NATIONAL BANK OF RWANDA
BANKI NKURU Y'U RWANDA

FOREIGN PRIVATE CAPITAL IN RWANDA

Survey Report – FPC 2024

RDB RWANDA DEVELOPMENT BOARD

nisr NATIONAL INSTITUTE OF STATISTICS OF RWANDA

NBR IDENTITY STATEMENT

The National Bank of Rwanda strives to be a world-class Central Bank that contributes to the country's Macroeconomic stability.

VISION
To become a World-Class Central Bank

MISSION
To ensure price stability and a sound financial system contributing to sustainable and inclusive growth.

OUR CORE VALUES

INTEGRITY

We uphold high moral, ethical and professional standards for our people, systems and data.

COLLABORATION

We recognize that our team's collective intelligence, creativity, and efforts far exceed individual accomplishments. (Co-ordinate efforts)

EXCELLENCE

We passionately strive to deliver quality services in a timely and cost-effective manner. We continuously seek improvement by encouraging new ideas and welcoming feedback that adds value to customer and stakeholder services.

Governor's Foreword

I am pleased to share the 2024 Foreign Private Capital Survey Report for Rwanda, which presents vital insights into the landscape of private investment in the country for the calendar year 2023. This report, the fifteenth in our annual series, is a collaborative effort between the National Bank of Rwanda, the Rwanda Development Board, and the National Institute of Statistics of Rwanda.

The survey provides comprehensive data on various aspects of foreign investment, including Foreign Direct Investments, Private Sector External Debt, and Foreign Affiliates Trade Statistics. These insights are crucial for compiling national economic statistics and informing policy formulation aimed at enhancing Rwanda's investment climate.

Key findings from this year's survey indicate a significant increase in the Foreign Private Capital inflows, which rose by 33.8 percent to USD 886.9 million in 2023, mainly resulting from an increase in the Foreign Direct Investment inflows of 44.3 percent, amounting to USD 716.5 million. This is attributed to robust economic performance. The report also highlights the government's ambitious goal to double private investment from USD 2.2 billion in 2023 to USD 4.6 billion by 2029 as part of its Second National Strategy for Transformation.

We extend our gratitude to all stakeholders who contributed to this survey, including private enterprises and partner institutions. Their cooperation was instrumental in achieving a response rate of 88.3 percent of the companies surveyed.

This report serves as a foundational document for understanding foreign investment trends in Rwanda and is intended for policymakers, researchers, and anyone interested in the economic development of our nation.

RWANGOMBWA John
Governor

EXECUTIVE SUMMARY

The 2024 Foreign Private Capital (FPC) survey is the fifteenth in a series of annual surveys aimed at gathering data on foreign investment within Rwanda's domestic private sector for the year 2023. This survey focused on both equity and non-equity inflows and stocks encompassing 383 companies, of which 338 responded, yielding a response rate of 88.3 percent, an increase from 85.7 percent in the previous year.

The findings show that the FPC inflows increased by 33.8 percent, standing at USD 886.9 million in 2023, up from USD 663.0 million recorded in 2022. This growth is largely attributed to Rwanda's consistent economic performance, with an average GDP growth rate of 8.2 percent in both 2022 and 2023.

Foreign Direct Investment (FDI) was the primary driver of these inflows, accounting for 80.8 percent share of the total FPC inflows, followed by Other Investment (OI) at 18.0 percent and Foreign Portfolio investment (FPI) at 1.2 percent. Sector-wise, the financial sector attracted the most significant FPC inflows, contributing 26.6 percent, followed by manufacturing, ICT, wholesale and retail trade, real estate, agriculture and construction.

The increase in FPC inflows was mainly influenced by heightened investments from Mauritius, India, USA, France, Germany and Netherlands, which outweighed declines from Kenya and China. Mauritius led with a share of 24.9 percent, mostly invested in electricity, gas, steam and air conditioning supply and financial sectors. India and Kenya followed with investments concentrate in ICT, financial and education sectors, while substantial increases were also reported from USA, France and Germany in real estate, manufacturing and agriculture sectors.

Private Sector External Debt (PSED) inflows rose by 34.9 percent, reaching USD 423.0 million in 2023, up from USD 313.5 million in 2022. This increase is primarily attributed to a 72.9 percent rise in debt from related entities that offset a slight decline of 1.0 percent from unrelated lenders.

The FDI net profit rose by 37.8 percent, standing at USD 131.6 million from USD 95.5 million of 2022. This growth facilitated increased declarations and distributions of dividends, as well as higher net retained earnings.

Moreover, FPC companies registered an increase of 18.2 percent in total turnovers, amounting to USD 3,604.4 million, and representing 25.7 percent of the country's nominal GDP.

In addition, the findings show a remarkable employment growth, reaching a total of 59,916 employees, comprising 58,415 locals and 1,501 foreign employees in both short-term and long-term positions – an increase of 10,126 employees, or a 20.3 percent growth rate compared to the 49,790 reported in FPC 2023.

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 building on the success of National Strategy for Transformation (NST 1), has formulated a successor medium-term strategy, the Second National Strategy for Transformation (NST2) covering the period of 2024-2029, which aims at implementing reforms in pursuit of high and sustainable growth for Rwanda. In view of this, Investment promotion remains one of the key policy strategies consistent with the overall macroeconomic targets. As a matter of fact, the goal number 3 of the NST 2 clearly outlines the need to double private investment from USD 2.2 billion in 2023 to USD 4.6 billion in 2029.

Due to these efforts, Foreign Private Capital (FPC) flows and sources diversification have increased in recent past, supported by continued globalization, thus internationally harmonized, timely and reliable FPC statistics are essential for the analysis of developments and trends in the foreign 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 2024 survey records information for the year 2023 from all residents that hold foreign liabilities and/or foreign assets.

The FPC survey is designed based on the International Monetary Fund (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 (NAS) compilation.

The questionnaire was distributed to 383 enterprises with foreign capital, out of which 338 responded, accounting for a response rate of 88.3 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 trends, chapters 3 through 5 present and analyze the quantitative survey findings on foreign direct investment, private sector external debt, and foreign affiliates trade statistics. Chapter 6 highlights Investment Opportunities in Rwanda.

CHAPTER 2: GLOBAL AND REGIONAL INVESTMENT TRENDS

2.1: Global and Regional FDI Trends

In 2023, the global foreign direct investment (FDI) marginally decreased by 2 percent, to USD 1.32 trillion from USD 1.35 trillion that was recorded in 2022. This decrease was mainly due to unexpected fluctuations in financial flows through some European conduit economies[1]. The global investment environment in 2024 continues to present significant challenges due to weakening growth prospects, trade and geopolitical tensions, industrial policies and supply chain diversification that are reshaping FDI trends. As a result, some Multinational Enterprises (MNEs) are taking a more cautious approach towards overseas expansion (UNCTAD, 2024).

International project finance and cross-border Mergers and Acquisitions (M&As) recorded poor performance in 2023, falling by 46 percent in value. Project finance, which is key for infrastructure investment, fell by 26 percent, particularly impacting FDI in developed countries. Contributing factors included tighter financing conditions, investor uncertainty, volatility in financial markets and increased regulatory scrutiny of M&As. Conversely, greenfield investment project announcements recorded a marginal increase of 2 per cent, with the growth concentrated in manufacturing, breaking a decade-long trend of decline in the sector.

[1]Conduit economies are economies recorded as intermediaries in trade, logistics, finance and banking. In Europe, Belgium and the Netherlands are considered as trade and logistical hubs because of large ports, while Switzerland is a financial and banking hub.

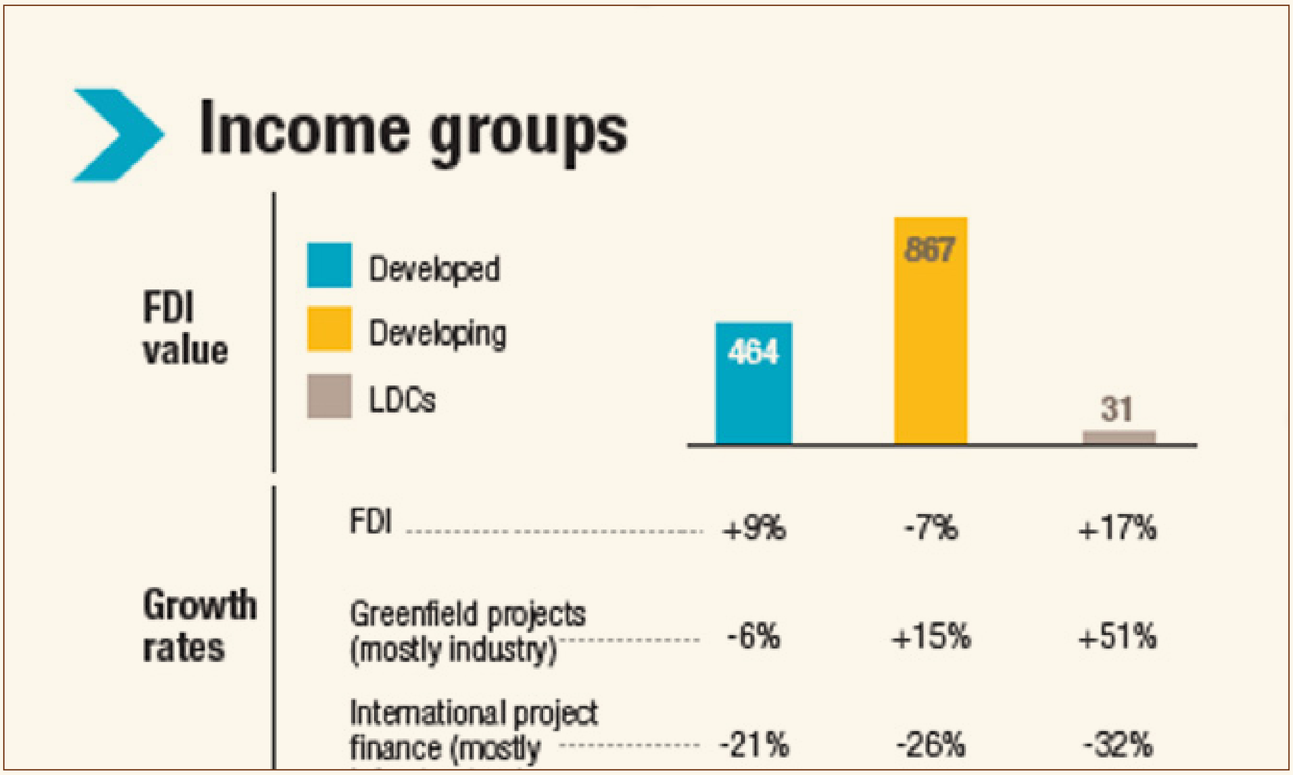
Figure 1: Global FDI trends (in Percent)

Source: UNCTAD 2024

Furthermore, growth was concentrated in developing countries, where the number of projects was up by 15 percent, while developed countries experienced a 6 percent decrease in new project announcements. In developed economies, FDI inflows grew by 9 percent from USD 426 billion in 2022 to USD 464 billion in 2023. This trend was largely influenced by MNEs financial transactions and the implementation of a minimum tax on the large MNEs. Meanwhile, FDI flows to developing countries dropped by 7 percent to USD 867 billion from USD 929 billion in the previous year, primarily due to an 8 percent decrease in developing Asia.

FDI flows to the structurally weak and vulnerable economies, saw an increase, due to higher international project finance in infrastructure. Specifically, FDI inflows to the Least Developed Countries (LDCs) rose by 17 percent, to USD 31 billion, from USD 26.5 billion recorded last year, and accounting for 2.4 percent of global FDI flows. Additionally, landlocked developing countries and small island developing states also saw increased FDI. However, in all three categories, FDI remains concentrated among a few countries, including Cambodia, Ethiopia, Bangladesh, Uganda and Senegal, accounting for 50 percent of the total FDI in LDCs. International project finance plays a relatively significant role in the LDCs, making them disproportionally affected by the global downturn in this form of investment.

