ANNEX 3 RWANDA

CONTENTS

CHARTS

TABLES

APPENDIX TABLES

1 ECONOMIC ENVIRONMENT

1.1 Main Features of the Economy

1.1. With a strong track record of fulfilling its development objectives, Rwanda is on a transformation path from a low-income to a middle-income country, and aims to attain upper middle-income status by 2035. While per capita income has been growing for more than a decade, Rwanda has also achieved impressive outcomes in many of its social indicators. Infant and maternal mortality rates have decreased considerably, and the youth literacy and life expectancy at birth rates are on the rise. However, results lag in some areas, such as school completion rates and access to reliable energy. Having reduced extreme poverty from 40% in 2001 to 16.3% in 2014, Rwanda aims to eradicate it by 2020.[1]

1.2. Rwanda has potential for steady and rapid growth, underpinned by its natural resources, including minerals and varied tourist attractions. However, its competitiveness remains undermined by high transportation and energy costs, and the underdeveloped financial system, despite the recent steps taken to address these constraints. Rwanda's landlocked situation and the necessity to import all domestically consumed petroleum products are still aggravated by its dependence on two road links to seaports in Kenya and Tanzania. As a densely populated and mostly mountainous country, Rwanda also faces significant other challenges related to the scarcity of land and the predominantly young and still growing population (nearly 60% is under 25 years old).[2]

1.3. The Rwandan authorities have been pursuing a broad strategy of public co-investment in infrastructure, with a view to fostering productivity and economic resilience. Recently completed and ongoing large projects include: the deployment of nation-wide fibre-optic and LTE (4G) networks, which started operations in 2011 and 2014, respectively; the construction of the Kigali Convention Centre, completed in 2016; the national flag carrier airline's (Rwandair) continued fleet and route expansion; the ongoing construction of strategic petroleum reserve storage facilities and of the country's largest international airport; and continuing upgrades of road and irrigation networks.

1.4. The Rwandan economy is relatively diversified, with the GDP share of agriculture on an upward trend and that of services on a downward path (Table 1.1). Agriculture (including forestry and fisheries) provides livelihoods for about 70% of the working age population; some 81% of the population lived in rural areas as at February 2018.[3] Despite its comparatively modest contribution to GDP, mining remains an important driver of Rwanda's exports. Aggregate two-way trade flows represent about 31% of GDP, reflecting Rwanda's limited and costly links to international markets. Economic performance remains dependent on external factors, including weather conditions and world commodity prices.

Table 1.1 Selected macroeconomic indicators, 2011-17

	2011	2012	2013	2014	2015	2016	2017
Nominal GDP (RWF billion)	3,940.0	4,506.0	4,929.0	5,466.0	5,968.0	6,672.0	7,597.0
Nominal GDP (USD million)	6,563.3	7,335.2	7,622.5	8,016.3	8,277.7	8,475.1	9,136.2
Real GDP (% change at 2014 prices)	8.0	8.6	4.7	7.6	8.9	6.0	6.1
Inflation (CPI, % change)	3.1	10.3	5.9	2.4	2.5	7.2	8.3
Population (million)	10.2	10.5	10.7	11.0	11.3	11.5	11.8
Per capita GDP (nominal USD)	642.2	699.8	709.9	729.0	735.0	734.8	773.6
Per capita GDP (at constant 2014 prices USD)	641.1	679.0	693.8	729.0	774.9	802.0	831.1
GDP by type of expenditure				(%)			
Total final consumption expenditure	93.4	93.3	91.3	92.9	97.6	92.3	91.2
Government	12.9	13.9	13.5	15.1	14.6	15.1	15.2
Households and NGOs	80.5	79.4	77.8	77.8	83.0	77.2	75.9
Gross capital formation	23.2	25.7	26.5	25.3	26.4	25.9	23.4
Gross fixed capital formation	22.5	24.8	25.4	24.4	25.8	25.3	22.9
Change in inventories	0.7	0.9	1.1	0.9	0.6	0.6	0.5
Net exports	-16.6	-19.0	-17.8	-18.2	-24.1	-18.2	-14.5

[1] IMF, *Rwanda: Ninth review under the policy support instrument–debt sustainability analysis*.
[2] National Institute of Statistics of Rwanda, *Labour Force Survey Trends: February 2018*.
[3] National Institute of Statistics of Rwanda, *Labour Force Survey Trends: February 2018*.

	2011	2012	2013	2014	2015	2016	2017
Exports of goods and services	13.7	12.8	14.1	14.7	14.2	14.9	18.2
Imports of goods and services	30.3	31.8	31.9	32.9	38.3	33.1	32.8
GDP by economic activity (current prices)				(%)			
Agriculture, forestry, and fishing	30.8	31.3	30.8	30.9	30.2	31.5	33.2
Mining and quarrying	2.8	2.3	2.7	2.9	2.4	2.2	2.5
Manufacturing	6.5	6.4	6.3	6.3	6.4	6.3	6.4
Electricity	0.8	0.9	0.9	0.9	1.0	1.3	1.2
Water and waste management	0.7	0.7	0.6	0.6	0.6	0.6	0.5
Construction	7.2	7.4	7.8	7.7	7.9	7.2	6.3
Services	51.2	51.0	50.9	50.7	51.6	50.9	49.8
Wholesale and retail trade	8.1	8.3	8.0	8.1	8.1	7.7	6.9
Transport services	4.1	4.3	4.3	4.1	4.1	4.1	4.1
Real estate activities	11.7	9.9	9.0	8.9	8.8	8.9	8.6
Public administration; defence; social security	4.6	5.0	5.1	5.1	5.1	5.3	5.0
Cultural, domestic and other services	4.5	4.4	4.6	5.1	5.6	5.5	5.4
Administrative and support service activities	3.9	3.8	3.7	4.0	4.3	4.5	5.2
Professional, scientific and technical activities	3.5	3.3	3.3	2.8	3.0	3.1	3.3
Financial services	2.9	3.1	3.4	3.1	3.2	2.9	3.1
Other services	8.0	8.8	9.3	9.6	9.3	8.9	8.3
Public finance[a]				(% of GDP)			
Revenue and grants	25.0	23.2	25.5	24.2	24.4	23.5	22.9
Total revenue	13.7	15.5	16.2	16.5	18.1	18.4	18.1
Tax revenue	12.8	14.3	14.3	14.8	15.6	15.7	15.5
Direct taxes	5.0	6.4	6.3	6.0	6.5	6.5	6.5
Taxes on goods and services	6.7	6.8	7.0	7.7	7.8	7.8	7.7
Taxes on international trade	1.0	1.1	1.0	1.1	1.3	1.3	1.3
Non-tax revenue	0.9	1.2	1.9	1.7	2.6	2.7	2.6
Total grants	11.2	7.7	9.3	7.7	6.3	5.1	4.7
Total expenditure and net lending	25.3	26.1	29.5	30.3	29.3	27.2	27.6
Current expenditure, of which:	14.5	14.2	13.7	15.4	14.5	15.3	14.7
Wages and salaries	3.3	3.5	3.6	3.6	3.6	4.1	4.0
Purchases of goods and services	3.5	3.2	2.5	3.3	2.6	2.7	2.8
Interest payments	0.4	0.4	0.9	0.8	0.9	1.0	1.0
Transfers	5.7	5.3	5.1	5.1	5.1	4.7	4.7
Exceptional social expenditure	1.6	1.8	1.6	2.7	2.3	2.5	2.1
Capital expenditure	11.4	11.4	13.2	13.1	13.0	10.5	10.7
Net lending	-0.6	0.4	2.7	1.7	1.8	1.4	2.1
Overall deficit	-0.3	-2.9	-4.0	-6.0	-4.9	-3.7	-4.7
Excluding grants	-11.6	-10.6	-13.3	-13.7	-11.2	-8.8	-9.4
Changes in arrears (net reduction -)	-0.3	0.6	-1.1	0.6	-0.4	-0.8	0.4
Overall deficit (cash basis)	-0.7	-2.3	-5.1	-5.4	-5.3	-4.5	-4.3
Financing	0.7	2.3	5.1	5.4	5.3	4.5	4.3
Foreign financing (net)	3.4	1.2	6.7	3.3	4.3	4.1	4.1
Domestic financing	-2.7	1.1	-1.7	2.1	1.6	0.4	0.2
Public debt (USD million)	1,615.1	1,870.2	2,422.4	2,730.9	3,090.9	3,875.0	4,581.4
Public debt (% of GDP)	25.4	26.3	32.9	34.7	38.8	48.0	50.9
Domestic debt (% of GDP)	4.7	5.4	6.8	7.1	8.5	8.6	9.6
Central government external debt (% of GDP)	18.6	19.4	25.5	26.3	29.2	33.7	36.6
State owned enterprise debt (% of GDP)	2.0	1.4	0.6	1.2	1.1	5.7	4.7
Memorandum							
RWF per USD, period average	600.3	614.3	646.6	681.9	721.0	787.3	831.5
Real effective exchange rate (% change)[b]	-3.3	2.5	-2.4	-4.3	8.1	-2.6	-4.0
Nominal effective exchange rate (% change)[b]	-2.6	1.1	-3.4	-3.6	8.6	-5.8	-5.5
Gross official reserves (USD million)	1,049.8	850.3	1,070.0	950.8	922.3	1,001.5	1,163.0
in months of imports	5.3	4.2	4.8	3.9	3.6	4.0	4.1
FDI flows into Rwanda (USD million)	119.1	255.0	257.6	458.9	379.8	342.3	366.0
% of GDP	1.8	3.5	3.4	5.7	4.6	4.0	4.0
FDI stock in Rwanda (USD million)	495.1	715.9	837.7	1,152.4	1,401.8	1,680.3	1,798.0
% of GDP	7.5	9.8	11.0	14.4	16.9	19.8	19.7

a Preliminary data for 2017.

b A negative value indicates depreciation.

Source: National Institute of Statistics of Rwanda online information, and information provided by the authorities.

1.2 Recent Economic Developments

1.5. The Rwandan economy continued to expand during 2011-17, with real GDP growth averaging 7.1% per year. In the same period, per capita GDP increased from USD 641 to USD 831 in real terms (Table 1.1). However, economic performance was somewhat unsteady, reflecting adverse climatic conditions, fluctuations in international commodity prices and uncertainties regarding budget support by donors.

1.6. During 2011-17, headline inflation was largely contained in the single-digit range, despite its upward trend since 2016. Price fluctuations were mainly driven by food supply conditions on the domestic market, which remained sensitive to weather shocks. Inflationary pressures were also attributable to exchange rate volatility and import tariff increases on certain goods, including rice, sugar, and second-hand clothing and footwear.

1.7. During the review period, the National Bank of Rwanda (BNR) continued paving the way for the monetary policy framework's shift from targeting monetary aggregates to targeting interest rates. The transition was motivated by a weakening transmission mechanism between monetary aggregates and the real economy, partly due to structural excess liquidity in the banking system. In 2008, the BNR launched repurchase agreement operations and introduced the key repo rate, which progressively became an instrument to signal the BNR's monetary policy stance. The transition is expected to provide the BNR with adequate tools to maintain inflation within the target band of three percentage points around 5%.

1.8. In order to accommodate domestic credit needs, the BNR has gradually reduced its policy rate from 7.5% in June 2012 to 5.5% in December 2017. As a result, broad money expanded to RWF 1,942 billion at end-June 2018 (from RWF 780.6 billion in December 2011), while the stock of credit to the private sector reached RWF 1,491.2 billion (from RWF 509.8 billion in December 2011). Banks' and microfinance institutions' combined lending rose from 13% of GDP in 2010 to 22.3% in 2017.

1.9. Rwanda maintains a flexible exchange rate regime, without restrictions on payments or transfers for current international transactions. The BNR has pursued a policy of limited intervention in the interbank foreign exchange market, aimed at mitigating excessive volatility and ensuring orderly market conditions. During 2011-17, foreign exchange reserves fluctuated in the USD 850-1,163 million range, representing some 3.6-5.3 months of prospective imports.

1.10. The authorities have persevered with efforts to improve revenue collection and management, with an emphasis on risk-based auditing and wider use of information and communication technologies (ICTs). Indeed, the Rwanda Revenue Authority introduced electronic billing machines in 2013, and is in the process of replacing them with an Internet-based software for recording transactions subject to VAT. Measures to broaden the tax base have included: adjusting excise duty rates; and amending the income tax law to address gaps in, *inter alia*, transfer pricing rules, the preconditions for participation in public tenders, and the treatment of liberal professionals and consultants.

1.11. The continued improvement in tax revenue performance has been insufficient to offset the combined effect of declining official aid (grants) and steady public investments in infrastructure projects. As a result, Rwanda's fiscal balance remained in deficit throughout 2011-17, and its public debt increased to 50.9% of GDP in 2017 (Table 1.1). Nevertheless, Rwanda's risk of debt distress remains low, as the authorities have continued to focus on maximizing external concessional funding and extending the maturity profile of domestic debt.

1.12. During the review period, the external current account remained in deficit; this was attributable mainly to merchandise trade (Table 1.2). In fact, the merchandise trade deficit was generally on the rise during 2011-16 but narrowed considerably in 2017, reflecting the impact of exchange rate adjustment, favourable developments in international commodity prices, and export diversification. The deficits on the services and financial accounts also narrowed in 2017.

Table 1.2 Balance of payments, 2011-17

(USD million)

	2011	2012	2013	2014	2015	2016	2017
Current account	-468.5	-747.2	-556.3	-943.0	-1254.2	-1341.7	-760.5
Credit	1,870.8	1,827.8	2,111.3	1,993.8	2,096.7	2,156.1	2,695.0
Debit	2,339.3	2,574.9	2,667.6	2,936.9	3,350.9	3,497.8	3,455.5
Goods and services	-1209.1	-1,276.6	-1,165.5	-1,345.9	-1,562.2	-1,569.6	-1,028.8
Credit	978.3	1106.5	1,278.2	1,315.3	1,470.4	1,534.4	1,979.9
Debit	2187.5	2,383.0	2,443.7	2,661.2	3,032.5	3,104.0	3,008.7
Goods	-1104.8	-1273.7	-1150.8	-1268.6	-1236.6	-1309.5	-871.5
Exports f.o.b.	464.2	590.8	703.0	723.1	682.0	726.6	1,050.2
Imports f.o.b.	1,569.1	1,864.4	1,853.8	1,991.7	1,918.7	2,036.2	1,921.7
Services	-104.3	-2.9	-14.7	-77.3	-325.6	-260.1	-157.3
Credit	514.1	515.7	575.2	592.2	788.3	807.8	929.7

	2011	2012	2013	2014	2015	2016	2017
Debit	618.4	518.6	589.9	669.6	1113.9	1,067.9	1,087.0
Transport (net)	-355.0	-265.0	-309.2	-331.5	-310.2	-308.0	-205.7
Travel (net)	162.6	203.2	214.5	219.9	29.9	41.9	21.2
Construction (net)	0.0	0.0	0.0	0.0	-40.5	-57.1	17.8
Government goods and services (net)	70.0	63.3	70.3	38.6	106.3	148.2	145.4
Primary income	-57.2	-102.7	-131.8	-175.1	-228.4	-296.3	-328.1
Credit	20.1	10.7	15.7	16.3	11.5	9.3	20.0
Debit	77.3	113.4	147.5	191.4	239.9	305.6	348.1
Secondary income	797.8	632.1	741.0	578.0	536.4	524.2	596.4
Credit	872.4	710.6	817.4	662.2	614.9	612.4	695.1
Debit	74.5	78.5	76.4	84.2	78.5	88.2	98.7
Capital account	196.7	171.2	234.5	337.1	299.9	190.0	189.7
Financial account	-533.2	-397.3	-661.2	-648.7	-689.8	-890.3	-602.3
Direct investment	-119.1	-255.0	-257.6	-311.0	-219.9	-218.5	-244.9
Portfolio investment	-87.6	-5.9	-1.7	-1.0	-7.7	-3.6	71.8
Other investment	-326.6	-136.4	-401.9	-336.8	-462.2	-668.2	-429.2
Net errors and omissions	-27.1	-33.8	-111.0	-133.2	235.9	251.3	61.0
Overall balance	234.3	-212.4	228.5	-90.4	-28.5	-10.0	92.6
Reserve assets	234.3	-212.4	228.5	-90.4	-28.5	-10.0	92.6
Indicators (%)							
Current account balance/GDP	-7.2	-10.2	-7.3	-11.8	-15.1	-15.8	-8.3
Overall balance/GDP	3.6	-2.9	3.0	-1.1	-0.3	-0.1	1.0

Source: BNR online information. Viewed at: https://www.bnr.rw.

1.13. The latest government and IMF projections converge on real GDP growth of about 7.5% over the medium term, while headline inflation is expected to remain anchored around 5%. Foreign direct investment (FDI) inflows are projected to remain stable at 3.1% of GDP, and the primary deficit is expected to gradually narrow to 1.8% of GDP by 2021.

1.14. The Rwandan economy remains vulnerable to external shocks, including weather factors and fluctuations in global commodity prices. Other risks to economic performance include the realization of potential contingent liabilities from state guarantees and the evolution of official development assistance. While its public investment strategy is likely to yield an economic dividend, Rwanda is yet to transition to a private sector-led growth model.

1.3 Developments in Trade and Investment

1.3.1 Trends and patterns in merchandise and services trade

1.15. Rwanda's total merchandise trade increased by approximately 50% during 2011-17, with an unsteady pattern reflecting variations in international commodity prices. The growth was also attributable to strong re-exports, and policies aimed at fostering output diversification and domestic value-added. Having contracted year-on-year by some 8.6% in 2012, total services trade nearly doubled by 2017.

1.16. In 2017, the value of Rwanda's merchandise exports exceeded the 2011 level by some 143%, mainly attributable to the growth of non-traditional exports and re-exports. Agricultural goods remained one of the main export categories, accounting for more than 35% of export earnings in 2017 (Chart 1.1 and Table A1.1). Notable compositional shifts included the significant expansion of fuel re-exports, and the change in the relative importance of tea and coffee. Besides world price fluctuations, these developments reflect strategic policy interventions to increase fuel storage capacity and promote higher value-added production.

1.17. The composition of imports did not change considerably in 2011-17 (Chart 1.1 and Table A1.2). The shares of machinery and transport equipment, and agricultural goods (essentially food) in the total import bill registered modest expansions. During the review period, Rwanda remained a net food importer. Despite the seven-fold increase in the value of fuel re-exports between 2011 and 2017, fuels' share in total imports contracted by about 4.5 percentage points.

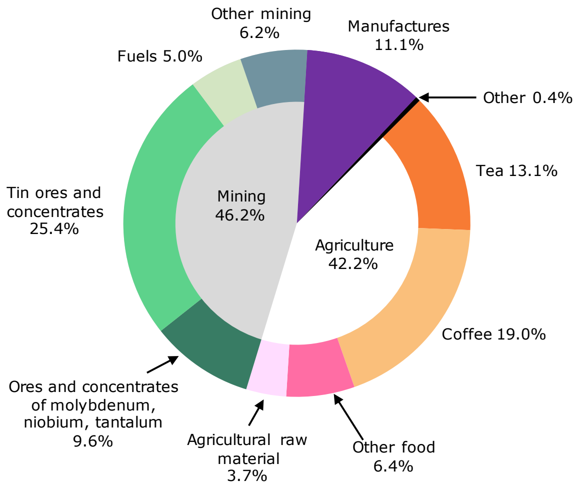
1.18. With a share of 29.1% in 2017 (up from 14.0% in 2011), the Democratic Republic of the Congo became the main destination for Rwanda's merchandise exports (Chart 1.2 and Table A1.3). The relative weight of the United Arab Emirates in Rwanda's export proceeds also increased considerably, mainly on account of gold purchases at rising international prices. The relative shares of merchandise shipments to the European Union and Switzerland contracted by about 24 and 12 percentage points, respectively. During 2011-17, China became the principal supplier of goods to Rwanda, displacing the European Union (Chart 1.2 and Table A1.4).

