NATIONAL BANK OF RWANDA
BANKI NKURU Y'U RWANDA

FOREIGN PRIVATE CAPITAL IN RWANDA

Survey Report – FPC 2023

RWANDA DEVELOPMENT BOARD

NATIONAL INSTITUTE OF STATISTICS OF RWANDA

BEYOND ADVOCACY

Foreword

This Foreign Private Capital (FPC) report is a publication that presents the results of the 2023 annual survey. It provides information on Foreign Direct Investments (FDI), private sector external debt, foreign affiliates trade statistics and other variables pertaining to private investment for the year 2022. This report is the fourteenth in a series of annual FPC surveys conducted by the National Bank of Rwanda in collaboration with the Rwanda Development Board and the National Institute of Statistics of Rwanda.

The information generated from this survey is not only utilized as an input in the compilation of various economic indicators, such as the Systems of National Accounts, the Balance of Payments and International Investment Position Statistics, but also in other macroeconomic analyses. In addition, the FPC survey plays a crucial role in the formulation of Government policies, as it is a basis for the formulation of investment policies, attracting investment inflows and improving the domestic business climate, hence offering crucial insights into the overall economic performance of the country.

By furnishing valuable information on the local business environment, the FPC survey fosters a more favorable climate for businesses and investors. In doing so, it becomes an indispensable tool for nurturing economic growth and overall prosperity in the country. The National Bank of Rwanda acknowledges and appreciates the participation and cooperation of key stakeholders, including private enterprises, partner institutions and field staff, without whom the FPC survey would not have been successful. We also acknowledge and appreciate the technical and financial support provided by partner institutions to make this exercise a success.

RWANGOMBWA John
Governor

EXECUTIVE SUMMARY

The FPC 2023 survey covered 384 enterprises, of which 329 responded, representing a response rate of 85.7 percent. The findings showed that FPC inflows increased by 21.1 percent, up to USD 658.3 million in 2022 from USD 543.8 million in 2021 reflecting a continuous recovery of domestic economic activities and improvement in business environment.

The FPC inflows were mainly driven by Foreign Direct Investment (USD 496.4 million), followed by Other Investment (USD 161.1 million) and Foreign Portfolio Investment (USD 0.8 million). In terms of sectoral composition, the financial sector led with 33.6 percent of share, followed by manufacturing (18.6 percent), wholesale and retail trade (14.4 percent) and ICT (9.1 percent).

The FPC inflows by origin were led by Mauritius representing 31.8 percent of the total inflows, followed by Kenya (16.1 percent), China & Hong Kong (7.5 percent), EIB (6.0 percent) and United States of America (4.7 percent).

The net profit of the FPC companies increased by 11.9 percent in 2022, from 10.7 percent recorded in 2021, and 9.7 percent recorded in 2020, indicating a positive return on investment (Roe). The Private Sector External Debt (PSED) inflows grew by 4.5 percent up to USD 313.5 million, from USD 300.0 million registered in 2021.

In other findings, the FPC companies' turnover increased by 16.8 percent, amounting to USD 3,182.9 million in 2022, from USD 2,724.1 million registered in 2021, and which represents 23.9 percent of the country's Nominal GDP of 2022.

CONTENTS

CHAPTER 1: INTRODUCTION

The Government of Rwanda (GoR)'s commitment to sustain the recent developments is explicitly outlined in its Vision 2050. The strategy seeks to achieve upper middle-income status by 2035 and high-income status by 2050. To achieve this long-term development goal, the GoR has formulated a medium-term strategy known as the National Strategy for transformation (NST1) covering the period 2017-2024, which aims to implement reforms in pursuit of high and sustainable growth for Rwanda. Investment promotion remains one of the key policy strategies consistent with the overall macroeconomic targets. Priority area number 5 of the NST 1 clearly outlines the need to increase domestic savings and position Rwanda as a hub for financial services to promote investment (GoR, 2017). In view of this, the GoR has undertaken a series of policy reforms in a bid to improve Rwanda's investment climate and increase foreign direct Investment (FDI) and other private capital flows.

Due to these efforts, the FPC flows and sources diversification have increased in recent decades, supported by continued globalization, thus internationally harmonized, timely and reliable FPC statistics are essential for the analysis of developments and trends in the capital flows at country, regional and global levels.

Conceptually, FPC is defined as foreign liabilities (inward investments) owed to non-residents in terms of equity and non-equity, and foreign assets (outward investments) claimed to the rest of the world. The FPC is composed of; Foreign Direct Investment (FDI), Foreign Portfolio Investment (FPI), Financial Derivatives and Employee Stock Options, and Other Investments (OI). The FPC 2023 survey records information for the year 2022 from all resident companies that hold foreign liabilities and/or foreign assets.

The FPC survey is designed based on the IMF's Sixth edition of the Balance of Payment and International Investment Position Manual (BPM6), published in 2009, the Coordinated Direct Investment Survey (CDIS), Organization for Economic Co-operation and Development (OECD) Benchmark definition of Foreign Direct Investment and the 2010 Manual on Statistics for International Trade in Services (MSITS 2010). The survey provides inputs to Balance of Payments (BOP), International Investment Position (IIP) and National Account Statistics compilation.

The questionnaire was distributed to 384 enterprises with foreign capital, out of which 329 responded, accounting for a response rate of 85.7 percent. This report presents the survey findings on foreign liabilities in Rwanda, including some additional performance indicators about those enterprises.

The rest of the report is organized as follows: chapter 2 discusses the global and regional investment climate, chapters 3, 4 and 5 presents and analyses the quantitative survey findings on foreign direct capital, private sector external debt and some performance indicators about those enterprises.

CHAPTER 2: GLOBAL AND REGIONAL INVESTMENT CLIMATE

2.1: Global and Regional FDI Trends

Following a sharp drop in 2020 and a strong rebound in 2021, global FDI declined by 12.4 per cent in 2022, to USD 1.3 trillion. The decline was driven by the compounding shocks to the global economy, including the Russia-Ukraine war, high food and energy prices, and debt pressures. International project finance and cross-border mergers and acquisitions (M&As) were especially affected by tighter financing conditions, rising interest rates and uncertainty in capital markets. (UNCTAD, 2023). Broadly speaking, the 2022 decline in FDI flows was driven mostly by financial transactions of multinational enterprises (MNEs) in developed economies, where FDI fell by 37.0 per cent to USD 378.0 billion. The number of actual greenfield and project finance announcements increased by 5.0 per cent.

In developing countries, FDI recorded a marginal increase of 4.0 per cent to USD 916.0 billion, accounting for more than 70.0 per cent of global flows, a record share. The number of greenfield investment projects announced in developing countries increased by 37.0 per cent, and international project finance deals by 5.0 per cent. This is a positive sign for investment prospects in industry and in infrastructure. The FDI increase in developing countries was unevenly distributed. Much of the growth was concentrated in a few large emerging economies. Inflows to developing Asia remained flat at USD 662.0 billion. Those to Latin America and the Caribbean increased by 51.0 per cent to USD 208.0 billion – a record level. And inflows to Africa declined by 44.0 per cent following the extraordinary peak in 2021 caused by a large corporate reconfiguration in South Africa.

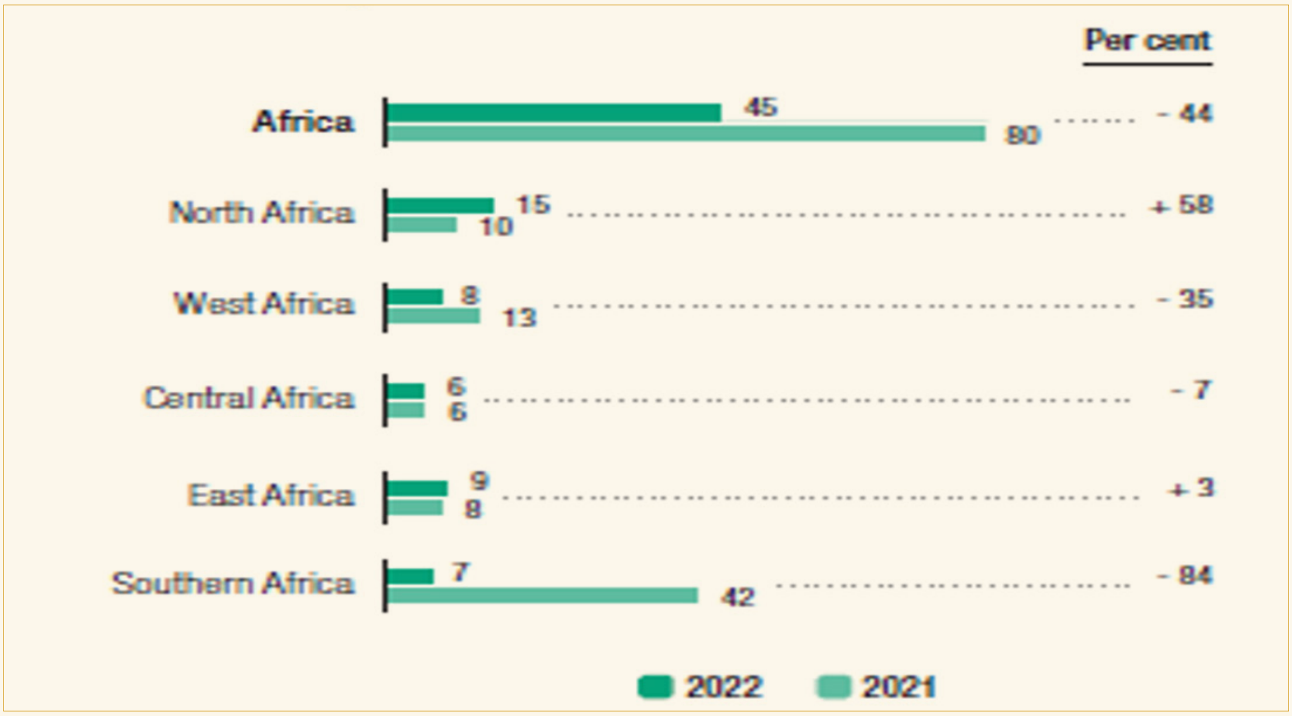
The global environment for international business and cross-border investment remains challenging in 2023. While the economic headwinds shaping investment trends in 2022 have somewhat moderated, they have not disappeared. Geopolitical tensions are still high. Recent financial sector turmoil in some developed economies has added to investor uncertainty. In developing countries, continuing high debt levels limit fiscal space. UNCTAD expects downward pressure on global FDI to continue in 2023. Early indicators for Q1 2023 show weak trends in international project finance and M&As. However, Greenfield investment trends provide a positive counterbalance. The number of project announcements was up by 15.0 per cent in 2022, and 2023Q1 data also show resilience. Trends in international investment in real productive assets are therefore more positive than the headline FDI data suggest.

Regarding regional patterns, FDI trends varied significantly by region. After a strong rebound in 2021 across all regions, developed economies recorded a decline in 2022, reflecting the uncertainty surrounding the financial markets and the winding up of stimulus packages, but the volatile nature of FDI flows in developed markets also continued to affect aggregate values. In Europe, FDI inflows were affected by fluctuations in the major conduit economies as well as by a large withdrawal of capital by a telecommunication MNE operating in Luxembourg. In the United States, where inflows fell by 26.0 per cent, the halving of cross-border M&A values played a role, which accounts for a large share of inflows. Among the 10 largest sales, only one occurred in the United States. The decrease in M&As had a direct impact on the equity component of FDI, which fell by 35.0 per cent. Inflows declined strongly in chemicals, computer and electronic products and finance. Information and communication remained the largest recipient industry (USD 51.0 billion) – a 21.0 per cent increase from 2021. FDI flows to developing economies as a group increased.

