National Bank of Rwanda

FOREIGN PRIVATE CAPITAL IN RWANDA

YEAR 2013

RWANDA DEVELOPMENT BOARD
National Institute of Statistics of Rwanda
BEYOND ADVOCACY

FOREWORD

This report presents the findings of the annual Foreign Private Investment Census 2014. It is the fifth in a series of annual census jointly conducted by the National Bank of Rwanda, the Rwanda Development Board, the National Institute of Statistics of Rwanda and the Private Sector Federation. The Census collected data on foreign direct investment, portfolio and foreign borrowing in resident enterprises and other variables pertaining to private sector investment. The Foreign Private Capital Census 2014, collecting data of the year 2013, covered 183 companies made of new companies registered as foreign direct investments by Rwanda Development Board in 2013 as well as those which declared Foreign Assets and Liability (FAL) in the previous censuses.

This annual foreign private investment census would not have been successful without the involvement and cooperation of key stakeholders: the enterprises, government agencies and technical staff. The National Bank of Rwanda acknowledges and appreciates their valuable contribution. The information provided by the respondents during the census is used for statistical purposes only and strict confidentiality is ensured through presentation of the results in aggregate form.

The Foreign Private Investments census is an important activity for the Government of Rwanda in its efforts to attract and retain foreign private capital in the country to complement local resources. The information generated is used in the compilation of the country's Balance of Payments, International Investment Position statistics and shall contribute to improve private investment policies.

John RWANGOMBWA
Governor, National Bank of Rwanda

LIST OF ACRONYMS

BNR	National Bank of Rwanda
BOP	Balance of Payments
BV	Book Value
COMESA	Common Market for Eastern and Southern Africa
EAC	East African Community
FAL	Foreign Assets and Liabilities
FDEI	Foreign Direct Equity Investment
FDI	Foreign Direct Investment
FPC	Foreign Private Capital
GDP	Gross Domestic Product
GF	Grossing-up Factor
LDCs	Least Developed Countries
LLDCs	Landlocked Developing Countries
MEFMI	Macroeconomic and Financial Management Institute
NISR	National Institute of Statistics of Rwanda
OECD	Organization for Economic Co-operation and Development
PCMS	Private Capital Monitoring System
PFA	Private foreign asset
PSED	Private Sector External Debt
PSF	Private Sector Federation
RDB	Rwanda Development Board
RIEPA	Rwanda Investment and Export Promotion Agency
RWF	Rwandan Franc
RWG	Rwanda Working Group (on Private Capital Monitoring)
SADC	Southern African Development Community
SIDCS	Small Islands Developing States
TNC	Transnational Corporations
WEF	World Bank Economic Forum

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EXECUTIVE SUMMARY

The Government of Rwanda continues to promote private sector development, aiming at fostering both local and foreign investment by undertaking reforms with the objective of making the country a favorable place for investment.

The Foreign Private Capital Census (FPC) 2014 is the fifth in a series of annual censuses conducted by the National Bank of Rwanda in collaboration with National Institute of Statistics of Rwanda, Rwanda Development Board and Private Sector Federation. The main objective of the census is to collect information required for the compilation of Rwanda balance of payments, international investment position statements and determines the magnitude and trends of FPC. The 2014 FPC census provides actual flows and stock of foreign private capital statistics in Rwanda for the year 2013.

A total of 183 questionnaires were administered during the census from which 170 enterprises responded, representing a response rate of 92.9 percent. Overall, the 156 enterprises declared total turnover of US$ 1,565.0 million during 2013, which is equivalent to about 23.9 percent of GDP. The findings indicated that total employment by enterprises that responded was 34,114 employees as at the end of 2013 from 32,834 employees in 2012 which is an increase of 3.9 percent. Compensation of employees increased from US$.139.0 million in 2012 to US$ 301.6 million in 2013. Profitability doubled from US$.22.2 million in 2012 to US$.44.2 million recorded for 2013 coming mostly from manufacturing and finance & insurance sectors.

The Foreign Direct Investment (FDI) transactions during 2013 indicated an increase of 1.1 percent from US$ 255.0 million recorded during 2012 to US$ 257.6 million. Foreign Portfolio investment inflows increased from US$ 1.0 million in 2012 to US$ 1.7 million in 2013. The inflows of other investments made of debt from foreign non-affiliates rose from US$153.3 million in 2012 to US$168.4 million in 2013, an increase of 9.9 percent, on account of higher net disbursement during the period. Most of the flows were mainly from Switzerland (US$ 96.0 million) followed by South Africa (US$ 45.5 million), Preferential Trade Area (US$ 44.6 million) and Canada (US$ 38.5 million) accounting for 52.5 percent of total FPC in 2013.

The findings of the census indicate that the stock of foreign private capital increased from US$1,109.0 in 2012 to US$ US$ 1,404.1 million in 2013. Stock of foreign investment in ICT amounted to US$ 455.7 million followed by finance & insurance with US$ 339.4 million and manufacturing with US$ 256.5 million.

The stock of Private Sector External Debt (PSED) as at end 2013 stood at US$ 814.5 million increasing from US$ 621.2 million in 2012, mainly driven by loans from unrelated sources with share of 56.7 percent.

FDI is becoming increasingly important as a source of investment funds as it occupies 16.7 percent of Gross Fixed Capital Formation (GFCF) in 2013; in average it has grown by 22.3 percent per year over the last five years. The ratio FDI/GFCF shows the contribution of FDI in country‘s financing of capital formation. The importance of FDI to the economy is also shown by the increasing share of FDI stocks to GDP during the last five years, with an average annual growth of 12.8 percent. In 2013, the share of FDI inflows to GDP was 3.9 percent showing its contribution to the country’s economic growth. On annual average, over the last five years it has contributed 4.9 percent to GDP.

The foreign private investments in Rwanda continued to grow and contribute to sustained economic growth. The increase in inflows of 4.5 percent of foreign liabilities from US$ 409.3 million declared in 2012 to US$ 427.7 million in 2013 and the growth of retained earnings by 100.0 percent, reflect high confidence of foreign investors in the Rwandan economy and the country’s capacity of foreign investment attraction. This is a response to continuously improving business environment and proof of existence of investment opportunities within the country. The Government is committed to continue accurately and consistently capture and monitor these flows to assess the investors’ responsiveness to related policies, the foreign investment’s impact on the country’s development and their capacity to complement local resources.

CHAPTER ONE
INTRODUCTION

1.0 Introduction

Foreign Private investment (FPI) refers to inwards investments in terms of equity or/and non-equity (debts) from nonresidents into Rwanda and outward investments of Rwandan residents to the rest of the world. It comprises foreign direct investment which is the most important component, portfolio and other investments. Foreign private investment flows have become an important source of investment for many developing countries, although they tend to be sometimes volatile and less predictable due to changing international environment.

According to UNCTAD (2014), FDI is less volatile and growing sources of finance for investment in developping countries as indicated by its share in gross fixed capital formation (GFCF). During the last three years (2011-2013) FDI inflows to the developing economies were in average around US$ 744 billion while the average outflows from this region were around US$ 439 billion . In the same period, FDI inflows to Africa rose by 4 per cent to reach at US$57 billion in 2013 from $US 54.8 billion in 2012.

Expectations for sustained economic and population growths continue to attract market-seeking FDI into consumer-oriented industries. Intraregional investments are increasing, led by South African, Kenyan and Nigerian corporations. Most of their outflows investments were directed to other countries in the continent (UNCTAD , 2014).

Compared to portfolio investments, FDI are less volatile with long term investment horizon attracted by high economic growth rates and strong macroeconomic fundamentals while Portfolio investment tend to be attracted by high relatively short term returns and stock exchange market development.

1.1 Global and regional trends in Foreign Direct Investment

With the timid recovery in global economy, FDI flows in 2013 rose by 9% to US$1.45 trillion from US$1.33 trillion in 2012, despite some volatility in international investments.

In 2013, FDI flows to developing economies exceeded those to developed countries by US$ 222 billion amounting to US$ 778 billion in 2013 from US$ 729 billion in 2012 and representing 54 percent of global FDI inflows. Developed countries held US$ 556 billion in 2013 increasing from US$ 517 billion in 2012, which is equivalent to 9.47 percent increase.

Asia and Latin America continued to be the dominating destination of FDI with US$ 426 billion and US$ 292 billion respectively, while FDI inflows to Africa slightly increased to US$ 57 billion in 2013 from US$ 55 billion in 2012. Foreign Direct Investment flows to developing Asia increased by 3 percent from US$ 415 in 2012 to US$ 426 billion in 2013. This increase was reflected across all sub regions except in west Asia where FDI inflows fell by 8.3 percent.

In East and South East-Asia, FDI increased respectively by 3.9 percent and 12.5percent from US$ 334 in 2012 to US$ 347 billion and from US$ 32 in 2012 to US$ 36 billion in 2013. FDI world outflows reached US$ 1,411 billion and were dominated by developed and developing economies' respectively by 61 percent and 32 percent of total outflows in 2013. The transition economies held 8 percent.

The BRICS countries (Brazil, the Russian Federation, India, China and South Africa) continued to be the leading sources of FDI among emerging investor countries. Total outward FDI from developing Asian countries increased by 7.9 percent from US$ 302 billion in 2012 to US$ 326 billion in 2013, accounting for 23 percent of global flows, over the share of European Union 17.7 percent (UNCTAD, 2014).

Table1.1: FDI flows by region, 2011–2013 (US$ billions)

Region	FDI inflows		
	2011	2012	2013
World	**1 700**	**1 330**	**1 452**
Developed economies	**880**	**517**	**566**
European Union	*490*	*216*	*246*
North America	*263*	*204*	*250*
Developing economies	**725**	**729**	**778**
Africa	*48*	*55*	*57*
Asia	*431*	*415*	*426*
Latin America and the Caribbean	*244*	*256*	*292*
Oceania	*2*	*3*	*3*
Transition economies	**95**	**84**	**108**
Structurally weak, vulnerable and small economies	**58**	**58**	**57**
LCDs	**22**	**24**	**28**
LLDCs	**36**	**34**	**30**
SIDS	**6**	**7**	**6**
Memorandum: percentage share in world FDI flows			
Developed economies	51.8	38.8	39
European Union	*28.8*	*16.2*	*17*
North America	*15.5*	*15.3*	*17.2*
Developing economies	42.6	54.8	53.6
Africa	*2.8*	*4.1*	*3.9*
Asia	*25.3*	*31.2*	*29.4*
East and South-East Asia	*19.6*	*25.1*	*23.9*
Latin America and the Caribbean	*14.3*	*19.2*	*20.1*
Oceania	*0.1*	*0.2*	*0.2*
Transition economies	*5.6*	*6.3*	*7.4*
Structurally weak, vulnerable and small economies	**3.4**	**4.4**	**3.9**
LCDs	**1.3**	**1.8**	**1.9**
LLDCs	**2.1**	**2.5**	**2.0**
SIDS	**0.4**	**0.5**	**0.4**

Source: *World Investment report, 2014*

Besides the UNCTAD reports on the global foreign private flows, countries around the globe have committed to collect this information following international standards data collection methodology and share their information with UNCTAD for comparability and communication. Rwanda has also committed to annually conduct this exercise and share the results.

1.2 Monitoring foreign investment in Rwanda

With the objective of complementing internal resources, Rwanda has actively attracted FDI by creating and sustaining a high conducive investment climate through important reforms which make it easier for businesses to get started, get loans, pay taxes, etc. A whole package for investment promotion in general can be found within Rwanda Development Board. It includes among others: regulatory framework, registration facilities and requirements, change of registered businesses, closing of businesses, disclosure requirements, and other facilities such as working permit, government's protection of investments, settlement of disputes, transfer of funds, special economic zone facilitations, public private partnership (PPP).

The World Economic Forum's Global Competitiveness Report 2013- 2014 ranked Rwanda the 2nd easiest place to do business in Africa. The table1.2 below shows the Rwanda rank across 11 indicators of doing business compared to some other African countries for the Year 2013-2014.