1.19. Rwanda remains a net importer of services; the overall deficit fluctuated considerably during 2011-17. The negative balance was mainly attributable to transport services. Rwanda continued to be a net exporter of travel services, mainly on account of tourism receipts. However, the estimated travel services surplus narrowed considerably, following the implementation of a new methodology for travel data collection in 2015.

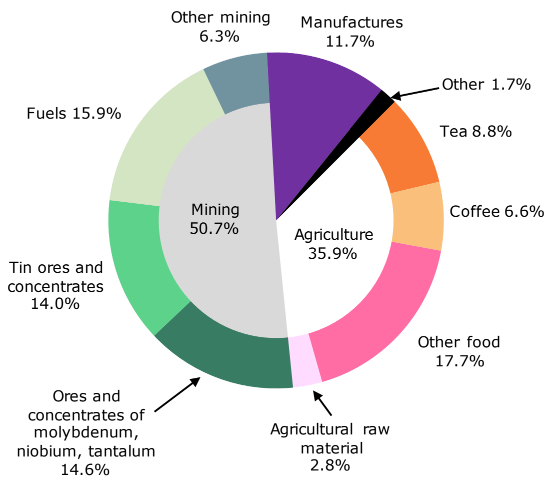
Chart 1.1 Composition of merchandise trade, 2011 and 2017

2011 **2017**

Exports (f.o.b.), including re-exports

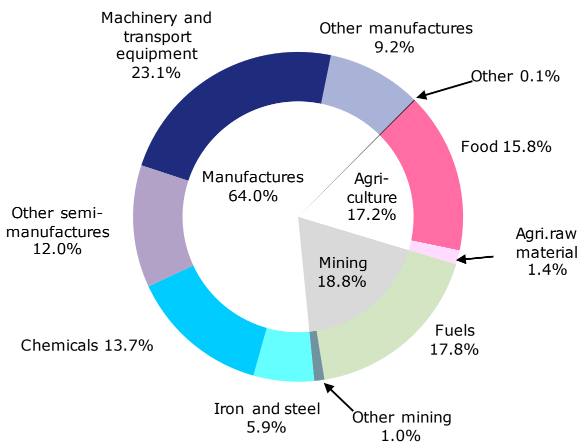


Total: USD 402.9 million

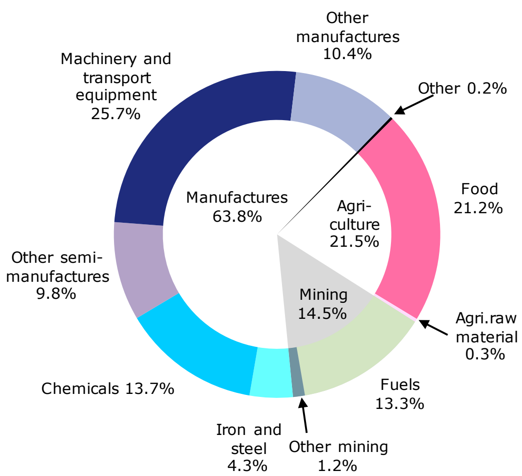


Total: USD 980.4 million

Imports (c.i.f.)



Total: USD 1,456.2 million



Total: USD 1,838.8 million

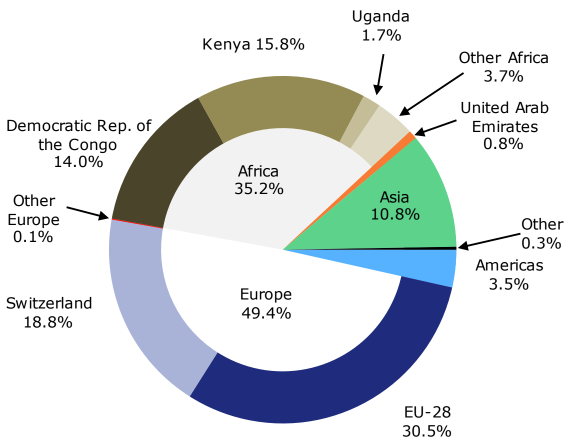
Note: Product groups follow SITC Rev. 3.

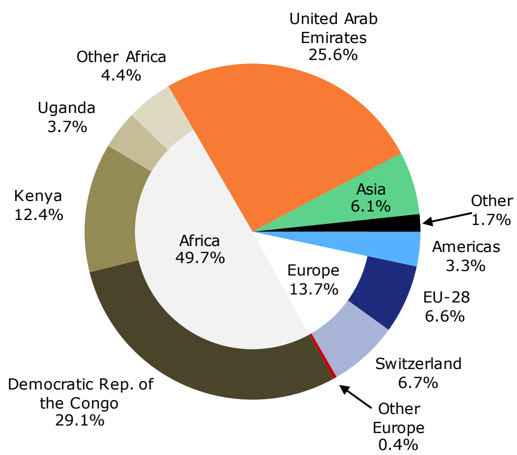
Source: WTO Secretariat calculations, based on data provided by the authorities.

Chart 1.2 Direction of merchandise trade, 2011 and 2017

2011 **2017**

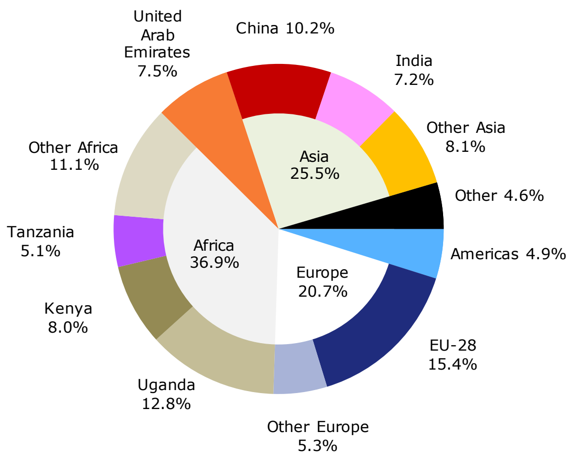
Exports (f.o.b.), including re-exports (f.o.b.)

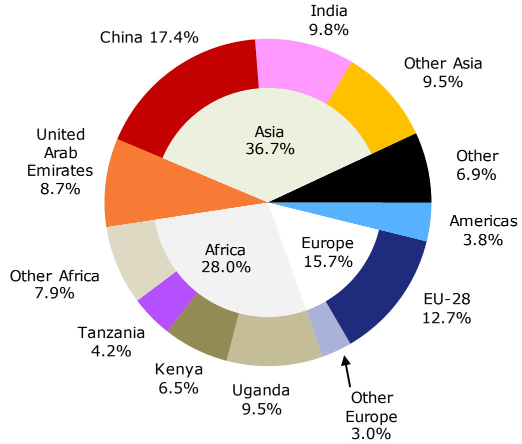




Total: USD 402.9 million **Total: USD 980.4 million**

Imports (c.i.f.)





Total: USD 1,456.2 million **Total: USD 1,838.8 million**

Source: WTO Secretariat calculations, based on data provided by the authorities.

1.3.2 Trends and patterns in FDI

1.20. The authorities have been making numerous strategic interventions in the economy, with a view to catalysing private investment as a way of addressing infrastructure deficiencies and diversifying the productive base. Through its participation in the G-20 Compact with Africa, Rwanda has also been working to ensure that ongoing reform initiatives help mobilize private investment. Notwithstanding the concerted efforts to attract private capital, FDI inflows remained below 3% of GDP.[4]

1.21. The stock of FDI in Rwanda was estimated at approximately USD 1.7 billion in 2017 (Table 1.3). The largest shares were concentrated in ICTs, and financial services. According to the available data, Mauritius is the leading investor in Rwanda, with over 32% of the total FDI stock and 48.8% of FDI inflows in 2016. South Africa and Kenya accounted for 10.1% and 8.9%, respectively, of the total FDI stock in 2016.

Table 1.3 FDI stock by sector, 2012-17

	2012	2013	2014	2015	2016	2017[a]
FDI (USD million)	715.9	837.7	1,152.4	1,401.8	1,680.3	1,718.5
	(% of total)					
ICTs	46.0	40.7	39.4	31.1	32.2	33.3
Financial and insurance activities	18.3	20.0	19.9	20.1	20.1	20.1
Manufacturing	12.7	18.4	14.9	13.3	12.7	12.4
Tourism	5.1	4.5	9.4	12.4	10.2	10.0
Wholesale and retail trade	6.2	6.1	5.0	5.3	7.4	7.3
Mining	2.1	4.0	5.9	5.4	4.9	4.8
Agriculture	7.0	3.4	3.1	3.1	2.9	2.8
Electricity, gas, steam	0.0	0.0	0.0	5.0	5.2	5.1
Construction	0.6	0.8	0.7	2.1	1.8	1.7
Transportation and storage	1.6	1.4	1.0	1.0	0.7	0.7
Real estate activities	0.0	0.0	0.0	0.6	1.2	1.2
Other	0.4	0.6	0.6	0.7	0.6	0.6

a Preliminary data.

Source: Information provided by the authorities.

[4] IMF, *Rwanda: Ninth review under the policy support instrument–debt sustainability analysis*.

2 TRADE AND INVESTMENT REGIMES

2.1 General Framework

2.1. Rwanda's trade and investment-related institutional framework remained broadly unchanged during 2011-18. Following endorsement in a referendum, a revised Constitution came into effect in December 2015, repealing and replacing the one that had been in place since 2003.[1] It modified the terms of office for: the President of the Republic, from seven to five years, renewable once[2]; and senators, the Chief Justice and the Deputy Chief Justice, from eight years, non-renewable, to five years, renewable once.

2.2. Rwanda's executive, legislative, and judiciary bodies are independent and separate. Executive power is vested in the President and in the Cabinet. Judicial power is vested in a system of ordinary and specialized courts; the latter, comprising the Commercial High Court and three commercial courts (Nyarugenge, Huye, and Musanze), handle trade disputes. The Parliament, composed of the Senate and the Chamber of Deputies, is in charge of passing laws, legislating, and overseeing executive action in accordance with procedures determined by the Constitution. Each ministry formulates policies and strategies relating to its field of activities, and drafts relevant bills.

2.2 Trade Policy Formulation and Objectives

2.3. The Ministry of Trade and Industry (MINICOM) has the main responsibility for formulating trade policy and coordinating its implementation. Other ministries and agencies involved in trade policy formulation include: the Ministry of Finance and Economic Planning (MINECOFIN), the Ministry of Foreign Affairs, Cooperation and East African Community (MINAFFET), the Ministry of Agriculture and Animal Resources (MINAGRI), the Rwanda Development Board (RDB), the Rwanda Revenue Authority (RRA), the BNR, the National Agricultural Export Development Board (NAEB), and the Rwanda Standards Board (RSB). Trade policy formulation takes place in consultation with the private sector, academia, development partners, and civil society. Broad stakeholder involvement has been formalized through the National Development and Trade Policy Forum (NDTPF), which was replaced by the National Trade Facilitation Committee in 2015.

2.4. Rwandan legislation establishes the primacy of international legal instruments, including WTO agreements. Ratified or approved treaties or international agreements rank above domestic legislation once they have been published in the Official Gazette, subject to their implementation by the other parties. Recent changes in trade-related legislation have been driven mainly by the need to improve the business environment (Table 2.1).

Table 2.1 Selected trade and trade-related laws, October 2018

Areas
Taxation
Taxes on income, Law No. 16/2018 of 13/04/2018
VAT, Law No. 40/2016 of 15/10/2016
Consumption tax (excise), Law No. 37/2015 of 30/06/2015
Other duties and charges on imports
Infrastructure development levy, Law No. 34/2015 of 30/06/2015
Levy for financing African Union activities, Law No. 19/2017 of 28/04/2017
Investment regime
Investment promotion and facilitation, Law No. 06/2015 of 28/03/2015
Expropriation in the public interest, Law No. 32/2015 of 11/06/2015
Public private partnerships, Law No. 14/2016 of 02/05/2016
Companies, Law No. 27/2017 of 31/05/2017
Special economic zones, Law No. 05/2011 of 21/03/2011
Land tenure, Law No. 43/2013 of 16/06/2013
Government procurement
Public procurement, Law No. 05/2013 of 13/02/2013
Sanitary and phytosanitary measures
Plant health protection, Law No. 16/2016 of 10/05/2016

[1] *Official Gazette* No. Special of 24 December 2015.

[2] This change was preceded by one transitional presidential term of seven years, for which any presidential candidates, including the incumbent President, were eligible.

Areas
Seeds and plant varieties, Law No. 005/2016 of 05/04/2016 Agrochemicals, Law No. 30/2012 of 01/08/2012 Biodiversity, Law No. 70/2013 of 02/09/2013
Agriculture
Forest management, Law No. 47bis/2013 of 28/06/2013 National Agricultural Export Development Board, Law No. 13/2017 of 14/04/2017 Rwanda Agriculture and Animal Resources Development Board, Law No. 14/2017 of 14/04/2017
Energy
Electricity, Law No. 21/2011 of 23/06/2011 Rwanda Utilities Regulatory Authority, Law No. 9/2013 of 01/03/2013 Petroleum and petroleum products trade, Law No. 85/2013 of 11/09/2013 Petroleum exploration and production activities, Law No. 13/2016 of 02/05/2016 Levy on petrol and gas, Law No. 25/2016 of 21/06/2016
Mining
Minerals tax, Law No. 55/2013 of 02/08/2013 Mining and quarry exploitation, Law No. 13/2014 of 20/05/2014
Financial services
BNR, Law No. 48/2017 of 23/09/2017 Deposit Guarantee Fund, Law No. 31/2015 of 05/06/2015 Health insurance schemes, Law No. 48/2015 of 23/11/2015 Pension schemes, Law No. 05/2015 of 30/03/2015
Telecommunications
ICTs, Law No. 24/2016 of 18/06/2016 Media, Law No. 02/2013 of 08/02/2013 National Cyber Security Authority, Law No. 26/2017 of 31/05/2017 Information Society Authority, Law No. 02/2017 of 18/02/2017 Electronic messages, signatures and transactions, Law No. 18/2010 of 12/05/2010
Transport
Regulation of civil aviation, Law No. 75/2013 of 11/09/2013 Civil Aviation Authority (RCAA), Law No. 03/2017 of 21/02/2017 Roads, Law No. 55/2011 of 14/12/2011

Source: Information provided by the authorities, and various online sources.

2.5. Rwanda's economic and social development aspirations are set out in overarching vision and strategy documents, which guide the design of action plans at the level of line ministries, with a view to ensuring policy coherence. Vision 2020, adopted in 2000 and revised in 2012, remains the main priority-setting document, and aims to transform Rwanda into a middle-income economy. In June 2013, the authorities adopted the second Economic Development and Poverty Reduction Strategy (EDPRS2, 2013-18) regarding the attainment of the Vision 2020 objectives. EDPRS2 focuses on accelerating growth and poverty reduction through targeted interventions in four thematic areas: economic transformation; rural development; productivity and youth employment; and accountable governance.

2.6. A seven-year National Strategy for Transformation (NST1, 201724), adopted in September 2017, is intended to guide implementation efforts during the remainder of Vision 2020 and the first four years of a new 30-year vision (Vision 2050), which is still at the blueprint stage. The main objectives of NST1 are to: accelerate inclusive economic growth and development founded on the private sector, knowledge and Rwanda's natural resources; develop a capable and skilled workforce with quality standards of living and a stable and secure society; and consolidate good governance and justice as building blocks for equitable and sustainable national development.[3]

2.7. Rwanda's National Trade Policy has not been updated since its adoption in 2010, and remains focused on five objectives: increased productivity, competitiveness and diversified sustainable productive capacities for trading nationally, regionally, and internationally; enhanced participation of importers and exporters of goods and services in regional and international trade, taking advantage of trade opportunities; increased investment, including FDI, in the production of competitive goods and services for the export market; increased human resources skills in trade and development, through training and retraining in private and public institutions; and strengthened science, technology, and innovation policies, strategies, and institutions, including intellectual property (IP) laws, in support of industrial development and creative knowledge-based industries. According to the authorities, a review of the Policy is ongoing.

[3] Online information. Viewed at: https://rwandaembassy.org/rwanda-in-the-next-seven-years-2017-2024.html.

2.8. MINICOM's strategic objectives are to: create a business environment conducive to growth and the protection of consumers; increase the share of services and manufacturing in GDP; support private sector growth and job creation, with a focus on SMEs; promote integration into regional and global markets, with a focus on improving Rwanda's trade balance; and build an effective human resource base and institutional capacity for delivery. In its implementation efforts, MINICOM has mainly focused on: increasing major traditional and non-traditional exports (coffee, tea, other agro-processed products, minerals, and tourism); facilitating trade and promoting conformity with standards; increasing the quantity and quality of investments, to deal with supply-side constraints; and assisting the RDB in improving the business environment.

2.3 Trade Agreements and Arrangements

2.3.1 WTO

2.9. According to the authorities, Rwanda continues to support a rules-based multilateral trading system that is predictable, transparent and contributes to improving the lives of all Rwandans. It attaches importance to maintaining the WTO relevant, as the premier forum for trade negotiations and governance of international trade rules. It has been active in the negotiations under the Doha Development Agenda, aligning itself to the position of the African Group, as well as sharing common positions with the ACP Group, the LDC Group, the G-90, and the "W52" sponsors.

2.10. All of Rwanda's trading partners receive at least most-favoured-nation (MFN) treatment. Rwanda is not a signatory to any plurilateral agreement negotiated in the WTO; it has not participated in the WTO negotiations on basic telecommunications, or in those on financial services. It has not been involved in any dispute under the WTO dispute settlement mechanism, whether as a complainant, defender, or third party.

2.11. During the period under review, Rwanda made a number of notifications to the WTO (Table 2.2). However, various notifications remain outstanding.

Table 2.2 Status of WTO notifications, 30 November 2011-30 June 2018

Legal provision	Description	Date	WTO document (last if recurrent)
Agreement on Customs Valuation			
Article 22	National legislation, and administration thereof	29/02/2012	G/VAL/N/1/RWA/1
	Checklist of issues - responses	29/02/2012	G/VAL/N/2/RWA/1
Agreement on Rules of Origin			
Article 5 and Paragraph 4 of Annex II	Non-preferential and preferential rules of origin	28/02/2012	G/RO/N/75
Agreement on the Application of Sanitary and Phytosanitary Measures			
Article 7 and Annex B	Proposed and adopted SPS regulations	28/06/2017	G/SPS/N/RWA/1
Agreement on Technical Barriers to Trade			
Article 2.9	Proposed and adopted technical regulations	27/05/2016	G/TBT/N/RWA/38- 40
		30/05/2016	G/TBT/N/RWA/41
		31/05/2016	G/TBT/N/RWA/19/Rev.1
		31/05/2016	G/TBT/N/RWA/42-46
		09/06/2016	G/TBT/N/RWA/47-49
		13/04/2017	G/TBT/N/RWA/50-54
		18/04/2017	G/TBT/N/RWA/55
		27/06/2017	G/TBT/N/RWA/56
		31/08/2017	G/TBT/N/RWA/57-75
		06/09/2017	G/TBT/N/RWA/76-78
		08/01/2018	G/TBT/N/RWA/79-85
		09/01/2018	G/TBT/N/RWA/86-94
		10/01/2018	G/TBT/N/RWA/95-105
		11/01/2018	G/TBT/N/RWA/106-107
		17/04/2018	G/TBT/N/RWA/108-123
		18/04/2018	G/TBT/N/RWA/124-143

Legal provision	Description	Date	WTO document (last if recurrent)
Articles 2.9 and 5.6	Proposed and adopted technical regulations and conformity assessment procedures	29/01/2014	G/TBT/N/RWA/9-12
		31/01/2014	G/TBT/N/RWA/13-28
		04/02/2014	G/TBT/N/RWA/29-37
Agreement on Trade Facilitation			
Articles 15 and 16	Notification of Category A commitments	04/06/2018	G/TFA/N/RWA/1

Source: WTO Secretariat.