Inflows to developing Asia remained flat at USD 662.0 billion due to a decrease of 3.0 per cent in East Asia, even though the number of announced greenfield projects and international project finance deals rose by 45.0 and 20.0 per cent respectively. FDI Flows to China rose by 5.0 percent, to a record USD 189.0 billion. The increase was concentrated in manufacturing and high-tech industries (mainly electronics and communication equipment) and came mostly from European MNEs. Cross-border M&A sales tripled to USD 15.0 billion. The largest deals were the USD 4.0 billion acquisition by BMW (Germany) of a further 25.0 per cent stake in BMW Brilliance Automotive, a Beijing-based manufacturer and wholesaler, and the USD 3.4 billion merger of COVA Acquisition (United States) and ECARX Holdings, a Shanghai-based manufacturer of semiconductors and electronics. A number of MNEs have been restructuring their global supply chains, with implications for FDI in China.

For Latin America and the Caribbean rose by 51.0 per cent to USD 208.0 billion sustained by high demand for commodities and critical minerals. And inflows to Africa declined by 44.0 per cent following the exceptional peak in 2021 caused by a large corporate reconfiguration in South Africa. The impacts of the multidimensional crises, particularly in food and energy, and financial and debt distress hit investment flows to the poorest countries disproportionally. Flows to the least developed countries (LDCs) fell by 16.0 per cent; they continue to account for only 2.0 per cent of global FDI.

Figure 1: FDI Inflows by Region (in Billions of US dollars and Percent)



Source: UNCTAD 2023

2.1.1: Trends in FDI Inflows in Africa, disaggregated by Sub-Region.

In 2022, FDI flows to Africa fell by 44.0 per cent to USD 45.0 billion, following a record year in 2021 that was due to a single intra-firm financial transaction in South Africa, excluding this deal, the change in FDI flows to Africa in 2022 would have increased by 7.0 per cent.

In North Africa, Egypt saw inflows more than double to USD 11.0 billion with increased cross-border M&A sales. And international project finance deals rose in value by two-thirds, to USD 24.0 billion. On the flipside, flows to Morocco decreased slightly by 6.0 per cent, to USD 2.1 billion. Greenfield investment announced in that country rose by fourfold to USD 15.0 billion, with the plans by Total Eren (Luxembourg) to build a hydrogen and green ammonia production plant in Morocco for more than USD 10.0 billion.

In West Africa, FDI inflows to Nigeria declined to USD 187.0 million, due to equity divestments. However, the value of announced greenfield projects increased by 24.0 per cent. Among the largest were a data center in Lekki announced by Airtel Nigeria, a subsidiary of Bharti Group (India), for USD 731.0 million and the construction of a 936 megawatt (MW) solar power plant and 443 megawatt-hour battery storage facility by Sun Africa (United States) and the Niger Delta Power Holding (Nigeria), for USD 1.8 billion. In Senegal, FDI flows remained flat at USD 2.6 billion. Announced greenfield project values more than doubled to USD 1.4 billion. The value of international project finance deals rose to USD 1.2 billion, with the largest deal being the development of a 300,000 m3 per day reverse osmosis plant for USD 671.0 million, sponsored by ACWA Power (Saudi Arabia) in collaboration with the National Water Company of Senegal. In early 2023, logistics company DP World (United Arab Emirates) committed USD 1.1 billion to port construction in Senegal. FDI flows to Ghana fell by 39.0 per cent to USD 1.5 billion. The value of announced greenfield projects remained flat at USD 1.3 billion, while international project finance deals, at USD 358.0 million, were down from USD 1.8 billion in 2021. FDI Flows to Central Africa decreased by 7.0 per cent to USD 6.0 billion.

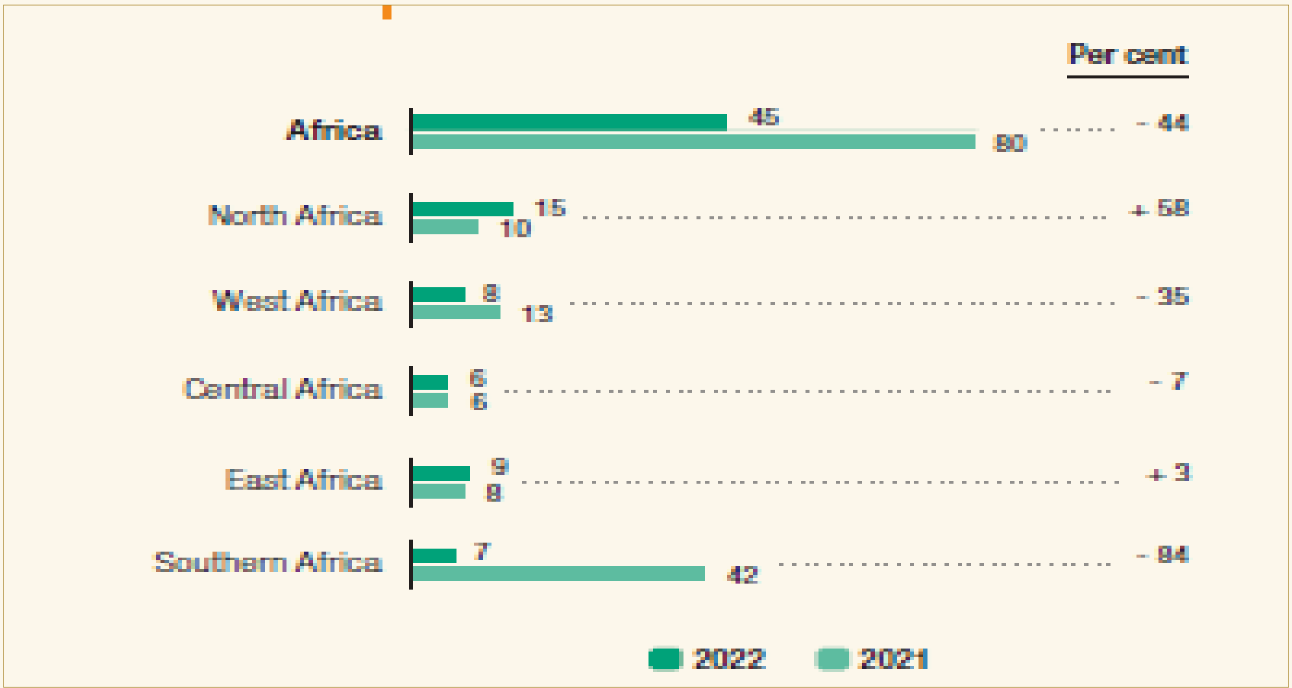
FDI inflows to East Africa rose by 3.0 per cent to USD 8.7 billion. Flows to Ethiopia reached USD 3.7 billion, a 14.0 per cent decline from the 2021 level. In Uganda, FDI rose by 39.0 per cent to USD 1.5 billion. This expected to further increase due to two large greenfield projects that were announced by Total Energies (France): the development of the Lake Albert oil field in a joint venture with China National Offshore Oil Corporation and the Uganda National Oil Company for USD 6.5 billion, and the construction of the 1,440-kilometre East African Crude Oil Pipeline in a USD 3.5 billion joint venture with the Uganda National Oil Company, the Petroleum Development Corporation (United Republic of Tanzania) and the China National Offshore Oil Corporation. FDI to the United Republic of Tanzania rose by 8.0 per cent to USD 1.1 billion and the number of announced greenfield projects in the country rose by 60.0 per cent; the number of international project finance deals also increased.

FDI to Southern Africa returned to normal levels, at USD 6.7 billion following the peak in 2021 that was because of a one-off transaction relating to a large corporate reconfiguration in South Africa – a share exchange between Naspers and Prosus in the third quarter of 2021. Flows to Angola remained negative (-USD 6.1 billion) as companies in the oil sector continued to pay back the acquired loans. FDI in South Africa reached USD 9.1 billion, which is double the average of the last decade. Cross-border M&As reached USD 4.8 billion from USD 280 million in 2021. Digital Titan (United States) acquired 55.0 per cent of TDE Investments, a Johannesburg-based provider of data processing and hosting services, for USD 1.7 billion. The value of greenfield projects rose by fivefold to USD 27.0 billion. URB, a developer based in the United Arab Emirates, revealed plans for The Parks, a 17-square-kilometre project to build Africa's largest sustainable city; the USD 20.0 billion announcement was the third largest greenfield project worldwide in 2022. After one year of negative values, FDI to Zambia rose to USD 116.0 million. Flows to Mozambique reached USD 2.0 billion, down from USD 5.1 billion in 2021, mainly due to negative intracompany loans.

In contrast, international project finance deals in Africa showed a decline of 47.0 per cent in value to USD 74.0 billion, down from USD 140.0 billion in 2021, but a 15.0 per cent increase in project numbers to 157. Decreases in values were registered in renewables, mining, and power.

European investors remain, by far, the largest holders of FDI stock in Africa, led by the United Kingdom USD 60.0 billion, France USD 54.0 billion, and the Netherlands USD 54.0 billion.

Figure 2: FDI Inflows in Africa, by Sub region 2021-2022 (USD Billions and Percent)



Source: UNCTAD 2023

2.2: Investment Opportunities in Rwanda

Building on the post-COVID-19 recovery, the government of Rwanda have intensified efforts geared towards enabling the economy to maintain stability and set the stage for continued growth. In 2022, Rwanda's GDP recorded an impressive growth of 8.2 per cent, with the services sector accounting for 46.0 per cent of the growth and the industry sector contributing 21.0 per cent. To sustain this growth path, key priority sectors such as manufacturing, agriculture, and construction need to be boosted through the Manufacture and Build to Recover Program (MBRP).[1]This program has mobilized investments worth USD 1.75 billion and created 35,000 jobs since its inception in 2020. These sectors are crucial enablers of value addition, job creation, and enhanced production, essential for recapturing the domestic market and diversifying exports.

Rwanda's investment opportunities are driven by a conducive investment climate and major driving factors include growing demand in Rwanda and the region, readily available factors of production, a supportive business environment, a reputation for low corruption, Quality Infrastructure and IT innovations, a competitive labor force and uniquely positioned to serve its neighboring markets.

Over the past decade, the GoR has undertaken a series of policy reforms intended to improve the investment climate and break the reliance of the Rwandan economy on foreign assistance and increase FDI levels. New investors can register online at the RDB's website and receive a certificate in as fast as six hours, and the agency's "one-stop center" helps investors secure required approvals, certificates, and work permits. In addition, the GoR reduced the time to obtain water connections as well as facilitate construction permits and improve building controls by requiring construction professionals to obtain liability insurance. The country also upgraded its power grid infrastructure and improved its regulations on weekly rest, working hours, severance pay and reemployment priority rules. In efforts to increase competitiveness in attracting foreign investment, Rwanda has created an enabling investment environment:

[1]The MBRP is a comprehensive strategy to promote sustainable economic growth by providing targeted incentives to priority sectors such as manufacturing, agro-processing, construction, and real estate development, which have the potential to attract substantial private investments, increase export revenues and create productive jobs.