Table1.2: Top Ten Countries in Doing Business in Sub-Saharan Africa 2013-2014

Economy	Ease of Doing Business Rank	Starting a Business	Dealing with Construction Permits	Getting Electricity	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Resolving Insolvency
Mauritius	20	2	22	1	7	7	2	1	1	7	2
Rwanda	32	1	14	2	1	1	3	3	31	2	22
South Africa	41	7	1	27	15	5	1	4	7	12	8
Botswana	56	12	11	13	2	11	7	6	23	14	1
Ghana	67	20	37	6	4	5	5	9	8	4	16
Seychelles	80	16	10	25	9	40	9	2	2	13	3
Zambia	83	6	7	29	17	1	12	9	32	20	5
Namibia	98	23	2	4	43	9	12	18	20	10	9
Cape Verde	121	8	28	28	6	14	24	11	4	1	38
Swaziland	123	39	5	34	24	9	21	7	13	41	4

Source: *World Bank Doing Business Report 2013-2014*

During the period under review, Rwanda eased access to construction permits by passing new building regulations and implementing new time limits for the issuance of various permits. Access to credit was enhanced by allowing banks the right to inspect borrowers' credit situation and loans are reported to the central bank's credit reference bureau.

In addition, Rwanda reduced the number of trade documents required and enhanced its joint border management procedures with her neighbors, leading to an improvement in the trade logistics.

Table1.3: Rwanda's Doing Business Performance by Category 2013 and 2014

	DB 2013	DB 2014	Change in rank
Rwanda Ranking	**52nd**	**32nd**	**20**
Starting a Business	8	9	-1
Dealing with construction permits	98	85	13
Getting Electricity	49	53	-4
Registering property	63	8	55
Getting credit	23	13	10
Protecting Investors	32	22	10
Paying Taxes	25	22	3
Trading Across Borders	158	162	-4
Enforcing Contracts	39	40	-1
Resolving Insolvency	167	137	30

Source: *World Bank Doing Business Report 2013-2014*

In the past, data on foreign capital flows were estimated using information provided by banks. However, it was not possible to capture non-cash types of investment such as investment in form of equipment, expertize and reinvested earnings. Therefore, a census based approach of compiling statistics on FPC was adopted in 2007 by BNR jointly with the Rwanda Investment and Export Promotion Agency (RIEPA), now Rwanda Development Board (RDB). The census provides information that contribute to improve the national investment policies and to assess the impact of all efforts made in facilitating foreign investments.

In 2010, an Inter-Institutional Agreement for monitoring and analyzing the foreign assets and liabilities, corporate social responsibility and related data in Rwanda was initiated. This agreement led to the establishment of Rwanda Working Group (RWG) under the memorandum of understanding signed between the National Bank of Rwanda (BNR), the National Institute of Statistics of Rwanda (NISR), the Rwanda Development Board (RDB) and the Private Sector Federation (PSF). The mandate of this working group includes among others, collecting and producing good quality statistics, compliant with international data reporting standards and meeting the needs of policy makers and users. BNR and NISR use this information for Balance of Payments and National Account compilation while RDB and PSF need it for monitoring purposes.

1.4 Reasons for investing in Rwanda

Indicator	Reasons
Good macroeconomic environment	Rwanda enjoyed a year-on-year average real GDP growth rate of 7.6 percent between 2007 – 2013, among the highest in major African economies and neighboring countries, a moderate inflation of one digit and stable exchange rate.
Good governance	The country is politically stable with well-functioning institutions, rule of law and zero tolerance for corruption, clear vision for growth through private investment support and development
Investor friendly climate	World Bank Doing Business Report 2014 ranked Rwanda the 2nd top global reformer for six consecutive years and 2nd easiest place to do business in Africa. It is among the best competitive place to do business in Africa and 1st in East African Community. On credit ranking by Fitch in 2012-2013, Rwanda was upgraded to B. Rwanda is among top 4 African countries in terms of internet connectivity according to Oracle in 2012.
Access to markets	Rwanda is a Market of 10.5 million people with a rapidly growing middle class. It is located centrally bordering with 3 countries of East Africa and the huge market of Democratic Republic of Congo. The country adhered to EAC Common Market and Customs Union with market potential of over 125 million people with all trade facilities the EAC bloc offers.
Untapped investments opportunities	Potential investment opportunities abound, particularly in the following sectors: - Infrastructure: Opportunities in rail, air , water transportation to further develop Rwanda as an EAC hub; - Agriculture: Potential for agriculture productivity growth and value addition; - Energy: Power generation, off grid generation and significant methane gas opportunities; - Tourism: Unique assets creating booming sector, growth potential in birding & business/conference tourism - Information and Communication Technology: Priority sector for Vision 2020; new ICT Park to be developed. - Other attractive sectors include real estate and construction, financial services and mining.
Rwanda is Highly Competitive	Rwanda is now the third most competitive country in Sub-Saharan Africa after Mauritius and South Africa Globally, Rwanda is in the upper half of the WEF's Global Competitiveness Index after jumping 10 places, ahead of many historically stronger countries in Europe and America
Excellent Business Environment	Rwanda has the third strongest regulatory framework in Sub-Saharan Africa, only slightly behind South Africa and is ranked 8th globally by the World Bank doing business report in starting a business

Source: RDB, 2014

CHAPTER TWO.

METHODOLOGY AND GENERAL FINDINGS

2.0. Introduction

This chapter presents a description of the census frame and the results relating to the general characteristics of the enterprises in the census. Also included is an assessment of the interviewed enterprises' contribution to the economy's turnover, external trade, employment and corporate social responsibility.

2.1. Census frame and response rate

The census frame of 206 companies was set with the objective of covering all enterprises in Rwanda with foreign direct investment, portfolio investments and foreign borrowing in 2013. Among 206 companies in the frame, 156 responded with foreign liabilities, 14 found to be purely local and 23 were not located. Among companies with foreign liabilities, some enterprises were with only foreign direct investment (29 companies), others had only foreign borrowing (3 companies) but many of them were with both (137 companies).

A total of 183 questionnaires were administered to enterprises during the field activities only 170 companies responded, 127 companies responded and submitted their financial statements, and 14 had no foreign liabilities or assets while 29 companies responded with no financial statements attached. In addition, comparisons of collected data were made with the information provided in the previous censuses at enterprise level for consistency check. The distribution and response rate by sector of investments are shown in Table 2.4 below.

Table2.4: Distribution and response rate per sector in 2013

Sector	Distribution	Collection	Response rate
Tourism	12	11	91.7
Administrative and support service activities	5	5	100.0
Agriculture, forestry and fishing	12	11	91.7
Construction of buildings	9	8	88.9
Electricity, gas, steam and air conditioning supply	2	2	100.0
Financial and insurance activities	26	25	96.2
Information and communication	16	15	93.8
Manufacturing	25	24	96.0
Mining and quarrying	14	13	92.9
Postal and courier activities	1	1	100.0
Professional, scientific and technical activities	9	9	100.0
Real estate activities	6	5	83.3
Transportation and storage	10	9	90.0
Water supply; sewerage, waste management	1	1	100.0
Education	3	2	66.7
Wholesale and retail trade	32	29	90.6
Total	**183**	**170**	92.9

Source: *Foreign Private investment 2013*

2.2 Up rating methodology

The up-rating approach was used to ensure comprehensive coverage of enterprises with foreign direct investment and borrowing as well as to ensure consistency with previous censuses frame. The approach was also to enable comparison of results obtained from previous censuses. The up-rating methodology is used to cater for non-response in the census. Financial statements covering 2012 and 2013 were used for editing and producing best estimates for enterprises that provided them. The methodology consisted of estimation for non-responding enterprises that had responded to previous censuses but did not respond in 2014. The office estimates were based on previous census responses to derive the beginning of period stocks and sector growth factor derived from responding enterprises within the same sector to derive transactions during the year. Then the closing stock for 2013 was calculated by adding up the opening stock with the estimated transactions.

2.3 General findings

Beside the information directly showing inwards and outwards transaction of companies in the census, it is also necessary to show other transactions performed by the same companies. This part presents the aggregate findings on companies' turnover, trade, levels of employment, compensation of employees and corporate social responsibility.

2.3.1 Entity turnover

The country's declared total turnover increased by 13.1 percent in 2013 compared to 2012 rising from US$ 3,604.3 million to US$ 4,076.1 million. The total turnover of the companies considered in the FPC increased by 45.7 percent from US$ 1,073.4 million in 2012 to US$ 1,565.0 million in 2013; contributing for 38.4 percent of the country's total turnovers in 2013, dominated by financial insurance, manufacturing and wholesale and retail trade accounting for 65.7 percent of census companies' turnover.

Table2.5: Entity turnovers by sectors in 2011-2013 (US$ million)

Sector	2011	2012	2013
Financial & Insurance	187.6	192.3	384.5
Manufacturing	229.8	246.8	365.9
Wholesale	222.3	223.4	277.5
ICT	182.5	185.7	134.4
Mining	86.5	59.5	133.6
Construction	11.4	3.7	98.5
Transportation	7.4	8.6	94.2
Agriculture	36.0	38.4	38.0
Tourism	22.8	18.4	23.0
Others	8.4	96.5	15.3
Total	**994.6**	**1,073.4**	**1,565.0**

Source: *Foreign Private investment 2013*

The double increase of turnover in finance and insurance sector was from new players in the sector like UAP and BRITAM insurance companies and banks like CRANE bank and AB Bank. In manufacturing sector, companies like CIMERWA, FRESCHO Macadamia and Bakhresa grain milling contributed a lot.

2.3.2 Exports-Imports

In 2013, the census findings showed globally a net import of US$ 90 million resulting from US$ 214 million of exports and US$ 304 million of imports made by the majority owned Foreign Companies. External trade in mining and agriculture products recorded trade surplus of US$ 95.4 million and US$ 22.7 million respectively. The mining products are dominated by tin, coltan and wolfram.

Manufacturing, whole sale and retail trade sectors were dominating the import side as shown in the table 2.6. Manufacture exports are mainly maize and wheat flour. The trade deficit of manufacture sector shows the importance of raw material imports and may call up on the checking of local potential of their production and availability. It would be also interesting to make a deep and detailed analysis of locally traded volume of the manufacture products and items in trade sectors. Exports from whole sale and retails trade are dominated by re-export of fuel.

ICT sector dominated in both exports and imports. Related exports services are mainly roaming and other transfers received by local foreign owned telecommunication companies from non-residents companies for communication facilities between residents and nonresidents households. Most of imports in finance and insurance sector were services to the tune of US$ 11 million as new banks and insurance companies were setting in.

The important imports electricity sector was the electricity materials to be sold in the country. We note also high level of manufacturing sector imports that may be linked to local availability of raw material. Mining and agriculture show interesting trade surplus.