2.3.2 Regional and preferential agreements

2.12. In addition to the East African Community (EAC), Rwanda is a member of the Common Market for Eastern and Southern Africa (COMESA). In 2015, Rwanda re-joined the Economic Community for Central African States (ECCAS), eight years after pulling out of that regional bloc. To date, no arrangements to liberalize intra-ECCAS trade have been put in place. Rwanda ratified the African Continental Free Trade Area (AfCFTA) on 26 May 2018. According to the authorities, the procedure for the ratification of the Tripartite Free Trade Area (TFTA) is underway.

2.3.3 Other agreements and arrangements

2.13. In the framework of the negotiations on an Economic Partnership Agreement (EPA) between the EAC and the European Union (main report), Rwanda initialled an interim agreement in November 2007 and signed the EPA in September 2016. It has not yet ratified the EPA.

2.14. Most Rwandan exports benefit from duty-free entry to the United States under the African Growth and Opportunity Act (AGOA). In July 2018, the duty-free status of apparel exports originating from Rwanda was suspended, following Rwanda's decision to maintain higher tariffs on imports of second-hand clothes.

2.4 Investment Regime

2.15. During the review period, Rwanda enacted a new investment code, with the aim of promoting and facilitating investment, and fostering private-sector-led growth.[4] Several complementary laws, governing certain aspects of the investment regime, also came into effect (Table 2.1).

2.16. With the entry into force of the new investment code, Rwanda no longer applies a minimum financial capital threshold (previously USD 250,000) for foreign investors to qualify for investment incentives. Other innovations introduced in the new law include: detailed provisions on investor guarantees and rights; a statutory timeframe for the issuance of investment certificates; and provisions on investor facilitation and aftercare.

2.17. Foreign investors are defined as either: a natural person who is not a citizen of Rwanda, of another member State of the EAC or of COMESA; a legal person not registered in the EAC or COMESA; or a legal person with at least 51% of the invested capital coming from countries outside the EAC or COMESA. Registration of investment is not compulsory, but is a prerequisite to qualify for incentives stipulated in the investment code.

2.18. Registered investors are entitled to: a residency permit (including for dependants), in accordance with immigration laws; exemption from capital gains tax[5]; and the refund of VAT paid on inputs within 15 days from submitting the claim to the RRA. Investors fulfilling specific conditions qualify for: preferential corporate income tax rates of zero or 15%, instead of the headline rate of 30%; corporate income tax holidays (of up to five or seven years); and/or an accelerated depreciation rate (50%) for the first year of the acquisition of the asset(s). While all business sectors are open to private investment, regardless of the investor's origin, most

[4] Law No. 06/2015 of 28 March 2015.

[5] However, income derived from the sale of a commercial immovable property shall be included in the investor's taxable income.

conditional incentives target certain priority economic sectors or activities: projects generating exports; industrial manufacturing; energy; road transport; informaICTs; financial services; agro-processing; education; tourism; healthcare; and the construction of low-cost housing.[6]

2.19. Registered investors may also benefit from the advantages accorded to a free-point/export processing zone company, in accordance with the customs rules and regulations harmonized at EAC level (main report, Section 3.2.4). Additional fiscal incentives, not conditional on investor registration, are set out in the VAT and Consumption Tax Laws (Section 3.1.4.2).

2.20. The RDB provides, free of charge, a business and investment registration service, which can be accessed online or through the one-stop centre at its headquarters in Kigali.[7] The RDB's investment-related support functions include providing assistance in: acquiring visas and work permits; connecting to the water and electricity networks; fulfilling sector-specific licensing requirements, where applicable; and obtaining an environmental impact assessment certificate. The RDB is also tasked with facilitating the amicable settlement of disputes that may arise between an investor and one or more public entities.

2.21. Rwanda finalized the implementation of its Land Tenure Regularization Programme in December 2013, issuing land title documents to rightful landholders in Rwanda. Foreigners can lease land from private or public owners (the State, districts or cities) for up to 49 years. The lease period is based on a land use plan and business plan approved by the competent authorities, and is renewable. In Special Economic Zones, foreigners may acquire land and obtain a "free hold" title on the same terms as Rwandan nationals. The law recognizes and protects sub-lease contracts for agriculture, livestock and forest land.[8] In order to ensure proper land management and administration, a web-based Land Administration Information System (LAIS) has been developed to ensure efficient, cost effective, quick and transparent registration of land transactions.

2.22. During the review period, Rwanda continued to make progress towards its goal of transitioning to a paperless Government, through ICT-enabled service delivery. An online platform, IREMBO, for automated government services was launched in June 2014. By October 2018, some 89 government e-services could be accessed on the platform. As a result of its sustained reform efforts, Rwanda was ranked 29th out of 190 economies in the 2019 World Bank Doing Business survey.[9]

2.23. Rwanda has concluded several bilateral treaties on investment and double taxation. The instruments in force as of October 2018 included: investment treaties with Djibouti, the Republic of Korea, Morocco, Turkey, Singapore, and the United States; and double taxation treaties with Barbados, Belgium, Jersey, Mauritius, Singapore, and South Africa. Rwanda is a member of the Multilateral Investment Guarantee Agency (MIGA) and the International Centre for the Settlement of Investment Disputes (ICSID). Having ratified the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York Arbitration Convention) in 2008, Rwanda established an independent arbitration body, the Kigali International Arbitration Centre, in 2011.[10]

[6] Additional priority economic sectors may be determined by order of the minister in charge of finance.
[7] According to the authorities, businesses incur fees for: obtaining an investment licence; mortgage registration; obtaining a permit for construction within a special economic zone, and IPR-related services.
[8] Law No. 43/2013 of 16 June 2013.
[9] Data for *Doing Business 2019* were collected in May 2018. Rwanda's country profile, as well as notes on the methodology, are available at: http://www.doingbusiness.org/content/dam/doingBusiness/country/r/rwanda/RWA.pdf.
[10] Law No. 51/2010 of 10 January 2010.

3 TRADE AND INVESTMENT REGIMES

3.1 Measures Directly Affecting Imports

3.1.1 Customs procedures, valuation, and requirements

3.1. During the period under review, Rwanda has made notable progress in trade facilitation. Since 2012, the authorities have been implementing an integrated border management system, the Rwanda Electronic Single Window (RESW), based on ASYCUDA world, which was rolled out to all Rwandan customs posts by January 2013. As at end-October 2018, the RESW integrated some 31 Rwandan ministries and agencies[1], and was interconnected with the electronic systems of relevant border agencies in Burundi, Kenya, Tanzania, and Uganda. According to the authorities, through the implementation of interface arrangements for real-time data exchange, the RESW has significantly reduced the time and cost for shipment and customs clearance of Rwandan imports and exports.

3.2. Anyone wishing to import into (or export from) Rwanda goods for commercial purposes must register with the Rwanda Revenue Authority (RRA) to obtain a tax identification number. Unless they have duly licensed in-house personnel, importers are required to engage the services of professional clearing agents (customs brokers) for consignments valued at or above USD 2,000 (Main report, Section 3.1.3).[2] The customs clearance of imports is done on the basis of: a declaration; suppliers' invoices; a packing list; and a bill of lading (or air waybill). Where applicable, the supporting documentation must also include: an import licence and/or permit; a certificate of origin; or a SPS certificate.

3.3. The RRA carries out annual licensing of clearing agents and trucks transporting goods under customs control.[3] As from 2016, both licensing processes have been integrated in the RESW. In 2018, there were 194 licensed clearing agents in Rwanda, including 9 companies operating as private agencies; the corresponding figures for 2012 were 120 and 8, respectively. The Rwanda Freight Forwarders Association, a professional body, sets the tariff of fees charged by clearing agents for their services in consultation with its members and other stakeholders.

3.4. Import consignments are assigned into one of four selectivity lanes: green (immediate release), blue (post-clearance audit), yellow (documentary check) and red (documentary and physical checks). The assessment methodology is based on a matrix of risk indicators comprising the importer's and the clearing agent's characteristics and prior record, as well as the consignment's nature and origin. A random selection component is also incorporated. The RRA's risk management unit reviews and refines selectivity criteria every six months; updates are implemented after approval by the Customs Risk Management Committee.

3.5. Rwanda notified its category A commitments[4] in 2015 and ratified the WTO Agreement on Trade Facilitation (TFA) on 22 February 2017. According to the authorities, Rwanda complies with international best practices on pre-arrival processing of import-related documentation and advance rulings, but awaits the inclusion of relevant provisions in the EAC Customs Management Act.

3.6. In 2014, the RRA introduced a Gold Card Scheme (GCS) enabling approved companies to benefit from expedited clearance procedures by signing a memorandum of understanding with the Customs Services Department. The GCS is available to traders, clearing agents, warehouse operators, and transporters that maintain a good compliance record in their dealings with the RRA. To be eligible for the GCS, companies must, *inter alia*, be registered in Rwanda and handle consignments with a total c.i.f. value of at least RWF 200 million per fiscal year.

3.7. Having participated in the pilot phase of the EAC's regional Authorized Economic Operator (AEO) programme since 2013, Rwanda implemented it fully in 2016 (Main report, Section 3.1).

[1] Efforts were under way to implement RESW modules for interface with the Rwanda Utilities Regulatory Authority (RURA) and the Rwanda Mines, Petroleum, and Gas Board (RMB).

[2] A simplified declaration may be lodged directly by traders for commercial imports worth less than USD 2,000.

[3] Companies accredited as Authorized Economic Operators receive a three-year licence to operate as private agencies.

[4] WTO document WT/PCTF/N/RWA/1, 27 April 2015.

According to the authorities, the GCS and AEO schemes differ not only in coverage (national vs. regional) but also in terms of eligibility requirements.

3.8. The 2019 World Bank *Doing Business* survey ranks Rwanda 88th of 190 economies on the trading across borders indicator. On average, importing merchandise into Rwanda is estimated to require 74 hours and USD 282 for "border compliance", and 48 hours and USD 121 for "documentary compliance". On exportation, the corresponding figures are 83 hours and USD 183, and 30 hours and USD 110 respectively.[5]

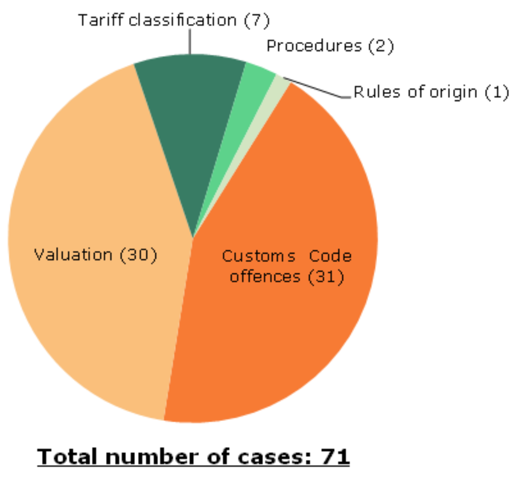
3.9. In 2015 Rwanda made pre-shipment inspection mandatory for all imported products; this requirement was removed in 2016.

3.10. Goods in transit through Rwanda must have security coverage equivalent to the amount of duties and taxes applicable on importation. The security coverage is to be provided by a licensed clearing agent. Rwanda also accepts security in the form of a COMESA customs bond (regional customs transit guarantee). According to the authorities, goods in transit accounted for approximately 20% of Rwanda's total trade during 2011-18.

3.11. Rwanda applies the EAC rules on customs valuation (Main report, Section 3.1.2). The dutiable value of all imports is the sum of the purchase cost and all expenses incurred for insurance and freight up to the point of entry into the EAC. In the absence of satisfactory proof of insurance, the cost of insurance is calculated as 1% of the cost of freight. In case of doubts regarding the declared transaction value, the RRA would typically ask the importer to provide invoice confirmation from the exporting country's customs authorities. According to the authorities, the RRA would welcome technical assistance in customs valuation, including in detecting falsified invoices.

3.12. In case of disagreement with RRA decisions, importers must first lodge an appeal at the customs station of clearance, which could subsequently be escalated by the station manager to the RRA's head office. Once the avenues of redress within the RRA have been exhausted, traders may appeal in Rwanda's courts. According to the authorities, a large share of all disputes lodged during 2011-18 related to valuation decisions (Chart 3.1).

Chart 3.1 Customs disputes by subject, 2011-18



Source: Rwanda Revenue Authority.

[5] Data for *Doing Business 2019* were collected in May 2018. Rwanda's country profile, as well as notes on the methodology, are available at: http://www.doingbusiness.org/content/dam/doingBusiness/country/r/rwanda/RWA.pdf.

3.1.2 Rules of origin

3.13. Rwanda does not maintain rules of origin for non-preferential purposes, although its notification to the WTO asserts otherwise.[6] Being a member of both COMESA and the EAC, Rwanda applies their respective preferential rules of origin. Whenever these two sets of rules of origin arise in parallel, preferential treatment is applied on the basis of the documentation provided for customs clearance.

3.1.3 Tariffs

3.14. In fiscal year 2017/18, customs duties, taxes (i.e. VAT and excise) and levies on imports accounted for more than 25% of total tax revenue (Table 3.1). Customs duties accounted for between 6.6% and 7.4% of tax receipts during 2011-18.

Table 3.1 Tax revenue, 2011-18

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Total tax revenue (RWF billion)	556.0	651.9	763.4	859.1	986.7	1,086.5	1,234.2
	(% of total tax revenue)						
VAT	30.9	30.6	33.9	33.3	32.8	32.4	32.9
Imports	12.4	11.6	11.9	11.6	11.1	11.4	10.6
Domestic	18.6	19	22.1	21.7	21.7	21	22.3
Excise Duties	17.7	15.3	14.5	14	14	12.3	12
Imports	9.4	7.7	7.5	7.1	6.8	6.3	6.0
Domestic	8.3	7.6	7.0	7.0	7.1	6.0	6.0
Import duties	6.7	7.2	6.9	7.1	7.4	7.0	6.6
Strategic reserves levy	n.a.	n.a.	n.a.	n.a.	0.9	0.9	0.8
Infrastructure development levy	n.a.	n.a.	n.a.	n.a.	0.9	1.0	0.9
African Union import levy	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.1
Export taxes	0.2	0.1	0.1	0.1	0.0	0.2	0.0
Other taxes on international trade	0.2	0.2	0.7	0.3	0.2	0.4	0.4
Pay as you earn (PAYE)	25.4	26.7	24.3	23.9	23.3	23.7	22.8
Profit Tax	15.1	16.1	16	17.5	16.1	17.5	19.1
Road maintenance fund	3.3	3.4	3.2	3	3.8	4.1	3.8
Mining royalties	0.0	0.0	0.3	0.5	0.3	0.3	0.4
Other taxes	0.5	0.4	0.1	0.3	0.4	0.2	0.2

n.a. Not applicable.

Note: Reporting period (fiscal year): 1 July to 30 June. Percentages may not add up to 100% due to rounding.

Source: Rwanda Revenue Authority, *Annual activity reports* (2015-16) and (2016-17).

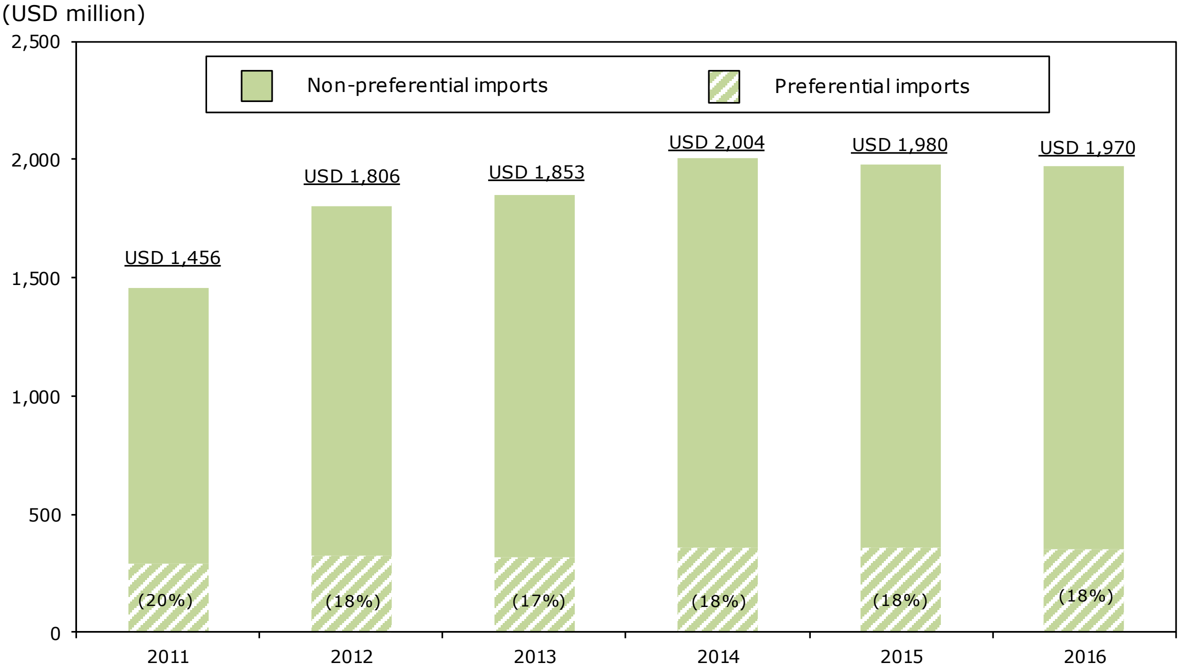
3.15. Rwanda applies the EAC Common External Tariff (CET) (Main report, Section 3.1.4). As of July 2018, under the EAC "stay application" scheme, Rwanda deviated from the CET on some 437 tariff lines, generally by applying lower rates. Rwanda also deviated from the CET on more than 93 tariff lines under the EAC "duty remission" scheme.

3.16. Rwanda has bound 100% of its tariff lines at *ad valorem* rates ranging from zero to 100% (Main report, Section 3.1.4). Agriculture tariff lines are bound at up to 80%. The simple average bound rate on agricultural products (WTO definition) is 74.6%, whereas the average on non-agricultural products is 91.7%. On 342 CET lines (up from 263 in 2011), applied rates exceed Rwanda's bindings, in some cases by as much as 60 percentage points. Moreover, Rwanda has bound "other duties and charges" at zero but it applies some.

3.17. Rwanda grants tariff preferences to products originating in its EAC and COMESA trading partners. During 2011-16, the share of preferential imports in Rwanda's total imports remained relatively stable at around 18% (Chart 3.2).

[6] WTO document G/RO/N/75, 28 February 2012.

Chart 3.2 Evolution of imports, 2011-16



Note: Underlined figures indicate the value of total imports. Figures in parentheses indicate preferential imports' share of total imports.

Source: WTO Secretariat's calculations, based on data provided by the RRA.