Figure 2: Trends in FDI Flows by Income Groups (in USD Billions and Percent)



Source: UNCTAD 2024

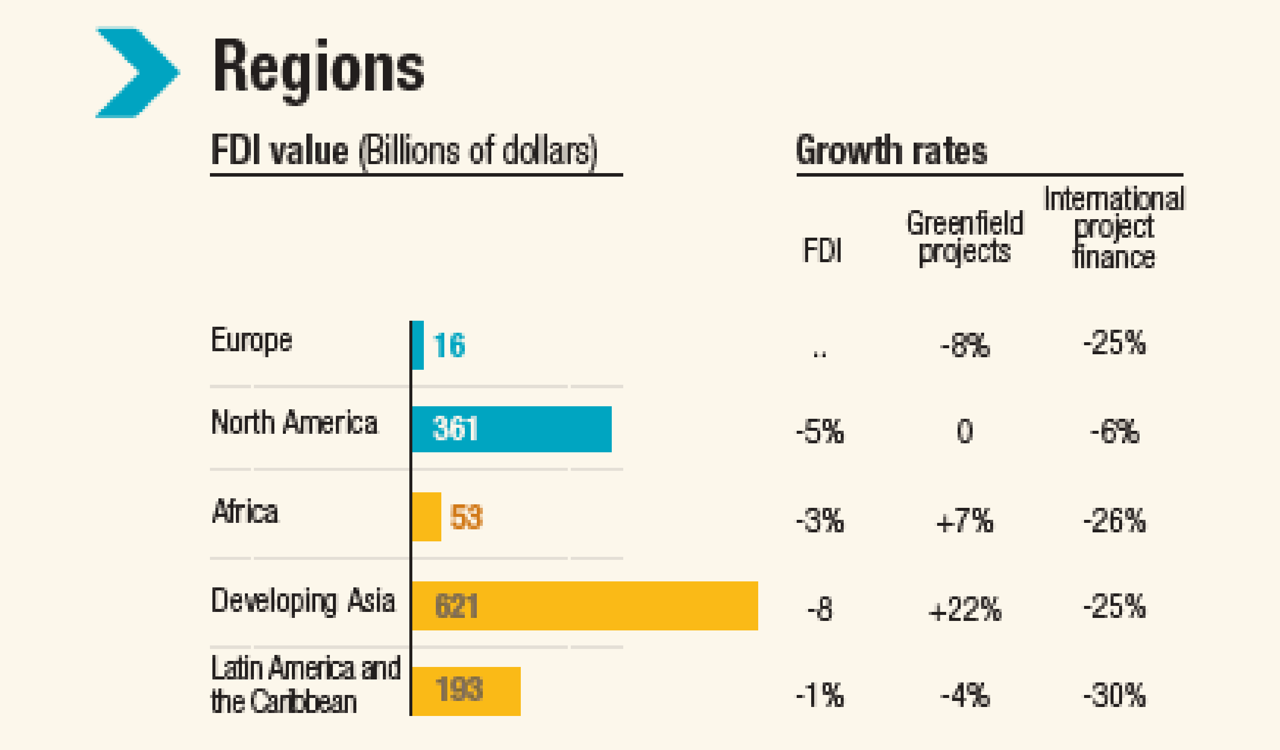
In Europe, greenfield projects flows recorded a negative of 8 percent, amounting to USD 16 billion, due to volatility among conduit economies, and the project finance inflows to Europe fell by 25 percent. FDI and projects finance inflows in North America saw a decline of 5 percent and 6 percent, respectively.

In Africa, FDI inflows fell by 3 percent in 2023 totaling USD 53 billion. Notable greenfield projects rose by 7 percent, announcements included several megaprojects, among which was the largest global announcement – a green hydrogen project in Mauritania. The number of international project finance deals decreased by a quarter and their value halved, negatively impacting infrastructure investment prospects.

FDI flows in Developing Asia declined by 8 per cent to USD 621 billion in 2023, down from USD 677 billion in 2022. China, the world's second largest FDI recipient, experienced unusual decline in inflows, with significant decreases also noted in India and West and Central Asia. Only South-East Asia maintained stable FDI levels. Despite this downturn in greenfield projects industrial investment in Asia remains positive, as indicated by the graph below. These greenfield project announcements were highly concentrated; in South-East Asia, which accounted for almost half, as well as West Asia.

FDI Flows to Latin America and the Caribbean fell by 1 percent, reaching USD 193 billion. Although both international project finance and greenfield investment announcements fell, the number of greenfield investments increased due to large-scale projects in commodity sectors and critical minerals, renewable energy, green hydrogen and green ammonia.

Figure 3: Trends in FDI Flows by Regions (in USD Billions and Percent)



Source: UNCTAD 2024

In terms of sectoral distribution, industry trends indicated lower investment in the infrastructure and digital economy sectors, but a robust growth in the global value chain-intensive sectors of manufacturing and critical minerals. The weak project finance markets negatively affected infrastructure investment, and digital economy sectors continued their slowdown following the end of the boom in 2022.

Sectors tied to global value chains, including the automotive, electronics and machinery industries, grew strongly, showing the effect of supply chain restructuring pressures. In the extraction and processing of critical minerals, both the number and value of investment project nearly doubled.

However, international finance investment in sectors aligned with the Sustainable Development Goals in developing countries declined in 2023. Despite an increase in greenfield project announcements -particularly in renewable energy, power and transportation – the overall value of SDGs- related investments in developing countries fell due to the downturn in international project finance, which is typically utilized for larger infrastructure projects. Additionally, project numbers in agrifood systems and water and sanitation were lower than they were in 2015 when the SDGs were adopted.

Furthermore, SDG investment is unequally distributed; Africa and Latin America and the Caribbean attract a smaller share of global SDG investment projects compared to their overall project shares. In contrast, developing Asia draws above- average SDGs investment.

CHAPTER 3: FOREIGN PRIVATE CAPITAL (FPC) IN RWANDA

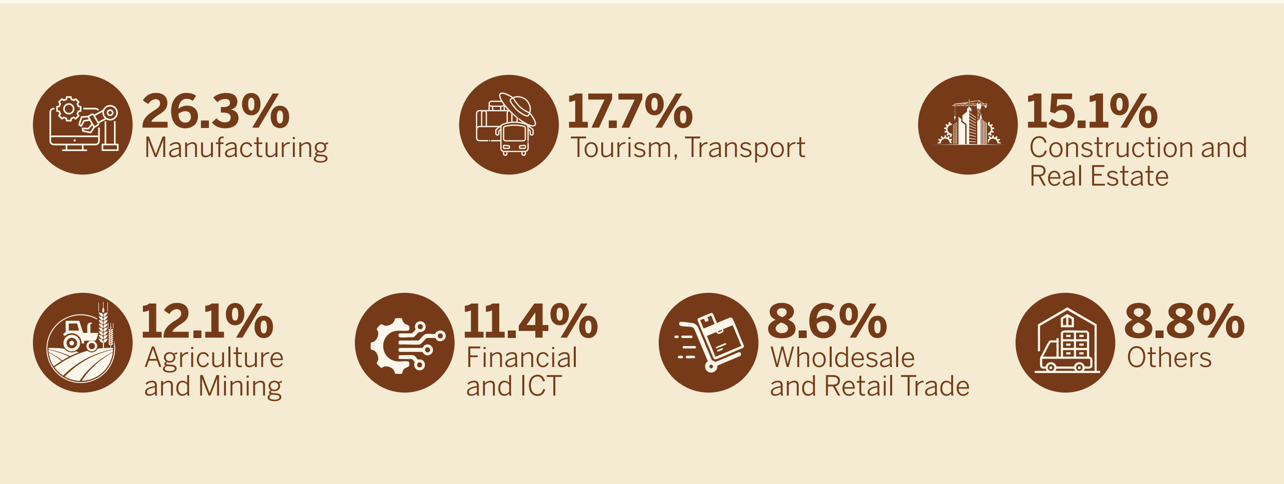
3.1. Methodology

This section describes the methodology used for the annual FPC 2024 survey, conducted by a team of enumerators and supervisors, from the National Bank of Rwanda (NBR), the National Institute of Statistics of Rwanda (NISR) and Rwanda Development Board (RDB). Enumerators were trained in 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 investment, and on foreign affiliate statistics.

The survey targets all enterprises in Rwanda with foreign investment from related and unrelated non-resident entities. The sample frame is updated each year to include new companies and exclude those that have closed or are ineligible.

In the 2024 FPC survey, questionnaires were sent to 383 enterprises, of which 338 enterprises responded, resulting in a response rate of 88.3 percent. This reflects an improvement from the 85.7 percent response rate recorded in 2023. The graph below shows the number of companies by sectors of economic activities as shares of total survey's population, which is led by a notable volume of manufacturing sector's companies.

FPC 2024, Percentage Share of Sectors to Total Population



Data entry and processing were carried out using the Private Capital Monitoring System (PCMS), which was developed by the Macroeconomic and Financial Management Institute for Eastern and Southern Africa countries (MEFMI). The system is locally managed by the National Bank of Rwanda (NBR) on their Local Area Network (LAN).

Finally, to ensure data quality, collected information was reviewed against data from other public institutions and previous surveys for consistency and trend analysis.

3.2. Foreign Private Capital (FPC) in Rwanda

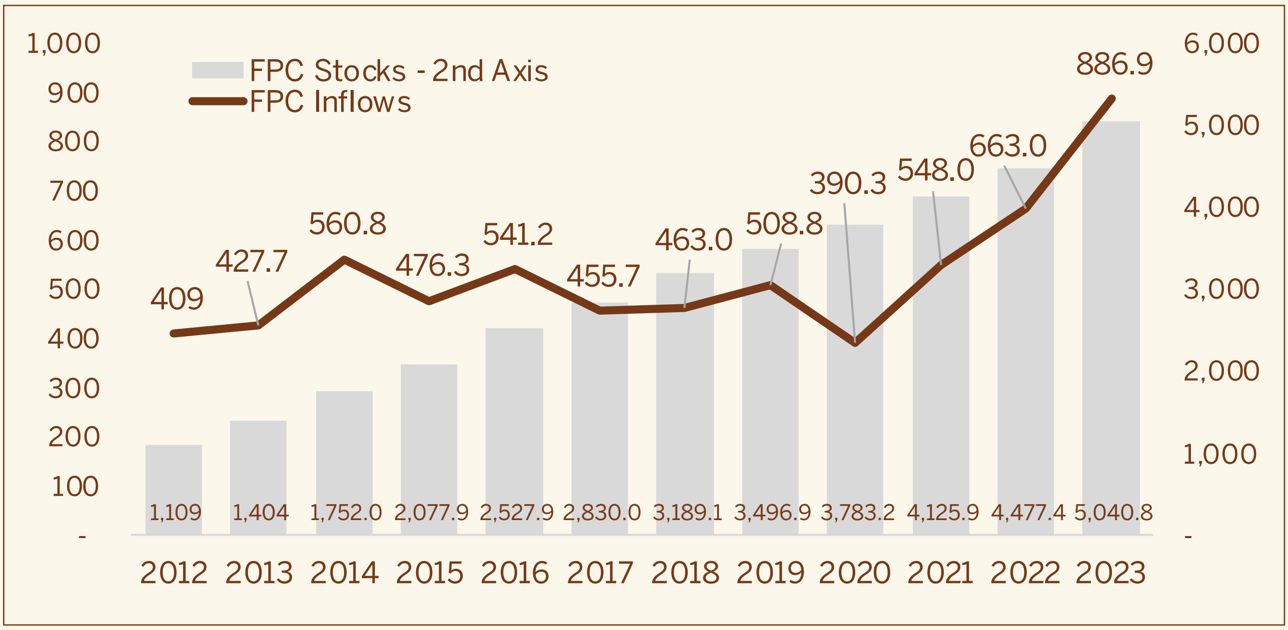
Foreign Private Capital (FPC) inflows are categorized into three main types: Foreign Direct Investment (FDI), Foreign Portfolio Investment (FPI), and Other Investments (OI).