Table2.6 Exports-Imports in 2013 (US$ million)

Sector	Imports	Exports	Balance
Manufacturing	117.9	60.2	(57.7)
Wholesale and retail trade	74.0	5.6	(68.4)
ICT	17.7	19.0	1.2
Mining	0.7	96.1	95.4
Agriculture	10.2	31.5	21.3
Transportation and storage	1.7	1.2	(0.5)
Financial and Insurance	15.1	0.3	(14.8)
Others	8.5	0.2	(8.3)
Construction	20.8	-	(20.8)
Electricity	37.7	-	(37.7)
Total	304.4	214.1	(90.3)

Source: *Foreign Private investment 2013*

2.3.3 Employment

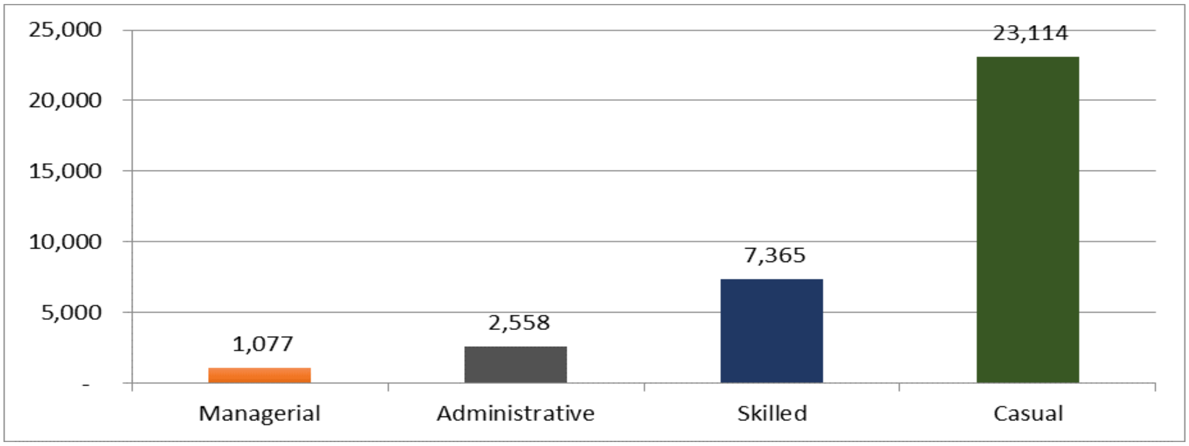
The results of the FPC 2013 show that employment grew by 3.9 percent from 32.834 in 2012 to 34,114 in 2013. In terms of nationality of employees, Rwandans were 96.0 percent against 4.0 percent of foreigners. The number of short-term foreign employees was 387 which is equivalents to 1.1 percent of the total. According to category of employment, managerial positions are occupied by 1077 staff (3.2 percent), administrative 2,558 staff (7.5 percent); skilled 7,335 staff (20.9 percent) and casual 23,114 staff (68.4 percent). Details are provided in table 2.7 and figure2.1.

Table2.7: Employment by residence in 2013

	Local	Foreign		Total
Category	**Resident**	**ST**	**LT**	
Managerial	810	21	246	**1,077**
Administrative	2,448	25	85	**2,558**
Skilled technicians	6,561	341	463	**7,365**
Casual	23,090	-	24	**23,114**
Total	**32,909**	**387**	**818**	**34,114**

Source: *Foreign Private investment 2013*

Figure2.1: Distribution of employment by type in 2013



Source: *Foreign Private investment 2013*

Regarding sector distribution of employment, agriculture had the highest number with 28.0 percent, followed by Finance and insurance with 15.8 percent of total number of employees, mining 11.3 percent and manufacturing 9.0 percent.

Table2.8: Distribution of employment by sector 2011-2013

Sector	2011	2012	2013
Agriculture	8,015	4,274	9,596
Real estate activities	6,183	6,183	1,231
Mining and quarrying	4,875	4,756	3,825
Finance and insurance	3,944	4,083	5,129
Manufacturing	2,817	5,832	3,191
Administrative	1,509	1,445	1,329
ICT	846	651	461
Wholesale and retail trade	808	770	618
Tourism	579	1,629	778
Others	1,141	3,211	7,956
	30,717	**32,834**	**34,114**

Source: *Foreign Private investment 2013*

The double increase in Agriculture employment came mainly from Shagasha, Mulindi and Gisakura tea factories newly privatized.

The drop in employment in sectors like real estate, mining, and tourism was caused by change of some companies' ownership from non-residents to residents and the nature of those sectors to employ casual laborers in a given season.

2.3.4 Compensations of employees.

Total compensation of employees (wages, salaries, contribution to pension fund, fringe benefits, etc.) paid out by enterprises that responded to the FPC 2013 more than doubled from US$.139.0 million during 2012 to US$.301.6 million during 2013. Local employees received the highest share of total employee's compensation accounting for an average of 80.5 percent of the total compensation in 2012 and 2013.

The best remunerating sectors were finance and insurance with 58.7 percent of total remuneration, followed by manufacturing 12.9 percent and ICT for 12.0 percent. The big increase in transportation sector was due to some big companies which sold shares to non – residents. Details are shown in Table2.9.

Table2.9: Compensation of Employees 2011- 2013 (US$ million)

Sector	2011	2012	2013
Financial services	43.0	81.9	163.7
ICT	20.0	14.2	13.7
Manufacturing	12.9	18.0	21.9
Wholesale & Retail trade	4.5	4.8	6.2
Tourism	4.0	2.0	4.0
Agriculture	3.4	4.6	9.8
Transportation	1.9	1.5	54.0
Mining	1.7	2.1	3.7
Others	3.6	10.0	24.6
Total	**95.0**	**139.0**	**301.6**

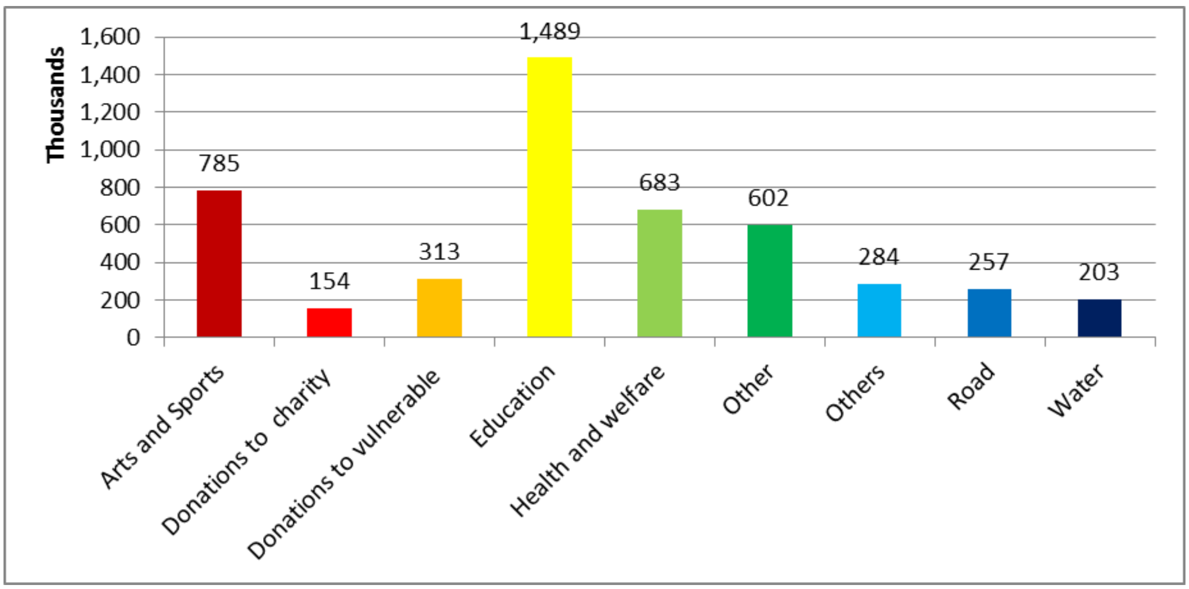
Source: *Foreign Private investment 2013*

2.3.5 Corporate social responsibility

Corporate social responsibility is a corporate initiative to take responsibility for the company's effects on the environment and social welfare. Those initiatives are directed to environment, infrastructure, educational programs, health and other social, cultural or community services that benefit the population. The contributions of companies to corporate social responsibility stood at US$ 4.0 million in 2012 from US$ 3.0.million in 2011 and US$ 2.0 million in 2010.

For 2013, the respondents were also requested to provide monetary value of the amount spent on corporate social responsibility (CSR) activities. The findings showed that the total amounts spent on CSR activities was US$ 5.0 million (figure 2.2). The activities which attracted substantial CSR expenditures were education; arts & sports and health & welfare which on average accounted for 48.4 percent.

Figure2 2: Corporate social responsibility by type of recipient in 2013 (US$ thousands)



Source: *Foreign Private investment 2013*

On average, most of the Corporate Social Responsibility expenditures were dedicated to arts and sports (41.0 percent) - the big chunk went in Primus Guma- Guma super star and the primus league. The results showed that the manufacturing sector was the biggest contributor to CSR in 2013 as it accounted for about 26.7 percent, followed by finance sector.

Table2.10: Corporate Social Responsibility by Distributing Sector 2011- 2013 (US$ million)

Sector	2011	2012	2013
Manufacturing	1.5	2.2	1.3
Finance	0.4	0.5	0.9
ICT	0.3	0.4	0.3
Agriculture	0.2	0.2	0.2
Tourism	0.2	0.3	0.3
Wholesale and retail trade	0.1	0.1	0.1
Mining	0.1	0.1	0.2
Others	0.1	0.2	1.8
Total	2.8	4.0	5.0

Source: *Foreign Private investment 2013*

CHAPTER THREE

FOREIGN PRIVATE INVESTMENTS IN RWANDA

3.0 Introduction

This chapter highlights the census findings on foreign private investment that includes foreign direct investment, foreign portfolio and foreign borrowing during 2013 and the respective outstanding stocks as at end of 2013. It presents also the situation of income, profitability and analysis of selected FPC indicators.

Foreign Private Capital is composed of Foreign Direct Investment (FDI), other investments and Portfolio investment. FDI are made of investments of non-residents in resident companies with a shareholding of at least 10% of the company's total capital and debt from fellow (related) enterprises but excludes debt among related financial intermediaries. Portfolio investment are tradable instruments and other investments which are borrowing from outside as well as non-tradable shareholding of less than 10% of total capital of the company.

All these categories are analyzed by type of liability or instrument, relationship, sector of investment, and source country. Foreign Private Capitals are of two main categories which are liabilities made of inward investment flows and stocks as well as assets made of outwards investments flows and stocks.

3.0.1 Foreign Private Capital attraction in Rwanda

Looking at the performances in terms of investment attraction and registration, for the last six years (2009-2013), a total of 280 investments projects fully owned by foreign investors or in joint ventures with local investment has been registered with pledged investment value of US$ 2,526 million and planning to create 35,580 jobs.

In 280 pledged projects, 151 are operational, 69 are in implementation phase, 22 have closed, while 38 remain committed to start their activities. The following table presents the pledged investments in value, number of projects and annual planned new jobs for the period of 2009-2013.

Table3.11: New Foreign Private Investments registered (2009 – 2013)

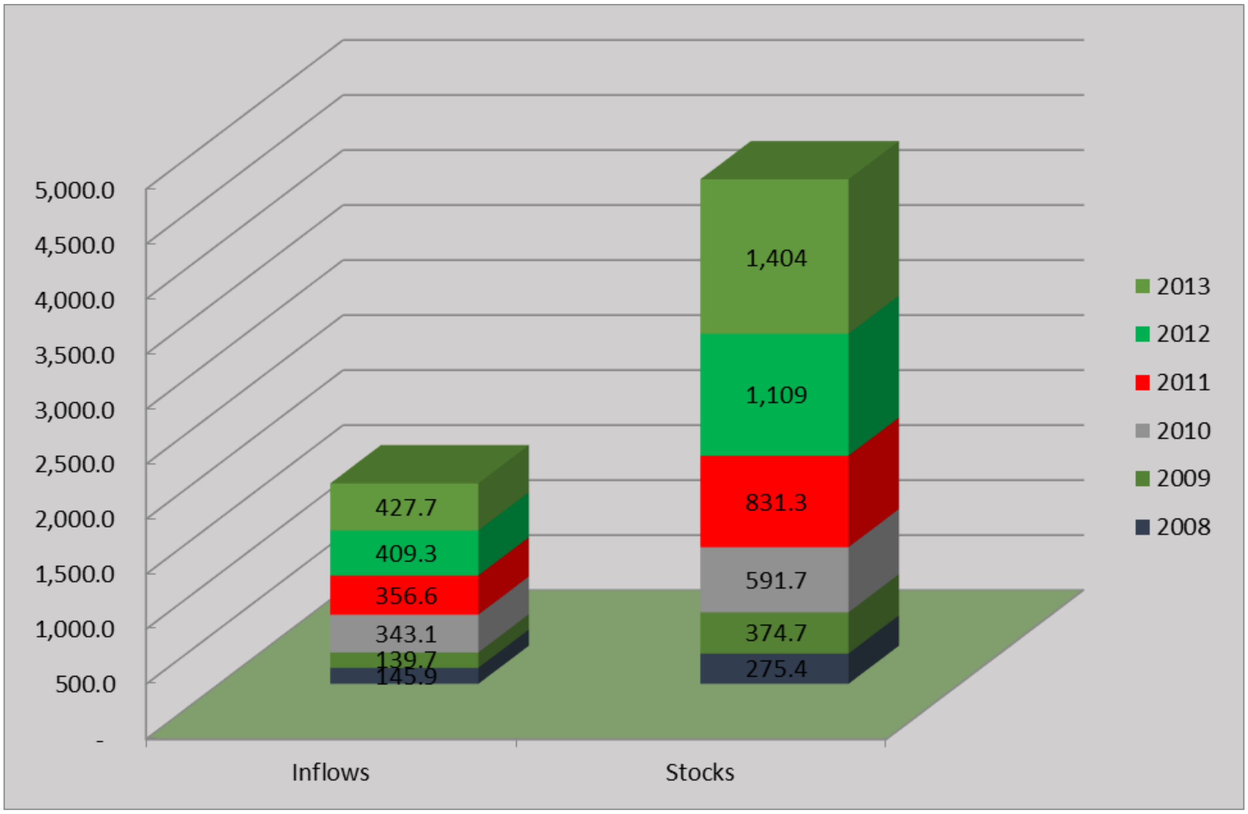
	2009	2010	2011	2012	2013
Number	46	41	60	74	59
Value($ million)	531.32	201.37	398.89	590.15	803.9
Jobs	3,748	3,971	5,553	17,498	3,810