3.1.4 Other charges affecting imports

3.1.4.1 Border taxes

3.18. All imports are subject to a computer processing fee (*redevance informatique*) levied per declaration lodged with Customs. The applicable rates are RWF 500 for a simplified declaration and RWF 3,000 for a standard declaration.

3.19. Goods of non-EAC origin, except those exempted by law from import duty, are subject to an African Union import levy[7] (0.2% of c.i.f. value) and an infrastructure development levy (1.5% of c.i.f. value). Exemptions include: fertilizers; seeds; live animals; pharmaceutical products; medical equipment; mosquito nets; industrial machinery and equipment for the energy and water sectors; and imports destined for projects with investment certificates.

3.20. As from July 2015, Rwanda applies a strategic reserves levy of RWF 32.73 per litre of fuel, all of which is imported. Receipts from this levy are meant to finance the building up of a fuel security reserve stock. The main financing stream of Rwanda's Road Maintenance Fund is another fuel levy, which was increased from RWF 82.37 per litre to RWF 115 per litre in March 2016.[8]

3.21. Imports that undergo testing by the Rwanda Standards Board (RSB) are subject to an *ad valorem* fee of 0.02%. The fee's collection is entrusted to Customs.

3.1.4.2 Internal taxes

3.22. Consumption taxes (excise duties) are levied on 14 product categories (Table 3.2). The majority of excise duties are *ad valorem*, with rates ranging from 5% to 70%. During the period under review, the excise duty rate on telephone communications was increased from 8% to 10% and a compound rate was introduced on cigarettes (previously subject to the rate of 150%). In general, the tax base for imports is the c.i.f. customs value plus the amount of border duties and

[7] Law N°19/2017 of 28 April 2017.
[8] The Road Maintenance Fund is also financed, to a lesser degree, by collections of road toll charges.

charges; for locally manufactured products, it is the selling price exclusive of taxes. For cigarettes, the tax base (*ad valorem* component) is the retail price of one pack of 20 rods.

Table 3.2 Excise duties, 2018

Product categories	Tax rate
Fruit juices	5%
Lemonade, soda and other juices	39%
Mineral water	10%
Beer	60%
Wine	70%
Brandies, liquors and whisky	70%
Cigarettes	36% of retail price of a pack (of 20 rods) and 30 RWF per pack
Fuel: premium gasoline (excluding benzene) and gas oil	183 RWF/litre and 150 RWF/litre, respectively
Lubricants	37%
Vehicles with an engine capacity of less than 1,500cc	5%
Vehicles with an engine capacity between 1,500cc and 2,500cc	10%
Vehicles with an engine capacity of above 2,500cc	15%
Powdered milk	10%
Telephone communications	10%

Source: Law No. 37/2015 of 30 June 2015 modifying and complementing Law No. 26/2006 of 27 May 2006, as modified and complemented.

3.23. VAT is levied at the rate of 18% on the supply of goods and services, including on their importation. The tax base for VAT on imports is the c.i.f. customs value plus any other costs, duties and charges incurred on importation (except the VAT itself). For domestically supplied goods and services, the tax base is the sale price.[9]

3.24. Exemptions from VAT cater to basic necessities, including water supply services, some transport services, financial and insurance services, education, healthcare and energy supplies, agricultural inputs and equipment, and certain imports for investment projects (Table A3.1). Zero-rated supplies, eligible for refund of VAT paid on inputs, include: all exports; minerals sold on the domestic market; international transportation services (goods entering or in transit in Rwanda); and services rendered to a tourist, for which VAT has been paid.[10]

3.25. Commercial imports are subject to a withholding tax (5% of the c.i.f. value), unless the importer has a valid tax clearance certificate. Taxpayers can deduct the amount paid in withholding tax upon submission of their annual tax returns. According to the RRA, this measure is aimed at improving compliance with domestic tax obligations.

3.1.5 Duty and tax concessions

3.26. Rwanda grants duty and tax concessions under various initiatives aimed at promoting investment or achieving social objectives.[11] In addition to the schemes harmonized at EAC level, fiscal concessions for a range of imports, including raw materials, machinery, and equipment, are stipulated in the Investment Code, and the VAT and Consumption Tax legislation. During 2011-18, forgone revenue from duty and tax concessions on imports ranged between 34% and 61% of customs collections (Table 3.3).

[9] VAT registration is compulsory for businesses whose gross turnover exceeds RWF 20 million per year or RWF 5 million over the three preceding months.
[10] Law No. 6/2001 of 20 January 2001, as amended by Laws No. 24/2006 (16 May 2006), No. 25/2010 (28 May 2010), No. 37/2012 (9 November 2012), and No. 40/2016 (15 October 2016).
[11] The administration of duty and tax concessions is the responsibility of the RRA.

Table 3.3 Forgone revenue from imports, 2011-18

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Total concessions (RWF billion)	91.7	110.2	129.8	119.0	145.5	106.3	149.3
Industrial inputs	3.6	1.7	0.7	0.4	0.1	0.01	0.0
Investment code	41	57.3	77.7	67.5	84.6	34.6	74.3
Customs laws	47.1	51.2	51.4	51.1	60.8	71.7	75.0
Memo:							
Total concessions as % of customs collections	55.0%	61.1%	60.0%	49.8%	50.4%	34.0%	44.4%
Total concessions as % of RRA tax collections	16.5%	16.9%	17.0%	13.9%	14.7%	9.8%	12.1%

Note: Reporting period (fiscal year): 1 July to 30 June.

Source: Rwanda Revenue Authority.

3.1.6 Import prohibitions, restrictions, and licensing

3.27. Rwanda applies the import prohibitions and restrictions established at EAC level (Main Report). In addition, Rwanda prohibits the manufacture and importation of polythene bags[12], dangerous chemical substances and pollutants[13], and certain drugs[14] and agrochemicals.[15]

3.28. Rwanda has not submitted any notifications to the Committee on Import Licensing since 2011. At that time, Rwanda had affirmed the absence of laws, regulations or procedures relevant to the Agreement on Import Licensing Procedures.[16] Nevertheless, prior authorization and/or licence requirements remain in place for certain imports, including: pharmaceuticals and related equipment (Ministry of Health); ozone-layer-depleting substances[17] and wild animals[18] (Rwanda Environment Management Authority); agrochemicals[19], plants[20] and live animals (Ministry of Agriculture). According to the authorities, the import licensing regime is not used for quantitative restrictions purposes.

3.1.7 Anti-dumping, countervailing, and safeguard measures

3.29. The EAC Customs Union Protocol and the relevant implementing regulations provide the legal basis for contingency measures at the regional level (Main Report). At the national level, Rwanda has no legal and institutional frameworks for the application of anti-dumping, countervailing, and safeguard measures. To date, no contingency actions have been taken by Rwanda.

3.1.8 Other measures affecting imports

3.30. Rwanda maintains reserve stock requirements for petroleum products (public and private) and foodstuffs (public) (Section 4). According to the authorities, Rwanda is not a party to any countertrade and offsetting arrangements, or agreements limiting exports to Rwanda.

3.2 Measures Directly Affecting Exports

3.2.1 Customs procedures and requirements

3.31. The registration and customs clearance procedures for exports are similar to those for imports (Section 3.1.1), requiring notably a declaration, a commercial invoice, a packing list and,

[12] Law No. 57/2008 of 10 September 2008.
[13] Prime Minister's Order No. 26/03 of 23 October 2008.
[14] Prime Minister's Order No. 27/03 of 23 October 2008.
[15] Prime Minister's Order No 002/11.30 of 14 July 2016.
[16] WTO document G/LIC/N/3/RWA/2, 18 October 2011.
[17] Ministerial Order No. 006/2008 of 15 August 2008.
[18] Ministerial Order No. 004/16.01 of 15 July 2010.
[19] Law No. 30/2012 of 1 August 2012.
[20] Ministerial Order No. 012/11.30 of 02 August 2017.

where applicable, a conformity, sanitary or phytosanitary certificate, and original export permits and/or licences.

3.32. For most products, exporters wishing to benefit from preferential access to foreign markets may obtain the necessary certificate of origin from the RRA. Certificates of origin in hard copy cost RWF 3,000. The RRA has started issuing electronic certificates of origin free of charge, in the framework of a pilot project with Uganda and Burundi.[21] Certificates of origin for tea and coffee are issued, free of charge, by the NAEB and endorsed by the RRA.

3.2.2 Taxes, charges, and levies

3.33. As with imports, the RRA levies a computer processing fee of RWF 3,000 per export declaration. In line with EAC guidelines, raw hides and skins exported to third countries attract a tax of 80% of their value or USD 0.52/kg, whichever is higher.[22]

3.34. As from September 2013, Rwanda levies a tax on the sale (including exports) of minerals (Section 4.2).

3.2.3 Export prohibitions, restrictions, and licensing

3.35. Rwanda applies the export prohibitions and restrictions established at EAC level (Main Report), and those established by international agreements to which it is a signatory. Restricted exports require a licence issued by the relevant ministry.

3.2.4 Export support and promotion

3.36. Rwanda has not submitted any subsidy notifications either to the Committee on Subsidies and Countervailing Measures or to the Committee on Agriculture. Following a revision of its Investment Code in May 2015, Rwanda repealed a provision stipulating income tax discounts of 3% and 5% for exports exceeding the thresholds of USD 3 million and 5 million, respectively, in a fiscal year.[23] From that date, registered investors exporting at least 50% of their turnover of goods and services produced in Rwanda are accorded a preferential corporate income tax rate of 15%, instead of the headline rate of 30%. Subject to conditions, investors in export-related projects are also eligible for a corporate income tax holiday (up to 7 years) and/or an accelerated depreciation rate (50%) for the first year of assets' acquisition. Exports are zero-rated for VAT.

3.37. In May 2015, Rwanda transposed the EAC Export Processing Zones (EPZ) regulations through a provision in its revised Investment Code. According to the authorities, in October 2018, EPZ licences were being held by three enterprises whose combined contribution to exports, GDP and employment was marginal.

3.38. As part of the expansion of its Special Economic Zones (SEZ) programme, Rwanda envisages establishing incentive schemes to maximize such zones' contribution to local value added, including for exports (Section 3.3.1).

3.39. In 2015, Rwanda launched its second National Export Strategy (NES II). The revised document takes into account changes in national strategic objectives. NES II priorities include addressing gaps in infrastructure and export finance, streamlining the regulatory environment, strengthening trade promotion and buyer outreach, and providing support to individual enterprises to build their export capacity.

3.40. Monitoring and coordination of the NES II are the responsibility of the Industrial Development and Export Council (IDEC), established in 2011 and chaired by MINICOM. The key implementing institutions include: the RDB, the NAEB and the Development Bank of Rwanda (Section 3.2.5). According to the authorities, export promotion activities carried out to date have included capacity building for SMEs and provision of market access information.

[21] Simplified certificates of origin are issued free of charge for consignments worth less than USD 2,000 that are exported to other EAC countries.
[22] Legal notice No. EAC/38/2015 of 19 June 2015.
[23] Law No. 06/2015 of 28 March 2015.

3.2.5 Export finance, insurance, and guarantees

3.41. In line with NES II recommendations, in June 2015, Rwanda launched an Export Growth Facility (EGF) with an initial capital of RWF 500 million, administered by the Development Bank of Rwanda (BRD).[24] The EGF constitutes a pilot programme targeting Rwandan-incorporated SMEs with a bankable business plan and export sales below USD 1 million. Priority sectors include horticulture, agro-processing, and manufacturing.[25]

3.42. By design, the EGF comprises three separate components or "windows" (Table 3.4). According to the authorities, the Export Guarantee component is not yet operational. To date, financing operations have been conducted mainly through the BRD. In 2017, Germany's KfW Development Bank provided EUR 8.5 million (EUR 6 million for export finance and EUR 2.5 million in technical assistance to banks and the BRD) toward the implementation of an on-lending scheme via commercial banks.

Table 3.4 Export Growth Facility components, 2018

Component/Window	Description
Investment Catalyst Fund	Aimed at supporting private-sector investment in export-oriented production through a 6.5% subsidy on market interest rates (typically 16% - 20%).
Matching Grant Fund	Provision of matching grants (50% of needs) for expenditure on specific market entry costs (export strategy elaboration, export promotion, compliance with standards, etc.).
Export Guarantee Fund[a]	Provision of short-term guarantees to commercial banks financing exporters' pre- and post-shipment operations.

a Not yet operational as of October 2018.

Source: Development Bank of Rwanda.

3.43. As at June 2018, 17 companies had accessed the EGF's Investment Catalyst Fund component for a total disbursement amount of RWF 486 million, and 10 companies had accessed the Matching Grant Fund component for a total disbursement amount of RWF 693 million. According to the authorities, the main beneficiary industries were coffee, tea, horticulture, agro-processing, and textiles.

3.3 Measures Affecting Production and Trade

3.3.1 Incentives

3.44. Rwanda offers a range of fiscal incentives under the Investment Code, and the VAT and Consumption Tax legislation. Fiscal incentives, typically in the form of tax holidays, reduced tax rates, and accelerated depreciation, may be granted by industry, type of activity, or on company-specific basis. Rwanda's Investment Code also stipulates various non-fiscal incentives, including certain flexibilities in immigration and hiring formalities and a one-stop centre (OSC) at the RDB to fast-track project implementation. In principle, tax and non-tax incentives apply equally to domestic and foreign-owned businesses. The range of socio-economic objectives targeted by these measures includes: stimulating local or foreign investment in particular economic sectors; promoting exports; and generating employment.

3.45. Rwanda's Business Development Fund (BDF), created in 2011, provides support to SMEs and young entrepreneurs in the form of credit guarantees, matching grants, asset leasing, and advisory services. BDF works with financial institutions to guarantee between 50% and 75% of the collateral required by the lender. The maximum guaranteed amount is RWF 500 million for agriculture projects and RWF 300 million for other sectors, for a maturity period of up to 10 years.[26]

3.46. Rwanda has been implementing a Special Economic Zones (SEZ) programme aimed at fostering private sector investment, employment and income generation, economic diversification

[24] By 2018 the Government of Rwanda had injected RWF 2.5 billion into the EDF.
[25] BRD online information. Viewed at: https://www.brd.rw/brd/proin-sodales-quam-nec-ante-sollicits.
[26] Online information. Viewed at: http://www.newtimes.co.rw/news/featured-financing-available-bdf-tells-local-textile-industry.

and the development of secondary economic centres. SEZs do not offer any fiscal incentives beyond those set out in Rwanda's Investment Code, but are intended to provide their users (resident companies) a streamlined framework for doing business, including access to reliable infrastructure and utilities, and an on-site one-stop centre (OSC). SEZs may also host EPZs (Section 3.2.4) and industrial/sector-specific parks. While labour and management relations in SEZs are generally governed by Rwanda's labour legislation, zone-specific labour conditions may be determined by ministerial order.

3.47. Originally adopted in 2010, the national SEZ Policy was revised in January 2018 (Table 3.5). The Special Economic Zone Authority of Rwanda (SEZAR), a unit within the RDB, is in charge of regulatory oversight of SEZs. It is yet to establish and operate zone-specific OSCs; for the moment it still uses the RDB's centre which is available to all investors.

Table 3.5 Main changes to SEZ Policy, 2018

Issue	2010 Policy recommendation	2017 Policy recommendation
Scope of zones and eligibility criteria	1. A flexible regime allowing different types of zones. 2. Broad set of activities allowed, subject to a general negative list. 3. No eligibility criteria for users (residents).	Points 1-3 unchanged. Additional points: 4. All Investment Code incentives apply in all SEZs (no differentiation). 5. Introduce performance incentives for zone operators to maximise economic value for Rwanda. Performance indicators may include exports, fulltime jobs, local supply contracts, domestic market recapturing, etc.
Public and private participation in zones	1. Full spectrum of public-private-partnerships and fully private zones allowed 2. Public investment to be guided by economic cost-benefit analysis (CBA) 3. Government equity participation to be guided by internal rate of return and the potential for privatization at a later stage 4. Zones to be operated on commercial terms, except where there is a monopoly	Points 1-4 unchanged. Additional points: 5. Land price regulation is introduced 6. Clarifications of the roles of public and private actors, including on the issue of routine maintenance
Zone designation process and criteria	1. Both public and private entities may suggest new zones 2. Both pre-designated and non-pre-designated land may be suggested 3. A formal designation process defined, including demand forecasts, feasibility study and physical planning 4. SEZAR to carry out CBA and make recommendation to Cabinet	Points 1-4 unchanged. Additional points: 5. SEZAR to issue internal zoning regulations 6. A progressive approach to zone development, based on evidence of investor/user demand
Land use	1. SEZ land to be classified as "public interest" 2. Within SEZs: a) Foreigners may lease; locals may lease or own land b) Maximum lease terms of 99 years, renewable and transferable c) Full transfer of lease rights d) Creditors' rights to be protected in case of default e) Right to continued occupancy and non-disturbance f) Right to change land use, within zoning regulation 3. "Use it or lose it" clauses for both developers and users	Point 2 a) amended: Foreigners and locals may only lease land; outright land purchases no longer allowed. Point 3 clarified: Developers and users are to submit evidence of progress towards operationalizing their plots to SEZAR within two years from the time of obtaining their licence
Zone benefits	1. Special conditions/incentives (fiscal, customs, immigration, labour) 2. Government of Rwanda to provide and maintain public infrastructure and services 3. Regulatory relief and streamlined procedures to be implemented through OSC in each zone	Point 1 amended: No special fiscal, immigration or customs regimes for SEZs beyond those set out in the Investment Code. Points 2-3 largely unchanged.

Issue	2010 Policy recommendation	2017 Policy recommendation
Complementary policies and safeguard measures	1. Support programmes for backwards linkages and technological/knowledge spill-overs to be developed 2. Maintain adequate safeguards on labour and environmental standards	Point 1 expanded to ensure SEZs fit into the Made in Rwanda Policy (2017) Point 2 unchanged. Additional points: 3. Sector-specific parks for small and medium industrialists (SMIs) to be established within SEZs. Relocation to SMI parks, subject to meeting eligibility criteria, to be subsidized. 4. SEZ user licences and investment certificates to be granted in a single procedure Certain plots to be reserved for Parks are to be set up in each Zone, to support SMIs with huge growth potential which are currently scattered around the country and don't have the capacity to access zone land on commercial terms

Source: Ministry of Trade and Industry (2018), *Revised SEZ Policy – Addressing the infrastructure constraint to industrialization in Rwanda*.

3.48. SEZ developers must have the financial capability to build zone infrastructure (such as water, power, fibre-optic and sewerage treatment plant), and operators must prove extensive management experience as well as financial resources to manage the zone. SEZ residents must have an investor certificate (costing USD 500) from the RDB as well as an SEZ user licence from the RDB. They must submit a business plan, architectural designs based on the relevant SEZ design, and an environmental impact assessment report. The negative list of goods prohibited under the EAC Customs Management Act applies to SEZs as well.[27]

3.49. In July 2018, there was one fully operational zone in Rwanda, the Kigali Special Economic Zone (KSEZ), and another nine were at different stages of deployment. The total designated land area of these zones comprised 1,095 ha. According to the authorities, as at July 2018, SEZ users were active in 69 industries, and accounted for approximately 7,000 permanent and 13,000 non-permanent jobs. SEZ users generated exports worth USD 5.5 million in 2016 and USD 43.6 million in 2017. By 2017, the SEZ programme had attracted investments exceeding USD 521 billion.

3.3.2 Standards and other technical requirements

3.50. During the review period, reforms to Rwanda's legal and institutional framework related to the implementation of the TBT Agreement included the establishment of the Rwanda Standards Board (RSB) as the successor of the Rwanda Bureau of Standards (RBS) and the transfer of market surveillance functions to MINICOM in August 2014.[28] The RSB remains a public institution with the mission of providing standards-based solutions for consumer protection and trade promotion.[29] It continues to coordinate standards development and dissemination, and remains active in quality management, conformity assessment and metrology in Rwanda.