- **Foreign Direct Investment (FDI):** This includes equity investments from non-resident investors, who hold at least 10 percent of a company's total capital as well as reinvested earnings and debts from affiliated investors.
- **Foreign Portfolio Investment (FPI):** This type of investment consists of tradable instruments where the shareholding structure of less than 10 percent, as well as debt securities.
- **Other Investment (OI):** This category comprises 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 2023, Rwanda experienced a significant increase in capital inflows, which is attributed to the country's steady economic performance, recording an average GDP growth of 8.2 percent in both 2022 and 2023 (NISR).

As shown on the graph below, total FPC inflows rose by 33.8 percent, reaching USD 886.9 million compared to USD 663.0 million in the previous year, primarily driven by a 44.3 percent increase in FDI. As of December 2023, the total FPC stock was USD 5,040.8 million, up from USD 4,477.4 million in 2022, marking a 12.6 percent increase.

Figure 4: FPC Inflows and Stocks (USD Million)



Source: FPC 2024 Survey

By functional categories, in 2023, FDI inflows represented the largest share of the total FPC inflows with a share of 80.8 percent, followed by OI at 18.0 percent and FPI at 1.2 percent. Similarly, in terms of stocks, FDI remained the highest, accounting for 73.3 percent of the total FPC Stocks, as detailed on the table below.

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

	2019	2020	2021	2022	2023	% Change	% Share
FPC Inflows							
FDI	353.8	259.5	399.3	496.4	716.5	44.3	80.8
FPI	4.0	19.6	4.8	5.5	10.9	97.5	1.2
OI	151.0	111.1	143.9	161.1	159.6	-1.0	18.0
Total	**508.8**	**390.3**	**548.0**	**663.0**	**886.9**	**33.8**	
FPC Stocks							
FDI	2,546.9	2,707.1	2,937.8	3,237.3	3,696.1	14.2	73.3
FPI	104.3	115.7	120.5	124.8	130.5	4.5	2.6
OI	845.8	960.3	1,067.5	1,115.3	1,214.2	8.9	24.1
Total	**3,496.9**	**3,783.2**	**4,125.9**	**4,477.4**	**5,040.8**	**12.6**	

Source: FPC 2024 Survey

3.2.1. FPC by Sector of Economic Activity

In terms of sectoral distribution for FPC inflows in 2023, the financial sector received the highest investment totaling USD 236.0 million, which accounted for 26.6 percent, followed by manufacturing at USD 165.2 million (18.6 percent), ICT at USD 107.4 million (12.1 percent), wholesale and retail trade at USD 105.0 million (11.8 percent) and real estate activities at USD 90.3 million (10.2 percent).

For stock distribution, the financial sector leads, accounting for 26.9 percent, followed by ICT (18.1 percent), manufacturing (15.2 percent), and electricity (8.9 percent).

Table 2: FPC 2024 Inflows and Stocks by Sector of Economic Activity (USD Million)

	2022	2023	% Change	% Share		2022	2023	% Change	% Share
FPC Inflows					FPC Stocks				
Total	663.0	886.9	33.8		Total	4,477.4	5,040.8	12.6	
Financial	224.1	236.0	5.3	26.6	Financial	1,223.3	1,358.3	11.0	26.9
Manufacturing	127.2	165.2	29.8	18.6	ICT	900.6	913.1	1.4	18.1
ICT	59.7	107.4	79.8	12.1	Manufacturing	646.2	766.4	18.6	15.2
Wholesale	92.4	105.0	13.6	11.8	Electricity	422.4	447.8	6.0	8.9
Real Estate	5.5	90.3	1,552.0	10.2	Wholesale	351.7	414.6	17.9	8.2
Agriculture	27.2	60.9	123.5	6.9	Tourism	322.6	335.5	4.0	6.7
Construction	18.6	33.7	81.6	3.8	Agriculture	322.6	262.8	25.3	5.2
Others	108.3	88.5	-18.3	10.0	Others	400.8	542.2	35.3	10.8

Source: FPC 2024 Survey

3.2.2. FPC by Origin and Region

The increase in FPC inflows is mainly due to inflows from Mauritius, India, USA, France, Germany and the Netherlands, which outweighed declines from Kenya and China.

FPC inflows from Mauritius led with a share of 29.4 percent, mostly invested in electricity, gas, steam and air conditioning supply, as well as in finance, manufacturing, wholesale and retail trade sectors. These are followed by FPC inflows from India and Kenya, with individual shares of 9.8 percent and 7.8 percent, respectively, mainly invested in ICT, financial and education sectors. Additionally, FPC inflows from USA. France, Germany saw substantial increases, growing by 123 percent, 295 percent and 1,350 percent, respectively, with these investments mainly focused on real estate, manufacturing and agriculture sectors.

In terms of FPC stocks distribution, Mauritius took the lead, with 27.4 percent of the total. This was followed by Kenya (9.3 percent), USA (5.3 percent), South Africa (4.1 percent), India (3.5 percent), China (3.1 percent) and the Netherlands (3.0 percent), as highlighted on the table below.

Table 3: FPC 2024 Inflows and Stocks by Origin (USD Million)

	2022	2023	% Change	% Share		2022	2023	% Change	% Share
FPC Inflows					FPC stocks				
Grand Total	**663.0**	**886.9**	**33.8**		**Grand Total**	**4,477.4**	**5,040.8**	**12.6**	
Mauritius	209.1	261.0	24.9	29.4	Mauritius	1,208.5	1,382.4	14.4	27.4
India	42.9	87.2	103	9.8	Kenya	412.6	469.8	13.9	9.3
Kenya	105.8	69.2	-34.6	7.8	USA	218.9	267.8	22.3	5.3
USA	30.7	68.3	123	7.7	South Africa	200.5	205.6	2.6	4.1
France	15.9	62.7	295	7.1	India	168.4	177.5	5.2	3.5
Germany	3.9	57.0	1,350	6.4	China	136.7	154.2	12.8	3.1
China	48.6	30.1	-38.1	3.4	Netherlands	149.7	149.3	-0.3	3.0
Netherlands	21.3	24.8	16.8	2.8	UK	125.0	133.9	7.2	2.7
Belgium	19.4	18.9	-2.8	2.1	Germany	75.2	130.3	73.4	2.6
South Africa	17.6	18.8	6.5	2.1	Belgium	114.8	125.6	9.4	2.5
Others	147.8	188.9	27.8	21.3	Others	1,667.1	1,844.3	10.6	36.6

Source: FPC 2024 Survey

According to the results, the largest shares of FPC inflows by regions were from COMESA (46.3 percent), OECD (36.7 percent), SADC (35.2 percent) and EU (27.3 percent). In terms of FPC stocks distribution, COMESA holds a dominant share of 41.5 percent, followed by SADC (33.4 percent), OECD (24.1 percent), EU (14.0 percent), international organizations and banks (11.4 percent), and EAC (11.1 percent).

Table 4: FPC 2024 Inflows and Stocks by Region (USD Million)

	2022	2023	% change	% share	2022	2023	% change	% share
	FPC Inflows				FPC Stocks			
Total	**663.0**	**886.9**	**33.8**		**4,477.4**	**5,040.8**	**12.6**	
EAC	124.1	87.2	-29.7	10.8	487.2	558.5	14.6	11.1
COMESA	319.9	374.7	17.1	46.3	1,819.2	2,091.1	14.9	41.5
SADC	242.2	284.7	17.5	35.2	1,500.8	1,684.0	12.2	33.4
OECD	115.2	297.2	158	36.7	992.9	1,215.7	22	24.1
EU	67.1	221.3	230	27.3	534.4	707.1	32	14.0
Asia	99.9	135.5	35.6	15.3	453.7	492.7	8.6	9.8
North and South America	0.3	3.0	901	0.4	135.1	136.7	1	2.7
Int. Org and Banks	63.1	17.9	-71.7	2.2	585.0	575.1	-1.7	11.4

Source: FPC 2024 Survey

3.3. Foreign Direct Investment (FDI) in Rwanda

In 2023, FDI inflows experienced a significant increase of 44.3 percent, amounting to USD 716.5 million, up from USD 496.4 million in 2022. This notable growth was attributed to several key factors:

- **Equity Capital Growth:** There was a substantial increase of 22.7 percent in equity capital, which increased from USD 114.2 million in 2022 to USD 140.1 million in 2023. The sectors that benefited from this new equity included financial, manufacturing, electricity, gas, steam and air conditioning supply, real estate activities, and education.
- **Reinvestment Earnings:** Reinvestment earnings grew by 36.2 percent, rising to USD 313.0 million in 2023 from USD 229.9 million in 2022. This growth was driven by strong performance in the financial, agriculture, manufacturing and construction sectors.
- **Intra-company Borrowings:** debts from affiliated lenders saw a significant increase of 72.9 percent to USD 263.4 million in 2023, up from USD 152.4 million in 2022. This growth was primarily linked to increased activity in the ICT, real estate, wholesale and retail trade, and agriculture sectors.

In terms of FDI stocks, there was a growth of 14.2 percent, of which borrowings from affiliated companies took the largest share of 45.7 percent, followed by equity capital (35.4 percent), and retained earnings (18.8 percent), as per the table below.

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

	2019	2020	2021	2022	2023	% Change	% Share
FDI Inflows							
Equity	45.6	49.4	59.4	114.2	140.1	22.7	19.5
Retained Earnings	141.8	115.7	183.8	229.9	313.0	36.2	43.7
Debts from affiliated	166.5	94.4	156.1	152.4	263.4	72.9	36.8
Total	**353.8**	**259.5**	**399.3**	**496.4**	**716.5**	**44.3**	
FDI Stocks							
Equity	935.6	988.6	1,046.0	1,161.5	1,309.0	12.7	35.4
Retained Earnings	485.1	518.9	558.6	617.7	696.6	12.8	18.8
Debts from affiliated	1,126.2	1,199.7	1,333.2	1,458.1	1,690.6	15.9	45.7
Total	**2,546.9**	**2,707.1**	**2,937.8**	**3,237.3**	**3,696.1**	**14.2**	

Source: FPC 2024 Survey

3.3.1. FDI Inflows and Stocks by Sector of Economic Activity

According to the 2024 FPC survey findings, the financial sector led in FDI inflows in 2023 with a share of 21.4 percent of the total. The manufacturing sector (19.1 percent), ICT (13.9 percent), wholesale and retail trade (13.8 percent) and real estate activities (10.5 percent) followed.

In terms of FDI stocks distribution, the financial sector retains the largest share of 23.5 percent, followed by the ICT sector (19.9 percent), manufacturing (13.6 percent) and electricity, gas, steam and air conditioning supply (9.8 percent).

The rise in FDI across these key sectors highlights the effectiveness of government policies designed to foster investment, including initiatives like the Made in Rwanda program in manufacturing, efforts in digitization for ICT and universal access to electricity.