***Source**: Rwanda Development Board, 2014.*

Foreign Private Capital in Rwanda has been increasing overtime. In 2013, FPC inflows to Rwanda increased by 4.5 percent as it reached to US$ 427.7 million compared to $409.3 million recorded in 2012. They were dominated by FDI, amounting to US$ 257.6 million, and occupy 60.2 percent of total inflows, followed by other investments of US$ 168.4 million, accounting for 39.4 percent and portfolio investments of US$ 1.5 million. In 2011 with the starting of Rwanda Stock exchange, portfolio investments flows were particularly high ($ 87.3 USD) compared to other years as presented in figure 3.3.

In terms of stock, total foreign private capital increased by 26.6 percent reaching US$ 1,404 million in 2013 from US$ 1,109 million recorded in 2012 of which FDI amounting to US$ 837.7 million followed by other investments of US$ 477.1 million and portfolio investments of US$ 89.4 million.

Figure3.3: Foreign Private Investment Inflows and Stock by 2013



Source: *Foreign Private investment 2013*

The flows of foreign private investments have been increasing over the years as presented in the table 3.12.

Table3.12: Foreign Private Investments Inflows by Category 2008-2012(US$ million)

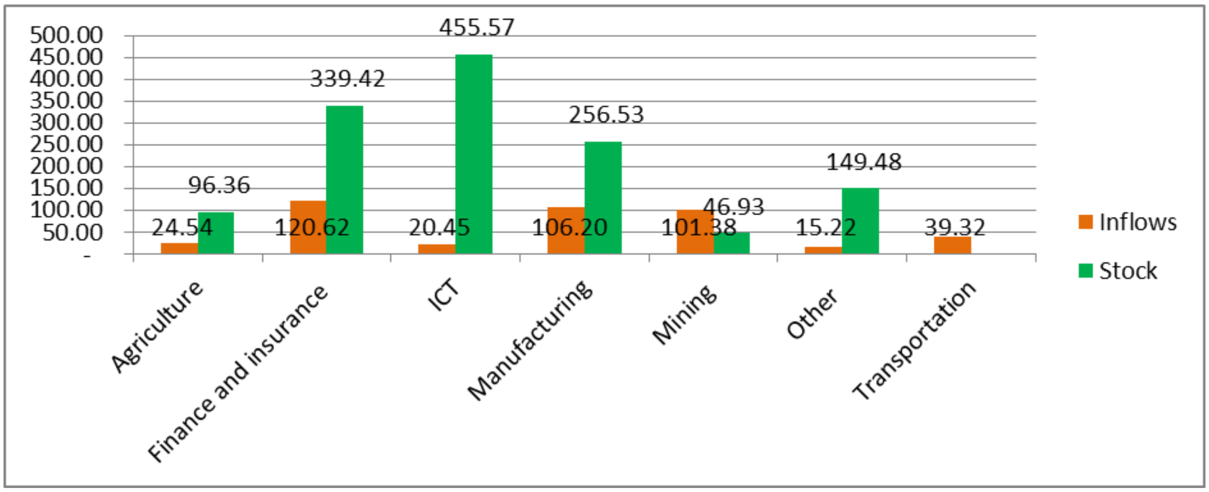
	INFLOWS					
YEARS	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
FDI	66.9	103.3	250.5	119.1	255.0	257.6
PORTFOLIO	1.1	0.7	1.5	87.3	1.0	1.7
OTHER INVESTMENT	77.9	35.7	91.0	150.2	153.3	168.4
TOTAL	**145.9**	**139.7**	**343.1**	**356.6**	**409.3**	**427.7**

Source: *Foreign Private investment 2013*

3.1 Foreign Private Investment by sector of economic activity

Considering foreign inflows by recipient sectors, 28.2 percent of total FPC in 2013 was channeled to Finance and insurance, followed by manufacturing with 24.8 percent, mining with 23.7 percent, and transportation with 9.2 percent and other sectors with 3.6 percent. The stock of foreign investment in ICT accounted 40.7 percent with an amounted of US$ 455.7 million followed by finance and insurance accounting 20.0 percent with US$ 339.4 million and manufacturing with 18.4 percent which is equivalent to US$256.5 million.

Figure3.4: Foreign Private Investment Inflows and Stocks by Sector (US$ million), in 2013.



***Source:** Foreign Private investment 2013*

3.2 Foreign Private Investment by country of origin

Most of the flows were mainly from Switzerland (US$ 96.0 million) followed by South Africa (US$ 45.5 million), Preferential Trade Area (US$ 44.6 million) and Canada (US$ 38.5 million) accounting for 52.5 percent of total FPC in 2013. The main recipient sectors of investments from Switzerland are mining and agriculture whereas for South Africa the main sector is manufacturing of other non-metallic mineral products.

In terms of stocks, Mauritius, South Africa, Kenya, Luxembourg, USA and Netherlands were leading accounting for 54.0 percent of the total stock. Mauritius is the largest investor as a host of many holding companies although the ultimate controlling companies are from different parts of the world. The census took into consideration only the immediate relationship (immediate investor). Beside countries of origin, loan from financial institutions such as Preferential Trade Area (PTA) and African Development Bank (ADB) were important with US$ 82.9 million in 2013. Sectors such as tourism, finance and insurance borrowed from these institutions.

Table3.13: Inflows and Stocks by Origin in 2013 (US$ million)

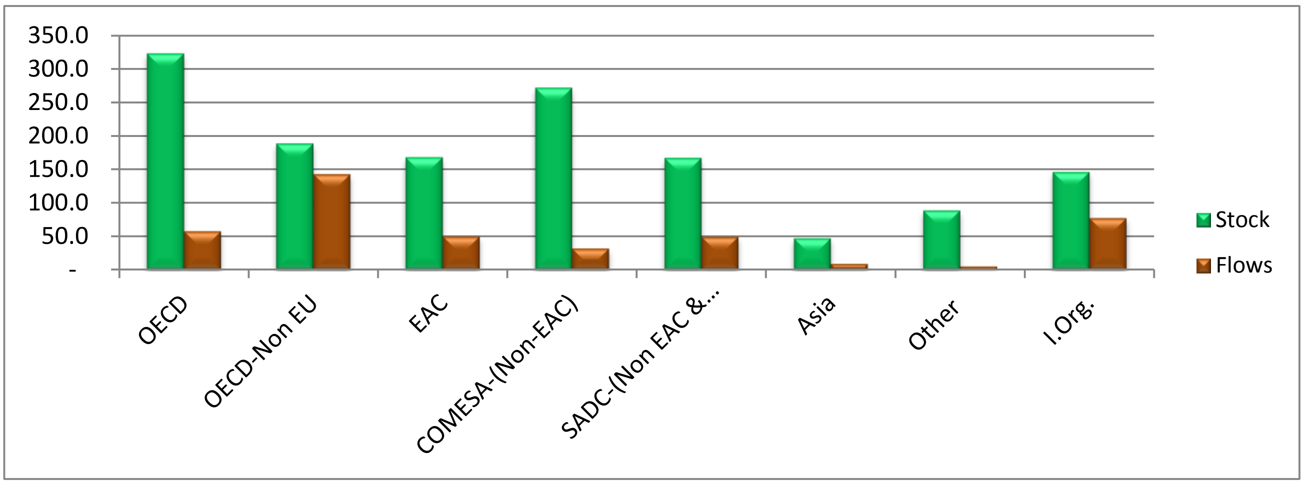
Source	Inflows	% Share	Country	Stock	% Share
Switzerland	96.01	22.4	Mauritius	212.71	15.1
South Africa	45.51	10.6	South Africa	162.59	11.6
PTA	44.62	10.4	Kenya	146.15	10.4
Canada	38.52	9.0	Luxembourg	81.67	5.8
Kenya	33.47	7.8	US	80.26	5.7
Mauritius	32.13	7.5	Netherlands	74.60	5.3
France	19.75	4.6	PTA	70.51	5.0
Uganda	14.58	3.4	UK	67.39	4.8
ADB	14.51	3.4	Libya	59.48	4.2
Tanzania	11.95	2.8	Germany	47.70	3.4
Netherlands	10.76	2.5	Canada	38.52	2.7
Others	65.91	15.4	Others	362.57	25.8
Total	**427.72**	**100.0**	**Total**	**1,404.14**	**100.0**

***Source**: Foreign Private investment 2013*

With regard to foreign private capital stock by regional economic grouping, the European Union (EU) countries held the highest stock amounting to US$ 323.2 million (23.0 percent) up from US$ 318.8 million recorded in 2012 and dominated by investments from Luxembourg and Netherlands mostly in finance & insurance and in telecommunication sectors respectively. COMESA (Non- EAC) held US$ 272.2 million (21.8 percent) increasing from US$ 240.0 million in 2012 dominated by investments from Mauritius while OECD-Non EU had US$ 189.2 million (13.5 percent) up from US$ 135.9 million in 2012 coming mostly from USA and Switzerland. EAC had US$ 168.3 million (12.0 percent) up from US$ 139.7 million in 2012 and dominated by investments from Kenya.

SADC (Non EAC & COMESA) had US$ 167.4 million (11.9 percent) up from US $ 117.5 million in 2012. Stock of investment from international and regional organizations such as ADB, PTA and WB was US$ 146.7 million (10.5 percent). Asia accounted for US$ 47.7 million (4.1 percent) increasing from $ 43.3 million in 2012. Other countries had US$89.4 (6.4 Percent) million from $ 46.5 million in 2012.

Figure3.5: **Foreign Private Investment Stocks & Inflows by Region in 2013 (US$ million)**



Source: *Foreign Private investment 2013*

3.3. Foreign Direct Investment

3.3.1. Foreign Direct Investment inflows and stock

Foreign direct investments are made of three categories: equity capital which is new investment in a company, loan from affiliates or from shareholders and retained earnings. In 2013, the FDI inflows increased from US$ 255.0 million in 2012 to US$257.6 million dominated by loans from shareholders of US$ 144.4 million representing 54.9 percent, equity capital of US$ 74.3 million accounting for 28.2 percent while retained earnings were US$44.2 million accounting for 16.9 percent. Flows of borrowing from affiliates in 2013 were US$144.4 million close to US$145.2 million received in 2012. Equity capital decreased from US$ 87.4 million in 2012 to US$ 74.2

million registered in 2013. Retained earnings increased from US$ 22.0 million in 2012 to US$ 44.2 million in 2013.