A. Business-Friendly Regulations

- ✓ No.2 in Africa for Ease of Doing Business
- ✓ 7-year Corporate Income Tax (CIT) holiday for investors investing over USD 50M
- ✓ Business environment assessed annually resulting in new investor-friendly reforms each year.

B. Multiple Incentives for Exports and Priority Sectors

- ✓ Preferential CIT rate: 15 per cent if 50 per cent of production is exported outside EAC or is in the priority sectors; 0 per cent if regional headquarter is in Rwanda,
- ✓ Accelerated first-year depreciation rate of 50 percent.
- ✓ Exemption of capital gains on assets sold.
- ✓ Duty-free imports of machinery and inputs within EAC

C. Efficient, Supported Processes

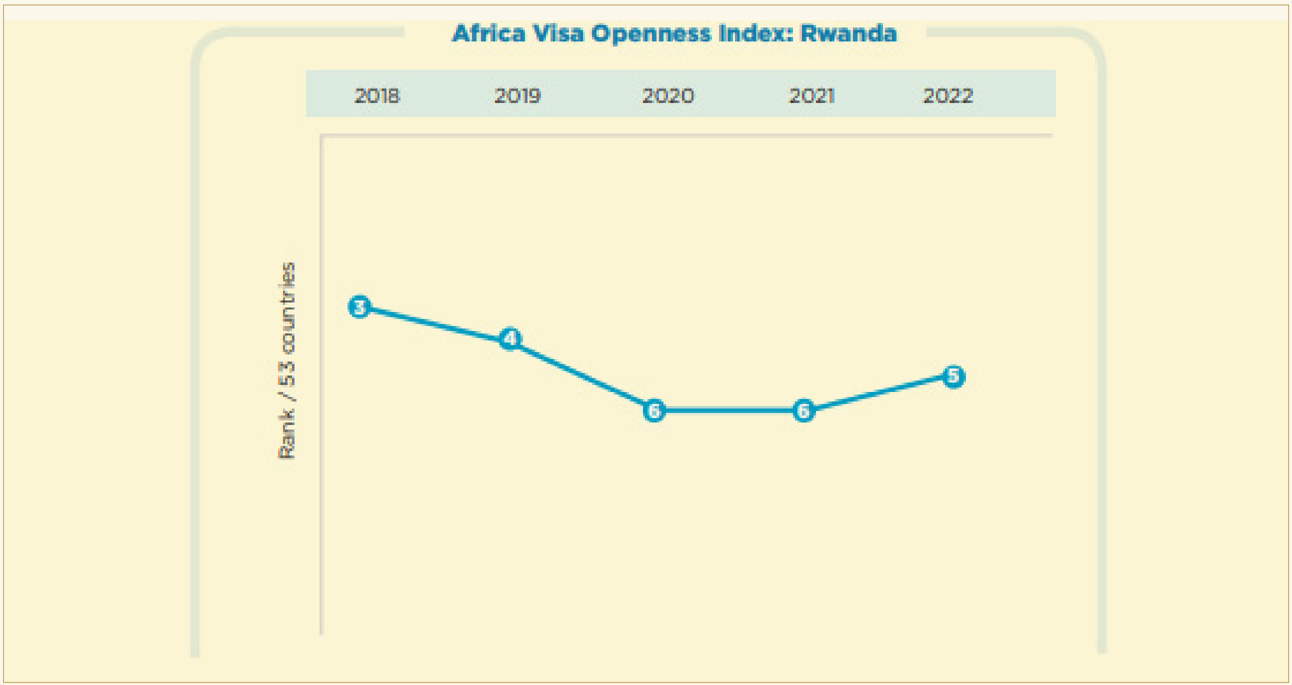
- ✓ Highly digitalized and efficient administration (6 hours to register a business)
- ✓ Free business registration
- ✓ One-stop centre for investors with a dedicated investment acceleration and aftercare team

D. Commitment to Foreign Ownership

- ✓ No restrictions on foreign ownership
- ✓ No restrictions on capital flows
- ✓ Capital gains exemption on the sale or transfer of shares.

In 2022, Rwanda registered strong performance in key international indices on the business climate. Rwanda is among countries with open visa regimes in Africa, a reputation for low corruption, economic openness, and good ranking in the rule of law. Figure 3 presents rankings in the visa openness index in Africa for the period 2018-2020. In 2022, Rwanda ranked 5th out of 53 African countries, one position higher than the 2021 rank.

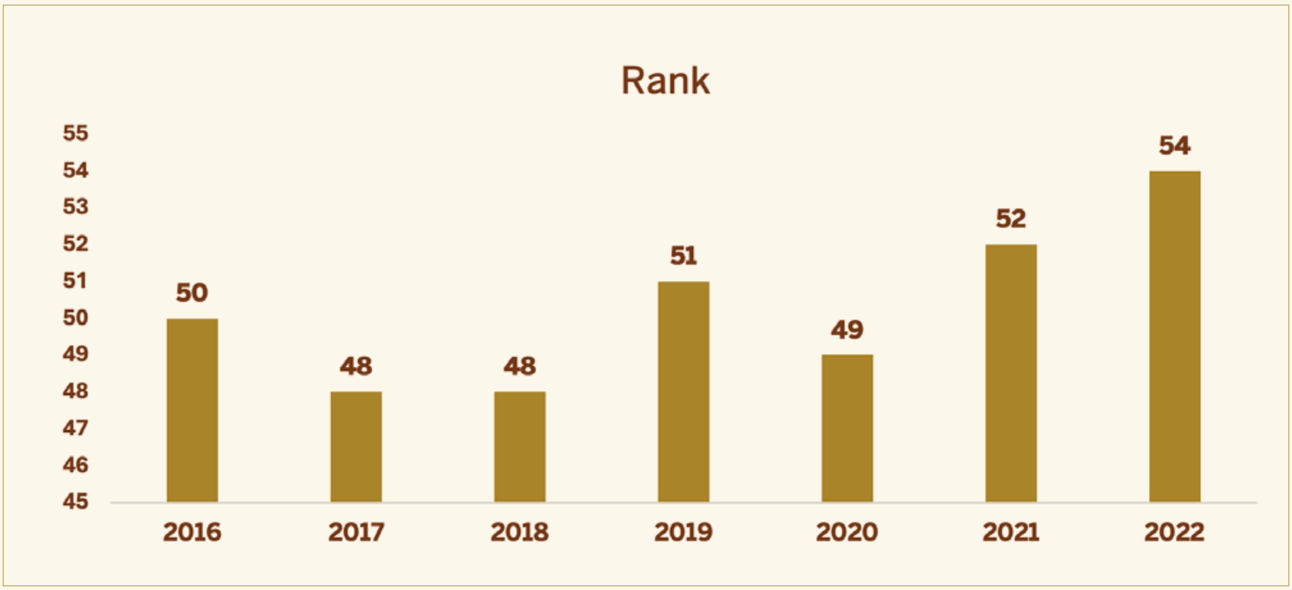
Figure 3: Visa Openness Index



Source: RDB Annual Report, 2022

Regarding the global corruption perception index, Rwanda is the 54th least corrupt nation out of 180 countries as depicted in figure 4 below.

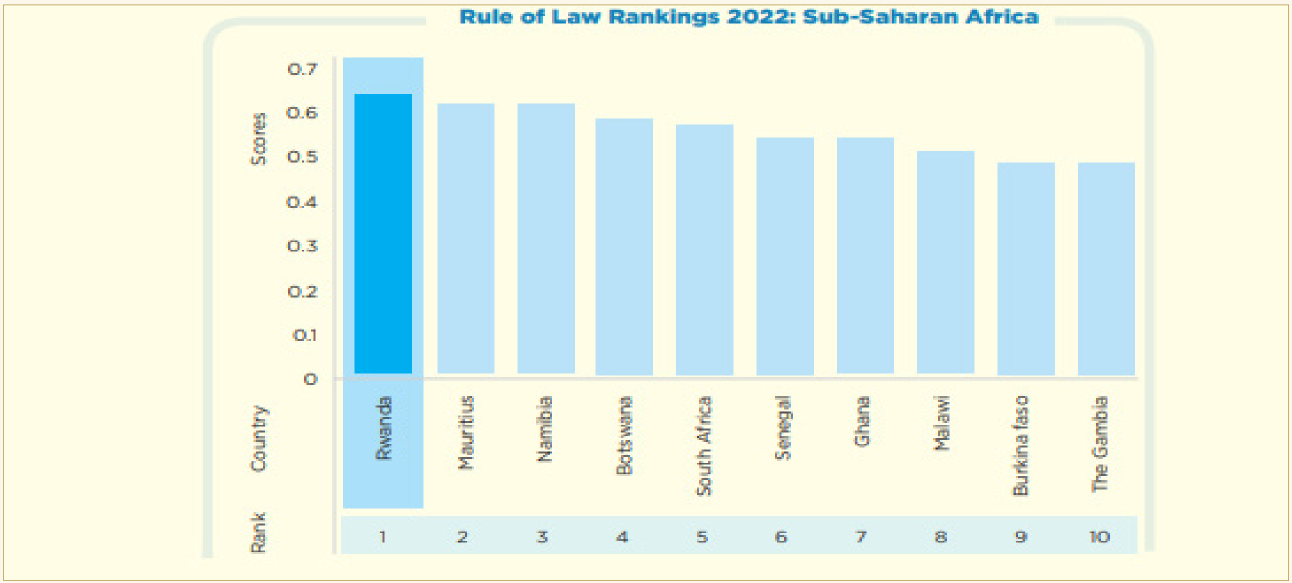
Figure 4: Global Corruption Perception Index



Source: Transparency International 2022

Rwanda's commitment to upholding the rule of law was once again recognized in the latest World Justice Project Rule of Law Index, where it emerged as the top-ranking country in sub-Saharan Africa for the second year in succession.