Table 6: FDI Inflows and Stocks by Sector of Economic Activity (USD Million)

	2022	2023	% Change	% Share		2022	2023	%Change	% Share
FDI Inflows					**FDI Stocks**				
TOTAL	**496.4**	**716.5**	**44.3**		**TOTAL**	**3,237.3**	**3,696.1**	**14.2**	
Financial	124.9	153.2	22.7	21.4	Financial	769.1	869.2	13.0	23.5
Manufacturing	102.9	137.1	33.2	19.1	ICT	730.6	735.3	0.6	19.9
ICT	57.9	99.5	71.9	13.9	Manufacturing	410.8	503.5	22.6	13.6
Wholesale	71.1	99.1	39.3	13.8	Electricity	352.2	362.8	3.0	9.8
Real Estate	3.6	75.1	1,966	10.5	Wholesale	286.4	358.1	25.0	9.7
Agriculture	24.5	55.0	124	7.7	Tourism	247.0	256.1	3.7	6.9
Construction	13.2	32.0	142	4.5	Agriculture	142.6	194.7	36.5	5.3
Others	98.2	65.4	-33.4	9.1	Others	298.5	426.4	39.5	11.3

Source: FPC 2024 Survey

3.3.2. FDI Inflows and Stocks by Origin

Regarding the origin of FDI inflows, Mauritius led with a significant share of 28.2 percent, primarily invested in electricity, gas, steam and air conditioning supply, manufacturing, financial, wholesale, and retail trade sectors. India and Kenya followed with individual shares of 12.2 percent and 9.5 percent, mostly invested in ICT, finance and education sectors, while Germany, USA and France each held an average share of about 8.0 percent, mostly invested in real estate, manufacturing and agriculture.

For FDI stocks by origin for the year 2023, Mauritius remained a major source along with, Kenya, USA, South Africa, India, Netherlands and China collectively accounting for 68.0 percent of the total FDI stock.

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

	2022	2023	% change	% share		2022	2023	% change	% share
FDI Inflows					**FDI Stocks**				
Total	**496.4**	**716.5**	**44.3**		**Total**	**3,237.3**	**3,696.1**	**14.2**	
Mauritius	161.3	201.7	25.1	28.2	Mauritius	1,120.0	1,247.2	11.4	33.7
India	42.5	87.2	105	12.2	Kenya	364.7	422.6	15.9	11.4
Kenya	92.0	68.3	-25.7	9.5	USA	174.9	227.2	29.9	6.1
Germany	3.9	57.0	1,350	8.0	South Africa	200.0	205.2	2.6	5.6
USA	30.3	56.6	86.6	7.9	India	164.5	173.6	5.5	4.7
France	11.0	56.0	408	7.8	Netherlands	129.1	133.2	3.2	3.6
Netherlands	21.3	23.9	12.4	3.3	China	105.8	103.7	-1.9	2.8
South Africa	14.3	18.8	31.4	2.6	Belgium	88.1	97.8	11.1	2.6
Others	119.8	146.9	22.6	20.5	Others	890.3	1,085.6	21.9	29.4

Source: FPC 2024 Survey

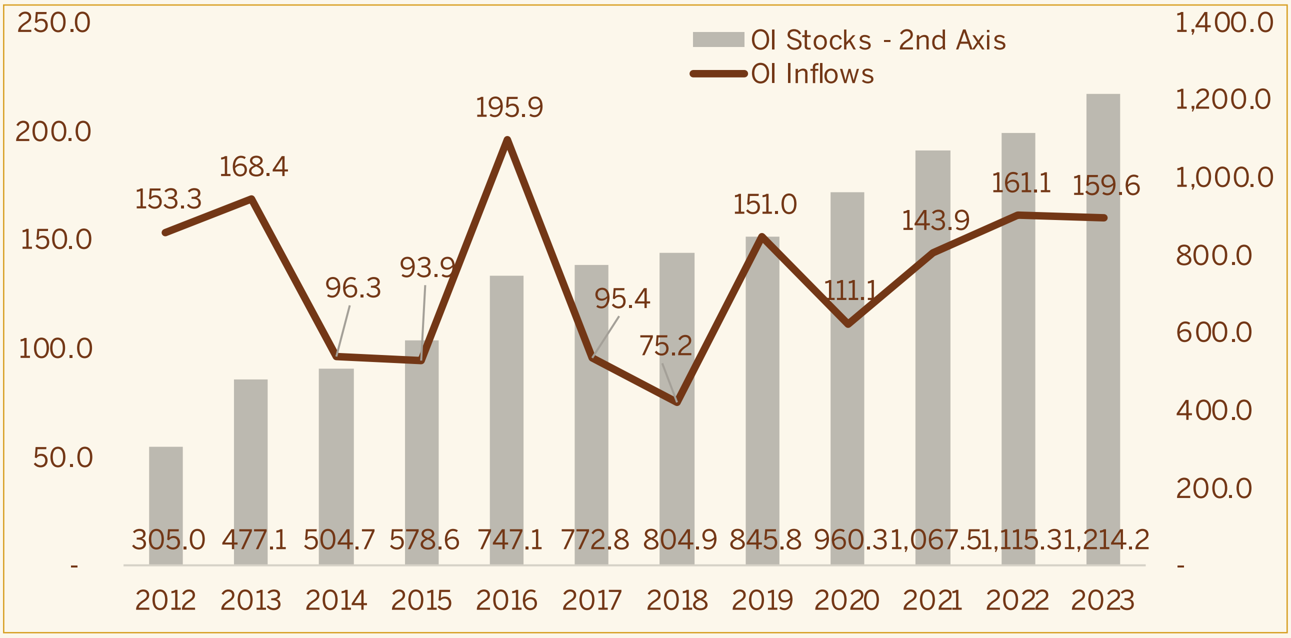
3.4. Other Investment (OI)

Other Investments (OI) are comprised of non-equity investments that are not classified under direct investment, foreign portfolio investment (FPI), financial derivatives, employee stock options, or reserve assets. OI is comprised of loans, trade credit and advances, currency and deposits, and other accounts receivable / payable between unrelated entities.

In 2023, OI inflows experienced a slight decline of 1.0 percent, standing at USD 159.6 million from USD 161.1 million registered in 2022. This decrease was mainly due to the drop of inflows in the financial and wholesale trade sectors, which outweighed the increases in manufacturing, real estate and electricity, gas steam and air conditioning supply sectors.

In terms of OI stocks, there was an increase of 8.9 percent, down from USD 1,115.3 million in 2022 to USD 1,2142.2 million registered in 2023

Figure 5: OI inflows and stocks (USD Million)



Source: FPC 2024 Survey

3.4.1. OI Inflows and Stocks by Sector of Economic Activity

In 2023, the financial sector was the primary recipient of Other Investment (OI) inflows, accounting for 48.1 percent of total, followed by manufacturing (15.5 percent), electricity, gas, steam and air conditioning supply (9.4 percent) and real estate (8.9 percent), as shown in the table below.

In terms of OI stock distribution, the financial sector led with a share of 35.3 percent of total OI stock, followed by manufacturing (16.3 percent) and ICT (14.6 percent).

Table 8: OI Inflows and Stocks by Sector of Economic Activity (USD Million)

	2022	2023	% Change	% Share		2022	2023	% Change	% Share
OI Inflows					**OI Stocks**				
Total	**161.1**	**159.6**	**-1.0**		**Total**	**1,115.3**	**1,214.2**	**8.9**	
Financial	95.8	76.8	-19.9	48.1	Financial	397.9	429.2	7.8	35.3
Manufacturing	22.4	24.7	10.5	15.5	Manufacturing	170.5	197.4	15.8	16.3
Electricity	0.9	15.0	1,480.6	9.4	ICT	169.9	177.7	4.6	14.6
Real Estate	1.8	14.1	705.2	8.9	Electricity	67.0	81.8	22.2	6.7
ICT	1.8	7.8	328.4	4.9	Tourism	75.5	79.4	5.1	6.5
Wholesale	21.2	5.9	-72.5	3.7	Agriculture	67.0	67.7	1.0	5.6
Others	17.1	15.3	-10.6	9.6	Others	167.4	181.0	8.1	14.9

Source: FPC 2024 Survey

3.4.2. OI Inflows and Stocks by Origin

In 2023, the OI inflows slightly reduced by 1.0 percent, compared to 2022. This decrease was due to high inflows recorded in 2022, from institutions such as EIB and IFC, as well as from countries like Togo, Kenya and Poland, which offsite the increases in inflows from Mauritius, Sudan, China, Sweden, USA and France.

The table below shows that Mauritius was the leading source of OI inflows with a contribution of 37.2 percent, followed by Sudan (16.3 percent), China (12.8 percent), Sweden (8.4 percent), USA (7.3 percent) and France (4.2 percent). These countries played a key role in supporting various sectors through their investments.

In terms of OI stock origin, borrowings from international institutions were notably high. The leading contributors included the PTA (9.4 percent of total OI stock), the EIB (9.0 percent), and IFC (6.8 percent), underscoring the importance of these institutions in financing domestic growth.

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

	2022	2023	% change	% share		2022	2023	% change	% share
OI Inflows					**OI Stocks**				
Total	**161.1**	**159.6**	**-1.0**		**Total**	**1,115.3**	**1,214.2**	**8.9**	
Mauritius	47.8	59.3	24.2	37.2	Mauritius	88.5	135.2	52.8	11.1
Sudan	-	26.0	100	16.3	PTA	114.7	114.7	0.0	9.4
China	6.8	20.4	201	12.8	EIB	109.5	109.5	0.0	9.0
Sweden	-	13.4	100	8.4	UK	86.9	88.2	1.5	7.3
USA	0.3	11.7	3,317	7.3	IFC	76.2	82.9	8.7	6.8
France	4.8	6.7	38.1	4.2	Germany	65.1	65.1	0.0	5.4
IFC	16.1	6.7	-58.5	4.2	China	31.0	50.5	63.2	4.2
Poland	2.8	2.5	-12.1	1.6	Kenya	47.9	47.2	-1.3	3.9
Others	82.5	12.9	-84.3	8.1	Others	495.5	520.8	5.1	42.9

Source: FPC 2024 Survey

3.5. Foreign Portfolio Investment (FPI)

Foreign Portfolio Investment (FPI), which includes tradable equity holdings of less than a 10 percent stake in company equity, saw inflows of USD 10.87 million in 2023, up from USD 5.51 million in 2022. This increase was largely attributed to investments that were directed toward the financial and manufacturing sectors, which remained the primary recipients of portfolio investments (PI).

In 2023, the total FPI stock experienced 4.5 percent growth, reaching USD 130.48 million, compared to USD 124.84 million in 2022. By the end of the year the manufacturing sector accounted for 50.2 percent of the total PI stock, with the financial sector closely following at 45.9 percent.

Table 10: FPI Inflows and Stocks by Sector of Economic Activity (USD Million)

	2022	2023	% Change	% Share		2022	2023	% Change	% Share
FPI Inflows					**FPI Stocks**				
Total	**5.51**	**10.87**	**97.5**		**Total**	**124.84**	**130.48**	**4.5**	
Financial	3.36	6.02	79.1	55.3	Manufacturing	64.97	65.53	0.9	50.2
Manufacturing	1.92	3.33	73.7	30.6	Financial	56.24	59.94	6.6	45.9
Real Estate	0.07	0.99	1,267	9.1	Electricity	3.18	3.15	-1.0	2.4
Agriculture	0.03	0.40	1,414	3.7	Real Estate	0.06	1.04	1,691	0.8
Wholesale	0.08	0.10	29.9	0.9	Agriculture	0.11	0.42	293	0.3
Construction	0.03	0.03	20.4	0.3	Wholesale	0.02	0.12	462	0.1
Others	0.02	0.003	-88.2	0.02	Others	0.26	0.28	11.6	0.2

Source: FPC 2024 Survey

CHAPTER 4: PRIVATE SECTOR EXTERNAL DEBT

This section examines Private Sector External Debts (PSED) incurred by non-resident entities lending to both related and unrelated companies in Rwanda. It provides information on the composition of non-equity investment inflows and stocks, disaggregated by maturity, sector of economic activity and origin.