Table3.14: Inflows and Stocks of FDI by Type 2011-2013(US$ million)

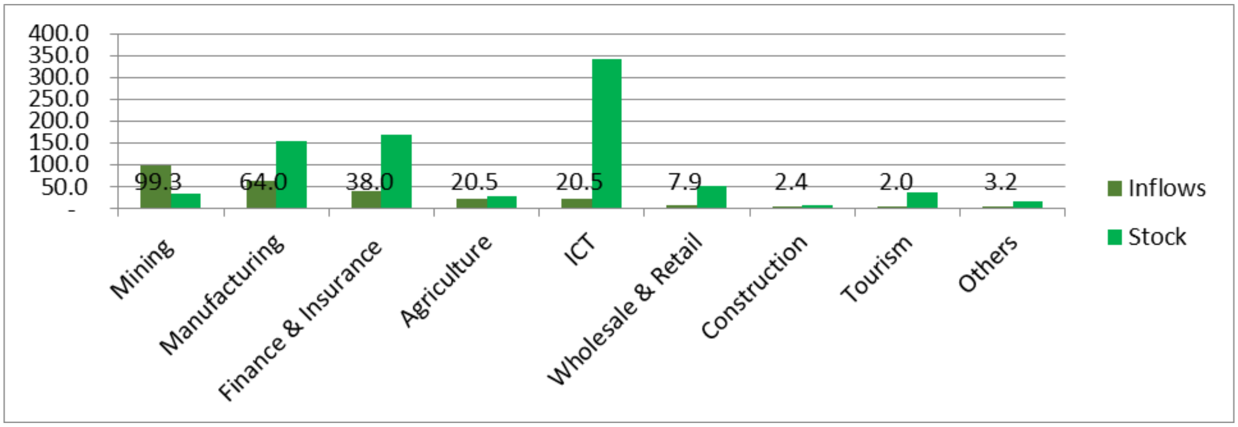
	2011		2012		2013	
FDI Components	**Inflows**	**Stock**	**Inflows**	**Stock**	**Inflows**	**Stock**
Equity capital	26.3	316.7	87.4	245.23	74.2	373.6
Loans	91.6	196.8	145.6	408.54	144.4	337.3
Retained earnings	1.2	31.9	22	61.73	44.2	126.67
Other changes	NA	-50.3	0	5.5	-5.4	0
Total	**119.1**	**495.1**	**255.0**	**715.5**	**257.6**	**837.7**

Source: *Foreign Private investment 2013*

3.3.2 Foreign Direct Investment Inflows and Stock by sector

In 2013, most of the Foreign Direct inflows were directed to Mining with US$ 99.3 million, Manufacturing sector with US$ 64.0 million and Finance & Insurance sector with US$ 38.0 million. In terms of stock, ICT dominated with US$ 340.6 million, followed by finance and insurance (US$ 167.3 million) and manufacturing (US$ 154.5 million).

Figure3.6: **Foreign Direct Investment Inflows and Stocks by Sector in 2013 (US$ million)**



Source: *Foreign Private investment 2013*

3.3.3. Foreign Direct Investment Flows and Stocks by origin

Considering the origin of FDI, Switzerland, South Africa, Mauritius and Kenya are the major source of FDI inflows, collectively accounting for 74.6 percent of total inflows in 2013. The level of inflows from Switzerland is less than stocks due to short term trade credits and other accounts payables mostly settled in less than a year.

Table2.15: Foreign Direct Investment Flows and Stocks by origin in 2013(US$ million)

Country	Inflows	Stock
Switzerland	96.0	20.0
South Africa	45.5	161.6
Mauritius	31.2	208.1
Kenya	20.2	76.0
Netherlands	10.8	59.7
Uganda	9.4	13.0
Belgium	6.3	17.9
China	5.9	9.5
United Kingdom	4.6	16.7
Nigeria	4.0	27.0
Others	20.0	228.1
Total	**257.6**	**837.7**

Source: *Foreign Private investment 2013*

3.4. Foreign Portfolio Investment

Portfolio investment which involves the purchase of stocks, bonds, commodities, or money market instruments by non-residents, remain the lowest component of foreign investment in Rwanda mainly due to the low level of financial market development. Its stock increased from US$ 87.8 million in 2012 to US$ 89.4million in 2013 and account for only 0.4 percent of the total liabilities inflows in 2013.

This small increase compared to the year 2012 was due to lack of new listed companies since then on Rwandan Stock Exchange as the portfolio inflows amounted to only US$1.7 million in 2013 compared to US$ 87.3 million in 2012.

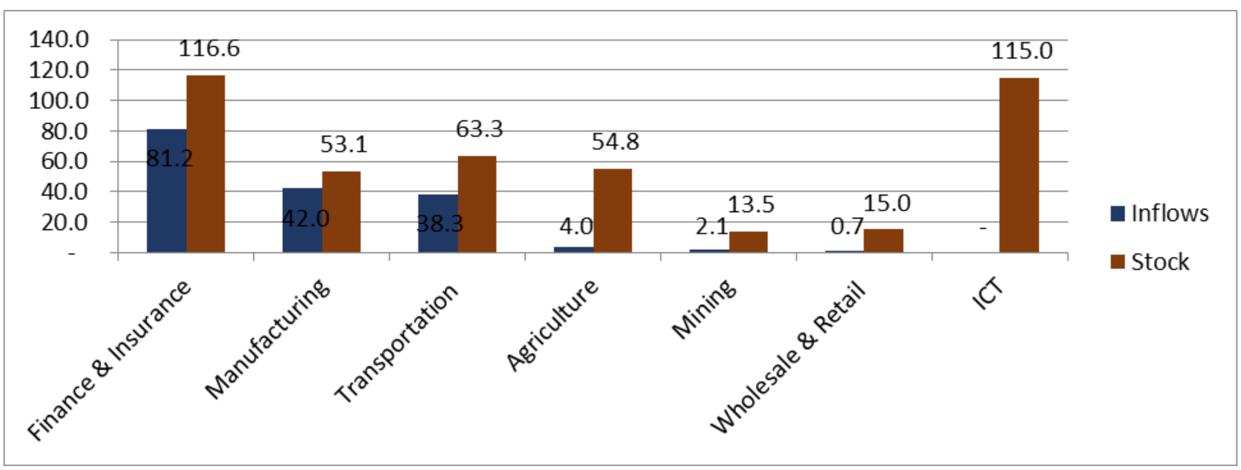
3.5. Other investments

Other investments accounting for 39.4 percent of the overall liability inflows are long term and short term loans from unrelated sources. In 2013, a total of US$ 168.4 million of loans inflows were reported of which US$ 153.6 million (61.2 percent) were long term (more than 1 year), US$ 11.1 million (6.7 percent) in form of trade credits and others (employee stocks options, custody accounts or administered funds, outstanding franchise fees, and other claims not mentioned elsewhere) amounted to US$ 3.7 million (2.1 percent).

3.5.1. Other investment inflows and stocks by Sector

The sectorial distribution of other foreign investment inflows in 2013 show that they were mainly concentrated in the finance and insurance sector which received US$ 81.2 million. Manufacturing came second with US$ 42.0 million followed by transportation with US$38.3 million. In terms of stock, the finance and insurance had US$ 116.6 million, followed by ICT had US$ 115.0 million, Transportation US$ 63.3 million, Agriculture US$ 54.8 million and Manufacturing US$ 53.1 million. Mining sector decreased from US$ 53.4 million in 2012 to US$ 2.1 million in 2013. The decrease of inflows in mining sector was explained by the shift of trade credits to non-affiliates in 2012 to support of affiliated companies in 2013.

Figure3.7: **Other investments inflows and stocks by sector in 2013 (US$ million)**



Source: *Foreign Private investment 2013*

3.5.2. Other Investments Inflows and Stock by Source in 2013

In 2013, Preferential Trade Area (PTA) was the major lender with disbursement of US$ 44.5 million, followed by Canada (US$ 38.3 million), and France (US$ 19.4 million). Inflows from African Development Bank and Kenya were US$ 14.5 million and US$ 13.1 million, respectively. In terms of stock, PTA was the major source, with US$ 65.3 followed by Canada in agriculture and transportation sectors with US$ 44.2 million, and France with US$19.3 million investing mostly in transportation & storage sector.

Table3.16: Other Investments Inflows and Stock by Source (US$ million)

Country	Inflows	Stock
PTA	44.5	65.35
Canada	38.3	44.15
France	19.4	19.34
ADB	14.5	17.59
Kenya	13.1	14.06
Austria	10.4	10.36
Tanzania	8.8	0.54
EU	6.0	3.68
Uganda	5.1	5.00
US	3.9	5.15
Burundi	2.1	2.13
Others	2.06	289.76
Total	**168.42**	**477.11**

Source: *Foreign Private investment 2013*

3.6. Income on investments

After a loss of US$34 million registered in 2010, foreign investments have been making profits. In 2013, the overall net profit increased to US$ 73.6 million from US$ 59.9 million in 2012. Out of the profit of US$ 73.6 million recorded in 2013, reinvested earnings were US$ 44.2 million, doubling from US$22 million registered in 2012, coming mainly from manufacturing, finance and insurance as well as mining sectors. The retained and reinvested earnings are net profit minus dividends declared.

The ratio of dividends declared to net profit was 36.0 percent and the ratio of retained earnings to net profit was 64.0 percent. The reinvested earnings to net profit increased from 36.7 percent in 2012 to 60.1 percent in 2013; showing investors' confidence in the economy.

Table3.17: Income on investment (US$ million)

Item	Amount (US$ million)			
	2010	**2011**	**2012**	**2013**
Net Profit/Loss	-34	21.8	59.9	73.6
Dividends Declared	15.1	21	37.9	26.5
Dividends Paid	14.2	14.8	22.9	20.9
Retained Earnings/Loss	-49.1	1.3	22	44.2

Source: *Foreign Private investment 2013*

3.6.1. Income on investment distribution by sector

The average income on investment in 2013 was 60.1 percent of total profit. The findings indicated that the more the sector makes the profit, the more it distributes and the more the sector makes profits, the more retained earnings as seen in table3.18

Table3.18: Income on investment distribution by sector in 2013 (US$ million)

Sector	Dividends declared	Dividends paid	Net Profit/Loss	Retained Earnings
Manufacturing	16.2	16.2	29.7	14.0
Financial and insurance	8.8	3.4	21.9	10.0
Mining	-	-	5.5	5.5
Wholesale & retail	0.0	0.0	5.2	4.8
ICT	-	-	4.3	4.3
Agriculture	0.1	-	2.7	2.7
Transportation	1.3	1.3	2.3	1.0
Others	-	-	1.4	1.3
Total	26.5	20.9	73.6	44.2

Source: *Foreign Private investment 2013*

In terms of profit made, manufacturing sector dominated by activities such as manufacturing of food products and beverages had 40.4 percent of the total income, followed by finance and insurance with 29.8 percent while wholesale had 7.0 percent.

ICT sector recovered from a loss of 9 percent of the investment in the sector in 2012 to a profit of 5.9 percent. In the calculations, other changes mainly from exchange rates affected the retained earnings by US$ 2.8 million.

Dividends paid to foreign shareholders decreased from US$ 22.9 million in 2012 to US$ 20.9 million in 2013. Manufacturing sector held 61.2 percent of total declared dividends, followed by finance and insurance with 33.4 percent.

3.7. Return on equity by sectors in 2013

Return on equity is the amount of net income returned as a percentage of shareholders equity. It measures company's profitability by revealing how much profit a company generates with the money shareholders have invested. Net income is for the full calendar year (before dividends paid to common stock holders but after dividends to preferred stock.). ROE is useful for comparing the profitability of a company to that of other firms in the same industry. In our case, we use it to calculate sector profitability. According to Aswath (2007), the ROE is calculated as follows:

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

During the period under review, the overall return on equity attributable to foreign direct investments was 16.1 percent decreased from 20.6% in 2012. This change is attributed to higher volume of FDI Equity stock compared to profit made in 2013.

The net profit is the net income of the year before dividends paid to common stock holders, whereas FDI Stock includes accumulated equity capital and accumulated retained earnings as presented in table 3.18.

The main objective of foreign investors in investing in foreign economies is to maximize their global profits. Firms invest abroad when the expected return exceeds the costs (Caves 1982).

Among other factors, the rate of return on investments positively affected FDI inflows in Sub Saharan Africa (Opolet et al 2008). In Rwanda, profitably of 16.1 percent continues to be higher than the world average return of 6.1 percent.