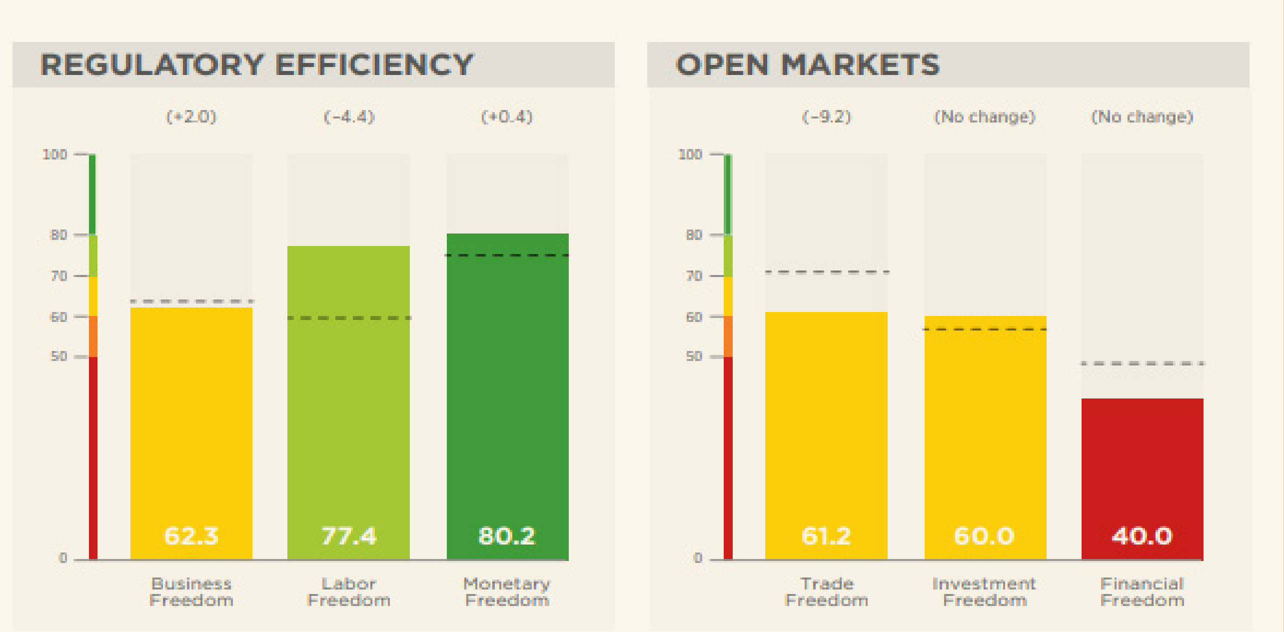
Figure 5: Rule of Law Rankings 2021: Sub-Saharan Africa



Source: World Justice Project, 2022

Figure 6 panel 1 indicates Regulatory Efficiency where Rwanda has eliminated the trading license tax for the first two years of operation for smaller enterprises. The time it takes to obtain a water and sewage connection has been reduced. Hiring a worker has become more difficult, however. The IMF has forecasted that government subsidies will consume 2.1 per cent of GDP in 2020. Figure 2.12, panel 2 indicate that Rwanda has two preferential trade agreements in force. The trade-weighted average tariff rate is 14.4 per cent, and 30 nontariff measures are in effect. Foreign investment is welcome, and the investment code provides for equal treatment of foreigners and nationals for many types of activity. The financial sector, dominated by banking, is expanding slowly. About 55.0 percent of adult Rwandans have access to an account with a formal banking institution.

Figure 6: Regulatory Efficiency and Open Markets



Source: Economic Freedom Index 2021

CHAPTER 3: FOREIGN PRIVATE CAPITAL (FPC) IN RWANDA

3.1. Methodology

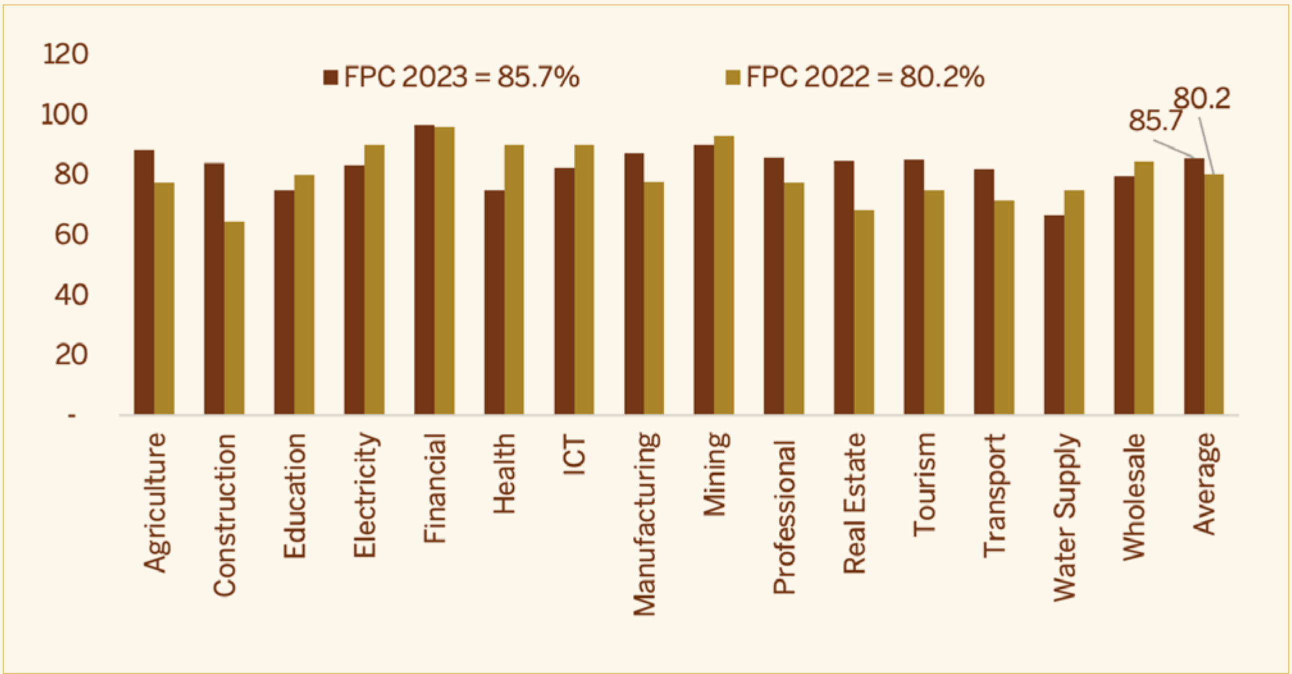
This section provides an overview of the methodology of the FPC survey. The survey is an annual exercise, conducted by 20 enumerators and 20 supervisors from contributing institutions, such as NBR, NISR and RDB. Before the fieldwork activities, enumerators were trained on data collection techniques and the survey questionnaire, which was designed based on the IMF's Balance of Payment Manual Six Edition (BPM6). The questionnaire captures information on industrial classification, equity, and non-equity on foreign affiliate statistics.

The FPC survey sample is selected with the objective of covering all enterprises in Rwanda, that hold foreign investment from related and unrelated non-resident entities[2]. The survey frame is updated for each round to include newly identified companies and remove any closed or ineligible companies, identified from previous surveys. New enterprises are identified from the business register maintained by RDB.

For the FPC 2023, the questionnaire was administered to 384 enterprises, of which 329 enterprises responded to the questionnaire, resulting in a response rate of 85.7 percent. This is an improvement from 80.2 percent response rate recorded in 2022, demonstrating the enhanced field activities process.

[2]Conceptually, the FPC survey in Rwanda is in a census form since it identified all enterprises with related or unrelated investment from non-residents investors.

Figure 7: FPC 2023 Survey Distribution and Response Rate, in Percentage



Source: FPC 2023 Survey

The Data entry and processing for foreign financial assets and liabilities (FAL) were carried out using two different platforms. The Private Capital Monitoring System (PCMS) developed by the Macroeconomic and Financial Management Institute for Eastern and Southern Africa countries (MEFMI) was used for data entry and processing related to foreign assets and liabilities statistics (FAL), while the Ms. Excel was employed for data related to the foreign affiliate statistics (FATS).

To ensure the data quality, completeness, consistency, and reliability, the technical team conducted a thorough review of the collected data. They compared the information with additional data from other public institutions to fill gaps and remove inconsistencies, where necessary. Furthermore, comparisons were made with data from previous surveys at the enterprise and sector levels for trend and consistency analysis.

3.2. Foreign Private Capital (FPC) in Rwanda

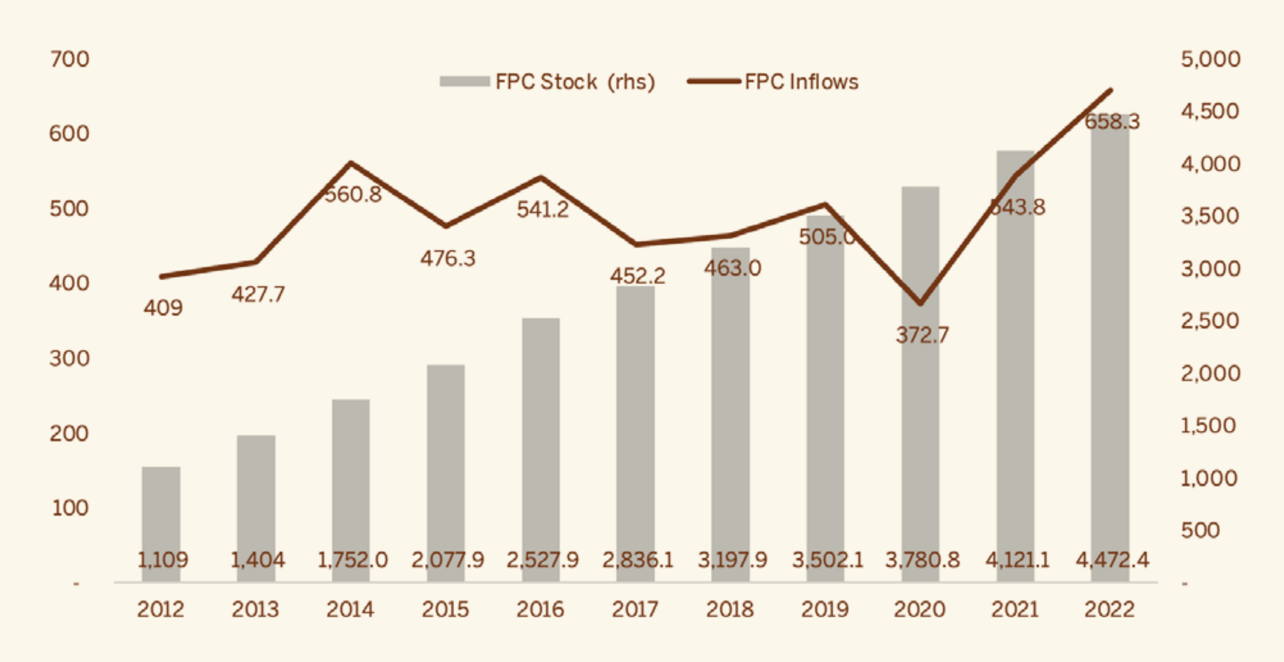
The total Foreign Private Capital (FPC) inflows are categorized as: Foreign Direct Investment (FDI), Foreign Portfolio Investment (FPI) and Other Investments (OI; primarily foreign borrowing from non-affiliates).

- **Foreign Direct Investment (FDI):** This category includes equity investments from non-resident investors with a shareholding of at least 10 percent of the company's total capital; reinvested earnings and debts from affiliated investors.
- **Foreign Portfolio Investment (FPI):** This type of investment consists of tradable instruments with shareholding structure of less than 10 percent.
- **Other Investment (OI):** This category comprises of various financial instruments and transactions, such as loan, trade credit and advances, currency and deposit, other equity and other account receivables and payables between non-affiliated/unrelated entities.

In 2022, Rwanda experienced a significant increase in capital inflows, which can be attributed to the country's steady economic performance post Covid-19 pandemic. The total Foreign Private Capital (FPC) inflows surged by 21.1 percent, reaching USD 658.3 million compared to USD 543.8 million in 2021. This rise in FPC inflows can be primarily attributed to a 24.3 per cent increase in foreign direct investment and a 12.0 percent increase in other investments.

In terms of Rwanda's total FPC stock, it stood at USD 4,472.4 million as of end December 2022, up from USD 4,121.1 million in 2021, representing an 8.5 percent increase.

Figure 8: FPC Inflows and Stocks (USD Million)



Source: FPC 2023 Survey

In 2022, FDI inflows represented the largest share of FPC inflows by functional categories at 75.4 percent, followed by OI at 24.5 percent and PI at 0.1 percent. Similarly, in terms of stocks, FDI remained the highest, accounting for 72.4 percent of the total as detailed in the table below.

