. Given the unique characteristics of the Rwandan market, the following local production options seem most promising:

- Manufacture of mosquito bed nets for malaria prevention: Rwanda promotes universal coverage of long-lasting insecticidal nets as part of an integrated strategy to combat malaria
- Processing of cotton, wool, and other woven fabric for use in uniforms and work wear
- Weaving bed sheets and towels
- New garments manufacturing—Rwanda has banned imports of second-hand clothing





## OPPORTUNITY

# AIR CARGO AND RAILWAYS

### Air Cargo

- The government is looking for a cargo investor to decrease prices and increase capacity and is open to a variety of arrangements, including contracts with new air cargo carriers and partnership and co-investment agreements through its national carrier RwandAir.

### Standard Railway Gauge for Central Corridor—\$770 million

- The central corridor transportation corridor to Dar Es Salaam port in Tanzania presents the shortest connection to an international sea port for Rwanda. The government is looking for an investor to build and operate a railway line that connects to the existing Tanzanian railway system between Dar Es Salaam and Isaka.



## OPPORTUNITY

# AGRICULTURE

### Gabiro Irrigation and Farming Project—\$200 million

- A PPP initiative, starting at approx. 16,000 hectares in Gabiro. Lands will be allocated to qualified private sector companies and to local communities. A hybrid financing model based on government and private sector investments will be sufficiently used for establishing cutting-edge water infrastructure, sufficient energy supply, and smart and sustainable irrigation schemes.

### Floriculture

- The government has developed a strategic investment to jumpstart the floriculture industry in Rwanda. This constitutes 65 hectares at Gishari and 15 hectares at Nyacyonga. The government wishes to provide the land to investors through leasing or acquisition.



## OPPORTUNITY

# AFFORDABLE HOUSING

### Affordable Housing Scheme—\$250 Million

- Housing Market Study showed that 340,000 units are needed by 2022, of which 86% should be affordable housing and mid-range housing.
- Main challenges include high cost of land and building materials, limited building technology for affordable housing and lack of long term and low-cost finance for affordable housing.
- The Government is seeking to establish an Affordable housing financing facility/fund with participation from the government, international financial institutions, and private investors.
- The Government is also seeking experienced developers/investors to enter into PPPs/JVs aimed at increasing Rwanda's stock of affordable housing and will pilot a package of bankable projects for implementation in the Kigali districts of Rugarama and Kinyinya.



## OPPORTUNITY

# ENERGY

### Off-Grid Systems and Solar Mini-Grids

- Rwanda has high solar irradiance. Global horizontal irradiance (GHI) was recorded in eastern province at 1890 kWh/per square meter.
- Opportunities include standalone solar home systems, mini-grid solar projects with hybrid and storage solutions.
- There is also a high demand for solar energy systems, especially in remote rural areas for lighting where there is no power grid.

### Nyabarongo II Project—Estimated \$520 million

- The project is multipurpose hydropower generation of 128MW with integrated components for water supply and irrigation systems.

# PARTNER SUPPORT FOR THE REFORMS

## MACROECONOMIC FRAMEWORK

- Continued technical assistance in line with the medium-term reform plan
- Greater access to international organization guarantee instruments to lower the cost of debt and to de-risk for private sector investment
- Technical assistance and financial support for tax reforms including taxation in financial services, taxation of agriculture, property tax, VAT, and international taxation
- Continued support for implementation of GFS 2014
- Support with strengthening PPP framework—and implementing strategy
- Continued support of partners in enhancing efficiency of public investment and project preparation

## BUSINESS FRAMEWORK

- Provide political risk insurance and other de-risking instruments to minimize risks and make projects bankable and attractive to private investors
- Support in attracting private investors for projects ready for investors

## FINANCING FRAMEWORK

- Facilitating access by private investors in Rwanda to private sector windows of multilateral development banks and helping them benefit from the de-risking initiatives and to adapt to the needs of the market
- Provision of capacity support in designing and issuing various bonds
- Provision of risk mitigation (including forex risk) instruments, credit enhancements and mobilization of investors to attract foreign institutional investors to the local market
- Relax restrictions to institutional investors in G20 countries to invest in Rwanda
- Disseminate information on regulatory and corporate governance existing in Rwanda to private investors from G20 countries

## CONTACT INFORMATION

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