Table3.19: FDI profitability 2013

SECTOR	NET PROFIT	AV. STOCK FDI	ROE
Manufacturing	29.7	122.6	24%
Financial and insurance activities	21.9	149.1	15%
Mining	5.5	24.1	23%
Wholesale & retail	5.2	48.1	11%
ICT	4.3	334.8	1%
Agriculture	2.7	39.4	7%
Transportation	2.3	11.5	20%
Others	12.0	43.0	28%
Weighted Average	**74**	**772.73**	**16.1%**

Source: *Foreign Private investment 2013*

Considering profitability per sector, manufacturing came first with 24 percent followed by mining with 23 percent and last come ICT with 1 percent. ICT improved form negative in 2012 due to new investments in the sector to 1 percent in 2013, which is an indication of taking off of the sector.

The slight decrease of foreign investments ROE from 20.6 percent in 2012 to 16.1 percent in 2013 is explained by a larger increase in stock of FDI from US$715,5million in 2012 to US$ 837.7 million in 2013 compared to a lower increase of retained earnings from US$ 22,0 million in 2012 to US$44,2 million in 2013.

3.8. Macro-economic analysis of census findings

Table3.20 shows some key analytical ratios of foreign assets and liability flows and stocks. In terms of inflows, FDI became increasingly important as a source of investment funds as it stood at 16.7percent of Gross Fixed Capital Formation (GFCF) in 2013. In average it contributed 22.3

percent of the last 5 years GFCP. The ratio FDI/GFCF shows the contribution of FDI in country‘s financing of capital formation.

The importance of FDI to the economy is also shown by the increasing share of its stock to GDP equivalent to 12.8 percent in average during the last five years. In 2013, the ratio of FDI inflows to GDP was 3.9 percent and contributed 4.9 percent of GDP on average over the last five years.

The share of PSED stock to GDP shows a similar increasing trend from 3.6 percent in 2009 to 11.9 percent in 2013. Its service to GDP rose from 11.1 percent in 2009 to 15.3 percent in 2013, due to increasing level of debt.

Table3.20: Selected indicators of FDI flows and stocks (percent)

Indicators	2009	2010	2011	2012	2013
FDI Inflows/GFCF	16.0	36.4	14.6	28.0	16.7
FDI Inflows/GDP	3.5	7.6	3.1	6.1	3.9
FDI stock/GDP	7.9	12.9	12.9	17.4	12.8
PSED Stock/GDP	3.6	5.8	6.5	6.8	11.9
PSED Service / PSED Stock	11.1	9.5	8.8	5.8	15.3
Return on assets of non-residents	2.2	2.8	1.2	2.4	6.8
Return on equity of non-residents	9.1	13.4	19.5	20.6	16.1

Source: *Foreign Private investment 2013*

Using the world available data on FDI return on equity, in 2013 the rate of return on FDI in Rwanda compared to main economic regions was higher. The global rate of return on FDI was 6.8 percent, slowing from 7.6 percent in 2012.

While the global average rate of return on FDI for 2011–2013 was 7.1 percent in average, this indicator reached 18.7 percent for Rwanda. According to the world investment report (2013), the first ranked in return on FDI for the year 2011 was Angola with 87 percent, Bahrain with 50 percent and Rwanda would rank 8^{th} with 19.5 percent. Rwanda is doing well in FDI profitability as shown in the table3.21.

Table3.21: Economic regional comparisons in FDI Return on Equity 2011-2013 (percent)

Years	2011	2012	2013
Rwanda	19.5	20.6	16.1
World	6.9	7.6	6.8

Source: World Investment Report, 2013

3.9. Private Sector External Debt 2013

Private Sector External Debt (PSED) is the amount of current and not contingent liabilities that require payment (s) of interest and/or principal by the debtor at some point(s) in the future and owed to non-residents by private residents of an economy (IMF Debt Guide, 2009). Private sector external debt flows and stocks are made of borrowing from affiliates included in FDI and from non-affiliates included in other investments as well as debt securities.

3.9.1. Private Sector External Debt inflows 2013

Disbursements of the Private Sector External Debt (PSED) in 2013 amounted to US$ 312.9 million from US$ 363.1 million in 2012, a decrease of 13.8 percent as 2012 recorded huge inflows of debts in mining and tourism sectors. Debt inflows from related companies included in foreign direct investments totaled US$ 144.4 million. These flows came from fellow or parent companies abroad.

Debt inflows from unrelated sources were US$ 168.4 million in 2013 against US$ 218.0 million recorded in 2012. The debt from non-affiliates represents 53.8 percent of total debt from abroad in 2013. The repayment of principal was US$ 119.6 million in 2013 of which 79.4% repaid to foreign affiliates.

Table3.22*:* Private Sector External Debt flows 2012 – 2013 (US$ million)

Type	Maturity	Disbursement		Repayment	
		2012	**2013**	**2012**	**2013**
AFFILIATES		**145.1**	**144.4**	**34.1**	**95.0**
	LT	131.4	130.2	31.1	90.5
Loans	ST	13.7	14.2	3.1	4.5
NON AFFILIATES		**218.0**	**168.4**	**156.4**	**24.6**
	LT	88.7	153.6	40.5	13.5
Loans	ST	0.0	3.6	0.0	-
Trade Credits	ST	62.9	11.2	57.9	11.1
Other	LT	1.7	0.0	-	-
TOTAL		**363.1**	**312.9**	**190.5**	**119.6**
Of which:	LT	221.8	283.8	71.6	104.0
	ST	141.3	29.0	118.9	15.6

Source: *Foreign Private investment 2013*

3.9.2. Private Sector External Debt stocks 2013

Private Sector External Debt (PSED) stock includes both long and short term borrowing from affiliates (FDI related borrowing) and non-affiliates (non-related entities abroad). Private sector external debts are largely in form of loans, trade credits, debt securities and other accounts payable.

In this section, the stock of PSED is presented and analyzed according to type, maturity and relationship. According to the census, the Private Sector External Debt (PSED) stock has been increasing since 2010, standing at US$ 814.5 million end 2013 increasing by 31.1 percent compared to end 2012.

Table3.23: Private Sector External Debt stocks 2010-2013 (US$ million)

		STOCKS			
Type		**2010**	**2011**	**2012**	**2013**
AFFILIATES		**136.0**	**177.0**	**287.9**	**337.3**
Loans	LT	121.0	160.0	260.3	300.03
	ST	15.0	16.9	27.6	37.32
NON AFFILIATES		**162.1**	**243.7**	**333.3**	**477.11**
Loans	LT	146.6	228.6	295.5	435.52
	ST	0.1	0.2	3.3	6.94
Trade Credits	ST	15.3	14.4	28.1	28.18
Other	LT	0.1	0.5	6.4	6.47
TOTAL		**298.1**	**420.7**	**621.2**	**814.5**
Of which:	LT	283.0	403.5	553.7	742.02
	ST	15.1	17.2	39.5	72.44

Source: *Foreign Private investment 2013*

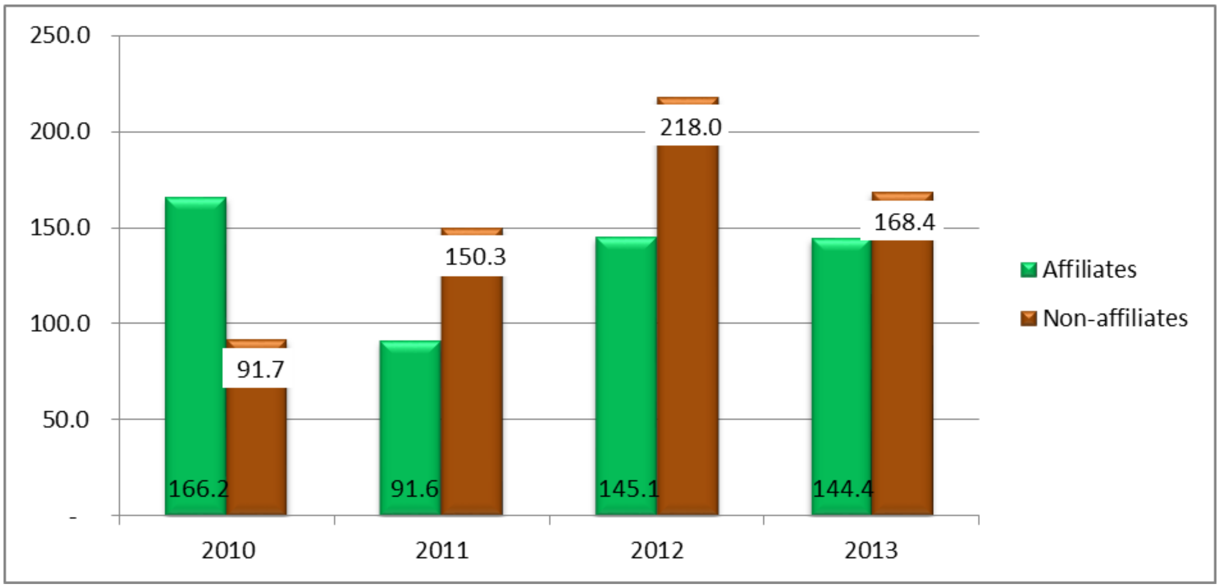
3.9.3 Private Sector External Debt Stock by Maturity and Type

In 2013, 92.2 percent of the stock of PSED were in form of long term borrowing while 7.8 percent was short term borrowing, same trend as in 2012 where 93.3 percent of stock of PSED was long term and 6.7 percent was short-term. Loans, (excluding trade credits and others made of employee stocks options, custody accounts or administered funds, outstanding franchise fees, and other claims) amounted to US$ 760.2 million, representing 97.5 percent of the overall debt stock and dominated by loan from affiliates with share of 57.6 percent while trade credits represented 3.2 percent and others (employee stocks options, custody accounts or administered funds, outstanding franchise fees, and other claims) accounted for 1.6 percent.

3.9.4 Private sector external debt inflows by credit type

Globally, the inflows of PSED end of 2013 were largely from non-affiliates amounting to US$ 168.4 million, a proportion of .54.0 percent of the total PSED inflows. Debt from affiliates was almost the same as of last year with US$ 145.1 million recorded in 2012 to US$ 144.4 million in 2013.

Figure3.8: Private sector external debt inflows by relationships (US$ million)



Source: *Foreign Private investment 2013*

CHAPTER FOUR

CONCLUSION

The foreign private capital results revealed that, foreign private investments in Rwanda continued to grow and provide a drive for sustained economic growth. In 2013, private sector foreign liabilities inflows to Rwanda increased by 4.5 percent to US$ 427.7 million from US$409.3 million recorded in 2012, indicating increased attraction of foreign investments from abroad. The Rwandan FDI profitability expressed in rate of return on equity continues to be above the world average of 6.8 percent and among the highest in the world with 16.1 percent in 2013.

In 2013, foreign private capital inflows into Rwanda were dominated by foreign direct investment inflows (60 percent) and characterized by high retained earnings. The level of other investments inflows remained more or less the same as in 2012. In terms of country of origin, most of the flows were mainly from Switzerland (US$ 96.0 million) followed by South Africa (US$ 45.5 million), Preferential Trade Area (US$ 44.6 million) and Canada (US$ 38.5 million) accounting for 52.5 percent of total FPC in 2013 and investing mostly in finance and insurance as well as in manufacturing sectors accounting 53.0 percent of total inflows.

In addition, the retained earnings contribution to FDI which stood at 15.0 percent in 2013 and the FDI rate of return of 16.1 percent give an indication of increased investors' confidence and investment opportunities in the country. It is therefore recommended to continue with efforts to improve investment climate further so that investors can gain higher returns and reinvest. The measures being taken in the area of reducing cost of doing business are in line with the objective of encouraging new investments and re-investment of earnings need to be strengthened Also, he efforts need to aim at expanding investment opportunities and promote diversification.

The country needs to continue sustain the achievements registered in the attraction and retention of private investments. As way forward, the results of this study should be used as an indication of foreign private investment sectorial performance and as an evaluation tool of current interventions as well as the design of new policies and programs focusing on priority investment issues. They also should be used in the Balance of Payments and International Investment Position to improve the country's external sector statistics.