3.51. In principle, the adoption of standards and technical regulations is governed by the common framework established at EAC level (Main report, Section 3.3.2). As a successor to the RBS, the RSB follows the WTO Code of Good Practice for the Preparation, Adoption and Application of Standards.[30] At the national level, technical regulations may be developed and adopted by a number of Rwanda's line ministries and regulatory bodies. It is unclear whether Rwanda has put in place a standardized procedure for adoption and application of technical regulations. According to the authorities, notices concerning all standards and technical regulations adopted in Rwanda are published in the *Official Gazette*.

3.52. The RSB is a member of the International Organization for Standardization (ISO), the International Electrotechnical Commission (IEC), the International Organization for Legal Metrology (OIML), the African Organisation for Standardisation (ARSO), and the International Metrology

[27] Ministerial Order No. 12/2012 of 20 February 2012.
[28] WTO document G/TBT/2/Add.85/Rev.1, 7 January 2015.
[29] Law No. 50/2013 of 28 June 2013.
[30] WTO document G/TBT/CS/N/159, 7 March 2005.

Confederation (IMEKO). It represents Rwanda in standardization activities at the regional level, including in the framework of the EAC, COMESA, the African Electrotechnical Commission (AFSEC), and the Northern Corridor Integration Projects.

3.53. As at October 2018, there were 2,385 standards and 275 technical regulations in force in Rwanda, up from 780 and 67 in October 2012. Some 394 of these standards were harmonized at the EAC level. According to the authorities, certain standards and technical regulations fully adopt international norms.

3.54. The RSB is Rwanda's national enquiry point and MINICOM is the notification authority under the TBT Agreement. Between October 2012 and December 2018, Rwanda made 207 new notifications to the WTO Committee on Technical Barriers to Trade, mostly under Article 2.9 of the TBT Agreement. The standard period of 60 days for submission of comments has been met in approximately 83% of these notifications.

3.55. Rwanda does not have a national accreditation body in the field of conformity assessment. A national accreditation focal point has been established in MINICOM, in accordance with EAC provisions. Private entities intending to offer certification services in Rwanda must register with the Office of the Registrar General at the RDB and present a valid certificate of accreditation from a "recognized accreditation body" to the national accreditation focal point. Private certification entities must also establish a permanent office in Rwanda.[31]

3.56. The RSB operates a voluntary certification scheme, offering "Quality Marks" to products and systems complying with relevant standards. In addition, the NAEB provides certification for tea, coffee, and other produce.

3.57. In principle, surveillance at the border and on the domestic market for quality assurance purposes is the responsibility of the Inspectorate Authority under MINICOM. In practice, a fragmented system of quality-control institutions and laboratories remains in place in Rwanda.[32] According to the authorities, Rwanda has 18 quality-testing laboratories, most of which do not fully meet international norms (ISO/IEC 17025, and ISO 15189). The metrological (mass, temperature and balance) laboratories of the RSB obtained ISO/IEC 17025 accreditation in December 2017.

3.58. All importation of goods into Rwanda remains subject to the issuance of an obligatory Batch certificate attesting that a particular consignment or shipment conforms to Rwandan technical regulations, or recognized international or foreign standards.[33] All imported perishable goods must bear a label indicating the date of manufacture and of expiry; such products are not allowed on the Rwandan market unless they still have at least 50% (65% for foodstuffs) of their total shelf life. Importers of goods subject to Rwandan technical regulations must apply for the batch certificate one week before the goods arrive. The importer must pay a batch certificate fee equivalent to 0.2% of the cost and freight of the imported goods.

3.3.3 Sanitary and phytosanitary requirements

3.59. Since 2010, responsibility for the protection of plant and certain aspects of animal health has been consolidated at Rwanda Agriculture and Livestock Inspection and Certification Services (RALIS), under the Ministry of Agriculture and Animal Resources (MINAGRI). RALIS carries out: plant pest surveillance; inspection and certification of plants, plant products and animal products; plant quarantine activities; and the control of agrochemicals and related equipment. Animal disease surveillance and control are the responsibility of the Rwanda Agriculture and Animal Resources Development Board (RAB). The Ministry of Health is responsible for food safety, except food safety issues related to unprocessed products, which are within the remit of RALIS.[34] The

[31] Ministerial Instructions No. 17/2012 of 10 July 2012.

[32] Institutions that carry out quality-control interventions include: the Ministry of Agriculture and Animal Resources (plant and animal health); the Ministry of Infrastructure (roads, bridges, and other civil engineering structures); the Ministry of Health (food hygiene, medical products); National Police (road vehicles); the Rwanda Development Board (hotels and food establishments); the Rwanda Environment Management Authority (environmental degradation hazards); and the Rwanda Utilities Regulatory Authority (public utilities).

[33] RBS Instruction No. 01/2004 of 1 December 2004.

[34] The Rwanda Food and Drugs Authority, established by Law No. 003/2018 of 9 February 2018, is expected to take responsibility for food safety controls once it becomes operational.

Ministry of Natural Resources and the Rwanda Environment Management Authority are also responsible for some aspects of SPS measures.

3.60. Rwanda maintains three SPS enquiry points: RALIS (plant health); RAB (animal health); and the Directorate of Planning, Policy and Capacity Building at the Ministry of Health (food safety). The Directorate of External Trade at MINICOM continues to serve as Rwanda's SPS notification authority. Between October 2012 and December 2018, Rwanda made one notification to the WTO Committee on Sanitary and Phytosanitary Measures. The submission allowed for a comment period of 60 days.[35]

3.61. Rwanda is a member of the Codex Alimentarius and the World Organization for Animal Health (OIE). Rwanda ratified the International Plant Protection Convention (IPPC) in 2012[36] and the EAC Protocol on Sanitary and Phytosanitary Measures in 2014.[37] In accordance with Rwanda's obligations under the IPPC, RALIS hosts the National Plant Protection Organization (NPPO).

3.62. The importation of seeds, planting materials, plants, plant products, animals, animal feed and animal products is subject to an import permit from RALIS. Applications for the permit must be made before the consignment's arrival in Rwanda so that a pest/disease risk analysis and, where applicable, registration of a new plant variety may be carried out. Risk analysis is carried out whenever a new commodity or originating market is concerned.

3.63. In case of a favourable assessment, RALIS grants an import permit detailing any procedures to be fulfilled for the specific product in the exporting country, including hazard-free certification. The phytosanitary/veterinary health certificate issued at origin must outline all the procedures carried out on the consignment in accordance with the requirements stated in the import permit. If, upon arrival, the consignment or any accompanying documents do not comply with the requirements detailed in the import permit, the consignment will be placed under quarantine for further testing, or may be re-exported or destroyed at the importer's expense.

3.64. Upon request from exporters, RALIS inspects export consignments and, when appropriate, issues the relevant phytosanitary/veterinary health certificates. An electronic system has been put in place for the submission and processing of SPS certification requests. However, the approved SPS certificates are still signed manually and must be picked up in person from the RALIS office.

3.65. RALIS maintains the register of authorized agrochemicals, agrochemical traders and storage premises in Rwanda. A list of controlled and prohibited chemical substances and precursors is published on MINAGRI's website.[38] Registration certificates for agrochemicals, setting out details on the product's importation, manufacture, labelling, advertising, distribution, sale and use, are valid for three years.[39] The manufacture, sale (including import and export), transport and storage of agrochemicals require a licence. Agrochemicals import and export licences are valid for five years and cost RWF 200,000 and RWF 100,000, respectively.[40] Storage premises licences are also valid for five years; the relevant fee is RWF 100,000 for importer/exporter premises and RWF 15,000 for agrochemicals dealers.[41]

3.66. Import prohibitions implemented by Rwanda on SPS grounds during the review period targeted: poultry and poultry products from Uganda (effective from January 2017); meat and meat products, milk, fruits and vegetables from South Africa (effective from December 2017); and small ruminants and products thereof from Burundi (effective from January 2018). According to the authorities, a draft law governing the use of genetically modified organisms (GMOs) is undergoing legislative approval. Meanwhile, a ban on imports of GMOs remains in place.

3.67. Traders of pharmaceutical products and pharmacy-related equipment must be licensed by the Ministry of Health. Importation of pharmaceuticals and related equipment requires an *ex ante*

[35] WTO document G/SPS/N/RWA/1, 28 June 2017

[36] Presidential Order No. 28/01 of 9 July 2012.

[37] Presidential Order No. 147 bis/01 of 15 July 2014.

[38] MINAGRI online information. Viewed at: http://www.minagri.gov.rw/fileadmin/user_upload/documents/ALICS/list_of_restricted_chemicals.pdf.

[39] Provisional registration certificates, with a six-month validity, may also be granted.

[40] The fees for import and export licence renewal are RWF 100,000 and RWF 50,000, respectively.

[41] MINAGRI online information. Viewed at: http://www.minagri.gov.rw/index.php?id=613.

visa, and a release authorization upon the consignment's arrival. The activity licensing and import authorization procedures are carried out online, through the RESW.

3.3.4 Competition policy and price controls

3.68. Although Rwanda enacted a Competition and Consumer Protection law[42] in 2012, it is yet to establish an operational competition authority. Legislation[43] providing for the creation of a National Standards Inspectorate, Competition and Consumer Protection Authority (NICA) was enacted in 2013 but was not implemented until it was superseded in 2017 by a law[44] providing for a Rwanda Inspectorate, Competition and Consumer Protection Authority (RICA). According to the authorities, work on the establishment of RICA is under way.

3.69. Since 2010, a Competition and Consumer Protection Unit has been in place at MINICOM with the mission to address competition and consumer protection matters, including in regulated sectors. MINICOM exercises its jurisdiction on such matters through cooperation and consultation. In addition, it conducts public awareness campaigns intended to provide a platform for identifying and addressing anticompetitive practices in Rwanda.

3.70. Rwanda's legislation provides that prices are determined by market forces unless there is market failure.[45] Prices of goods and services, which have been deemed sensitive, may be fixed through a ministerial order. Since 2016, the Rwanda Utilities Regulatory Authority (RURA) coordinates consultations with petroleum dealers, MINICOM, the Ministry of Infrastructure, and the Ministry of Finance and Economic Planning on the setting of nation-wide minimum retail prices for petroleum products. Public transport fares and utilities tariffs are also regulated. Minimum producer (farm gate) prices for certain agricultural commodities, including maize, potatoes, rice, beans and milk, are set in a consultative process involving MINICOM, producers' associations and MINAGRI.

3.3.5 State trading, state-owned enterprises, and privatization

3.71. Rwanda has not submitted any notifications regarding state trading enterprises to the WTO.

3.72. Information on state-owned enterprises (SOEs) was not available. Nonetheless, state involvement remains prevalent in many sectors of the economy and, in some cases, continues to crowd out private entrepreneurs. In 2016, Rwanda had over 23 SOEs that were involved in commercial operations in various industries, including agri-food, construction, ICT, aviation, mining, hospitality, financial services, water and electricity utilities, and transport and storage services.[46] According to the authorities, SOEs do not receive any special tax treatment. However, the BRD is exempted from corporate income tax.[47]

3.73. Rwanda has privatized over 100 companies since the start of its privatization programme in 1996. The RDB's Strategic Investment department is responsible for implementing the privatization programme, as well as monitoring privatized companies (continuity of business) and advising the government accordingly. In 2016, a report by Rwanda's Office of the auditor general of state finances highlighted a number of shortcomings in the management of privatization activities. It flagged instances of poor coordination among relevant institutions, weak accountability, departures from a competitive selection process, and inadequate safeguards of State interests against business risks.[48]

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[42] Law No. 36/2012 of 21 September 2012.
[43] Law No. 61/2013 of 23 August 2013.
[44] Law No. 31/2017 of 25 July 2017.
[45] Law No. 15/2001 of 28 January 2001.
[46] Office of the auditor general of state finances, *Performance audit report of strategic management of privatization activities* (May 2016). Viewed at: http://www.oag.gov.rw/fileadmin/user_upload/Performance_Reports/STRATEGIC_MANAGEMENT_OF_PRIVATIZATION_ACTIVITIES.pdf.
[47] RRA online information. Viewed at: http://www.rra.gov.rw/index.php?id=30.
[48] Office of the auditor general of state finances, *Performance audit report of strategic management of privatization activities* (May 2016). Viewed at: http://www.oag.gov.rw/fileadmin/user_upload/Performance_Reports/STRATEGIC_MANAGEMENT_OF_PRIVATIZATION_ACTIVITIES.pdf.

3.3.6 Government procurement

3.74. Rwanda is not a party or an observer to the plurilateral Agreement on Government Procurement.

3.75. In April 2013, Rwanda enacted a comprehensive amendment of its Public Procurement Law, modifying and complementing various provisions.[49] Implementing regulations, updating certain thresholds and standard bidding documents, and establishing standard contracts, entered into force in March 2014.[50] The Rwanda Public Procurement Authority (RPPA) remains in charge of coordinating regulatory measures, as well as auditing, monitoring and building capacity in public procurement entities. Rwanda has been implementing an electronic public procurement system (e-procurement portal).

3.76. The Public Procurement Law applies to procurement of works, goods, consulting services or other services by public institutions, except procurement for national defence and security. Procurement by SOEs (parastatals) whose budget is not approved by Parliament is to follow special proceedings under a separate legal act. If the law conflicts with the procurement rules of any multilateral or bilateral agreement to which Rwanda is a party, the requirements of those agreements prevail.

3.77. The admissible procurement methods depend on pre-defined thresholds for the contract's estimated value (Table 3.6). In principle, the default method is open tendering. The use of a less competitive method requires authorization from the RPPA, based on a reasonable justification from the procuring entity and a confirmation from the supervising Minister that such procurement is in public interest.

Table 3.6 Thresholds for procurement methods, 2018

Circumstances	Prescriptions	Threshold
Open competitive bidding		
National tendering: availability of technical capacity and expertise in Rwanda; within threshold	Minimum notice period of 21 days[a]	Up to RWF 600 million for goods/services; up to RWF 1,200 million for works; and up to RWF 100 million for consultant services
International tendering: contract either exceeds national tendering threshold or requires technical capacity and expertise unavailable in Rwanda (regardless of value)	Minimum notice period of 45 days	
Restricted tendering		
For goods or works of highly complex or specialized nature, or available only from a few suppliers or contractors	Minimum notice period of 21 days for an international restricted tender and 14 days for a national restricted tender[a]; short list must be drawn from pre-qualified bidders; any person may apply for inclusion on the short list	Up to RWF 50 million for goods and works
Request for quotation		
Low contract value; off-the-shelf goods and standard specification works	Compare at least three offers (on price and non-price criteria); minimum response period of 3 working days; not to be used more than once in 3 months for a tender of the same category; must not always send requests to the same bidders	Up to RWF 2 million for goods/services and works

[49] Law No. 05/2013 of 13 February 2013 amending Law No. 12/2007 of 27 March 2007.
[50] Ministerial Order No. 001/14/10/TC of 19 February 2014.

Circumstances	Prescriptions	Threshold
Single-source procurement/direct contracting		
Only one supplier available; exceptional circumstances (force majeure, unforeseen urgency); extension/amendment[b] of contract already awarded through open bidding; or research commissioned to a service provider working/teaching in a higher learning/research institution in Rwanda	Negotiations may be carried out; resulting contract must be in writing	Up to RWF 300,000
Force account		
Works difficult to quantify	Use civil servant labour and public equipment	No threshold
Community participation		
The beneficiary community is able to participate in the delivery of services	When it is established that awarding the procurement contract to the beneficiary community may contribute to economic activity and employment creation	No threshold

a A simplified procedure, allowing for a reduced notice period (at least five working days for national restricted tendering/eight working days for national open tendering), applies to tenders whose value does not exceed RWF 10 million.

b Any amendment increasing or decreasing the contract's value by more than 20% requires a new tender.

Source: Ministerial Order No. 001/14/10/TC of 19 February 2014.

3.78. In international tenders, a 10% price preference is available for local bidders (including bidders from regional economic integration blocs of which Rwanda is a member).

3.79. During 2012-17, government procurement accounted for approximately 4% to 8% of Rwanda's GDP. Open tendering (both national and international) was the most frequently used procurement method (Table 3.7).

Table 3.7 Public procurement expenditure, 2012-17

	2012-13	2013-14	2014-15	2015-16	2016-17
Total expenditure (RWF billion)	**292.5**	**409.8**	**390.7**	**250.5**	**520.1**
	(% of total expenditure)				
Tender type					
Goods	47.6	60.8	35.0	21.4	30.8
Services	8.6	10.1	8.7	7.2	6.9
Works	43.8	29.0	56.4	71.3	62.2
Source of funds					
Autonomous	13.6	11.7	1.9	0.5	3.6
Direct donors	27.7	43.4	19.4	16.0	36.3
District revenues	n.a.	n.a.	1.3	1.3	6.6
Treasury	58.6	44.9	77.4	82.2	53.5
Tendering methods					
Community approach	1.2	0.8	1.9	1.1	1.9
Force account	n.a.	n.a.	0.8	0.2	5.7
International open competitive tenders (IOT)	26.7	33.3	34.0	25.0	31.5
International restricted tenders (IRT)	0.9	2.4	0.3	2.7	0.9
National open competitive tenders (NOT)	62.9	50.6	50.8	29.1	41.6
National restricted tenders (NRT)	1.5	2.6	0.7	0.2	1.2
Request for quotations (RFQ)	0.7	2.6	2.9	0.2	0.7
Single sourcing	6.1	7.8	8.6	41.5	16.5

	2012-13	2013-14	2014-15	2015-16	2016-17
Memo:					
Number of awarded contracts	4,866	4,467	3,996	1,525	4,178
Total procurement expenditure as % of GDP	6.1	7.9	6.9	4.0	7.3

n.a. Not applicable.

Source: WTO Secretariat's calculations, based on data provided by the authorities.

3.80. National calls for tenders may be issued in Kinyarwanda or in both English and French; international calls for tenders must be in both English and French. Whenever a call for tenders is issued in both English and French, it must specify the original version.

3.81. According to the authorities, public procurement proceedings must be conducted through Rwanda's portal, unless the RPPA has authorized a departure from this rule. Whenever proceedings are conducted outside the e-procurement system, procurement notices for all contracts valued above RWF 2 million must be published in at least one newspaper of wide circulation, on the official website of the procuring entity and on the RPPA's official website. International tenders must be advertised in at least one international newspaper of widespread circulation.

3.82. Each procuring entity must submit an annual procurement plan to the RPPA and publicise standardized information regarding forthcoming tenders. The RPPA must also receive monthly reports on the procurement plan's implementation. The RPPA has been flagging recurrent weaknesses in the implementation of the public procurement regime, including: poor compliance with monitoring, reporting and public disclosure requirements; inadequate formulation of technical specifications and terms of reference; and execution and payment delays.[51]

3.83. A (prospective or actual) bidder may, at any stage of the procurement proceedings, apply for a review of a specific act contravening the procurement legislation. A request for review must be submitted to the head of the procuring entity within seven days after the bidder became aware of the circumstances giving rise to the request. The head of the procuring entity must suspend the procurement proceedings and, within seven days after receipt of the request, issue a written decision explaining its reasons and grounds, and indicating the corrective measures to be taken if the request is valid.