Table 1: FPC Inflows and Stocks by Functional Categories (USD Million)

	2018	2019	2020	2021	2022	% Change	% Share
FPC Inflows (USD million)							
FDI	381.9	353.8	259.5	399.3	496.4	24.3	75.4
FPI	5.9	0.2	2.0	0.6	0.8	33.5	0.1
OI	75.2	151.0	111.1	143.9	161.1	12.0	24.5
Total	463.0	505.0	372.7	543.8	658.3	21.1	
FPC Stocks (USD million)							
FDI	2,283.7	2,546.9	2,707.1	2,937.8	3,237.3	10.2	72.4
FPI	109.3	109.5	113.3	115.8	119.9	3.6	2.7
OI	804.9	845.8	960.3	1,067.5	1,115.3	4.5	24.9
Total	3,197.9	3,502.1	3,780.8	4,121.1	4,472.4	8.5	

Source: FPC 2023 Survey

3.2.1. FPC by Sector of Economic Activity

In 2022, the financial sector received the largest share of FPC inflows, totaling USD 220.9 million, which accounted for 33.6 percent of the overall FPC inflows. Manufacturing followed with USD 113.9 million, equivalent to 18.6 percent, while the wholesale and retail trade sector recorded inflows of USD 100.9 million, accounting for 14.4 percent of share, and the ICT sector received USD 40.8 million, making up 9.1 percent.

In terms of stock, the financial sector leads, accounting for 27.5 percent of the total FPC stock, followed by ICT (20.1 percent), manufacturing (14.4 percent), and electricity (9.6 percent)

Table 2: FPC 2023 Inflows and Stocks by Sector of Activities (USD million)

	2021	2022	% Change	% Share		2021	2022	% Change	% Share
FPC Inflows					**FPC Stocks**				
Total	543.8	658.3	21.1		Total	4,121.1	4,472.4	8.5	
Financial	155.3	220.9	42.3	33.6	Financial	1,109.1	1,230.9	11.0	27.5
Manufacturing	57.2	122.3	113.9	18.6	ICT	891.1	900.6	1.1	20.1
Wholesale	47.3	95.1	100.9	14.4	Manufacturing	576.8	643.3	11.5	14.4
ICT	42.4	59.7	40.8	9.1	Electricity	401.4	431.4	7.5	9.6
Electricity	35.4	37.5	5.9	5.7	Wholesale	269.7	343.0	27.2	7.7
Tourism	77.4	32.2	-58.4	4.9	Tourism	306.9	331.5	8.0	7.4
Agriculture	31.3	27.2	-13.0	4.1	Agriculture	191.4	203.6	6.4	4.6
Transport	10.0	23.2	133.0	3.5	Mining	111.8	112.5	0.6	2.5
Others	87.5	40.1	-54.1	6.1	Others	262.9	275.7	4.9	6.2

Source: FPC 2023 Survey

3.2.2. FPC by Origin and Region

FPC inflows from Mauritius to Rwanda increased by 18.8 percent in 2022, totaling USD 209.3 million. These inflows are mostly invested in the electricity, manufacturing, and financial sectors. Inflows from Kenya also increased significantly in 2022, reaching USD 105.8 million, mostly invested in financial services, wholesale, and manufacturing sectors. Similarly, inflows from the European Investment Bank (EIB) increased to USD 39.0 million with a share of 6.0 percent of the total FPC inflows.

In terms of FPC stocks, investments from Mauritius take the lead, accounting for 26.3 percent of the total, followed by Kenya (9.9 percent), the USA (6.2 percent), the Netherlands (5.4 percent), and South Africa (4.6 percent).

Table 3: FPC 2023 Inflows and Stocks by Origin (USD million)

Country	2021	2022	% Change	% Share	Country	2021	2022	% Change	% Share
FPC Inflows					FPC Stocks				
Total	543.8	658.3	21.1		Total	4,121.1	4,472.4	8.5	
Mauritius	176.1	209.3	18.8	31.8	Mauritius	1,042.8	1,178.1	13.0	26.3
Kenya	50.1	105.8	111.1	16.1	Kenya	380.8	441.1	15.8	9.9
China & Hong Kong	86.6	49.1	-43.4	7.5	USA	258.4	277.8	7.5	6.2
India	73.9	42.9	-41.9	6.5	Netherlands	237.2	239.8	1.1	5.4
EIB	31.2	39.8	27.8	6.0	South Africa	195.0	201.9	3.5	4.5
USA	31.8	30.7	-3.5	4.7	India	137.4	168.9	22.9	3.8

Country	2021	2022	% Change	% Share	Country	2021	2022	% Change	% Share
FPC Inflows					FPC Inflows				
Nether-lands	15.2	21.3	39.5	3.2	China & Hong Kong	105.9	135.3	27.8	3.0
Belgium	7.3	19.4	167.8	3.0	PTA	135.5	123.6	-8.7	2.8
South Africa	10.7	17.7	66.1	2.7	UK	145.8	118.6	-18.7	2.7
Others	60.85	122.26	100.9	18.6	Others	1,482.4	1,587.4	7.1	35.5

Source: FPC 2023 Survey

According to the results, the largest shares of FPC inflows by regions were from COMESA, SADC, and OECD, which accounted for 48.6 percent, 36.8 percent, and 34.2 percent, respectively, of the total FPC. These inflows were mainly due to investments from Mauritius, Kenya, and South Africa. Inflows from EAC followed with a share of 18.8 percent of the total FPC inflows.

Table 4: FPC 2023 Inflows and Stocks by Region (USD Million)

	2022	2023	% Change	% Share	2022	2023	% Change	% Share
	FPC Inflows				FPC Stocks			
Total	543.8	658.3	21.1		4,121.1	4,472.4	8.5	
EAC	53.5	124.1	132.1	18.8	442.1	514.5	16.4	11.5
COMESA	229.3	320.1	39.6	48.6	1,648.8	1,845.2	11.9	41.3
SADC	189.2	242.5	28.2	36.8	1,338.4	1,492.0	11.5	33.4
OECD	232.6	224.9	-3.3	34.2	1,467.8	1,552.3	5.8	34.7
EU	26.3	67.1	155.7	10.2	540.8	575.9	6.5	12.9
ASIA	177.9	100.4	-43.6	15.3	586.3	640.9	9.3	14.3
INT. ORG & BANKS	50.9	57.6	13.2	8.7	493.5	514.2	4.2	11.5

Source: FPC 2023 Survey

3.3. Foreign Direct Investment (FDI) in Rwanda

In 2022, Rwanda witnessed a remarkable surge of 24.3 percent in total foreign direct investment (FDI) inflows, reaching an impressive USD 496.4 million, compared to the preceding year's USD 399.3 million. This substantial growth in FDI can be attributed to various factors delineated below:

Firstly, equity capital witnessed a substantial increase of 92.1%, soaring from USD 59.4 million in 2021 to USD 114.2 million in 2022. Both the manufacturing and financial sectors played pivotal roles in contributing to this substantial upswing.

Secondly, reinvested earnings experienced a commendable growth of 25.1%, amounting to USD 229.9 million in 2022, up from USD 183.8 million in 2021. The robust performance of the financial, ICT, manufacturing, wholesale, and electricity sectors significantly fueled this expansion.

Lastly, intra-company debts exhibited a marginal decline of 2.4%, settling at USD 152.4 million in 2022, down from USD 156.1 million in 2021. This decrease primarily stemmed from reduced borrowings from affiliated companies in the tourism and construction sectors, which were not fully compensated by increases in the ICT, manufacturing, wholesale, and transport sectors. This comprehensive analysis underscores the multifaceted nature of FDI growth in Rwanda, driven by distinct contributions from various economic sectors.

In terms of stocks, FDI rose by 10.2 percent reaching USD 3,237.3 million in 2022. Borrowings from affiliated companies account for the largest share of 45.0 percent, followed by equity capital (35.9 percent), and retained earnings (19.1 percent), as summarized below.

Table 5: FDI Inflows and Stocks by Functional Category (USD million)

	2018	2019	2020	2021	2022	% Change	% Share
FDI Inflows							
Equity	137.3	45.6	49.4	59.4	114.2	92.1	23.0
Retained Earnings	94.7	141.8	115.7	183.8	229.9	25.1	46.3
Debt from affiliated	149.9	166.5	94.4	156.1	152.4	-2.4	30.7
Total	381.9	353.8	259.5	399.3	496.4	24.3	
FDI Stocks							
Equity	890.9	935.6	988.6	1,046.0	1,161.5	11.0	35.9
Retained Earnings	378.8	485.1	518.9	558.6	617.7	10.6	19.1
Debt from affiliated	1,014.1	1,126.2	1,199.7	1,333.2	1,458.1	9.4	45.0
Total	2,283.7	2,546.9	2,707.1	2,937.8	3,237.3	10.2	

Source: FPC 2023 Survey

3.3.1. FDI Inflows and Stocks by Sector

The 2023 FPC findings revealed that the financial sector attracted the highest FDI inflows in 2022, accounting for 25.2 percent of the total, followed by manufacturing (20.7 percent), wholesale (14.2 percent), ICT (11.7 percent) and Electricity sector (7.4 percent). In terms of FDI stock, the financial sector held the largest share at 24.0 percent, followed by the ICT sector (22.6 percent), manufacturing sector (13.1 percent), and electricity sector (11.0 percent).

This increase in FDI in these key sectors reflects the impact of various government policies aimed at promoting investment, such as the Made in Rwanda program, digitization, and universal access to electricity initiatives.

Table 6: FDI Inflows and Stocks by Sector (USD million)

	2021	2022	% Change	% Share		2021	2022	% Change	% Share
FDI Inflows					**FDI Stocks**				
TOTAL	399.3	496.4	24.3		TOTAL	2,937.8	3,237.3	10.2	
Financial	104.4	124.9	19.6	25.2	Financial	687.0	776.3	13.0	24.0
Manufacturing	46.8	102.8	119.8	20.7	ICT	722.6	730.3	1.1	22.6
Wholesale	25.8	70.5	172.9	14.2	Manufacturing	362.7	425.4	17.3	13.1
ICT	29.2	57.9	98.3	11.7	Electricity	319.6	356.7	11.6	11.0
Electricity	17.3	36.5	111.2	7.4	Wholesale	230.6	279.9	21.3	8.6
Tourism	54.6	31.4	-42.5	6.3	Tourism	230.7	254.6	10.3	7.9
Agriculture	28.9	24.5	-15.0	4.9	Agriculture	121.6	135.7	11.6	4.2
Transportation	10.0	19.4	94.9	3.9	Mining	86.2	84.7	-1.8	2.6
Construction	67.0	13.9	-79.3	2.8	Construction	79.8	77.1	-3.3	2.4
Mining	1.8	4.4	148.7	0.9	Transportation	41.3	56.1	36.1	1.7
Others	13.5	10.1	-25.0	2.0	Others	55.7	60.4	8.5	1.9

Source: FPC 2023 Survey

3.3.2. FDI Inflows and Stocks by Origin

Regarding the origin of FDI inflows, Mauritius led with a significant share of 32.5 percent, primarily invested in financial, ICT, manufacturing, and electricity sectors. Kenya followed in second position with a share of 18.5 percent, mostly invested in finance and wholesale sectors, while India ranked third with a share of 8.6 percent invested in ICT and manufacturing sectors, as shown in the table below.

In terms of FDI stocks by origin, Mauritius, Kenya, South Africa, USA, India, Netherlands, China, and Hong Kong remained the major sources, with a combined share of 69.8 percent of the total FDI stock.