This report distinguishes between PSED and Central Government as follows:

- **PSED:** Debt contracted by the private sector in Rwanda, borrowed from abroad, from either international financial institution, parent companies, or affiliated enterprises.
- **Public External Debt:** External debt associated with the General Government and the Central Bank (National Bank of Rwanda)

The findings show that PSED inflows increased by 34.9 percent, to USD 423.0 million in 2023, up from USD 313.5 million recorded in 2022. This increase is primarily attributed to a 72.9 percent rise in debt from related entities, that offset a 1.0 percent decline in inflows from unrelated lenders.

In terms of total stocks, PSED increased by 12.9 percent, standing at USD 2,904.8 million in 2023. Debt from related parties accounted for a larger share of 58.2 percent, compared to 41.8 percent of unrelated lenders.

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

	2019	2020	2021	2022	2023	% Change	% Share
PSED Inflows USD million							
PSED Related Inflows	166.5	94.4	156.1	152.4	263.4	72.9	62.3
PSED Unrelated Inflows	151.0	111.1	143.9	161.1	159.6	-1.0	37.7
Total PSED Inflows	**317.5**	**205.5**	**300.0**	**313.5**	**423.0**	**34.9**	
PSED Stocks USD million							
PSED Related Stocks	1,126.2	1,199.7	1,333.2	1,458.1	1,690.6	15.9	58.2
PSED Unrelated Stocks	845.8	960.3	1,067.5	1,115.3	1,214.2	8.9	41.8
Total PSED Stocks	**1,971.9**	**2,160.0**	**2,400.7**	**2,573.4**	**2,904.8**	**12.9**	
EDS as % GDP							
PSED % GDP	19.1	21.3	21.7	19.4	20.7		
Public	40.5	53.2	53.8	48.0	56.7		
EDS % GDP	**59.6**	**74.5**	**75.5**	**67.4**	**77.4**		
PSED by Maturity as % GDP							
Short-term % GDP	1.5	1.5	2.0	1.5	1.9		
Long-term % GDP	17.6	19.8	19.8	17.9	18.9		
Total % GDP	**19.1**	**21.3**	**21.7**	**19.4**	**20.7**		

Source: FPC 2024 Survey

In addition, the table above shows that the PSED as percentage of GDP increased to 20.7 percent in 2023, up from 19.4 percent of the previous year; however, this remains lower than the external debt of the Public, which rose from 48.0 percent to 56.7 percent during the same period. (GOR, 2023) As a result, the total External Debt Statistics (EDS) increased to 77.4 percent in 2023, up from 67.4 percent recorded in 2022.

In terms of maturity, both short-term and long-term PSED increased by 0.4 percent points and 1.0 percent points respectively, however, the long-term still constitutes a larger share at 91.0 percent, compared to short-term PSED.

4.1. PSED by Sector of Economic Activity and Origin

In 2023, ICT and real estate activities represented the largest PSED inflows at 20.8 percent and 16.9 percent shares, respectively, they were followed by financial services (16.1 percent), manufacturing (13.8 percent), and wholesale and retail trade sectors (12.2 percent). In terms of origin, inflows from Mauritius remained high, with a share of 23.5 percent of the total, followed by India, France, the USA and China, as summarized below.

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

	2019	2020	2021	2022	2023	% Change	% Share
PSED Inflows by Sector							
Total	**317.5**	**205.5**	**300.0**	**313.5**	**423.0**	**34.9**	
ICT	101.8	32.3	21.2	47.7	87.9	84.5	20.8
Real Estate		1.9	0.5	4.2	71.7	1,617	16.9
Financial	44.1	70.2	50.6	100.7	68.0	-32.5	16.1
Manufacturing	43.6	12.3	16.8	36.4	58.3	60.3	13.8
Wholesale	66.8	8.6	25.3	50.8	51.6	1.7	12.2
Agriculture	2.3	30.2	17.5	8.6	32.5	276	7.7
Electricity	50.9	32.0	19.7	3.0	20.1	577	4.8
Others	8.0	18.0	148.4	62.2	32.9	-47.1	7.8
PSED Inflows by Origin							
Total	**317.5**	**205.5**	**300.0**	**313.5**	**423.0**	**34.9**	
Mauritius	90.9	64.2	68.4	64.3	99.6	54.9	23.5
India	5.5	0.4	65.2	29.9	82.2	175	19.4
France	15.7	0.8	0.2	13.5	50.2	272	11.9
USA	0.1	45.1	21.0	8.8	41.2	369	9.7
China	9.2	5.1	72.0	36.6	23.4	-36.2	5.5
Uganda	0.7	1.4	0.5	2.2	13.3	507	3.1
IFC		10.5	0.4	16.1	6.7	-58.5	1.6
UAE	14.4	4.5	5.0	2.4	5.6	135	1.3
Others	181.0	73.6	67.4	139.7	100.8	-27.9	23.8

Source: FPC 2024 Survey

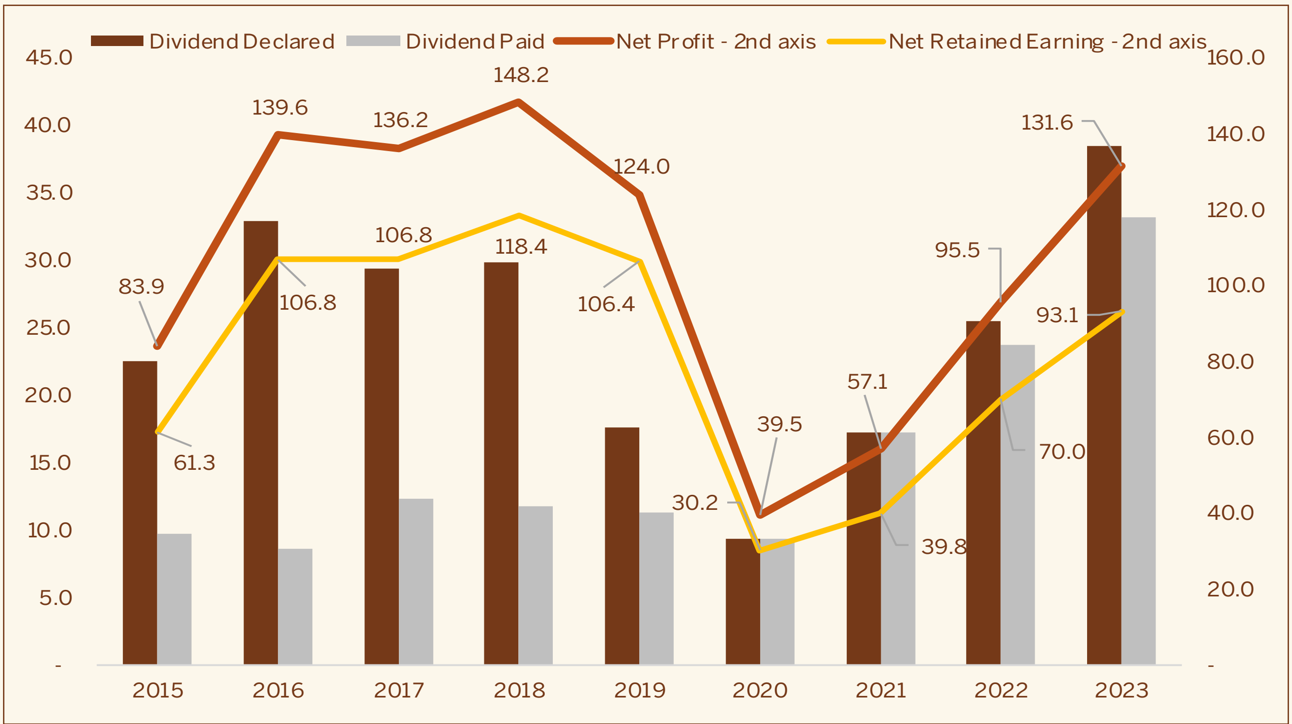
CHAPTER 5: INCOME ON EQUITY INVESTMENTS

5.1. Income from FDI Equity Investments

In 2023, the net profit of private sector companies with foreign equity investments exceeding 10.0 percent of their shareholding structure increased by 37.8 percent standing at USD 131.6 million, up from USD 95.5 million of 2022. This highlights a continuous improvement in the domestic business environment.

Net retained earnings also increased by 33.2 percent, amounting to USD 93.1 million, which represents 70.8 percent of total net profits. These retained earnings are crucial for safeguarding capital and liquidity of the private sector's business, as well as to improve the business activities and investments. As a result, declared dividends increased by 50.9 percent up to USD 38.5 million in 2023, compared to USD 25.5 million in 2022. Additionally, distributed dividends to shareholders increased by 40.2 percent, amounting to USD 33.2 million.

Figure 6: Income on FDI Equity



Source: FPC 2024 Survey

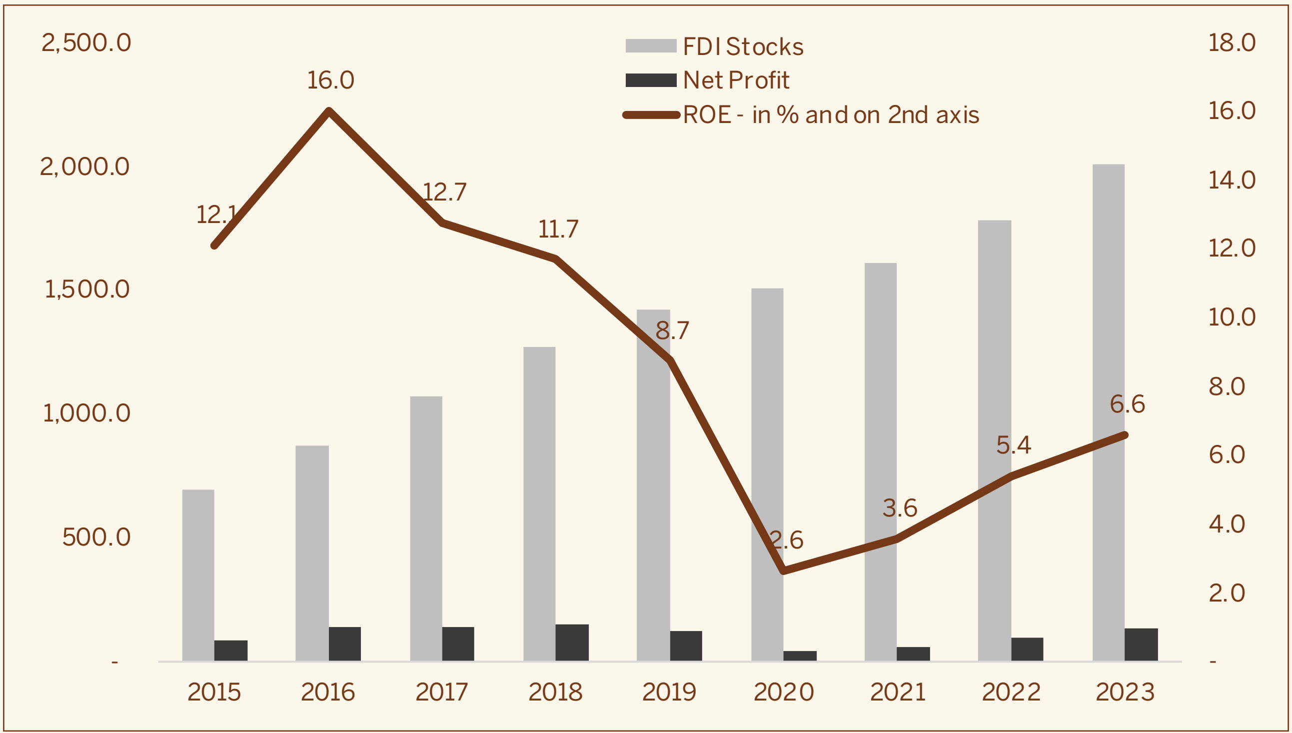
The Return on Equity (ROE) measures a company's profitability relative to shareholders' equity, indicating how effectively a company generates profit from its investments. The net profit reflects the company's income for the year before dividends are distributed to shareholders, while FDI stocks include the accumulated equity capital and retained earnings.