3.84. If the head of the procuring entity fails to issue a decision within the prescribed time frame, or if the bidder is not satisfied with the decision, the bidder may complain to an independent review panel. Independent review panels have been set up, at the national and at District levels, to conduct independent administrative reviews of complaints and challenges to the procurement process.[52] Panels are composed of seven members from public institutions, the private sector, and civil society, with a term of office of four years.[53]

3.85. The panel must make a decision within 30 days following receipt of the complaint. Additional time must not go beyond 30 days. The decision of the panel at the national level exhausts the administrative review channel; thereafter the complainant may initiate judicial proceedings.

3.86. Violations of the procurement legislation by procuring officials are punishable by imprisonment of 6 to 12 months or a maximum fine of RWF 500,000, or both. They may also be liable to penalties under the Penal Code, the Law on prevention, suppression and sanction of corruption and related offences[54], the Law on leadership code of conduct, and the general statutes of public service[55], as well as other legislation concerning the ethical behaviour of civil servants. Bidders found guilty of misconduct may be banned from participation in public procurement

[51] RPPA *Annual activity report 2016-2017* (September 2017). Viewed at: http://www.rppa.gov.rw/index.php?id=487.

[52] Lodging a complaint to an independent review panel is subject to a non-refundable fee of RWF 50,000 or RWF 100,000 depending on whether the tender's value is below or above RWF 20 million. An identical appeal fee must be paid to proceed with the appeal from district to national level, unless the district-level independent review panel has failed to take a decision within the prescribed time frame.

[53] A panel must not have more than three members from the public sector.

[54] Law No. 23/2003 of 7 August 2003.

[55] Law No. 22/2002 of 9 July 2002.

tenders for a period of four to five years, depending on the gravity of the offense. Repeat offenders are liable to a definitive ban.

3.3.7 Intellectual property rights

3.87. In April 2016, Rwanda's intellectual property (IP) regime was updated, through the enactment of a special law, to include the protection of plant varieties and plant breeders' rights.[56] Changes were also made to: the time frames for granting unilateral/compulsory licences and for opposing registration of intellectual property[57]; and the fees payable for registration services of intellectual property.[58] The main IP law, the Law on the Protection of Intellectual Property[59], remained unchanged during the period under review.

3.88. IP administration remains the responsibility of the Office of the Registrar General (ORG) at the RDB. MINICOM and the Ministry of Sports and Culture (MINISPOC) remain in charge of policy-making, policy coordination, and monitoring.

3.89. As from January 2017, every registered intellectual property title is published in Rwanda's Official Gazette. According to the authorities, eletronic publication on the website of the RDB has been effective since 2012. The fees payable for substance examination and registration of IP apply equally to domestic and foreign applicants.

Table 3.8 Application/registration of intellectual property titles, 2011-17

	2011	2012	2013	2014	2015	2016	2017
Applications							
Patents	11	2	154	453	597	348	316
Industrial designs	5	4	123	102	87	63	25
Trade marks	620	863	594	570	662	513	811
Registrations							
Patents	0	0	0	1	26	118	175
Industrial designs	0	0	17	168	122	102	27
Trade marks	511	0	368	577	640	652	672

Source: Information provided by the RDB.

3.90. A member of the World Intellectual Property Organization (WIPO), Rwanda has ratified seven WIPO-Administered Treaties including, as from August 2013, the Madrid Protocol (international registration of marks).[60] In the framework of its membership of the African Regional Intellectual Property Organization (ARIPO), Rwanda has ratified the Harare Protocol (patents, industrial designs, and utility models).[61]

3.91. Protection of inventions, utility models, industrial designs, trademarks, collective marks, trade names, geographical indications, layout designs of integrated circuits, and copyrights and related rights remains governed by the Law on the Protection of Intellectual Property, promulgated in October 2009.[62] Pursuant to the law, a foreign applicant for an IP right must be represented by an industrial property agent (representative) approved in Rwanda. As from April 2016, any power of attorney granted by a non-resident to a Rwanda-based industrial property agent must be notarized (previously, a signature would have been sufficient).

3.92. In accordance with the law, an invention is patentable if: it is novel (no prior art anywhere in the world); it involves an inventive step (it is not obvious); and it is industrially applicable. Rwanda relies on the ARIPO for prior examination of substantive requirements, due to the lack of technical expertise domestically. Patent protection is for 20 years.

[56] Law No. 005/2016 of 5 April 2016.
[57] Ministerial order No. 25 of 17 March 2016.
[58] Ministerial order No. 24 of 17 March 2016.
[59] Law No. 31/2009 of 26 October 2009.
[60] WIPO online information. Viewed at: http://www.wipo.int/treaties/en/ShowResults.jsp?country_id=148C.
[61] Presidential Order No. 17/01 of 16 February 2011.
[62] Law No. 31/2009 of 26 October 2009.

3.93. Innovations that are new and industrially applicable may be granted utility-model certificates, with no requirement on inventiveness. Utility models are protected for ten years (non-renewable). At the end of the fifth year from the filing date, the right holder must pay a fee for the utility model to be protected for the following five years.

3.94. A novel industrial design or model may be registered anywhere in the world. The duration of the certificate of registration is 15 years, and may be renewed for two further 5-year periods. After the 5th and the 10th years from registration, the IP right holder must pay a fee. As in the case of patents, the prior examination of substantive requirements (novelty) is performed outside Rwanda.

3.95. A layout design, if it is original, is protected for ten years. The application, examination, and registration procedures are similar to those for patents. The use of a novel and original layout design, created on the basis of an evaluation and analysis of a protected layout design, does not require the consent of the owner of the protected layout design. However, the use of a derived or dependent patent, which is not possible without infringing the main patent, requires the authorization of the right holder of the main patent, or where appropriate, the granting of a compulsory licence.

3.96. A trademark (collective mark, certification mark) may be registered if it is distinctive, and not imitative, confusing, or descriptive. In principle, prior substantive examination is required. An application that meets all the requirements for registration is published to allow for any opposition. In case of opposition, the decision to register or reject the application is taken after further examination. A registered mark is protected indefinitely, provided the right holder pays a renewal fee every ten years. Trade names are protected even prior to, or without, registration.

3.97. Geographical indications are protected if quality, reputation or other characteristics of the product can be attached to its geographical origin. A substantive examination is required for registration. Only producers carrying out activities (in connection with the stated products) in the region indicated in the register may be entitled to use the registered geographical indication for commercial purposes.

3.98. In April 2016, the timeframe to lodge an opposition against the registration of a trademark or a geographical indication was formally raised from 30 to 60 days from the date of publication.[63] In the event of an opposition, a 14-day timeframe was also established for written response by the applicant. In practice, the ORG has been applying a 60-day opposition period since October 2014.

3.99. As from April 2016, plant breeders may apply for protection of a plant variety that is new, distinct, uniform, and stable.[64] Specific criteria for novelty, distinctness, uniformity and stability are set out in the law. Applications for plant breeder's rights are published to allow for any opposition. A plant breeder's right is protected for a period of 20 years from the date of granting. For trees and vines, the protection period is 25 years. The right entitles the plant breeder to sell, multiply or distribute the relevant plant variety or to designate any other person to do so. Decisions made regarding the granting, rejection, nullification, or cancellation of plant breeder's rights are published in the Official Gazette.

3.100. Rwanda applies the national exhaustion of rights principle for patents, utility models, industrial designs or models, layout designs, and marks. Nevertheless, the Minister in charge of industry may authorize parallel imports when the protected product: is not available in Rwanda; is available but does not respect the required standards; is available in quantities insufficient to meet the local demand; or is deemed to be unfairly/abusively priced. Parallel imports may also be authorized for any other reasons of public interest, including anticompetitive practices. In general, a plant breeder's right is exhausted in Rwanda or in countries bound by the convention for the protection of plant varieties. For cases involving further propagation of the variety or exportation of the variety's propagating material/harvest to countries that do not have plant variety protection, the plant breeder's right is not exhausted unless the exportation is meant for final consumption.

[63] Ministerial Order No. 25 of 17 March 2016.
[64] Law No. 005/2016 of 5 April 2016.

3.101. The Law on the Protection of Intellectual Property obliges the right holder of an industrial property title to use it (or transfer operating licences to others) for industrial or commercial purposes in a sufficient and rational manner. Lack of or insufficient use of IPRs may trigger the granting of compulsory licences, with payment of adequate remuneration, without the agreement of the right holder. In addition, unilateral (*ex officio* compulsory) licences may be granted on public interest or anti-competitive use grounds. Effective from 20 April 2016, unilateral licences may be granted for four years; the timeframe for a compulsory licence is 12 months, renewable whenever considered necessary.[65] According to the authorities, no unilateral or compulsory licences have been granted to date.

3.102. Compulsory licences to use a protected plant variety, with fair remuneration, without the plant breeder's authorization may be granted for public interest reasons, defined as cases relating to social welfare, national security, or environment protection.

3.103. Copyright (including computer programmes) is protected for the lifetime of the authors (author and co-authors where appropriate) plus 50 years after the death of the last surviving author. Phonograms are protected for 50 years following the end of the year of publication of the phonogram, or if the phonogram has not been published, 50 years from the fixation of the phonogram, or 50 years from the first month of the year that follows the year of fixation. Broadcasts are protected for 25 years from the first month of the year that follows the year in which the broadcast took place. Registration is not required for copyright holders to have their rights protected.

3.104. The use and management of copyrights, rights of performing artists, of phonogram producers, and of broadcasting organizations are entrusted to private companies for collective management of copyrights and related rights. Collective management companies' responsibilities include the collection, calculation, and distribution of remuneration arising from the use of the rights. They may conclude agreements with foreign organizations regarding management of rights belonging to foreigners. Rwanda's first collective management organization, the Rwandan Society of Authors (RSAU), was established in 2010 with financial support (RWF 15 million) from the government.[66] To date, the RSAU remains the only collective management organization active in Rwanda.

3.105. Penalties for abuse of an industrial property title include a fine of between RWF 50,000 and RWF 500,000, a maximum term of imprisonment of five years, or both. Theft or fraudulent use of a formula of invention in any industrial activity is punishable by imprisonment of between one and five years, and a fine of five to ten times the value of profits obtained from the infringement.

3.106. Penalties for an act of forgery of copyrights and related rights vary according to the type of offence. Producers and publishers of infringing phonograms are liable to imprisonment of 5-10 years and a fine of RWF 5-10 million; distributors and booksellers are liable to imprisonment of 1-5 years and a fine of RWF 500,000-1 million; and retailers may face a fine ranging from RWF 20,000 to 100,000. Broadcasters that illicitly communicate a protected work are liable to a fine of RWF 500,000-1 million. Any person who grants authorization in the name of performing artists, without being authorized by the right holder, or any person who knowingly acts under false authorization, is liable to imprisonment of six months to one year, and a fine of RWF 200,000-1 million.

3.107. Customs authorities may, upon request or on their own initiative, suspend customs clearance procedures and thus the entry of imports suspected of infringing IP rights. Customs must notify the right holder and the importer within three days. The Commercial Court, established as a branch of the High Court of Rwanda in May 2008, remains responsible for handling IP cases. Its decisions are subject to appeal in accordance with Rwandan legislation. No information was available regarding enforcement actions taken during the review period.

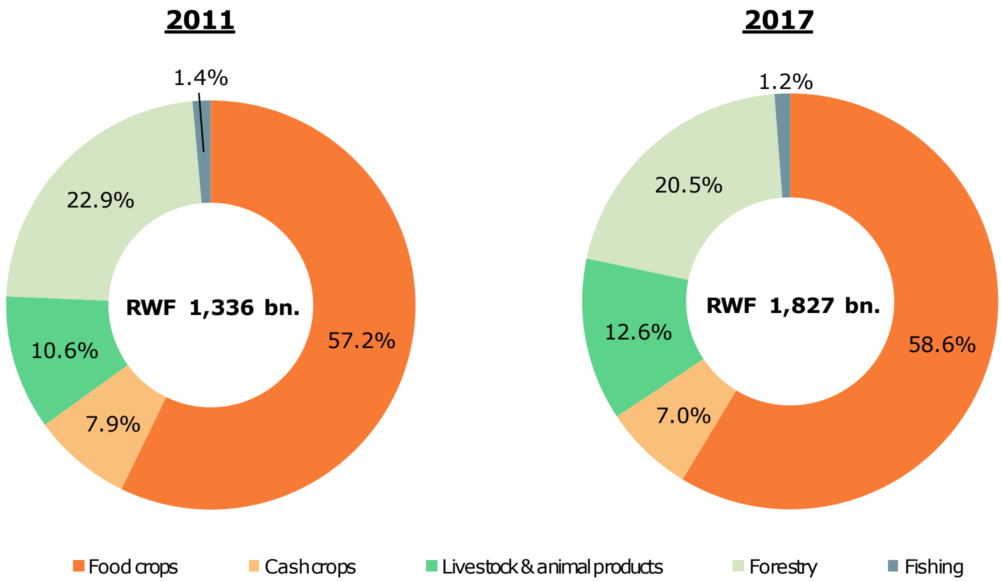
[65] Ministerial Order No. 25 of 17 March 2016.
[66] Online information. Viewed at: https://en.unesco.org/creativity/policy-monitoring-platform/rwandan-society-authors-rsau.

4 TRADE POLICIES AND PRACTICES BY MEASURE

4.1 Agriculture, Forestry, and Fisheries

4.1. The agriculture sector, including forestry and fisheries, is an important pillar of the Rwandan economy, accounting for approximately 70% of employment, 90% of domestic food consumption and one-third of GDP.[1] Agriculture output was generally on the rise during the review period, with food crops remaining the dominant segment, followed by forestry (Chart 4.1). The principal food crops grown are banana, cassava, beans, maize, potatoes and rice. Rwanda remains a net importer of agriculture and food products. Its main export categories are coffee, tea, pyrethrum, live animals and hides and skins.

Chart 4.1 Agricultural output by main categories, 2011 and 2017



Note: Based on national accounts figures at constant 2014 prices.

Source: National Institute of Statistics of Rwanda online information. Viewed at: http://www.statistics.gov.rw.

4.2. Rwandan agriculture is still dominated by non-mechanized, rain-fed, subsistence farming. Although Rwanda has made significant progress in land tenure regularization and administration (section 2.4), its scarce arable land (estimated at 12,642 km^2) and ownership fragmentation (average plot size of 0.6 ha) continue to limit the possibilities to exploit economies of scale, thereby discouraging investment in mechanization. Vulnerability to soil erosion, exacerbated by Rwanda's topography and exposure to periodic weather-related shocks, also remains a major limiting factor. In addition, the agriculture sector's productivity is hampered by, *inter alia*, infrastructure deficiencies, limited availability of inputs (seeds, fertilizer and agricultural machinery) and tailored agricultural finance products, and imperfect agricultural commodity markets and value chains.

4.3. The Ministry of Agriculture and Animal Resources (MINAGRI) has primary responsibility for policy formulation and coordination in the agriculture sector. MINAGRI has two implementing agencies: the Rwanda Agriculture and Animal Resources Development Board (RAB), mandated to increase productivity through research and extension services; and the National Agricultural Export Development Board (NAEB), mainly tasked with fostering and diversifying agricultural exports. Both RAB and NAEB were restructured in May 2017 with a view to improving service delivery; as a result, NAEB was transformed into a SOE. The main laws governing agriculture are presented in Table 2.1.

[1] MINAGRI, *Annual Report for Fiscal Year 2015-2016*.

4.4. In the context of an on-going decentralization of the Rwandan public administration, local governments have been absorbing the functions of MINAGRI's former local branches and certain functions of RAB. Local governments serve as the focal point for coordination of multi-sector responses to the needs of local communities. They are increasingly responsible for the delivery of key agricultural sector programmes, including nutrition, extension services, soil erosion control, disease control, small-scale irrigation, and rural feeder roads rehabilitation and maintenance. Agriculture-related earmarked transfers from the central to local governments increased from RWF 1.2 billion in 2009/10 to RWF 19.3 billion in 2015-16.[2] According to the authorities, earmarked transfers in 2017/18 amounted to approximately 12.1 billion.

4.5. Rwanda's agricultural policy aims to bring about a transformation of the sector from subsistence to knowledge-based production, resulting in sustainable economic growth and increased food security. In 2018, MINAGRI updated the National Agriculture Policy, dating from 2004, with a view to reflecting the evolution of overarching policy and institutional frameworks, and to harmonizing macroeconomic and sub-sector policy instruments in the agricultural sector. The scope of the updated policy document has been expanded to cover emerging issues, such as GMOs, advances in digitalization, and organic agriculture. MINAGRI has also formulated the fourth consecutive Strategic Plan for Agricultural Transformation (PSTA-4), to be implemented during 2018-24. Both the updated the National Agriculture Policy and PSTA-4 were approved by Cabinet in July 2018.

4.6. Tariff protection to agriculture is provided under the CET (Main Report, Section 3.1). Nevertheless, under the EAC "stay application" and "duty remission" schemes, Rwanda applies lower rates on nine tariff lines. Certain agriculture inputs and reproductive animals may be exempted from import duties if designated on a list established by MINAGRI.[3]

4.7. Income earned on agricultural or livestock activities is exempt from income tax, up to a threshold of RWF 12 million in a given tax period.[4] A number of agriculture-related goods and services are exempted from VAT (Table A3.1).

4.8. Rwanda has not submitted any notifications to the WTO Committee on Agriculture. During the review period, government-funded support measures included: fertilizer subsidies (20-50% of retail prices); provision of improved cattle breeds through the Girinka (one cow per poor family) programme; provision of seeds and fertilizers to farmers; financing of youth agribusiness projects; and provision of inputs and training to "farmer promotors" responsible for disseminating best agriculture practices. The BDF continued to administer agricultural financing support schemes, including: credit lines; the second Rural Investment Facility (RIF2) providing grants for investments in post-harvest and climate-resilient facilities in six commodity value chains; and the Agricultural Guarantee Fund (AGF), providing guarantees for up to 75% of the total collateral value required by lenders. According to the authorities, plans for the establishment of national agriculture and livestock insurance schemes are under way.

4.9. Since 2010, Rwanda maintains a strategic grain reserve to guard against possible food emergencies and to ensure the nation's food security. As the administrator of the national strategic grain reserve (NSGR) programme, MINAGRI is responsible for construction of post-harvest infrastructures (drying, storage and processing facilities) and for the management of Rwanda's strategic grain reserve. Strategic reserve targets have been set at 10,000 t of maize and 5,000 t of beans; the reserve stocks are replaced annually.[5] The stocks are sourced from farmers' cooperatives across Rwanda at a price jointly set by MINAGRI, MINICOM and farmer organizations (typically, including a 10% mark-up on the cost of production). At the end of their 12-month storage period, the grains are sold to public institutions (depending on demand) or through open auctions; the minimum sale price is set by MINAGRI.

[2] MINAGRI, *Annual Report for Fiscal Year 2015-2016*.

[3] Ministerial Decree No. 003/07 of 9 May 2007.

[4] Law No. 016/2018 of 14 April 2018.

[5] During the review period, the NSGR budget was: RWF 12.2 billion in 2011-12; RWF 16.2 billion in 2012-13; RWF 11.8 billion in 2013-14; RWF 21.1 billion in 2014-15; RWF 2.5 billion in 2015-16; RWF 5.8 billion in 2016-17; and RWF 3.4 billion in 2017-18. Reserve stocks of maize and beans are also kept by district governments and the majority state-owned Rwanda Grain and Cereal Corporation.

4.2 Mining and Energy

4.2.1 Mining, quarrying and upstream petroleum

4.10. Rwanda's is endowed with considerable subsoil resources, including columbite–tantalite (coltan), tin ore (cassiterite), tungsten ore (wolframite) gemstones, gold, lithium and iron ore. The mining industry is a major earner of export revenue (Table A1.1), although its performance has mirrored international price fluctuations. The contribution of mining and quarrying to GDP remains low in both nominal and real terms, having remained in the range of 2-3% during 2011-17.