Table 7: FDI Inflows and Stocks by Origin (USD million)

	2021	2022	% Change	% Share		2021	2022	% Change	% Share
FDI Inflows					**FDI Stocks**				
Total	399.3	496.4	24.3		Total	2,937.8	3,237.3	10.2	
Mauritius	121.6	161.3	32.7	32.5	Mauritius	983.0	1,120.0	13.9	34.6
Kenya	42.0	92.0	119.2	18.5	Kenya	308.1	364.7	18.4	11.3
India	71.6	42.5	-40.7	8.6	South Africa	191.9	200.0	4.2	6.2
China & Hong Kong	70.3	41.8	-40.5	8.4	USA	156.1	174.9	12.1	5.4
USA	27.7	30.3	9.5	6.1	India	132.3	163.9	23.9	5.1
Netherlands	15.2	21.3	39.5	4.3	Netherlands	121.3	129.1	6.4	4.0
Belgium	7.3	18.3	152.0	3.7	China & Hong Kong	83.5	105.8	26.6	3.3
South Africa	10.4	14.3	37.1	2.9	Panama	94.9	94.9	0.0	2.9
UK	2.4	14.0	493.9	2.8	Belgium	71.3	88.1	23.5	2.7
Tanzania	1.3	13.9	936.4	2.8	Ghana	67.3	74.7	10.9	2.3
France	0.0	11.0	100.0	2.2	Togo	72.2	74.4	3.0	2.3
Ghana	0.0	7.4	100.0	1.5	UAE	72.8	74.2	1.9	2.3
Others	29.5	28.4	-3.6	5.7	Others	583.1	572.8	-1.8	17.7

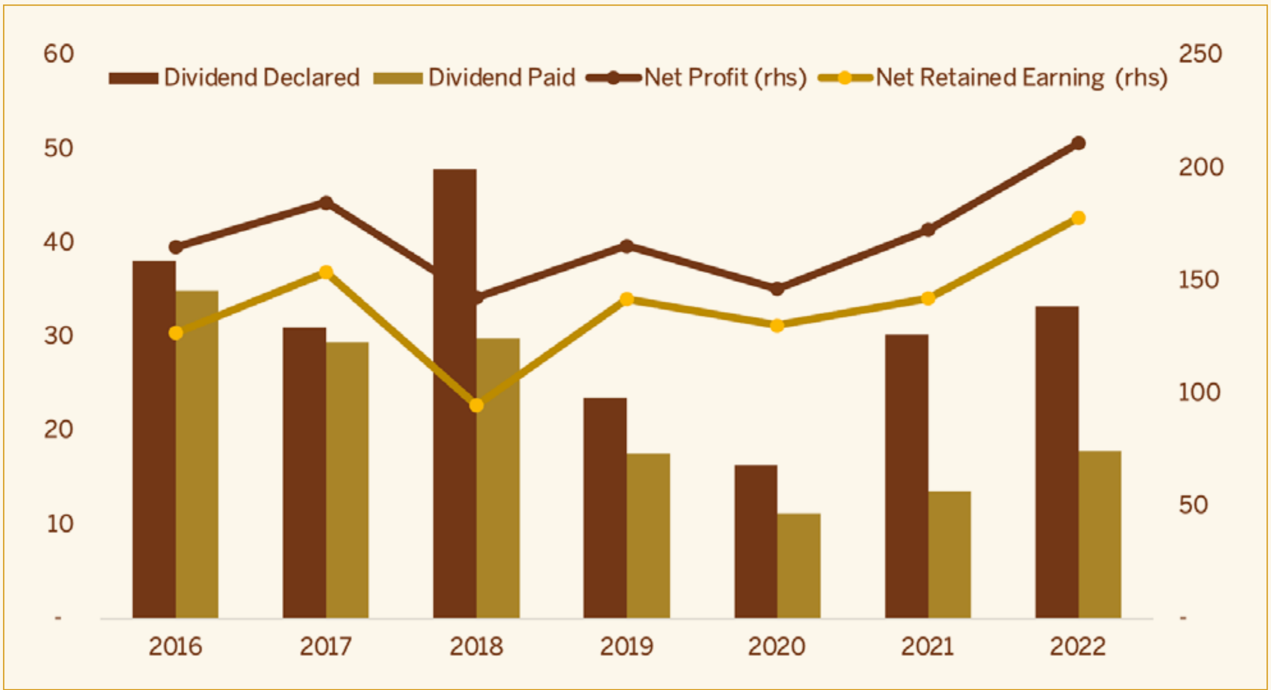
Source: FPC 2023 Survey

3.3.3. Income on Equity

Private companies' net profit increased by 22.4 percent in 2022, reaching USD 211.0 million from USD 172.3 million of 2021. This increase was due to the improvement of the business environment after the Covid-19 era.

The net retained earnings increased by 25.1 percent, standing at USD 177.7 million, which represent 84.2 percent of the total profit and they were retained to safeguard capital and liquidity of the private sector's businesses to improve the business activities and investment. Additionally, the dividends declared increased by 10.0 percent, amounting to USD 33.3 million, while the dividend distributed to shareholders also increased by 31.9 percent amounting to USD 17.8 million.

Figure 9: Income on Equity (USD million)



Source: FPC 2023 Survey

3.3.4. Return on Equity

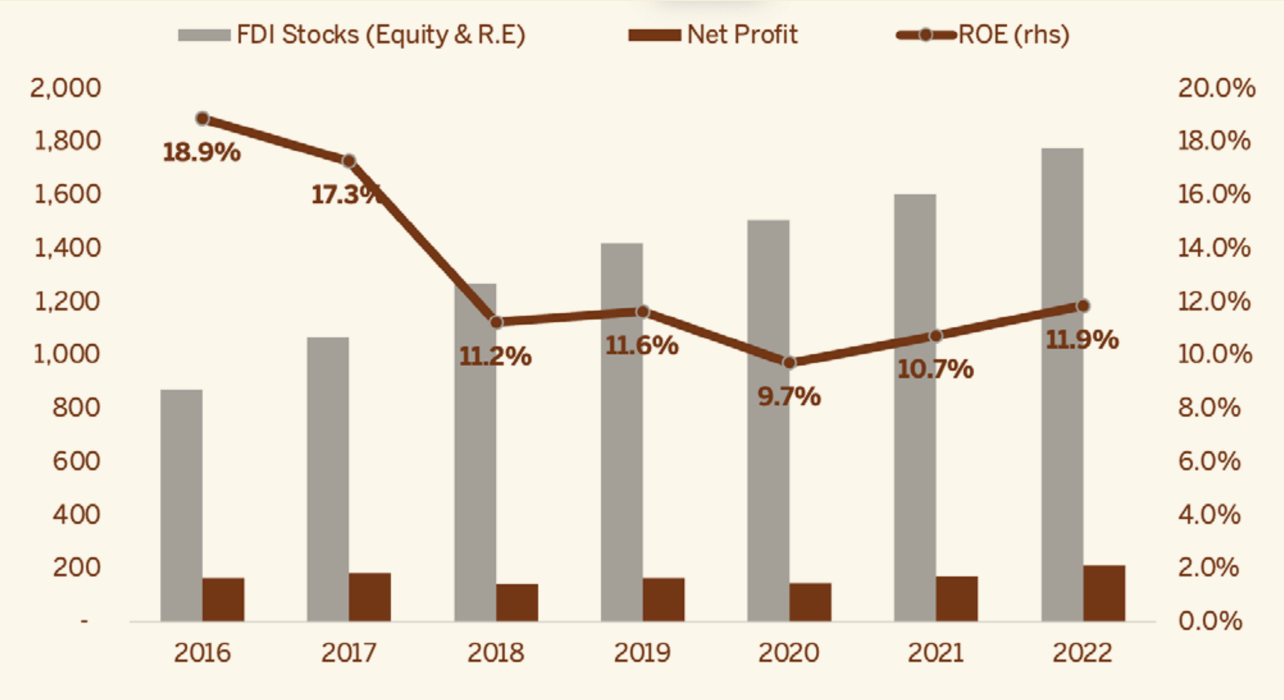
The ROE is the amount of net income returned as a ratio of a shareholder's equity. It measures the company's profitability by revealing how much profit a company generates from shareholders' investment. The net profit is the net income of the year before dividends are distributed to shareholders while the FDI stocks include the accumulated amount of equity capital and retained earnings.

The analysis of ROE is linked to the incentive to invest in an economy. It is calculated as follow:

$$\mathbf{ROE} = \frac{\boldsymbol{Net\ Profit}}{\boldsymbol{Average\ FDI\ Equity\ Stock}}\ \boldsymbol{X}\ \mathbf{100}$$

Looking at the graph below, we see that in 2022 the ROE increased to 11.9 percent, from 10.7 percent recorded in 2021, and 9.7 percent registered in 2020. This shows that Rwanda's ROE is a gauge of a corporation's profitability and how the country efficiently generates those profits.

Figure 10: Return on Equity (USD million)



Source: FPC 2023 Survey

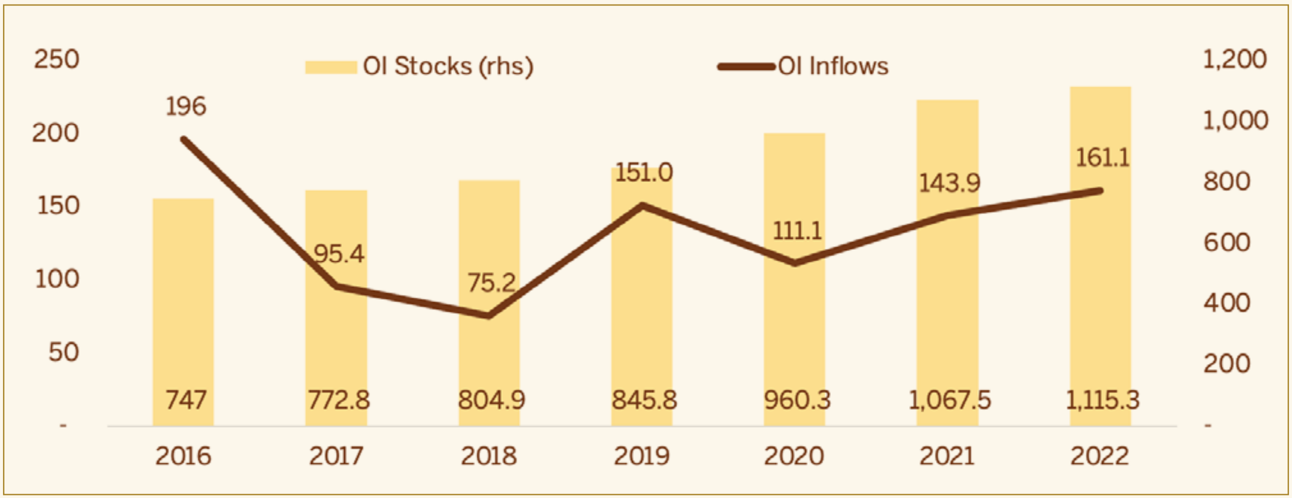
3.4. Other Investment (OI)

OI comprises of non-equity investment, not included in direct investment, FPI, financial derivatives and employee stock options, and reserve assets. It is comprised of; loans, trade credit and advances, currency and deposits, and other accounts receivable/payables between unrelated entities.

In 2022, the OI inflows rose by 12.0 percent standing at USD 161.1 million from USD 143.9 million registered in 2021, mainly due to the increase of inflows in financial, mining and manufacturing sectors.

