



Ministerie van Buitenlandse Zaken

# Doing Business in Rwanda

Rwanda is a small country in the heart of Africa covering an area of 26,338 km<sup>2</sup>. The country is primarily mountainous (land of a thousand hills), with an average altitude ranging from 900m in the south to 4,500m in the Congo-Nile crest in the northwest. According to the World Bank, Rwanda has a population of approximately 11.61 million. This makes it one of the most densely populated countries in the world (412 inhabitants/km<sup>2</sup>). In terms of business opportunities, Rwanda scores second highest in Sub-Saharan Africa on the 'Ease of doing business index', mostly due to government efforts to improve the business climate and to the country's generally low rates of corruption. In addition, Rwanda is bordered on all sides by countries with growing markets.

## Economy

Rwanda has made remarkable economic progress since 2000. GDP growth has averaged 8% per year and the poverty rate has fallen from 59% to 40%. Agriculture and services account for the majority of GDP at 33% and 47% respectively. The Rwandan economy is primarily based on rain-fed agriculture, with coffee and tea as the major cash crops. Farms are small, fragmented and semi-subsistence oriented and labour is available at competitive costs (USD 1.5 to 2 a day for unskilled labour and approximately USD 300-400 per month for experienced agronomists). The country has few natural resources to exploit and its industrial sector is small and uncompetitive.

Rwanda has been able to make important economic and structural reforms and sustain its economic growth rates over the past decade. The country's long-term development goals were defined in the Vision 2020 strategy, which sought to transform the country from a low-income country to one with middle-income status by 2020. This has recently been amended to 2050.

Drought and disappointing harvests have resulted in growing food prices and an inflation rate of over 7%. The trade balance is not improving because of lower-than-expected mineral prices

and increasing imports, leading to a shortage of foreign exchange in the country (see the World Bank Country Overview for Rwanda).



## Political context

Rwanda has maintained political stability since 1994. The last parliamentary elections, held in September 2013, saw 64% of the seats taken by female candidates and the Rwandan Patriotic Front maintained absolute majority in the Chamber of Deputies. President Paul Kagame is currently serving his third term. He is aided by a largely technocratic cabinet and a centralised model of governance, meaning political stability looks set to remain.

## Priority sectors

In the new National Strategy for Transformation the Rwandan government sets out its ambition to become a middle-income country by 2050 and to transform from government-led growth to private-sector-led growth. The priority sectors remain largely unchanged from Vision 2020:

- infrastructure
- agriculture
- energy
- tourism
- ICT
- mining
- financial services
- real estate and construction
- manufacturing

More information on investment opportunities can be found on the website of the Rwanda Development Board:

<http://www.rdb.rw/departments/investment-promotion/investment-opportunities.html>.

Four of the most relevant sectors for Dutch businesses are discussed below.

### Agriculture

Agriculture accounts for about one third of Rwanda's GDP, and half of its export revenues. The major cash crops are tea and coffee, but there has been a push to diversify and to invest in, for example, horticulture production, processing and value addition. Dutch businesses have a lot to offer in this field. The Dutch top sector Horticulture and Propagation Materials has given Rwanda priority status.

### ICT

The Rwandan government aims to transform the country into a knowledge economy and to become the ICT hub of the East African region. This ambition translates into many opportunities for investing in ICT infrastructure and developing local skills to enable the use of new technologies.



### Energy

Rwanda currently generates 210.9 MW of energy, with a 31% access rate. The government plans to increase this to 512 MW by 2023/2024. The power generation mix is 48% hydropower, 32% thermal, 5.7% solar and 14.3% methane. Off-grid and renewable energy solutions are key areas for investment. FMO, the Dutch development bank, is an active partner in energy investments in Rwanda.

### Financial services

There is considerable growth and investment potential in the finance sector in Rwanda. Currently, only 42% of the population has access to the formal financial system. There are opportunities for microfinance, agricultural products and development banks (to finance SMEs).

## Starting a business

Rwanda ranks 41 (out of 190 countries) on the World Bank's 'Ease of doing business index' and second in Sub-Saharan Africa. This is because Rwanda is one of the most stable and least corrupt countries in the region. The Rwandan government has also introduced a number of regulations that help create a conducive business climate, and is very amenable to meetings to discuss any challenges that companies and investors may encounter. However, doing business in Rwanda still requires persistence and creativity. In many sectors the regulatory frameworks can be time consuming and complicated, making running a business unpredictable.

Rwanda has a favourable tax regime for foreign investors, with benefits including lower taxation on profits and on duty-free imports of raw materials and machinery. Rwanda imposes a range of taxes. The most important of these (personal and corporate income tax) are paid on a quarterly basis, with VAT payable on a monthly or quarterly basis.

Rwanda also has immigration incentives for investors: registered investors and their dependents are issued with a residence permit in accordance with the relevant laws and allowed to recruit three foreign employees (for investments equivalent to USD 250,000).

The Rwanda Development Board (RDB) has a fast and efficient registration service for registering a local enterprise or foreign subsidiary, enabling you to have your business incorporated within six hours. This process involves simultaneously obtaining a certificate of incorporation (business registration), a Tax Identification Number (tax registration) and social security registration for employee pensions. More information on starting a business in Rwanda can be found on the website

<http://www.rdb.rw/departments/investment-promotion/starting-a-business.html>

The government also launched an Agriculture Land Information System (ALIS) in 2016 ([www.minagri.gov.rw/investorapp](http://www.minagri.gov.rw/investorapp)). This online system allows investors and commercial agricultural businesses to identify land available for investment purposes and tells them who to contact. Information on land plots is visually mapped to include the size of the plot, the general soil type, current use, proximity to infrastructure and agro-climatic conditions.