4.11. Artisanal and small-scale operations, characterized by undercapitalization, rudimentary technology and high labour intensity, continue to dominate mining activities in Rwanda. Quarrying remains relatively undeveloped, and dominated by large international construction firms. Value-added construction materials are mostly imported.

4.12. The mining industry's share of formal employment was estimated at 1.8% in 2018; approximately 38% of mining and quarrying employees were also occupied in subsistence agriculture.[6] The scarcity of skilled labour continues to hamper the industry's development, although Rwanda has taken steps to implement a range of training programmes. Additional challenges include limited access to financing, and high energy and transport costs.

4.13. During the period under review, Rwanda updated the legal and institutional framework for geology and mining through the enactment of new laws governing petroleum exploration and production, mining and quarry operations, and instituting a minerals tax (Table 2.1). Implementing regulations were also enacted to clarify, *inter alia*, criteria and modalities for: guarantee of environmental protection, mine categorization, activity licensing, and exportation of mineral ore samples.[7] In addition, Rwanda implemented a "bag and tag" mineral traceability scheme, compliant with international industry standards and the regional certification mechanism adopted by the International Conference on the Great Lakes Region.

4.14. In March 2017, the newly established Rwanda Mines, Petroleum, and Gas Board (RMB) took over the geology and mining functions of the former Rwanda Natural Resources Authority (RNRA) and the Ministry of Natural Resources (MINIRENA). The RMB is responsible for: formulating policies and strategies on subsoil resources (except water), and coordinating their implementation; licensing (except for trade in minerals) and supervising entities involved in petroleum exploration and extraction, and minerals extraction, trade and processing; and carrying out geology research and exploration activities.

4.15. Other institutions responsible for certain aspects of subsoil resources management include: the RDB, facilitating investment projects and overseeing environmental impact assessments (EIAs); the Rwanda Environment Management Authority (REMA), setting environmental standards and carrying out environmental inspections; and MINICOM, issuing mineral trading licences.

4.16. Rwanda's legislation provides for several types of mineral (exploration and mining) and quarry licences (Table 4.1). A special licence, issued by the RMB, is required for any activity related to radioactive minerals. In general, a licence is granted to the first applicant that has fulfilled all relevant requirements. A competitive bidding process for the awarding of mineral licences may be required by ministerial order for any area with known mining potential, based on exploration carried out by the Government or on past exploration/mining operations.

4.17. All licence applications must indicate, *inter alia*, the proposed location of activities, an action plan with implementation timeframe, planned investment with proof of its source, and employees' qualifications. In addition, applications for an exploration licence must be accompanied by an environmental protection plan, whereas mining licence applicants must submit an approved mineral exploration report, an approved EIA, and a financial guarantee of environmental protection. Large-scale quarry licences also require an approved EIA and a financial guarantee of environmental protection. Upon approval, all licensees must elaborate a corporate social

[6] National Institute of Statistics of Rwanda, *Labour Force Survey Trends: February 2018* (June 2018).

[7] Ministerial Orders No. 001/MINIRENA/2015, 002/MINIRENA/2015 and 003/MINIRENA/2015 (24/04/2015), and Ministerial Instructions No. 010/MINIRENA/2016 (11/01/2016).

responsibility plan in consultation with the concerned local authorities. All licences are transferrable, subject to authorization.

4.18. The RMB is also responsible for awarding petroleum exploration and production licences with 3-year and 25-year validity, respectively. There were no active petroleum exploration or production licences during the review period. In 2017-18, the RMB commissioned some petroleum exploration activities, including gravity and magnetic surveys.

Table 4.1 Mineral and quarry licence requirements, 2018

Licence type	Application fee[a] (RWF)	Fee due on approval (RWF)	Surface area fee[b] (RWF)	Conditions
Mineral licences				
Exploration	100,000	200,000	250/ha	4-year validity, renewable once after relinquishment of 50% of the unexplored area
Artisanal mine	200,000	300,000	300/ha	5-year validity (renewable); minimum thresholds[c]: reserves of 30 tonnes and monthly output of 0.5 tonnes; no mining beyond 40 m depth without special authorization; minimum capital investment RWF 70 million within 5 years
Small-scale mine	200,000	500,000	300/ha	15-year validity, renewable for 10-year periods; minimum thresholds[c]: reserves of 200 tonnes and monthly output of 3 tonnes; minimum capital investment RWF 700 million within 5 years
Large-scale mine	200,000	1,000,000	500/ha	25-year validity, renewable for 15-year periods; minimum thresholds[c]: reserves of 3,000 tonnes and monthly output of 15 tonnes; minimum capital investment RWF 3.5 billion within 5 years
Quarry licences				
Non-commercial small-scale	n.a.	n.a.	n.a.	Area should not exceed 1 ha; 1-year validity (renewable)
Commercial small-scale	50,000	200,000	300/ha	Area should not exceed 5 ha; 5-year validity (renewable); capital investment of at least RWF 5,000,000
Large-scale	200,000	1,000,000	500/ha	Area should not exceed 50 ha; 25-year validity (renewable); capital investment of at least RWF 100,000,000; must add value to the extracted materials

n.a. Not applicable.

a Non-refundable.
b Payable annually.
c Based on estimates determined by the exploration report or production reports (for previously mined sites).

Source: Law No. 13/2014 of 20 May 2014 and Ministerial Orders No. 002/MINIRENA/2015 and No. 003/MINIRENA/2015 of 24 April 2015.

4.19. In the procurement of goods and services, the holders of a mineral or a quarry licence are required to give priority to Rwandan contractors and goods made in Rwanda. Licensees must provide periodic reports to the Minister in charge of mines and quarries regarding their compliance with the requirement to procure local goods and services.

4.20. Mining industry incentives include tariff exemptions for imported mining equipment. Minerals sold on the domestic market are zero-rated for VAT. The absence of a tax holiday for investments in mining quarrying has been flagged by many in the industry as a disincentive, given the significant capital investments required in a mining project's initial stages.

4.21. As from September 2013, Rwanda levies a tax on the sale (including exports) of minerals, assessed at: 4% of the "norm value" for base metals and other mineral substances; 6% of the "norm value" for precious metals (including gold); and 6% of the gross value for gemstones (including diamonds).[8] In general, the "norm value" is calculated as the average monthly price at

[8] Law No. 55/2013 of 2 August 2013.

the London Metal Exchange.[9] The gross value for gemstones is based on a competitive market value estimate. Taxpayers can deduct the amount paid in minerals tax from their income tax base.

4.2.2 Energy

4.22. Biomass continues to dominate Rwanda's energy matrix, accounting for approximately 85% of domestic primary energy production in 2011-2018. The remaining primary energy supply is from petroleum products (13%), and electricity (2%). Rwanda has considerable untapped potential for energy production from several sources, including solar, hydropower, methane gas, and peat deposits.

4.23. Rwanda's peat reserves are estimated at 155 million tonnes, which could potentially fuel 1,200 MW of electricity generation. In 2018, there were two active energy projects exploiting peat resources. The Lake Kivu methane gas reserves, shared equally between Rwanda and the Democratic Republic of the Congo, are estimated at around 55 billion m^3 with an estimated annual renewal rate of about 120 million m^3. Three projects for methane-powered electricity generation were at different stages of implementation in 2018. In addition, there are 333 potential sites for installation of micro hydropower plants across Rwanda.

4.24. The Ministry of Infrastructure (MININFRA) remains responsible for policy formulation in the energy sector, except for the downstream petroleum sub-sector which is within the remit of MINICOM. Following an expansion of its mandate in 2013, the Rwanda Utilities Regulatory Authority (RURA) regulates, *inter alia*, all energy sub-sectors.[10] Its responsibilities include all technical, economic and legal aspects of regulation. RURA is in charge of issuing licences, monitoring compliance, setting tariffs, facilitating dispute settlement, ensuring fair competition, and protecting consumers' interests and rights.

4.25. Incentives in the energy sector include tariff exemptions for imported equipment and VAT exemptions for certain energy supply equipment. Energy projects (except fuel-produced energy) are also eligible for a corporate income tax holiday of up to seven years and/or a preferential corporate income tax rate (15%).

4.2.2.1 Petroleum products

4.26. Rwanda does not produce but imports all domestically consumed petroleum products, mostly diesel and petrol, which represented approximately 15% of total imports' value during 2011-16. About 75% of all imported petroleum products are consumed in the transport sector. Diesel is also used by generators accounting for approximately 10.7% of all electricity produced in Rwanda.

4.27. In the downstream petroleum subsector, RURA issues licences for: trading in liquefied petroleum gas (LPG), including importation; installation of LPG plants; installation of petroleum storage facilities and bulk fuel delivery facilities (service stations); trading in petroleum products, including importation.

4.28. In 2018, there were 20 companies licensed to carry out importation, transportation, storage, distribution, and wholesale of petroleum products and LPG. There was also one active licence for installation of petroleum-related infrastructure. Petroleum products and LPG transit through Tanzania and Kenya by trucks via two main road corridors. The long and expensive supply routes result in high fuel prices in Rwanda. The limited supply options, coupled with logistical inefficiencies, make Rwanda vulnerable to supply interruptions.

4.29. To enhance its ability to respond to serious trade distortions, Rwanda has been building up a strategic reserve stock of petroleum products and prioritizing (public and private) investments in storage facilities. Total storage capacity increased from 31 million litres in 2015 to 73.1 million litres in 2018, but still falls short of the authorities' target of 90 million litres, equivalent to 3 months of consumption requirements. In 2018, there were two privately owned and five state-

[9] Whenever a metal is not quoted on the London Metal Exchange, benchmark prices are taken from Metal Bulletin. Should quotes be unavailable from the second source, benchmark prices are taken from any other exchange market.

[10] Law No. 9/2013 of 1 March 2013.

owned (including two privately managed) storage facilities in Rwanda. State-owned depots represented 64.8% of the total storage capacity.

4.30. Since 2016, RURA coordinates the setting of nation-wide minimum retail prices for fuels, in collaboration with licensed dealers, MINICOM, MININFRA, and the Ministry of Finance and Economic planning. The general approach is to fully pass through global oil price changes.

4.2.2.2 Electricity

4.31. In December 2017, electricity generation was almost evenly split between hydropower (50.4%) and thermal (47.7%) sources. Solar power accounted for 1.9% of electricity production.[11] In June 2018, generation capacity installed in Rwanda amounted to 218 MW (up from 97 MW in June 2011). Notwithstanding the progress made, installed generation capacity is still insufficient to meet domestic demand and Rwanda remains a net importer of electricity. In 2017, reported technical and non-technical losses constituted, on average, 20% of gross electricity supply, against 23.8% in 2011.

4.32. The national electricity grid covers 32.7% of Rwanda's territory; interconnections are in place with Burundi and the DRC. Electricity subscribers connected to the national grid increased from 216,000 in December 2011 to 718,311 in December 2017. The number of off-grid customers also increased considerably in the same period, but the gap between urban and rural areas' access to electricity remains very large. According to the authorities' estimates, more than 60% of Rwandan households still have no access to electricity.

4.33. In 2014, the state-owned enterprise Energy, Water and Sanitation Authority (EWSA) was broken up to ensure the separation of energy and water operations. On the energy side, the restructuring resulted in the creation of a holding company, Rwanda Energy Group Limited (REG), and two subsidiaries: the Energy Utility Corporation Limited (EUCL), operating the existing generation plants, and transmission and distribution networks; and the Energy Development Corporation Limited (EDCL), entrusted with energy infrastructure planning and development, and electricity generation and distribution.[12]

4.34. RURA is responsible for activity licensing (Table 4.2) and tariff setting in the electricity subsector. Electricity generation is open to competition, with 25 independent power producers (IPPs) in operation as at 30 June 2018 (up from none in June 2011). IPPs sell their electricity to the national system operator, EUCL, which has a *de jure* monopoly on electricity transmission in Rwanda. EUCL also has a *de facto* monopoly on distribution, and domestic and international trade in electricity. In addition to purchasing electricity from IPPs in Rwanda, EUCL imports electricity from Burundi and the DRC.

Table 4.2 Electricity licensing, 2018

Licence type	Validity	Cost (USD)
Generation[a]	25 years	5,000-50,000 depending on projected capacity
Transmission	25 years	25,000
Distribution	25 years	5,000-30,000 depending on projected capacity
Domestic trade	5 years	300 for "small dealers"; 3,000 for "big dealers"
International trade	5 years	10,000-30,000 depending on line voltage

a Production of electricity for own consumption does not require a licence if the generation capacity is less than 50 kW. A generation licence also gives its holder the right to sell electricity to large-scale customers in Rwanda.

Source: RURA.

[11] Rwanda Utilities Regulatory Authority, *Statistics in Electricity Sub-Sector as of December of the year 2017.*

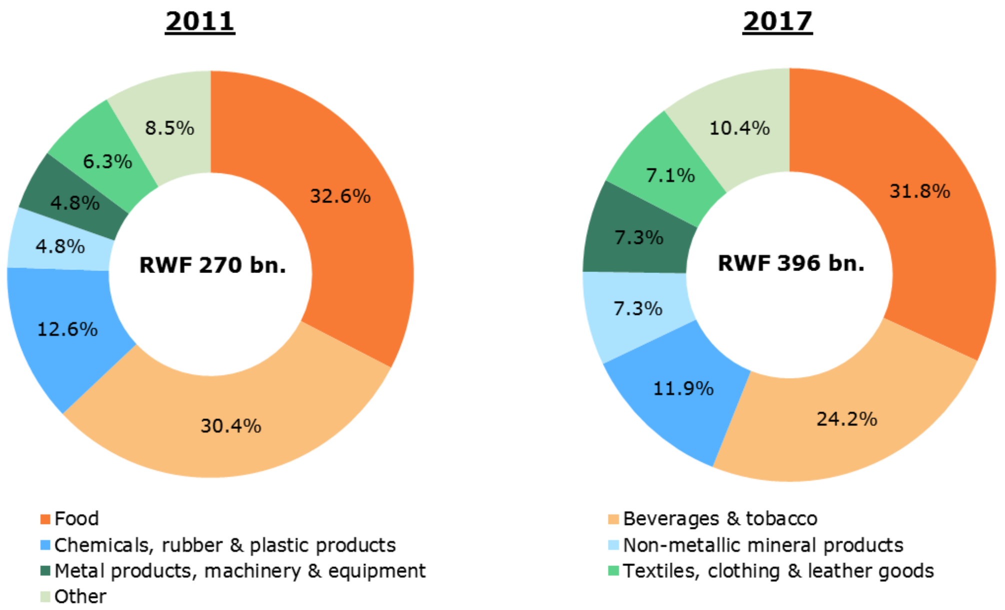
[12] All three enterprises are fully state-owned.

4.3 Manufacturing

4.35. Manufacturing output expanded by nearly 47% in real terms between 2011 and 2017, registering steady growth across all industries. Food processing remained the principal industry, followed by beverages and tobacco, and chemicals, rubber and plastics (Chart 4.2).

4.36. Notwithstanding the steady growth, at less than 6% in 2017, the manufacturing sector's contribution to real GDP is still modest. Rwanda remained a net importer of manufactures throughout the review period; its trade deficit widened considerably due to sustained dynamism in imports of machinery and transport equipment, chemicals and other semi-manufactures.

Chart 4.2 Manufacturing output by main categories, 2011 and 2017



Note: Based on national accounts figures at constant 2014 prices.

Source: National Institute of Statistics of Rwanda online information. Viewed at: http://www.statistics.gov.rw.

4.37. The high inland transport costs, a consequence of Rwanda's landlocked situation and the dependence on a single mode of transport, are a disincentive to establish manufacturing operations in the country. Weaknesses in electricity supply and telecommunications pose additional challenges. To offset these disadvantages, Rwanda offers a range of tariff and tax concessions for investment in manufacturing, as well as incentives under its SEZ programme and the EPZ scheme harmonized at EAC level (Section 3.3.1).

4.4 Services

4.38. Rwanda has undertaken limited GATS commitments on certain professional services (legal, medical, and dental services); adult education services; sanitation and similar services; hotel and restaurant services; and recreational, cultural, and sporting services in centres promoting eco-tourism. For each of these services, Rwanda has undertaken not to maintain any market access or national treatment restrictions for modes 1 to 3 (cross-border supply, consumption abroad, and commercial presence). Unbound are measures affecting the presence of natural persons for the supply of medical and dental services, and hotel and restaurant services (specialized personnel and senior executives are the exception).[13] For the other activities mentioned above, Rwanda has undertaken not to maintain any restrictions on the presence of natural persons.

[13] WTO documents GATS/SC/107, 30 August 1995, and S/DCS/W/RWA, 24 January 2003.

4.4.1 Transport

4.39. During the review period, the economic disadvantages of Rwanda's landlocked situation continued to be exacerbated by weaknesses in transport infrastructure. Due to the country's predominantly mountainous terrain, most passengers and cargo are transported by road. For access to international markets, Rwanda mainly depends on two transport routes, the Northern and Central corridors, connecting the landlocked countries of East and Central Africa to the seaports of Mombasa and Dar es Salaam.

4.40. Notwithstanding recent improvements to the national road network, inadequate domestic and external transport links remain an important hindrance to trade flows. Although it still has no railway network in operation, Rwanda has joined forces with neighbouring countries to deploy railway links along the Central and Northern corridors.

4.41. The Ministry of Infrastructure (MININFRA) remains in charge of infrastructure-related policy formulation for all modes of transport. Public entities under MININFRA's supervision include the Road Maintenance Fund (RMF), the Rwanda Transport Development Agency (RTDA), the Rwanda Civil Aviation Authority (RCAA), Rwanda Airports Company (RAC), Aviation Travel and Logistics (ATL), and the national flag carrier airline Rwandair. The regulation of road and inland waterway transport services is within the remit of the Rwanda Utilities Regulatory Authority (RURA). The Central and Northern corridors traversing Rwanda are managed by respective regional agencies.

4.42. While various laws (Table 2.1) and regulations were adopted during 2011-18, Rwanda still lacks an overarching law governing the transport sector. A Public Transport Policy and Strategy document and a Strategic Transport Master Plan were elaborated in 2012. Rwanda's main objectives in the transport sector include: increasing external connectivity, diversifying the available modes of transport, and improving the quality of transport services.

4.43. Transport service providers are required to pay an annual regulatory fee equivalent to 1% of their turnover as a contribution to the functioning of RURA.

4.4.1.1 Road transport

4.44. Road transport is estimated to account for over 95% of the volume of freight and human movement. In 2017, the active licences in the subsector comprised: 25 for domestic transportation of goods, 47 for domestic transportation of persons, 6 for cross-border transportation of persons, 14 for freight forwarding, 30 for car rental operations, and 53 for taxi cab services. According to the authorities, the majority of road transport operators are privately owned. The State owns 52% of Rwanda Interlink Transport Company Ltd (RITCO), a public-private joint venture providing passenger transport services mostly in rural areas.

4.45. The Rwandan road network is fully state-owned. Its maintenance costs are generally high, due to the mountainous terrain and rainfall-driven erosion. Since 2011, MININFRA has made efforts to improve road conditions. Rehabilitation and maintenance of rural feeder roads by local governments has also been one of the pillars of the National Agriculture Policy (Section 4.1). In 2016, 95% of national paved, 55% of national unpaved and 45% of district unpaved road networks were deemed in good condition.[14] The corresponding figures in 2011 were 45%, 10% and 10%.