In terms of stocks, the OI rose by 4.5 percent, from USD 1,067.5 million in 2021 to USD 1,115.3 million registered in 2022.

Figure 11: OI inflows and stocks (USD million)



Source: FPC 2023 Survey

3.4.1. OI Inflows and Stocks by Sector of Economic Activities

In 2022, the financial sector was the primary recipient of Other Investment (OI) inflows, accounting for 59.5 percent of total OI inflows, followed by wholesale (15.2 percent) and manufacturing sector (11.8 percent), as shown in the table below.

In terms of OI stock, the financial sector led with a share of 35.0 percent of total OI stock, followed by ICT (15.2 percent) and manufacturing (14.8 percent).

Table 8: OI Inflows and Stocks by Sector (USD million)

	2021	2022	% Change	% Share		2021	2022	% Change	% Share
OI Inflows					OI Stocks				
Total	143.9	161.1	12.0		Total	1,067.5	1,115.3	4.5	
Financial	50.6	95.8	89.4	59.5	Financial	361.23	390.34	8.1	35.0
Wholesale	21.5	24.6	14.3	15.2	ICT	168.10	169.93	1.1	15.2
Manufacturing	10.4	19.0	83.1	11.8	Manufacturing	161.95	165.02	1.9	14.8
Construction	1.9	5.3	182.6	3.3	Tourism	76.16	76.92	1.0	6.9
Mining	0.0	4.5	100.0	2.8	Electricity	79.47	72.30	-9.0	6.5
Transportation	0.0	3.8	100.0	2.4	Agriculture	69.84	67.88	-2.8	6.1
Agriculture	2.4	2.7	11.9	1.6	Wholesale	38.99	63.08	61.8	5.7
Others	57.2	5.5	-90.4	3.4	Others	111.7	109.8	-1.7	9.8

Source: FPC 2023 Survey

3.4.2. OI Inflows and Stocks by Origin

In terms of the origin of OI inflows, Mauritius leads with a share of 29.6 percent, followed by the European Investment Bank (EIB) and IFC, at 24.7 percent and 10.0 percent shares, respectively.

Regarding OI stocks, the borrowings from international institutions are significant, with the PTA, EIB and IFC having the main shares of 10.3 percent, 9.8 percent, and 6.7 percent, respectively.

Table 9: OI Inflows and Stocks by Origin (USD million)

	2021	2022	% Change	% Share		2021	2022	% Change	% Share
OI Sector					OI Stocks				
Total	143.9	161.1	12.0		Total	1,067.5	1,115.3	4.5	
Mauritius	54.0	47.8	-11.6	29.6	PTA	126.6	114.7	-9.4	10.3
EIB	31.2	39.8	27.8	24.7	EIB	73.3	109.5	49.3	9.8
IFC	0.4	16.1	4,170.5	10.0	UK	86.4	86.9	0.6	7.8
Togo	1.0	14.9	1,431.4	9.3	IFC	67.5	74.5	10.4	6.7
Kenya	8.2	13.9	69.2	8.6	Mauritius	77.6	73.0	-5.9	6.5
China & Hong Kong	16.3	6.8	-58.5	4.2	Germany	65.1	65.1	0.0	5.8
France	0.2	4.8	3,081.7	3.0	Kenya	44.3	47.9	8.1	4.3
Nigeria	0.2	3.9	1,723.3	2.4	Zambia	44.6	44.6	0.0	4.0
South Africa	0.2	3.3	1,393.3	2.1	USA	43.7	44.0	0.8	3.9
Others	32.3	9.8	-69.6	6.1	Others	438.4	455.1	3.8	40.8

Source: FPC 2023 Survey

3.5. Foreign Portfolio Investment (FPI)

The PI is a tradable equity investment with a shareholding of less than 10 percent of the company's equity. The inflows from PI amounted to USD 0.8 million in 2022, up from USD 0.6 million recorded in 2021, with the financial, manufacturing, and electricity sectors being the major recipients.

The PI stocks increased by 3.6 percent, up to USD 119.9 million in 2022 from USD 115.8 million in 2021. As of the end of 2022, the financial sector accounted for 53.6 percent of total PI stock as of end 2022, followed by manufacturing (44.1 percent).

Table 10: FPI Inflows and Stocks by Sector (USD million)

	2021	2022	% Change	% Share		2021	2022	% Change	% Share
FPI Inflows					**FPI Stocks**				
Total	0.6	0.8	33.5		Total	115.8	119.9	3.6	
Manufacturing	0.0	0.5	2,969.8	60.6	Financial	60.9	64.3	5.5	53.6
Financial	0.3	0.3	-14.9	32.8	Manufacturing	52.2	52.9	1.4	44.1
Electricity	0.3	0.1	-80.8	6.6	Electricity	2.3	2.4	4.4	2.0
Others	0.0	0.0	0.0	0.0	Others	0.4	0.4	-9.6	0.3

Source: FPC 2023 Survey

CHAPTER 4: PRIVATE SECTOR EXTERNAL DEBT (PSED)

4.1. Private Sector External Debt (PSED) Trends

This section of the report focuses on the private external borrowings from non-resident entities, both related and unrelated, and provides information on the composition of non-equity investment inflows, maturity, sector, and origin. The report distinguishes between PSED, which is external debt contracted by the private sector, especially domestic financial and non-financial companies, and non-PSED, which is external debt for the General Government and Central Bank sectors.

The results show that PSED inflows increased by 4.5 percent to USD 313.5 million in 2022, with unrelated inflows increasing by 12.0 percent, outweighing the decrease of 2.4 percent in PSED inflows from related entities. The PSED stock increased by 7.2 percent to USD 1,115.3 million in 2022, with related entities constituting a higher share of 56.7 percent and unrelated entities having a lower share of 43.3 percent.

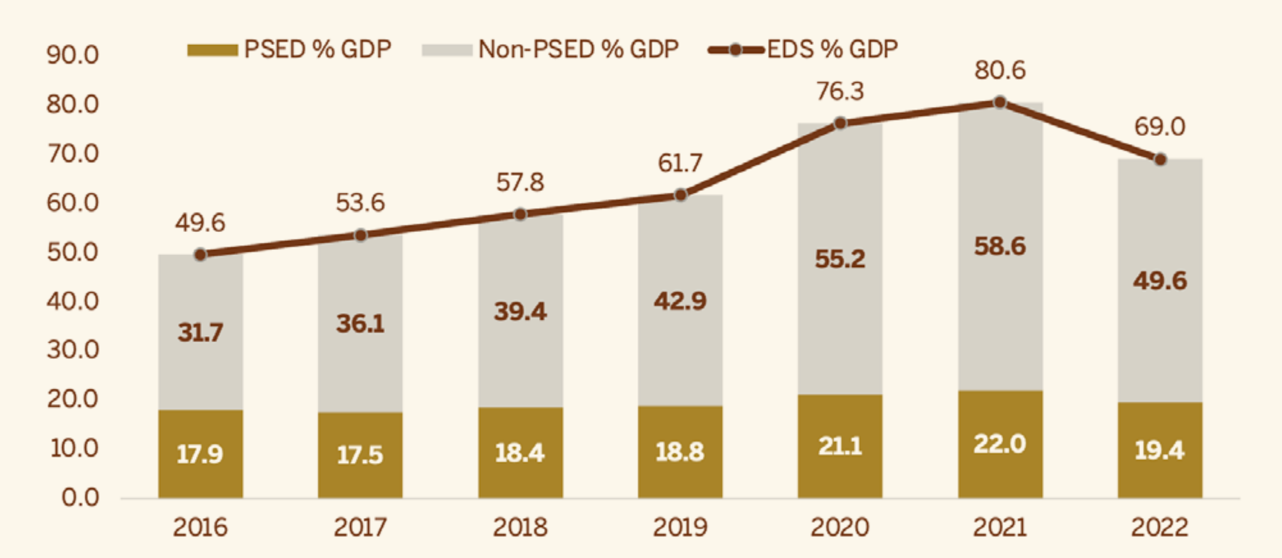
Table 11: PSED Inflows and Stocks Trends, by Relationship (USD million)

	2016	2017	2018	2019	2020	2021	2022	% Change	% Share
PSED Inflows									
Related	132.2	124.8	149.9	166.5	94.4	156.1	152.4	-2.4	48.6
Unrelated	195.9	95.4	75.2	151.0	111.1	143.9	161.1	12.0	51.4
Total	328.1	220.2	225.1	317.5	205.5	300.0	313.5	4.5	
PSED Stocks									
Related	807.7	890.7	1,014.1	1,126.2	1,199.7	1,333.2	1,458.1	9.4	56.7
Unrelated	747.1	772.8	804.9	845.8	960.3	1,067.5	1,115.3	4.5	43.3
Total	1,554.8	1,663.6	1,819.0	1,971.9	2,160.0	2,400.7	2,573.4	7.2	

Source: FPC 2023 Survey

The PSED as a percentage of GDP decreased to 19.4 percent in 2022 from 22.0 percent in 2021, due to a higher increase in GDP compared to the increase in total PSED. Similarly, the non-PSED as percentage of GDP also decreased from 58.6 percent in 2021 to 49.6 percent in 2022 for the same reason combined with reimbursements of government external borrowings made in 2022. Consequently, when taken together, the country's External Debt Statistics (EDS) stood at 69.0 percent of GDP in 2022, down from 80.6 percent as shown in the graph below.

Figure 12: PSED / non – PSED / EDS as percent of GDP

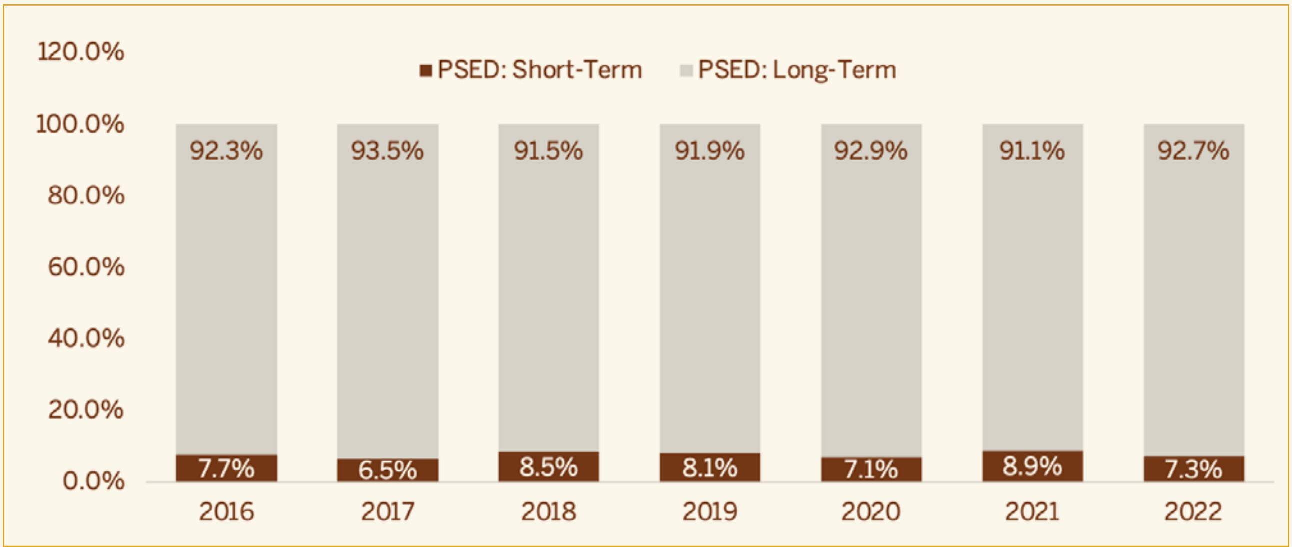


Source: FPC 2023 Survey

4.2. Private Sector External Debt by Maturity

In terms of private external debt by maturity, the PSED long-term stock experienced an increase of 8.1 percent, while the short-term component decreased by 12.9 percent. Consequently, the long-term PSED stock now accounts for a higher proportion of the total PSED stock, rising from a contribution of 91.1 percent in 2021 to 92.7 percent in 2022. In contrast, the short-term PSED stock's contribution to the total PSED decreased by 1.6 percentage points.