## Do's and Don'ts

- Doing business starts with building personal relationships. Trust has to be created before business can be done. Keep in regular contact with your business partners and show interest in their families and personal lives.
- You will need to visit Rwanda in person if you want to do business. Allow for flexibility when planning your visit; meetings can be scheduled or cancelled at very short notice.
- Organisations, including the government, operate hierarchically. Decisions, however minor, usually have to be approved by the most senior person.
- The genocide is still a sensitive subject for most Rwandans. Don't ask which ethnic groups people belong to. Rwandans class themselves as Rwandans now and will be deeply hurt if you ask them what tribe they come from.
- French and English are used in Rwandan business. Knowing a few words of Kinyarwanda or Swahili will be appreciated.
- Consumers often only speak Kinyarwanda, so make sure you use this in advertisements and other marketing communication.
- Gifts are presented to people with two hands.
- You should dress formally for business meetings.
- Every last Saturday of the month is Umuganda, when everyone is expected to help with community work and cleaning. Shops are closed in the morning and driving is not permitted.

## Climate

Thanks to its altitude Rwanda has a temperate climate with year-round temperatures ranging from 16 to 25 degrees Celsius. There are two long rainy seasons (September to December and February to May). Recent climate models predict that large parts of Rwanda will receive more rainfall in the future, but with higher temperatures and longer dry spells. Surrounding countries are generally expected to receive less rainfall.

## Living

Rwanda is a comfortable place to live, compared with other African countries. With a ban on plastic and serious efforts to keep the country clean, it is one of the world's cleanest nations. The government has made safety one of its top priorities, meaning Rwanda has one of the lowest crime rates in the region and better road safety.

The capital Kigali has grown considerably over the past five years, as has the choice of supermarkets and range of available food. Many products can be found somewhere in town, but imported items may be expensive. Kigali is a good place to live with children as there are several international and local schools, including a Dutch language school. The city is home to many sports clubs and hotels with sport facilities such as swimming pools and tennis courts, and in the centre of Kigali there is a well-maintained 18-hole golf course. The country also provides many opportunities and attractive landscapes for those who like to cycle, hike or run. The website <http://www.livinginkigali.com> provides clear and reliable information on living in the capital.



<b>Official name</b>	<b>Republic of Rwanda</b>
<b>Government type</b>	Republic
<b>Time difference</b>	UTC +02.00 (Dutch Winter Time + 02.00, Dutch Summer Time + 01.00)
<b>Currency</b>	Rwandan Franc (RWF)
<b>GDP growth rate</b>	6.8% (2018, predicted), 6.2% (2017), 5.9% (2016) (IMF)
<b>GDP per capita</b>	USD 776 (IMF, 2018)
<b>Inflation</b>	6% (2018)
<b>Income level</b>	Low income
<b>Global Competitiveness Index</b>	Ranked 58 out of 137 (2017/2018)
<b>Ease of doing business index</b>	Ranked 41 out of 190 (2018)
<b>Corruption Perceptions Index</b>	Ranked 50 out of 176 (2016)
<b>Main trading partners</b>	Democratic Republic of the Congo, Kenya, UAE, Switzerland, Burundi
<b>Major exports</b>	Coffee, tea, hides, tin ore
<b>Major imports</b>	Foodstuffs, machinery and equipment, steel, petroleum products, cement and construction material
<b>Dutch-Rwandan trade</b>	EUR 3 million in imports (CBS, 2017) EUR 21 million in exports (CBS, 2017)
<b>Languages</b>	English, French, Kinyarwanda

## The embassy

The priority sectors of the Dutch embassy in Rwanda:

- agriculture (horticulture in particular)
- renewable energy
- infrastructure
- water

The Dutch embassy in Kigali offers active support to Dutch companies already operating in Rwanda and to those interested in doing business there. The embassy can help put Dutch companies in touch with Rwandan companies, projects and other initiatives, as well as develop programmes for Netherlands Enterprise Agency (RVO.nl) instruments. For more information see <https://english.rvo.nl/subsidies-programmes>

The embassy also offers support in the form of market analyses, business partner scans, government contacts, visas, trade missions and networking events. It is responsible for implementing a sizeable bilateral aid programme in the food security, water and justice sectors.

Bilateral aid expenditure amounts to over €40 million per year. Aid-financed projects include market-led horticulture value chain development, feeder road maintenance and repair, water basin catchment planning and nutrition and early childhood development. Where possible, financial instruments such as innovation and investment funds are used to encourage private sector investments in Rwanda, with a special focus on agribusiness. Current projects supported by Dutch investment include agriculture, food processing, beer brewing, and energy and water supplies.

## Useful addresses

### Dutch embassy

2 KG 692 St, Kacyiru, Kigali

P.O. Box 6613 Kigali

[kig@minbuza.nl](mailto:kig@minbuza.nl)

<https://www.nederlandwereldwijd.nl/landen/rwanda>

<https://www.facebook.com/DutchEmbassyRwanda/>

<https://www.agroberichtenbuitenland.nl/landeninformatie/rwanda>

### Netherlands Enterprise Agency (RVO.nl)

Tel: +31 (0)88 042 4242

<http://www.rvo.nl/>

### Rwanda Development Board (RDB)

KN 5 Rd, KG 9 Ave

P.O. Box 6239 Kigali, Rwanda

Tel (local): 1415

Tel (international): +250 727775170

Email: [info@rdb.rw](mailto:info@rdb.rw)

<http://rdb.rw/>

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