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ANNEXES

Annex 1: Rwanda Working Group on Foreign Private Investment Monitoring and Analysis

Coordination

1.BAJIJI Innocent, Manager aftercare and facilitation, RDB

2.MANZI Sebastien, Director of Economic Statistics Unit, NISR.

3.MWITIREHE Viviane, Director Statistics Department, BNR.

Team leader

NTIRUSHWAMABOKO Dominique, BNR

Technical team

1. KAVUTSE Emmanuel, RDB
2. MPAYIMANA Fabien, NISR
3. MUHORAKEYE Josephine, RDB
4. NIKUZE Alice, RDB
5. KABATESI Lucie, RDB
6. UWINGENEYE Joyeuse, RDB
7. MUTABARUKA Pierre Andre, RD
8. MUHOZA Modeste, RDB
9. MUYUMBU Innocent, RDB
10. NDWANIYE Desire, BNR
11. SHYAKA Chris Picton, RDB

Annex 2: Foreign Private Capital Stock and Inflows by source in 2013 (US$ Million)

Source	Stock	Inflows
Austria	10.4	10.4
African Development Bank	17.6	14.5
Australia	3.9	0.3
Belgium	4.7	6.3
Botswana	0.8	0.8
Burundi	2.1	2.1
Canada	38.5	38.5
China (mainland only) People`s Republic of	5.9	5.9
Congo, Democratic Republic of	0.2	0.3
Cyprus	25.8	2.0
Denmark	0.0	0.1
Ethiopia	0.0	0.0
European Investment Bank (EIB)	5.1	6.0
Export Import Bank (EXIM)	21.6	-
France	9.8	19.7
Germany	47.7	3.8
Ghana	0.3	
Hong Kong	8.0	
India	13.7	3.1
UIFN	9.5	
Israel	0.7	
Italy and Vatican City	2.2	0.3
Kenya	146.1	33.5
Lebanon	0.9	0.1
Libya	59.5	0.5
Luxembourg	81.7	0.1
Madagascar	0.0	
Malaysia	10.1	
Mauritius	212.7	32.1
Netherlands	74.6	10.8
Nigeria	27.0	4.0
Norway	2.0	0.1
Others	43.3	1.0
Panama	4.6	0.7
Preferential Trade Area (PTA)	70.5	44.6
Romania	0.0	
Senegal	0.1	
South Africa	162.6	45.5

Swaziland	0.7	0.7
Sweden	24.6	
Switzerland	38.1	96.0
Seychelles	2.9	3.0
Tanzania	22.0	12.0
Togo	15.7	1.1
Uganda	19.9	14.6
United Arab Emirates	8.3	0.3
United Kingdom	67.4	6.6
US	80.3	6.3
Zambia	0.0	0.0
Zimbabwe	0.0	0.0
Total	1,404.14	427.72

Annex3: Questionnaire

Foreign Private Investments Census 2014

(Covering period 2013)

Please help us monitor economic development and formulate better policies

June 2014

Foreign Private Investment Census 2014

Dear Investor

The Government of Rwanda is conducting an enterprise census to obtain data on foreign assets, liabilities, and investor perceptions on the investment climate in Rwanda. The census is undertaken jointly by the National Bank of Rwanda, National Institute of Statistics of Rwanda, Rwanda Development Board and Private Sector Federation are officially empowered to collect this data. Your cooperation in completing this census questionnaire is highly appreciated.

Why do we need to collect this information and how do you benefit?

The collected information will be used in national, regional and international economic analysis for investment promotion and facilitation. The information you provide is essential for foreign exchange, debt and reserve management, and for enhancement of economic growth, maintenance of price and financial system stability, and improving the ease of doing business in Rwanda.

Completing the Questionnaire

Given the importance of this exercise, we would appreciate the Director of Finance or Chief accountant fill the Foreign Assets and Liabilities part and the perception part be completed by the Chef Executive Officer. Do not hesitate to contact us if you have any difficulty completing the questionnaire our contacts are provided below. ***Please attach your financial statements for the year ended December 2013***. Our staff will be visiting you and we would be most grateful if you would provide them with your cooperation. We would appreciate the filled in questionnaire to be ready within ***ten (10) days from the date of delivery.***

Mandate and Confidentiality

The ***National Institute of Statistics of Rwanda*** under the Law n^{0}09/2005 of 14/07/ 2005, ***The National Bank of Rwanda*** under the Law n^{0}55/2007 of 30/11/2007 and ***Rwanda Development Agency*** under the organic Law n^{0}53/2008 of 02/09/ 2008 mandate the implementation of this exercise. The information you supply will be kept strictly confidential and will be used for statistical and policy purposes only. Publication will only be in aggregate form. As a way of promoting dialogue we will share with you the results of this census in aggregate form and seek your further involvement.

THANK YOU FOR YOUR COOPERATION

Guidelines and Definitions

1. *Who needs to complete this questionnaire?*

The Chief Executive Officer, Chief Finance Officer or a representative shall fill the questionnaire.

2. *Do you need assistance?*

Our interviewers are available for guidance on how to complete this questionnaire. In addition, the following offices are open for any inquiries;

Names	Institution	Telephone	E-mail address
Director of Statistics	BNR	0788309163	vmwitirehe@bnr.rw
Director of economic statistics	NISR	0788762655	manzigdp@gmail.com
Head of Investment promotion and Implementation division	RDB	0785498616	Innocent.bajiji@rdb.rw

Part 1 Should be completed by ***ALL*** respondents.

3. Reporting period

This questionnaire requests for stock data on a calendar year basis (i.e., from 1st January to 31st December) for Parts 1 – 4 and transactions within the calendar year 2013. If your entity's financial statements are prepared on any other financial year basis other than on the calendar year, please take one of the following steps. If you produce:

Quarterly or semi-annual accounts please consolidate these so that the data you submit is consistent with the specific period requested for.

4. Currency of reporting

Please provide data in ***Rwandan Francs (RWF).***

5. Units of Reporting

Please report all data in ***actual amounts*** (to the last unit). For example, enter six million eight hundred eighty two thousand seven hundred forty one as 6,882,741 (and not as 6.283m). ***Please report all data in units.***

6. Residency

In this questionnaire, residency considers the centre of the economic/business interest. You are a resident individual or enterprise if you have lived or operated (or intend to live or operate) in Rwanda for a year or more, regardless of your nationality. Non-resident individuals or entities are basically the rest of the world.

7. Investment (Enterprise) relationships

A direct investment relationship arises when an investor resident in one economy makes an investment that gives control or a significant degree of influence on the management of an enterprise that is resident in another economy.

Control is determined to exist if the direct investor owns more than 50 per cent of the voting power in the direct investment enterprise (also called a subsidiary). A significant degree of **influence** is determined to exist if the direct investor owns from 10 to 50 percent of the voting power in the direct investment enterprise (also called associate).

Therefore, Direct Investment is defined as any ownerships stake held by a non-resident in your entity that is 10% or more of total equity. The control or influence may be immediate (through ownership of voting power) or indirect (through ownership of enterprises that in turn have voting power).

Ownership in your entity by non-residents that is less than 10% of the total equity and tradable is considered as **Portfolio Investments** (PI).

However, there are other investment relationships that are also of interests. These include your entity owning more than 10% of the total equity of a non-resident investor that in turn holds less than 10% of your equity stake. The 10% holding by such a non-resident investor is referred to as **reverse investment** and the non-resident investing enterprise is called a **Direct Investment Enterprise/Entity** (DIE).

A resident **<u>fellow enterprise</u>** is an enterprise resident in Rwanda that is in a direct investment relationship with a non-resident enterprise because they have a common parent that is a **Direct Investor (DI)** in at least one of the enterprises; and neither of the fellow enterprises holds 10 percent or more of the equity in the other.

Dividends Declared and paid/received and Profits Remitted

i). ***Dividends*** are earnings distributed to shareholders or equivalent equity holdings for incorporated private entities, cooperatives and public corporations after payments of interest on debts and taxes.

ii). ***Dividend Paid/Profits remitted:*** Dividends are declared returns on a shareholders' equity whereas profits remitted/paid apply to transfer of net earnings from a branches (unincorporated entities) to its non-resident parent enterprise. The payment of the dividends or remittance of profit may be executed during the following financial year depending on the entity's policy and cash flow.

Net Profits and Retained (Reinvested) *Earnings*

Net profits are the gross profits less corporation tax. Retained (reinvested) earnings are undistributed profits that are capitalised in the entity. Retained earnings/losses are computed by taking the net profit/loss fewer dividends declared for the period. Net profits and retained earnings/losses are requested for in ***Tables 2.3 and 3.3 for*** all entities.

8. Financial Instruments

Financial instruments consist of Equity and Non-equity

i) ***Equity*** refers to all shares held in entities or the equivalent ownership interest in an incorporated entity. (Paid-up share capital, share premium reserves, accumulated retained earnings, revaluation and any other financing item of an entity.)
ii) ***Non-equity*** refers to all other financial instruments including loans, trade credits (for goods and services), bonds, debentures, notes, money market instruments, shareholder and inter-company loans, arrears of debtor interest, currency, deposits etc.

9. Other Claims other than equity and loans

These include: insurance, pension and standardised guarantee schemes, employee stocks options, custody accounts or administered funds, outstanding franchise fees, and other claims not mentioned here. These consist of the following:

i) ***Nonlife insurance technical reserves:*** These are provisions for unearned insurance premiums or outstanding insurance claims identified by the Insurance Corporation to cover what they expect to pay out arising from events which the claims are not yet settled.

ii) ***Life insurance and annuity entitlement:*** These consist of reserves of life insurance companies and annuity of providers for prepaid premium or accrued liabilities to life insurance policyholders and beneficiaries of annuities.

iii) ***Pension entitlement:*** These show the extend of financial claims that both existing and future pensioners hold against either their employer or a fund designed to pay pensions earned as part of the compensation agreement between the employer and employee.

iv) ***Provisions under standardised guarantee schemes:*** These are usually guarantees schemes provided by government or financial corporation such as export credit guarantees and student loan guarantee. You are required to report any claim due if your entity has acted as a guarantor.

v) ***Employee Stock Option:*** These are options to buy the equity of a company, offered to employees of the company as a form of remuneration. It is commonly offered to Chief Executive Officer (CEO) and employees of listed companies as bonus remuneration or rewards. You are required to report the employee stock options offered to non-residents and vice-versa.

vi) ***Custody Accounts / Administered Funds:*** These are accounts/funds created at a bank, brokerage firm or mutual fund company that are managed on behalf of a group of clients. Transactions and positions should be recorded at book value.

vii) ***Outstanding franchise fee:*** These are payments made for the use of trademarks or brand names. Any outstanding claim should be reported.