The analysis of ROE is closely linked to the incentives within an economy, and is calculated as follows:

$$ROE = \left(\frac{Net\ Profit}{Average\ FDI\ Equity\ Stocsk}\right) * 100\%$$

The graph below shows that in 2023, the FDI - ROE increased to 6.6 percent, up from 5.4 percent recorded in 2022, indicating a continued recovery from the economic shock experienced in 2020. This improvement shows that Rwanda's ROE is an effective measure of corporation's profitability and reflects how effectively the country generates profits.

Figure 7: ROE on FDI Equity

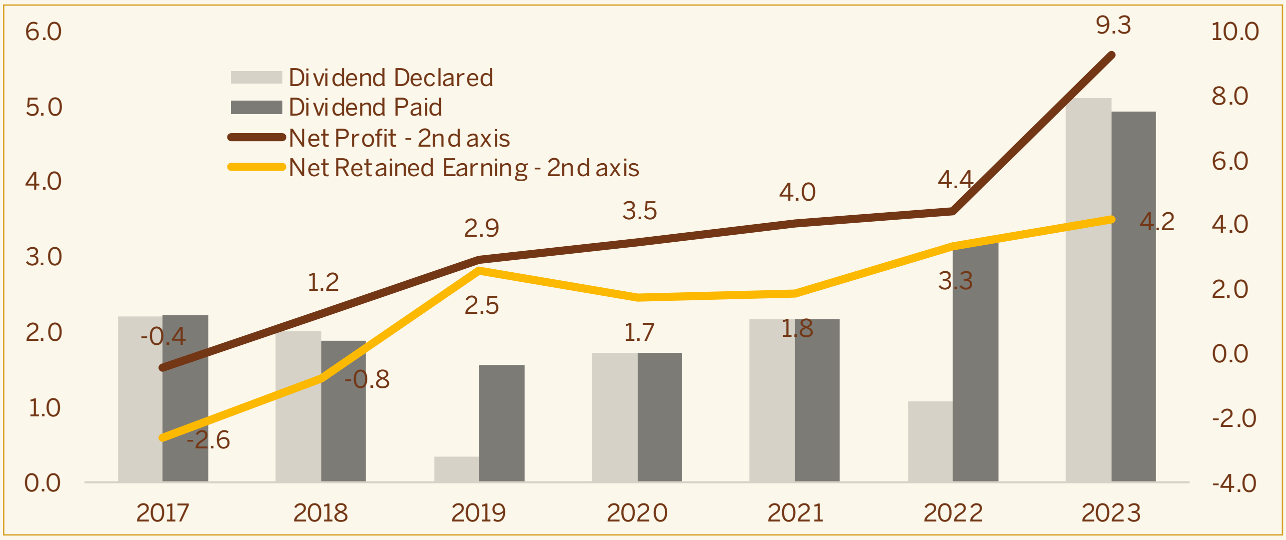


Source: FPC 2024 Survey

5.2. Income from FPI Equity

Net profit from Foreign Portfolio investments (FPI) increased significantly, rising from USD 4.4 million to USD 9.3 million, as illustrated in the graph below. Retained earnings for FPI increased from USD 3.3 million to USD 4.2 million, representing a share of 44.9 percent of total net profit. Consequently, declared FPI dividends grew from USD 1.1 million to USD 5.1 million, while dividends distributed to shareholders increased from USD 3.2 million to USD 4.9 million in 2023.

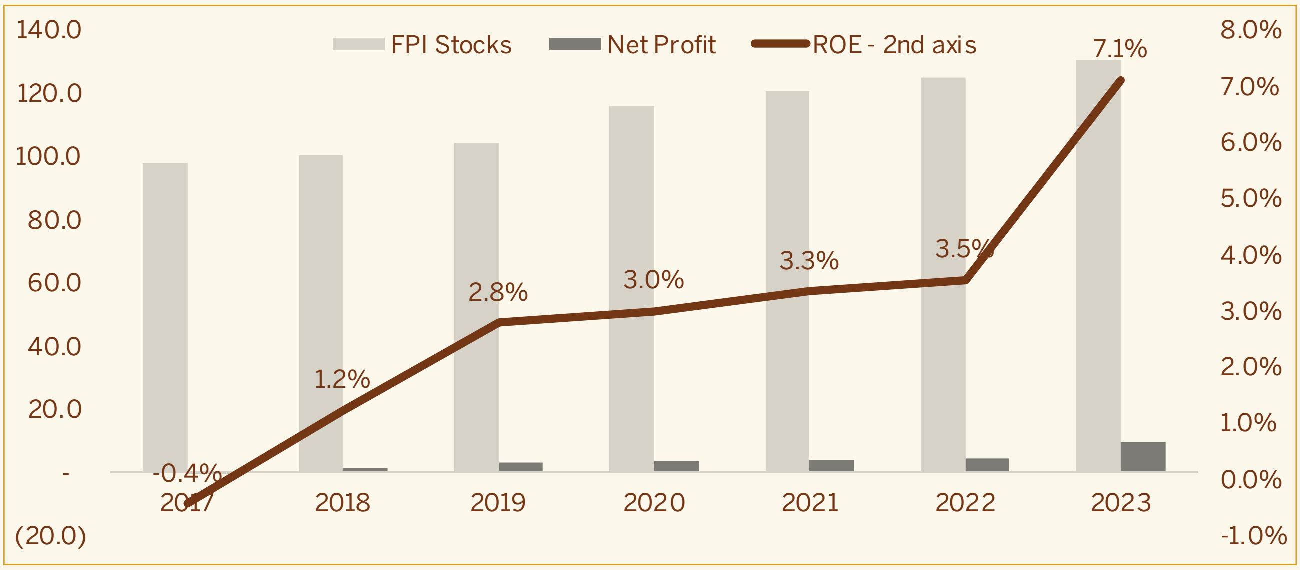
Figure 8: Income on FPI Equity (USD million)



Source: FPC 2024 Survey

Additionally, the graph below shows that the FPI – ROE grew from 3.5 percent of 2022 to 7.1 percent in 2023, reflecting the rise in the FPI net profit.

Figure 9: ROE FPI Equity (USD million)



Source: FPC 2024 Survey

CHAPTER 6: ADDITIONAL SURVEY FINDINGS

The section explores further findings related to the performance indicators of companies that have received foreign investments in Rwanda. These indicators include turnover and employment, which differ from the financial metrics discussed in earlier sections of the report.

6.1. Turnover

In 2023, private entities included in the FPC survey reported an increase of 18.2 percent in total turnover, amounting to USD 3,604.4 million in 2023, up from USD 3,048.4 million of 2022. The manufacturing, financial, wholesale, retail trade and ICT sectors collectively accounted for 81.1 percent of this turnover. Notably, the education, wholesale and retail trade, financial, ICT, and manufacturing sectors registered higher increases in turnover of 52.1 percent, 46.0 percent, 22.5 percent, 18.0 percent and 16.4 percent respectively, which offset declines in other sectors.

As a result, the total turnovers of FPC companies account for 25.7 percent of GDP in 2023 up from 23.0 percent registered in 2022.

Table 13: Entity Turnover by Sector of Economic Activity (USD Million)

Sector	2019	2020	2021	2022	2023	% change	% share
Agriculture	161.6	71.8	90.1	91.2	107.3	17.7	3.0
Education	31.8	2.2	2.5	18.1	27.5	52.1	0.8
Construction	29.6	131.3	174.0	159.2	102.3	-35.8	2.8
Financial	547.0	426.4	622.3	746.1	914.1	22.5	25.4
ICT	546.5	113.9	120.7	298.1	351.7	18.0	9.8
Manufacturing	589.4	730.4	765.0	968.7	1,127.4	16.4	31.3
Mining	70.3	79.7	86.6	39.0	41.4	6.2	1.1
Tourism	73.2	23.0	31.3	30.6	29.9	-2.4	0.8
Transportation	62.9	185.7	195.3	146.2	163.5	11.8	4.5
Wholesale	377.7	334.9	396.1	362.9	529.7	46.0	14.7
Others	278.9	198.0	240.1	188.3	209.5	11.3	5.8
Total	**2,768.9**	**2,297.1**	**2,724.1**	**3,048.4**	**3,604.4**	**18.2**	
% to GDP	**26.8**	**22.6**	**24.7**	**23.0**	**25.7**		

Source: FPC 2024 Survey

6.2. Employment

The FPC 2024 data shows a remarkable employment growth, reaching a total of 59,916 employees, comprising 58,415 locals and 1,501 foreign employees in both short-term and long-term positions – an increase of 10,126 employees, or a 20.3 percent growth rate compared to the 49,790 reported in FPC 2023.

This employment surge is particularly evident in managerial and skilled technician positions, indicating a growing demand for leadership and technical expertise.

Table 14: Employment by Position in 2023 (number)

	in 2022			in 2023			% Change		
	Local	Foreigners	Total	Local	Foreigners	Total	Local	Foreigners	Total
Managers	1,533	612	**2,145**	2,141	561	**2,702**	39.7	-8.3	**26.0**
Skilled Technicians	7,519	1202	**8,721**	10,346	624	**10,970**	37.6	-48.1	**25.8**
Administrative / Unskilled / Casual labors	38,649	275	**38,924**	45,928	316	**46,244**	18.8	14.9	**18.8**
Total	47,701	2,089	**49,790**	58,415	1,501	**59,916**	22.5	-28.1	**20.3**

Source: FPC 2024 Survey

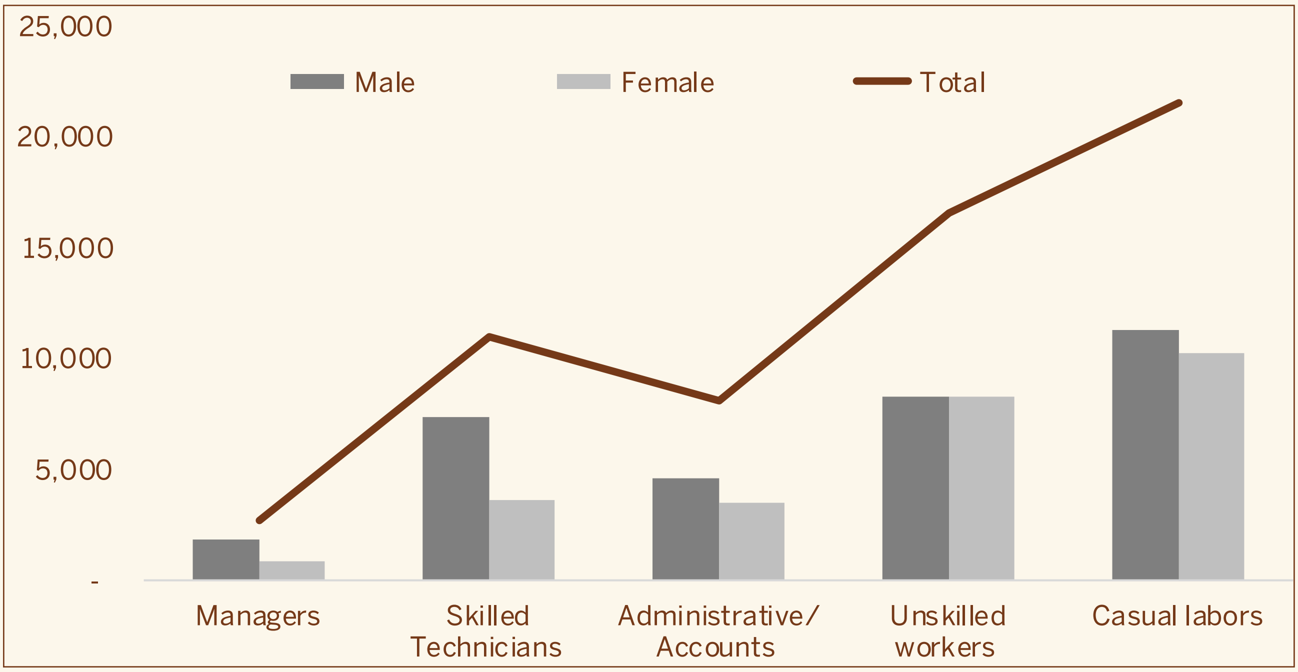
In 2023, there was notable growth in Local managers and skilled technicians' positions, recording a growth of 39.7 percent and 37.6 percent, respectively, - reflecting an increased demand for leadership and specialized expertise; and highlighting the importance of technical knowledge and advanced skills in the evolving job market.