Figure 13: PSED by Maturity (percent Share)



Source: FPC 2023 Survey

4.3. Private Sector External Debt by Sector and By Origin

In 2022, the financial sector accounted for the largest share of PSED inflows at 32.1 percent, with a significant increase of 99.0 percent. The wholesale, ICT and manufacturing sectors followed with shares of 16.2 percent, 15.2 percent, and 11.6 percent respectively.

In terms of origin of the PSED inflows, Mauritius had the largest share of 20.5 percent despite a decrease of 5.9 percent recorded in 2022. However, the international financial institutions such as EIB and IFC have significantly increased the PSED inflows, with shares of 12.7 percent and 5.1 percent respectively. The PSED inflows from Kenya, Togo and France have also significantly increased, mostly invested in financial, wholesale and manufacturing sectors.

Table 12: PSED Inflows by Sector and Origin (USD million)

	2021	2022	% Change	% Share
PSED by Sector				
Total	300.0	313.3	**4.4**	**100**
Financial	50.6	100.7	**99.0**	**32.1**
Wholesale	25.3	50.8	**100.4**	**16.2**
ICT	21.2	47.7	**124.8**	**15.2**
Manufacturing	16.8	36.4	**116.2**	**11.6**
Transportation	0.0	20.1	**100.0**	**6.4**
Tourism	77.4	19.2	**-75.1**	**6.1**
Construction	65.9	10.3	**84.4**	**3.3**
Agriculture	17.5	8.6	**-50.8**	**2.8**
Mining	1.5	8.4	**460.3**	**2.7**
Others	23.8	11.2	**-53.0**	**3.6**
PSED by Origin				
Total	300.0	313.3	**4.4**	**100**
Mauritius	68.4	64.3	**-5.9**	**20.5**
EIB	31.2	39.8	**27.8**	**12.7**
China & Hong Kong	72.0	36.6	**-49.1**	**11.7**
India	65.2	29.9	**-54.2**	**9.5**
Kenya	9.3	27.6	**197.3**	**8.8**
IFC	0.4	16.1	**4,170**	**5.1**
Togo	1.0	14.9	**1,431**	**4.8**
France	0.2	13.5	**8,804**	**4.3**
Others	52.48	70.62	**34.6**	**22.5**

Source: FPC 2023 Survey

CHAPTER 5: OTHER SURVEY'S FINDINGS

The section delves into additional findings concerning the performance indicators of companies that have received foreign investments in Rwanda. These indicators encompass turnover and employment, which differ from the financial indicators outlined in the preceding parts of the report.

5.1. Turnover

In 2022, private entities included in the FPC survey reported a total turnover increase of 16.8 percent, amounting to USD 3,182.9 million in 2022, up from USD 2,724.1 million of 2021. The wholesale, manufacturing and financial sectors represent a combined share of 71.1 percent. The education, tourism, wholesale, and ICT sectors registered higher increases in turnover of 622.8 percent, 317.0 percent, 114.0 percent, and 64.2 percent respectively, offsetting the sectors that registered lower or negative increases. The total turnovers of FPC companies account for 23.9 percent of GDP in 2022 down from 24.6 percent registered in 2021, due to higher GDP registered in 2022.

Table 13: Entity Turnover by Sector (USD million)

Sector	2016	2017	2018	2019	2020	2021	2022	% change	% Share
Agriculture	135.8	181.6	173.4	161.6	71.8	90.1	91.2	1.2	2.9
Education	9.3	8.2	10.2	31.8	2.2	2.5	18.1	622.8	0.6
Construction	37.8	24.4	24.2	29.6	131.3	174.0	159.2	-8.5	5.0
Financial	450.0	497.7	522.6	547.0	426.4	622.3	646.1	3.8	20.3
ICT	376.0	430.4	472.3	546.5	113.9	120.7	198.1	64.2	6.2
Manufacturing	290.7	300.3	498.8	589.4	730.4	765.0	768.7	0.5	24.2
Mining	64.7	66.5	79.8	70.3	79.7	86.6	39.0	-55.0	1.2
Tourism	55.9	67.6	63.7	73.2	23.0	31.3	130.5	317.0	4.1
Transportation	64.2	53.2	50.8	62.9	185.7	195.3	96.2	-50.8	3.0
Wholesale	251.6	253.5	316.9	377.7	334.9	396.1	847.5	114.0	26.6
Other sectors	398.0	200.7	233.8	278.9	198.0	240.1	188.3	21.6	5.9
Total	2,134.0	2,084.1	2,446.5	2,768.9	2,297.1	2,724.1	3,182.9	16.8	
% to GDP	24.5	22.5	25.4	26.8	22.6	24.6	23.9		

Source: FPC 2023 Survey

5.2. Employment

The FPC 2023 recorded an 8.3 percent increase in employment, reaching a total of 49,790 employees in 2022. During that period, 1,578 new employees were recruited, while 595 left for other opportunities.

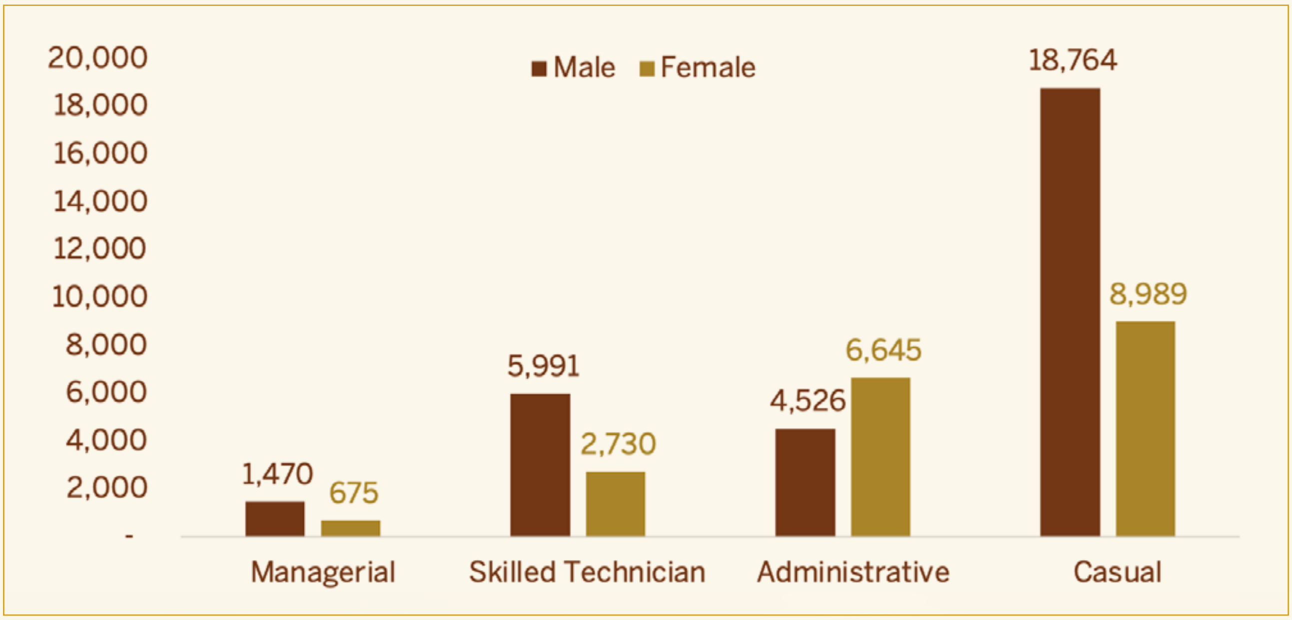
Table 14: Employment by Position in 2022

FPC 2023	Residents	Non - Residents	TOTAL	New Recruited	Left
Managerial	1,533	612	**2,145**	38	45
Skilled Technician	7,519	1,202	**8,721**	172	95
Administrative	10,938	233	**11,171**	181	169
Casual	27,711	42	**27,753**	1,187	286
Total	**47,701**	**2,089**	**49,790**	**1,578**	**595**

Source: IBES 2023 Survey

Figure 14 shows that the administrative position is mostly occupied by female employees, representing 59.5 percent of that category, and the male employees constitute 61.8 percent of the total number of employees compared to 38.2 percent of female employees. The financial sector has the highest concentration of female employees in the administrative position.

Figure 14: Employment by Gender in 2022



Source: IBES 2023 Survey

CONCLUSION

The 2023 Foreign Private Capital (FPC) survey in Rwanda demonstrates the country's continued effort to attract foreign investment. The survey covered 384 companies with foreign investment in the form of financial equity and non-equity. The results revealed 85.7 percent response rate from 329 companies.

The FPC inflows increased by 21.1 percent to USD 658.3 million from USD 543.8 million recorded in 2022, primarily attributed to the ongoing recovery of economic activities and improved business environment. The majority of the FPC inflows were mainly driven by FDI with a share of 75.4 percent, followed by OI (24.5 percent) and FPI (0.1 percent).

Mauritius led in terms of FPC inflows by origin, accounting for 31.8 percent, mainly invested in electricity, manufacturing and financial sectors. Investments from Kenya, China & Hong Kong and India followed, with shares of 16.1 percent, 7.5 percent, and 6.5 percent, respectively, and mostly invested in financial, wholesale, manufacturing, tourism, ICT and transport sectors.

The survey also indicated a 4.5 percent increase in Private Sector External Debt inflows, amounting to USD 313.5 million in 2022, primarily due to external debt from unrelated investors.

To further enhance Rwanda's investment potential, the Government of Rwanda should continue to work towards making the country an attractive destination for investment through the Rwanda Development Board and other institutions in charge of investment promotion. This can be achieved by keeping the country's external sector competitive by ensuring macroeconomic stability, capital market development, and investing in capacity development through research and trainings.

The survey, along with other sources, underscores Rwanda's attractiveness to foreign investment, particularly in sectors such as manufacturing, infrastructure, energy, financial services, fintech, and information and communications technology (ICT)

The good macroeconomic environment that has led to a significant increase in foreign private inflows is also highlighted in the World Bank's Rwanda Economic Update No. 21 for June 2023.

Furthermore, data from the World Bank indicates that Rwanda's foreign direct investment, net inflows, as a percentage of GDP, have shown positive trends, reflecting the country's appeal to foreign investors.

In terms of outlook, the continued investment promotion efforts, along with the projected increase in the number of announced greenfield projects globally and in Africa, Rwanda's FPC inflows prospects are likely to increase in 2023 albeit the fact that early indicators for 2023 Q1 show weak trends in international project finance and M&As.

LIST OF FIGURES

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References

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