PART 1

General Information

(All respondents should complete Part 1, while for Parts 2 and 3; the filtering questions will guide you on which parts to fill)

1.1 Name, Contacts and other information

1.1a Name of Entity: ____________________

1.1b Contact Person and Position ____________________

1.1c Alternative Contact Person and Position ____________________

1.1d Physical Address:____________________ Postal Address: ____________________

Tel: ____________________Fax:____________________

E-mail: ____________________Website: ____________________

1.1e Date of Commencement of Operation:____________________

1.1f Status of Company (tick): 1.Greenfield investment, 2. Acquisition; 3. Extension of capital (Additional new investment); 4. Financial restructure; 5. Mergers; Purchase/Sale of existing equity in the form of mergers; 6. Others

1. Table 1.2. Shareholding Structure of the enterprise as at 31st December 2012, 31st December 2013

Name of shareholder*	**Country of residence**	Investment Relationship: Direct Investor (DI), Direct Investment Entity (DIE), or Fellow Enterprise (FE), PI	**Percentage (%) shareholding**	
			31 Dec. 2012	**31 Dec.2013**
1.				
2.				
3.				
4.				
5.				
6.				
Total			100	100

Table 1.3: Industrial Classification (Sector)

Please tick in the box to indicate the Industrial Classification, and also enter the percentage contribution of the Industrial Classification on the turnover (2013)

Industrial Classification	**Tick sector**	**% share contribution to entity's turnover 2013**
1. Agriculture, forestry and fishing		
1.1. Crop and animal production, hunting and related activities		
1.1.1 Growing of non-perennial crops		
1.1.2Growing of coffee		
1.1.3 Growing of tea		
1.1.4 Growing of other perennial crops		
1.1.5 Plant propagation		
1.1.6 Animal production		
1.1.7 Mixed farming		
1.1.8 Support activities to agriculture and post-harvest		
1.2. Forestry and logging		
1.3. Fishing and aquaculture		
2. Mining and quarrying		
2.1 Mining of coltan		
2.2 Mining of tin		
2.3 Mining of tungsten		
2.4 Mining of coal and lignite		
2.5 Extraction of crude petroleum and methane gas		
2.6 Mining of metal ores		
2.7 Other mining and quarrying		
2.8 Mining support service activities		
3.1. Manufacturing of food products		
3.2. Manufacture of beverages		
3.3. Manufacture of tobacco products		
3.4 Manufacture of textiles		
3.5. Manufacture of wearing apparel		
3.6. Manufacture of leather and related products		
3.7. Manufacture of wood and of products of wood and cork		
3.8. Manufacture of paper and paper products		
3.9. Printing and reproduction of recorded media		
3.10. Manufacture of chemical and chemical products		
3.11. Manufacture of pharmaceuticals, medicinal chemical and botanical		
3.12. Manufacture of rubber and plastic products		
3.13. Manufacture of other non-metallic mineral products		
3.14. Manufacture of basic metals		
3.15. Manufacture of fabricated metal products, except machinery		
3.16. Manufacture of computer, electronic and optical products		
3.17. Manufacture of electrical equipment		
3.18. Manufacture of machinery and equipment		
3.19. Manufacture of motor vehicles, trailers and semi-trailers		
3.20. Manufacture of other transport equipment		
3.21. Manufacture of furniture		
3.22. Other manufacturing		
3.23. Repairs and installation of machinery and equipment		

4. Electricity, gas and air conditioning supply		
4.1.Electric power generation, transmission and distribution		
4.2.Manufacture of gas; distribution of gaseous fuels through mains		
4.3. Steam and air conditioning supply		
5. Water supply; sewerage, waste management and remediation activities		
5.1. Water collection, treatment and supply		
5.2. Sewerage		
5.3. Waste collection, treatment and disposal activities		
5.4. Remediation activities and other waste management services		
6. Construction		
6.1.Construction of buildings		
6.2. Civil engineering		
6.3. Specialized construction activities		
7. Wholesale & retail trade; repair of motor vehicles and motorcycles services		
7.1. Trade and repair of motor vehicles and motorcycles		
7.2. Whole sale trade		
7.3. Retail trade		
8. Transportation and Storage		
8.1. Land transport and transport via pipeline		
8.2. Water transport		
8.3. Air transport		
. Warehousing and support activities for transportation		
. Postal and courier activities		
9. Accommodation and food service activities		
9.1 Accommodation		
9.2 Food and beverage service activities		
10. Information and communication		
10.1. Publishing activities		
10.2. Motion picture, videos and television programme production , sound		
10.3. Programming and broadcasting activities		
10.4. Telecommunications		
10.5. Computer programming, consultancy and related activities		
.6 . Information service activities		
11. Finance and Insurance activities		
11.1. Financial service activities		
11.2. Insurance, reinsurance and pension funds		
11.3. Activities auxiliary to financial service and insurance		
12. Real estate activities		
12.1. Real estate activities		
13. Professional, scientific and technical activities		
13.1. Legal and accounting activities		
13.2. Activities of head office; management consultancy activities		
13.3. Architectural and engineering activities		
13.4. Science research and development		
13.5. Advertising and market research		
13.6. Veterinary activities		
13.7. Other professional, scientific and technical activities		
14. Administrative and support service activities		
14.1. Rental and leasing activities		
14.2. Employment activities		
14.3. Travel agency and tour operator activities		
14.4. Security and investigation activities		
15. Education		

15.1. Education		
16. Human Health and Social work activities		
16.1. Human health activities		
16.2. Residential care activities		
17. Arts, entertainment and recreation		
17.1. Creative, art and entertainment activities		
17.2. Libraries, archives, museum and other cultural activities		
17.3. Gambling and betting activities		
17.4. Sports, amusement and recreation activities		
18. Others		
18.1. Others (specify)		

1.3.1 Entity's Activities (Describe main activities your entity is involved in)

………
………

Table 1.4: Actual employment for 2013.

Please enter the exact number of employees for each nature of employment or category.

Categories of Employment	**Local**	**Foreign**	
Duration of the employee(s) stay in Rwanda	***Permanent resident***	***Short term*** ***(less than 12 months)***	***Long term*** ***(more than 12 months)***
Number of Managerial/Supervisory			
Number of Administrative/ Accounts			
Number of Skilled Technicians			
Number of Casual labourers			
TOTAL			

NOTE:

a) Managerial/Supervisory

Workers who formulate policy, regulations and plan, organize, coordinate and direct undertakings within their establishments or organizations,

b) Administrative/Accounts

This typically includes general office administration, personnel (such as hiring, safety, training, benefits, and employee relations), and budget, fiscal and organizational analysis.

c) Skilled/ Technical

Workers who can conduct research and apply scientific knowledge to solve a variety of problems in various fields or disciplines.

d) Unskilled/ Casual

Workers who perform manual tasks having simple and routine nature and requiring mainly physical effort and little or no previous experience.

Table 1.5: Compensation of Employees during 2013 (RWF) (*Please enter the values (in Rwf) of compensation of employees for the years 2013)*

Type of Compensation	**Local**	**Foreign**	
Duration of the employee(s) stay in Rwanda	***Permanent resident***	***Short term*** ***(less than 12 months)***	***Long term*** ***(more than 12 months)***
Salaries and Wages (Net)			
Fringe Benefits			
NSSF/Pension			
Directors Fees			
Other (specify)			
TOTAL			

Table 1.6: Values of Imports and Exports as at 31st December 2013 in RWF

Imports/Exports		**31st December 2013**
Total Import of goods and Services *(a)*		
o/w	Merchandise	
	Services	
Total exports of goods and services (b)		
o/w	Merchandise	
	Services	
Net position {Exports *(b)* – Imports *(a)*}		

Imports of merchandise should be reported at cost insurance and freight (CIF) value while Exports are reported at Free on Board (FOB) value

Table 1.7: Total Turnover for the year ended 2013

Please enter the total turnover of your entity for the year 2013

	31st December 2013
Total Turnover *including* Other Income	

Table 1.8: Gains/Loss from Foreign Exchange and sales of Fixed Assets during the year 2013 in Rwf.

Item	**2013**
Gain/Loss in Foreign Exchange	
Gain/Loss on the sale of Fixed Assets	
Total	

1.9 Assets at 31st December 2013 in RWF

Please enter the net Book Values (in RWF) of assets under each type of investment.

Table 1.9: Actual assets as at 31st December, 2013 in RWF

Type of Assets	**31st December 2013**
Land	
Building and Civil Works	
Plant and Machinery	
Vehicles	
Computers and accessories	
Furniture and Fittings	
Pre-Start-up Expenses	
Work in progress	
Working Capital	
Inventories	
Other (specify)	
Total	

1.10. Corporate Social Responsibility during 2013

Please enter the values (in Rwf.) of your entity's Corporate Social Responsibility.

Table 1.10: Please enter the value of the activities you performed (where applicable)

No.	Item	Amount Spent (RWF) 2013
1	Education	
2	Health and welfare	
3	Safety and Security	
4	Arts and Culture	
5	Sports Development	
6	Environment	
7	Water	
8	Road	
9	Religious	
10	Donations to vulnerable groups	
11	Donation to other charity org.	
12	Other (Specify)	
	Total	

1.11. Please, indicate which parts (2 or 3) of this questionnaire are relevant to you by Answering the five questions below?

The table below provides filtering questions that will help you decide the parts to answer, please tick in the appropriate box.

Table 1.11: Filtering Questions (FQ)

Filtering Questions (FQ)		Yes	No
FQ1	Do non-resident entities, governments or individuals hold shares (equity or other equity) in your entity? If yes, please complete Tables 2.2 and 2.3		
FQ2	Does your entity borrow from non-resident entities/individuals or have outstanding loan commitments? If yes, please complete Table2.4.		
FQ3	Do non-resident entities, governments or individuals hedge for risk for your financial instruments (financial derivatives) If yes, please complete Table 2.5		
FQ4	Does your entity own shares (equity or other equity) in non-resident entities? If yes, please complete Tables 3.1 and 3.2.		
FQ5	Has your entity lent money to non-resident entities or individuals or has unpaid amounts outstanding? If yes, please complete Tables 3.3.		
FQ6	Does your entity hedge risks for other financial instruments (financial derivatives) in non-resident entities, governments or individuals If yes, please complete Table 3.4		

NB: **If you ticked** ‘no’ **for every question, do not go further. Thank you.**

PART 2

Foreign Investment in your Enterprise

(Liabilities)

Section1. Foreign Equity Liabilities

Table 2.1 Investment Relationships

Relationships	**Symbol**
Direct Investor	DI
Direct Investment Enterprise	DIE
Fellow Enterprise	FE
Foreign Portfolio Investor	FPI
Other Equity Investor	Other
Investment Fund Shareholder	IFS

Table2.2. Equity and Investment Fund Shares in Your enterprise by Non-resident Investors

Equity Type	**Source Country (Continue on separate sheet if necessary)**	**Percentage Shareholding**	**Relationship:** **DI , DIE, or FE, FPEI, Other and IFS**	**A** **Closing Balance** **31 Dec 2012**	**B** **Purchase/ Increase in 2013**	**C** **Sales/ Decrease in 2013**	**D** **Changes due to 'Other' changes** **D=E-(A+B-C)**	**E** **Closing Balance** **31st Dec 2013**
Paid-up Share Capital	1.							
	2.							
	3.							
Share Premium	1.							
	2.							
Reserves (***include Capital, Statutory, revaluation, & Other*****)**	1.							
	2							
	3.							
Other Equity (*e.g. Equity Debt Swaps, Shareholders Deposits*)	1.							
	2							
Accumulated Retained Earnings/Loss	1.							
	2							

Table2.3. Dividends, Profits Remitted and Retained Earnings

A Net Profit (***or Loss***) After Tax in 2013	B Source country	C (%) shareholding	D Relationship: DI , DIE, or FE, FPEI, Other and IFS	E Net Profit (***or Loss***) After Tax in 2013attributable to=A*C	F Dividends Declared	G Dividends Paid/Profits Remitted	H *Official Use Only* Retained Earnings = (E-F)
	TOTAL						

Section2. Foreign Non-Equity Investment

Table 2.4 Non-Equity liabilities from Non-resident Investors

Types of non-equity liabilities	**Source Country** *(Continue on separate sheet if necessary)*	**Relationships** **DI , DIE, or FE,** **Other**	**Original Maturity** **LT**-12months or more **ST**-Less than 12 months (Indicate LT or ST)	**A** **Closing Balance** **31 Dec 2012**	**B** **Disbursements received during 2013**	**C** **Principal Repayment** **during 2013**	**D** **Changes due to 'Other' changes** **D=E-(A+B-C)**	**E** **Closing Balance** **31 Dec 2013** (Including Accrued interest Not Paid)	**G** **Interest Paid (in 2013)**
Loans (Including Financial Leases, Repos)	1.								
	2								
Debt securities *(Including Money Market Instruments, Bonds).*	1.								
	2								
Trade Credits & Advances	1.								
	2								
	3.								
	4.								

If any question about type of investment above please refer to definition 10.

Once again we wish to assure you that the information you have provided will be treated with strict confidentiality.

Kindly certify this information.

Name: ____

Address: ____

Signature: ________________________ Date: __________________ Stamp: ______________________________

THANK YOU FOR YOUR COOPERATION AND FOR PROVIDING YOUR FINANCIAL STATEMENTS.

FOR OFFICIAL USE

Name of Interviewer: _______________________ Signature: ___________________ Date: __________________

General remarks / comments

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