Similarly, administrative, unskilled and casual labors category increased both Local and Foreigners employment. As the total local employees increased by 22.5 percent, while the foreigners reduced by 28.1 percent.

Both managerial and skilled technician's categories also feature a significant number of foreign long-term employees, which have a share of 37.4 percent and 41.6 percent, respectively.

In terms of employment by gender, data highlight that male employees represent approximately 55.7 percent, while female employees constitute 44.3 percent, predominantly occupying unskilled and casual labors positions. The big gap appears in skilled technician roles, where male employees form the majority, accounting for 67.0 percent compared to 33.0 percent for female employees - illustrating a persistent gender gap in technically skilled positions.

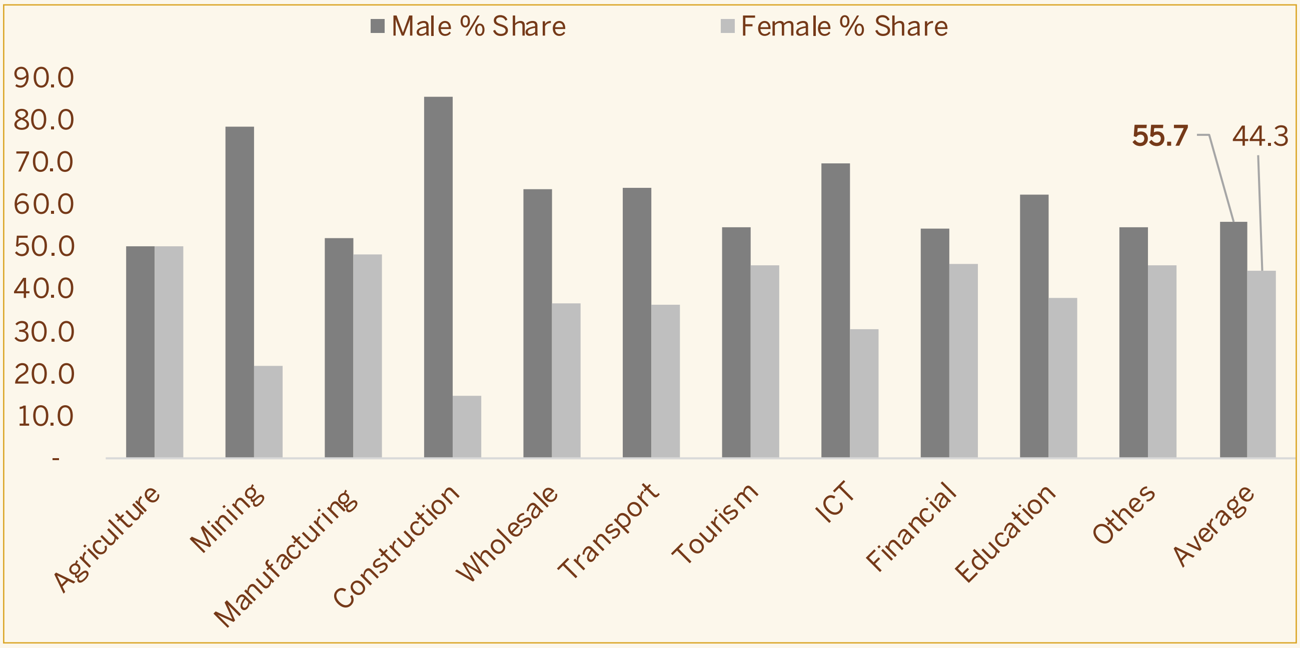
Figure 10: Employment by Gender and by category in 2023 (number)



Source: FPC 2024 Survey

Regarding employment by gender across various economic sectors, sectors with high female employment include agriculture, manufacturing, finance, and tourism; however, these are overshadowed by other sectors such as construction, mining, ICT, transport, wholesale and retail trade that have a higher number of males.

Figure 11: Employment by Gender and by sector of Economic Activity (% share)



Source: FPC 2024 Survey

CHAPTER 7: INVESTMENT OPPORTUNITIES IN RWANDA

Building on the post-COVID-19 recovery, the government of Rwanda has intensified efforts to ensure economic stability and foster continued growth. In 2023, Rwanda's GDP recorded an impressive growth of 8.2 percent, with the services sector contributing 44.0 percent of the growth, agriculture sector contributed 27 percent, and the industry sector contributed 22.0 percent (GoR, 2023). To sustain this growth trajectory, it is essential to enhance key priority sectors such as manufacturing, agriculture, and construction through the Manufacture and Build to Recover Program (MBRP), which has mobilized investments totaling USD 2.38 billion. These investments are expected to create 43,959 jobs and are vital for value addition, job creation, and increased production - elements essential for reclaiming the domestic market and diversifying exports. The Rwanda Development Board (RDB) is committed to supporting investors throughout their investment journey, ensuring that Rwanda remains a prime destination for tourism, business, and innovation both in Africa and globally (RDB, 2023).

Rwanda's investment opportunities continue to be driven by a conducive investment climate characterized by rising demand in Rwanda and the region, readily available factors of production, a supportive business environment, low corruption levels, quality Infrastructure, IT innovations and a competitive workforce strategically positioned to serve its neighboring markets. Over the past decade, the GoR has implemented a series of policy reforms aimed at enhancing the investment climate, reducing reliance on foreign aid and improving the domestic market and investment environment. New investors can register online at the RDB's website and receive their certificates in as little as six hours. In addition, the One Stop Center (OSC) was expanded and launched in March 2023, with 22 institutions consolidated to provide 440 services. These services include facilitation for participation in African Continental Free Trade Area (AfCFTA) and assistance with securing necessary approvals, certificates, and work permits.

Furthermore, the GoR has streamlined processes for obtaining water connections and construction permits while enhancing building regulations by requiring construction professionals to have liability insurance. The country also upgraded its power grid infrastructure and improved its regulations regarding weekly rest periods, working hours, severance pay, and reemployment priority rules.

In efforts to enhance competitiveness in attracting foreign investment, Rwanda has created an enabling investment environment that includes:

1. Business-Friendly and Multiple Incentives for Exports and Priority Sectors

- Ranked No.2 in Africa for Ease of Doing, after Mauritius.
- Preferential CIT rate of 15 percent if at least 50 percent of production is exported outside East African Community (EAC) or falls within priority sectors; a rate of 0 percent if regional headquarter is established in Rwanda.
- Accelerated first-year depreciation rate of 50 percent.
- Exemption from capital gains on sold assets.
- Duty-free imports of machinery and inputs within the EAC.

2. Efficient, Supported Processes

- Highly digitalized and efficient administration allowing business registration within six hours.
- Free business registration
- A one-stop center for investors with a dedicated team for investment acceleration and aftercare.

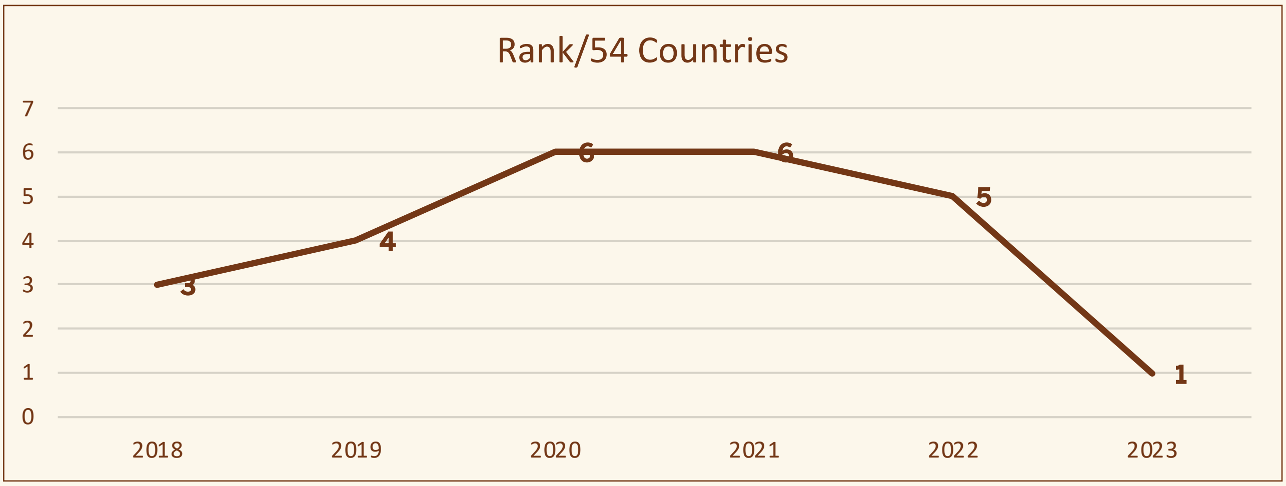
3. Movement of Capital

- No restrictions on foreign ownership
- No restrictions on capital flow
- Capital gains exemptions on the sale or transfer of shares.

Rwanda continues excel in key international business climate indices. Rwanda is recognized among countries with open visa regimes in Africa and maintains a reputation for low corruption levels and economic openness. In 2023, Rwanda further liberalized its visa policies by granting visafree access to the citizens of all African Union member states, easing travel burdens for the citizens of 35 African countries who previously required to obtain a visa on arrival. This moves underscores Rwanda's commitment to the African Union's Protocol on the Free Movement of Persons, Right of Residence and Right of Establishment. Rwanda is one of only four countries that have signed and ratified it.

During this review period, Rwanda achieved the continent's largest increase in its score on visa openness, moving from fifth place to a tie for first alongside Benin, Seychelles, and The Gambia – each achieving perfect scores in both 2022 and 2023. Figure 4 presents rankings in the visa openness index in Africa for the period 2018-2023.

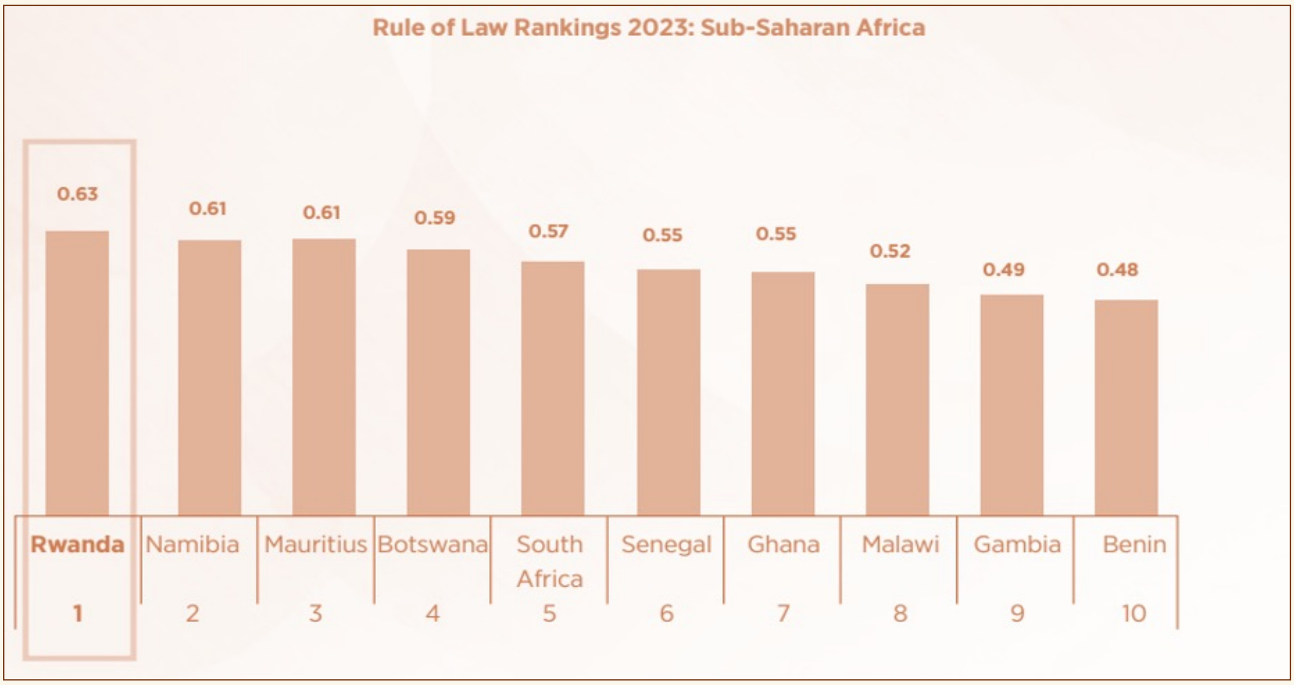
Figure 12: Visa Openness Index



Source: AFDB calculations based on IATA data, July–August 2023

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 third year in succession.

Figure 13: Rule of Law Rankings 2023: Sub-Saharan Africa



Source: World Justice Project Rule of Law Index 2024

Rwanda has registered significant progress in global financial centers index, with Kigali rising 14 places in the Global Financial Centers Index 34 ranking, securing the third position in Africa, after Casablanca and Mauritius.

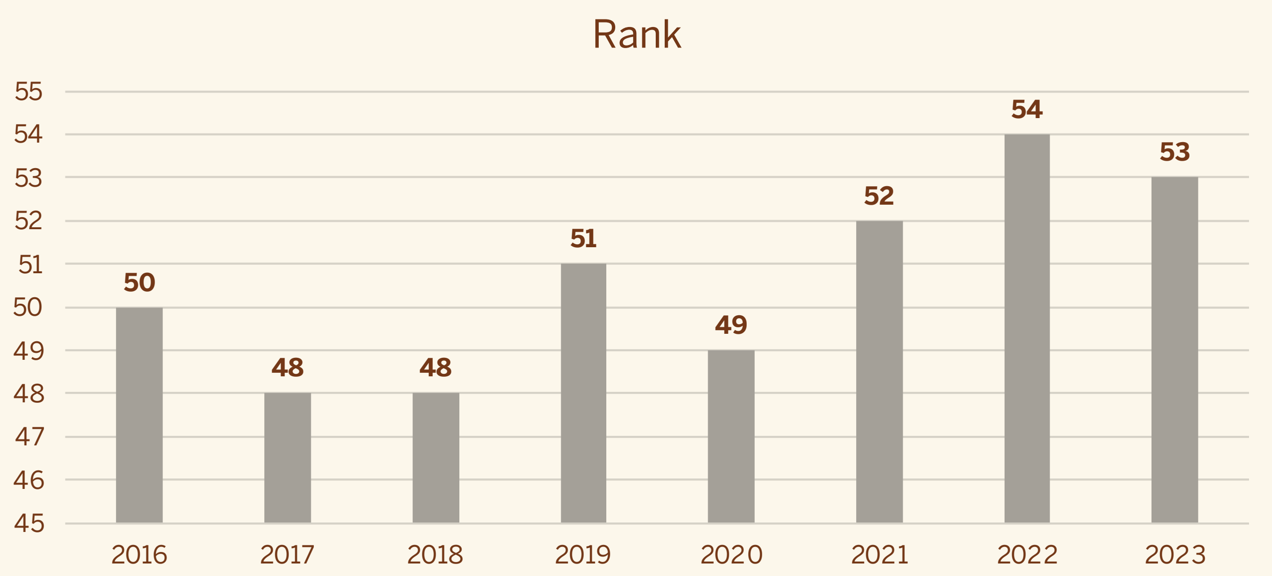
Table 15: Kigali Ranking in GFCI 35 (Middle Eastern & African Centers)

Centre	GFCI 35		GFCI 34		Change in	Change in
	Rank	Rating	Rank	Rating	Rank	Rating
					▲	▲
Dubai	20	724	21	719	▼ 1	▲ 5
Abu Dhabi	37	707	35	702	▼ 2	▲ 5
Casablanca	56	688	54	682	▲ 2	▲ 6
Tel Aviv	48	696	57	679	▲ 9	▲ 17
Mauritius	61	683	68	666	▼ 7	▲ 17
Bahrain	76	668	74	660	▼ 2	▲ 8
Riyadh	84	660	75	659	▼ 9	1
Doha	88	656	78	656	▲ 10	▲ 0
Kigali	**67**	**677**	**81**	**651**	**14**	**26**
Kuwait City	80	664	82	646	2	18
Johannesburg	82	662	83	642	1	20
Nairobi	95	641	90	629	5	12
Cape Town	83	661	91	628	8	33
Lagos	100	632	103	613	3	19
Tehran	112	616	115	591	3	25

Source: African Development Bank &China Development Institute; March 2024

In terms of corruption perception index, Rwanda was ranked as the 53rd least corrupt nation out of 180 countries in 2023 as depicted in figure 6 below.

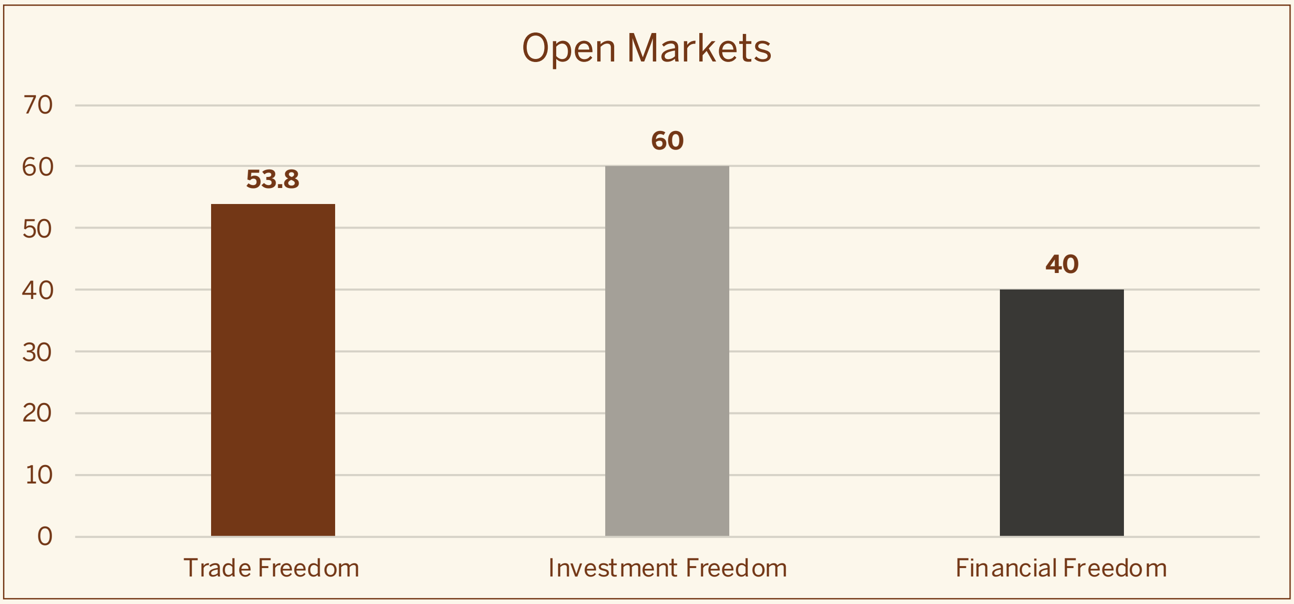
Figure 14: Global Corruption Perception Index



Source: Transparency International 2023

In 2023, Rwanda's trade-weighted average tariff rate is 15.6 percent. Foreign investment is generally welcome, and the investment code provides for equal treatment of foreigners and nationals for many types of activity. Figure 16 shows Rwanda's ranking in market openness taking into consideration trade freedom, investment freedom and financial freedom.

Figure 15: Rwanda's Scores in Market Openness



Source: Economic Freedom Index 2023

CHAPTER 8: CONCLUSION AND RECOMMENDATIONS

The 2024 Foreign Private Capital (FPC) survey highlights Rwanda's ongoing commitment to attracting foreign investment. The survey covered 383 companies, achieving a response rate of 88.3 from 338 participants.

Key findings show a 33.8 percent increase in FPC inflows, totaling USD 886.9 million in 2023, up from USD 663.0 million in 2022. This growth is primarily due to the recovery of economic activities and an improved business environment. Foreign Direct Investment (FDI) accounted for 80.8 percent of these inflows, followed by Other Investments (OI) at 18.0 percent and Foreign Portfolio Investment (FPI) at 1.2 percent. The financial sector attracted the largest share of inflows at 26.6 percent, with notable contributions from manufacturing, ICT, wholesale and retail trade, real estate, agriculture, and construction.

Increased inflows were particularly driven by investments from Mauritius, India, USA, France, Germany and the Netherlands, which outweighed declines from Kenya and China. Significant investments from the USA, France and Germany were concentrated in real estate, manufacturing and agriculture sectors.

To further enhance Rwanda's investment appeal, the government continues its efforts to position the country as an attractive investment destination through the Rwanda Development Board and other relevant institutions. This can be achieved by maintaining macroeconomic stability, developing capital markets, and investing in workforce capacity through research and training initiatives.

The survey, underscores Rwanda's attractiveness to foreign investment, particularly in sectors such as real estate, construction, manufacturing, energy, and electricity. The positive macroeconomic environment has significantly boosted foreign private inflows.

Looking ahead, continued investment promotion efforts along with a projected rise in global greenfield projects suggest that Rwanda's FPC inflows are likely to increase further in 2024.

REFERENCES

- GoR. (2023). GDP National Accounts. National Institute of Statistics of Rwanda.
- GOR. (2023). https://www.minecofin.gov.rw/publications/data. Retrieved from MINECOFIN.
- RDB. (2023). Building Resilience for Sustained Economic Growth. RDB Annual Report.
- UNCTAD. (2024). Investment Facilitation and Digital Government. World Investment Report.

LIST OF FIGURES AND TABLES

List of Figures

List of Tables

NATIONAL BANK OF RWANDA
BANKI NKURU Y'U RWANDA

NATIONAL BANK OF RWANDA: KN 6 AV.4 **P.O.Box:** 531 Kigali Rwanda **Tel:** (+250) 788 199 000
Email: info@bnr.rw **Swiftcode:** BNRWRWRW **Twitter:** @CentralBankRw **Website:** www.bnr.rw