4.46. The revenues of the RMF are derived from: a fuel levy and road toll charged on foreign heavy vehicles as per COMESA regulations.[15] Receipts from an infrastructure development levy (section 3.1.4) are also intended to help finance maintenance works on Rwanda's road network. Collected funds are disbursed on a quarterly basis to the RTDA, the City of Kigali and district governments for execution of routine road maintenance.

[14] MININFRA, *Infrastructure Sector Annual Report for FY 2015/16* (August 2016).
[15] In 2018, total RMF resources amounted to RWF 49billion, about 75% of which were attributable to the fuel levy.

4.47. Rwanda's road connections to the Port of Mombasa and Dar es Salaam are 1,740 km and 1,480 km long, respectively. The long distances, coupled with unequal flows on the trading routes, pose significant difficulties and costs in transporting Rwandan goods to international markets.

4.48. The provision of domestic freight, domestic (intercity and urban) passenger, and international passenger transport services is subject to licensing by RURA.[16] Long-term (five-year) licences for provision of transport services on specific routes are awarded through a competitive tendering process. For routes not covered by a long-term licence, RURA may award short-term licences with two-year validity (renewable) or temporary authorizations valid for three months. RURA also sets the fare tariffs for public transport within Kigali and on intercity routes.

4.4.1.2 Air transport

4.49. Rwanda is signatory to the Yamousoukro Decision of 1999 and the Declaration of Solemn Commitment of 2015 on the liberalization of African airspace. International air transport services remain governed by bilateral agreements. As at October 2018, Rwanda had ratified 16 such agreements covering 16 partner countries. All bilateral agreements in force stipulate first through fourth freedoms of the air; the agreement with Burundi also provides for fifth freedom rights.

4.50. The national flag carrier, Rwandair, receives financial support from the State for aircraft purchases and operating costs. Budgetary allocations in support of the airline's operations averaged 0.7% of GDP during 2013-17.[17] During 2011-18, Rwandair's fleet increased from 5 to 12 aircraft.

4.51. During the review period, Rwanda restructured state-owned assets in the air transport subsector with a view to, *inter alia*, separating the RCAA's regulatory and commercial operations. Aviation Travel and Logistics Ltd (ATL), a holding company established in October 2015, consolidated the activities of five SOEs: Rwandair (the national flag carrier), Rwanda Airports Company Ltd (air navigation services; management of airports), Akagera Aviation Ltd (aviation (helicopter) services; aviation training; aviation maintenance), Rwanda Tours and Events Ltd (tourism services), and Rwanda Links Logistics Ltd (ground handling). As from March 2018, the RCAA remained solely the civil aviation regulator; it no longer acts as the manager of national airports and provider of air navigation services.[18]

4.52. As at October 2018, Rwanda had three airstrips (Ruhengeri, Butare, and Nemba), one domestic airport (Gisenyi), and two international airports (Kigali and Kamembe). All airstrips and airports are state-owned. During 2011-18, the authorities made significant investments in the renovation of airport infrastructure, and in the modernization of air navigation and weather reporting systems. However, due to increasing traffic, Kigali International Airport has been operating at nearly full capacity.

4.53. In September 2016, Rwanda signed a build–operate–transfer contract for what will become the country's largest international airport (Bugesera) serving the Kigali metropolitan area. The contract terms stipulate a 25-year concession for operating the airport, renewable for an additional 15 years. The main contractor, a Portuguese company, is to provide 75% of the funding, with the remainder being provided by the state-owned enterprise Aviation Travel and Logistics Ltd (ATL).

4.4.2 Telecommunications

4.54. During 2011-18, the telecommunications sector maintained a steady growth trajectory and remained one of the primary targets for foreign direct investment flowing into Rwanda. Nevertheless, its contribution to real GDP remains low, although it increased from about 1.3% in 2011 to 1.7% in 2017.[19] The number of formal employees in the sector also remains relatively low, at 901 in March 2018 against 840 in December 2011.

[16] Cross-border freight transport operators are licensed by the RRA.
[17] IMF, *Rwanda: Ninth review under the policy support instrument–debt sustainability analysis* (May 2018).
[18] Law No. 03/2017 of 21 February 2017.
[19] National Institute of Statistics of Rwanda, National accounts statistics, March 2018.

4.55. Internet was the most dynamic telecommunications market segment, in terms of both entry of service providers and subscriber growth (Table 4.3). Two additional operators entered the fixed-line telephony market in 2016, despite the declining trend in fixed-line teledensity. Market concentration, as measured by the top three providers' combined market share, remained very high in all segments.

Table 4.3 Penetration and concentration by segment, 2011-17

	2011	2012	2013	2014	2015	2016	2017
Subscriptions per 100 inhabitants (%)							
Fixed-line telephony	0.36	0.41	0.43	0.44	0.15	0.12	0.1
Mobile telephony	41.5	53.1	63.0	68.3	77.8	79.2	76.5[a]
Internet	7.0	8.4	19.6	n.a.	32.5	36.6	45.5
Mobile money[b]	6.0	13.4	23.9	57.1	68.1	86.3	86.0
Number of active providers							
Fixed-line telephony	2	2	2	2	2	4	4
Mobile telephony	2	3	3	3	3	3	3
Internet	7	9	8	9	13	16	17
Market share of top provider							
Fixed-line telephony	74.3	72.0	70.0	65.0	91.0	71.0	77.0
Mobile telephony	65.0	60.0	53.0	52.7	47.0	46.0	42.0
Internet	71.6	57.0	46.9	46.0	42.1	39.6	51.2
Market share of top 3 providers							
Fixed-line telephony	100	100	100	100	100	99.9	99.9
Mobile telephony	100	100	100	100	100	100	100
Internet	99.7	99.6	99.9	99.9	99.9	99.8	99.7

n.a. Not available.

a The lower mobile teledensity figure for 2017 is attributable to a change in the definition of active subscriptions (excluding those inactive for the past three months).

b Mobile money is a service that allows a mobile phone to be used for storing and transferring money, and for accessing other financial services. Agent-assisted transactions account for the penetration rate of mobile money being higher than that of mobile telephony.

Source: RURA quarterly publications. Viewed at: http://www.rura.rw/index.php?id=60.

4.56. During the review period, the Rwandan authorities adopted national policies on: broadcasting, broadband, cyber security, data analytics, and digital talent.[20] In November 2015, following a review of the national Information and Communication Technologies (ICT) strategy and plans, the authorities adopted the SMART Rwanda Master Plan (SRMP) with the aim of accelerating the Rwandan economy's knowledge-based transformation. The SRMP, relies on three key enablers: ICT governance and management; digital talent development; and broadband for all through shared ICT infrastructure.

4.57. Legislative developments in the telecommunications sector included the enactment of a framework ICT law, a law governing media, as well as laws establishing the Rwanda Information Society Authority (RISA) and the National Cyber Security Authority (NCSA) (Table 2.1).

4.58. The Ministry of Information Technology and Communications (MITEC) has primary responsibility for policy formulation. As from 2017, RISA is in charge of implementing national ICT for development initiatives, whereas NCSA is responsible for implementing the national ICT security policy. RURA remains the sectoral regulator; its mandate includes: granting licences; monitoring compliance with licence obligations; managing scarce resources (frequency spectrum and numbering); certifying imported ICT equipment; and representing Rwanda internationally on issues pertaining to ICT.

4.59. Rwanda applies three types of licences: an individual licence granted by an express and individual decision; a standard licence; and a "general authorization licence". Under the "general authorization licence", a natural or legal person can install electronic communications networks, provide electronic communications services, or use radio communications equipment on the basis of a simple notification to RURA.[21] The authorization is granted automatically, free of charge, and for an unlimited term. Standard or individual licences are required from: providers of

[20] Ministry of Information Technology and Communications online information. Viewed at: http://mitec.gov.rw/policies-publications/policies-and-regulations/policies/approved-policies/.

[21] Related activities, such as importation, supply, installation and maintenance of electronic communications equipment, also fall within the general authorization system.

communications network infrastructure; network service providers; application service providers; and content service providers.[22]

4.60. All licensed operators are required to contribute 2% of their annual turnover to a universal access fund (UAF).[23] RURA has the mandate to manage this fund in a way that favours the spread and take-up of ICTs in designated remote and underserved areas of Rwanda. Project proposals seeking UAF financing may be submitted by the general public and must be approved by RURA's Regulatory Board. Implementation contracts for approved projects are awarded through competitive bidding, in accordance with Rwanda's legislation on public procurement, to telecommunications operators licensed in Rwanda.[24]

4.61. According to the authorities, most prices in the telecommunications sector are liberalized. While operators may freely negotiate technical and commercial arrangements for interconnection, RURA intervenes to set fair, reasonable and non-discriminatory interconnection rates.

4.62. Consumers' switching costs remain a significant barrier to entry in both mobile and fixed-line telephony due to the lack of a number portability mechanism. Apart from the LTE (4G) segment where retail service providers are required to purchase wholesale connectivity from a single network operator (see below), there are no virtual telecommunications operators in Rwanda. In addition, Rwanda is yet to implement pro-competitive measures, including: secondary spectrum trading; local loop unbundling; national mobile roaming; carrier pre-selection; and wholesale line rental.

4.63. Through a public-private partnership (PPP) with a Korean company, Rwanda launched the deployment a national fibre-optic network and a national LTE network in 2008 and 2013, respectively. The roll out of fibre-optic infrastructure (over 3,000 km covering all of Rwanda's 30 districts and 11 border points) was completed by 2011. This fibre-optic backbone is operated by Korea Telecom Rwanda Networks (KTRN), which is 49% state-owned.

4.64. Following the launch of operations within Kigali in November 2014, the LTE network has continued expanding. As of March 2018, it covered 92.5% of Rwanda's territory, representing an area inhabited by 95.1% of the population. KTRN has been granted spectrum and an exclusive license to operate the LTE network for 25 years. KTRN offers LTE connectivity on a wholesale basis to mobile operators and internet service providers in Rwanda.

4.65. Any radio or telecommunications equipment, whether used in the deployment of networks or by end-users, requires type-approval certification before it may be sold for use, imported, or installed in Rwanda. Virtually all such equipment is imported. RURA issues type-approval certificates on an item-specific basis. Subsequent importations of previously type-approved items are not required to repeat the certification procedure in order to clear customs. To date, there are no equivalence recognition arrangements for type approvals granted in overseas jurisdictions.

4.66. As at March 2018, there were 28 licensed courier and postal operators in Rwanda, including 1 intra-city, 5 regional, 14 domestic, and 7 international courier licensees, as well as the holder of the public postal operator licence. The National Post Office (NPO), a public institution, provides: mail services; certain financial services (money transfers, current and savings accounts, foreign exchange); and ICT training and certification. According to the authorities, NPO retains a monopoly on the management of P.O. boxes and the sale of postal stamps. Approximately 99.9% of mail deliveries carried out by NPO take place through its 11,303 P.O. boxes.

4.4.3 Financial services

4.67. Rwanda's financial services sector accounted for about 3% of real GDP at end-June 2018, up from 2.8% in 2011.[25] Although it continued deepening during the review period, the Rwandan financial system remains underdeveloped, with particularly shallow non-bank segments. Financial

[22] Law No. 24/2016 of 18 June 2016.
[23] Presidential Order No. 05/01 of 13 March 2004.
[24] During 2011-18, UAF-funded projects included: the establishment of a national emergency call centre; support to the National Council of Persons with Disabilities for acquisition of appropriate ICT equipment; and provision of connectivity to schools and health facilities in remote areas.
[25] National Institute of Statistics of Rwanda, National accounts statistics, March 2018.

intermediation, as reflected by the ratio of the (bank-dominated) overall loan portfolio to GDP, was some 23.5% in June 2018 against 15.8% in 2011 (Table 4.4).

4.68. Total financial sector assets represented 53.7% of GDP in June 2018. Banks continue to dominate the financial system, accounting for 65.5% of total assets in June 2018, down from 71.6% in 2011. The remaining financial sector assets were divided between the pension (18.1%), insurance (9.8%), and microfinance (6.6%) segments. Banks also accounted for 92% of all loans, down from 93.5% in 2011.

4.69. The National Bank of Rwanda (BNR) regulates and supervises the financial sector, except for the securities market, and runs the central securities depository system. Its strategic goals include: ensuring price stability and resilience to external shocks, promoting a sound and inclusive financial system, and achieving a cashless economy. The Capital Market Authority (CMA) is responsible for regulating the securities market, including commodity and warehouse receipt exchanges, and collective investment schemes.[26]

4.70. During 2011-18, the state remained involved in the banking segment through the full ownership of Development Bank of Rwanda (BRD), a majority stake in Rwanda's largest commercial bank, Bank of Kigali, and (until March 2017) a minority stake in I & M Bank Plc.[27] Rwanda's public health insurance and pension schemes are operated by the Rwanda Social Security Board (RSSB), and a "security organs" health insurance scheme is operated by Military Medical Insurance (MMI). Both the RSSB and MMI are fully state-owned.

4.71. Rwanda's investment code designates financial services as a priority economic sector and stipulates fiscal incentives for a range of financial intermediation activities (Section 2.4). Most financial services are also VAT-exempt (Section 3.1.4.2). In addition, the state-owned BRD is exempted from corporate income tax. In 2017, Rwanda's insurance segment received temporary state support in the form of debt guarantees.[28]

Table 4.4 Financial sector indicators, 2011-18

(RWF billion, unless indicated otherwise)

	2011	2012	2013	2014	2015	2016	2017	2018[a]
Total financial system assets, of which	1,513	1,881	2,289	2,714	3,193	3,559	4,047	4,280
Banks	1,084	1,248	1,511	1,803	2,133	2,380	2,685	2,824
Assets of state-owned banks	382	438	594	666	745	866	952	951
Micro finance institutions (MFIs)	77	101	129	159	209	223	244	283
Insurance companies	158	199	233	271	305	347	400	423
Pension funds	193	334	416	481	546	610	718	749
Loans, of which	623	835	954	1,141	1,386	1,591	1,784	1,874
Banks	583	775	881	1,051	1,269	1,457	1,646	1,723
State-owned banks	203	284	335	386	456	558	662	675
MFIs	41	59	74	90	117	134	138	150
Non-performing loans/total loans (%)	8.9	8.0	7.7	6.7	7.1	8.7	8.7	8.0
Non-performing loans/bank loans (%)	8.0	7.1	6.9	6.0	6.2	7.6	7.6	6.9
Non-performing loans/MFI loans (%)	12.0	8.5	6.8	7.0	7.9	9.0	8.2	8.0
Loans in foreign currency/bank loans[b] (%)	1.4	1.1	2.2	9.1	10.7	11.2	13.4	14.2
Loans/GDP (%)	15.8	18.5	19.4	20.9	23.2	23.9	23.5	23.5
Deposits, of which	697	795	935	1,128	1,535	1,645	1,847	1,989
Banks	651	741	866	1,042	1,418	1,530	1,723	1,833
State-owned banks	181	208	276	325	385	419	455	473
MFIs	46	54	69	86	117	114	124	156
Deposits in foreign currency/bank deposits[b] (%)	22.8	24.5	27.3	31.3	20.1	27.5	27.4	29.4
Deposits/GDP (%)	17.7	17.6	19.0	20.6	25.7	24.7	24.3	25.0
Interest rate spread, domestic currency (% point)	8.8	5.8	8.4	9.9	9.4	9.2	8.5	8.7

a As at 30 June 2018.
b Microfinance institutions (MFIs) are not allowed to take deposits or lend in foreign currency.

Source: National Bank of Rwanda.

[26] Law No. 23/2017 of 31 May 2017.
[27] In March 2017, the Government of Rwanda divested its stake of 19.81% in I & M Bank Plc through an initial public offering and subsequent listing on the Rwanda Stock Exchange. MINECOFIN online information. Viewed at: http://www.minecofin.gov.rw/index.php?id=12&tx_ttnews%5Btt_news%5D=600&cHash=699f74eaef56bafdcf719b9d8aecd6e3.
[28] IMF, *Rwanda: Ninth review under the policy support instrument–debt sustainability analysis* (May 2018).

4.72. Most loans remain short- to medium-term, with lending by both banks and microfinance institutions (MFIs) concentrated mainly in retail trade and construction. As of June 2018, the agriculture sector accounted for 14% of the entire loan portfolio of MFIs. During 2011-2018, interest rate spreads between domestic-currency deposits and loans were in the range of 5.8 to 9.9 percentage points. The shares of foreign-currency denominated deposits and loans in the banking segment's respective total portfolios have been on the rise (Table 4.4).

4.4.3.1 Banking and microfinance

4.73. At 30 June 2018, Rwanda's banking segment comprised 11 commercial banks, three microfinance banks, one development bank, and one cooperative bank. Three new commercial banks entered the Rwandan market during 2011-18, contributing to decreasing concentration in the segment. In June 2018, the three largest banks accounted for 46.4% of total bank assets and 46.5% of total deposits, down from 50% and 57.8%, respectively, in 2011. However, their combined share of gross loans increased from 54% to 55.8% over the same period.

4.74. Foreign banks may enter the Rwandan market by establishing a subsidiary; no foreign equity caps apply. Foreign banks may also be authorized by the BNR to establish representative offices, which are not allowed to conduct direct banking activities in Rwanda. Foreign payment services institutions may conduct business through a branch office in Rwanda.

4.75. During 2011-18, the BNR revised several bank regulations, including on capital and liquidity requirements, to align them with Basel II and (in some cases) Basel III Standards. Minimum capital requirements apply depending on the type of bank licence sought: RWF 5 billion for commercial banks; RWF 3 billion for development banks, and RWF 1.5 billion for microfinance banks.[29] In addition, foreign applicants must provide a statement of prior approval or no objection from the supervisory authority of their home country for the establishment of a subsidiary or any other office in Rwanda.

4.76. Licensed banks must also comply with prudential regulations, including minimum thresholds for the risk-weighted capital adequacy ratio (15%), the liquidity ratio (30%), and the net stable funding ratio (100%). According to the authorities, the licensing and prudential requirements apply uniformly to all institutions regulated by the BNR.

4.77. Access to financial services in Rwanda remains driven by savings and credit co-operatives (Umurenge SACCOs) and mobile phone-based financial services, known as mobile money. In its 2016 FinScope survey, the BNR estimated financial inclusion at 89% of the adult population, up from 72% in 2012 and 47% in 2008.[30] The establishment of district-level SACCOs is estimated to have brought 2.7 million new customers into Rwanda's financial sector. Mobile money services were first introduced in Rwanda in 2010 and by 2013 all three mobile telephony operators offered mobile money products. Mobile money penetration grew from 6% in 2011 to 86% in 2017 (Table 4.3). The total value of e-payment transactions reached 30% of GDP in June 2018, up from 0.32% of GDP in 2011.

4.78. At 30 June 2018, there were 473 active microfinance institutions in Rwanda, including 19 limited liability microfinance companies and 454 SACCOs. MFIs serve approximately 3.7 million depositors and 254 thousand borrowers in Rwanda. SACCOs accounted for 75.7%, 69.2% and 71.4% of total assets, loans and deposits, respectively, in the microfinance segment.

4.79. In order to obtain an MFI licence, applicants must establish as a legal person under Rwandan law and comply with minimum capital requirements: RWF 5 million for a SACCO and RWF 300 million for a limited liability company. The capital must be deposited in a blocked account at the BNR.[31] Licensed MFIs must also respect prudential capital adequacy and liquidity thresholds.

4.80. A deposit guarantee fund (DGF) for banks and MFIs, established in 2015, began collecting quarterly premiums in April 2017.[32] The DGF covers up to RWF 500,000 per depositor in the event

[29] Applicants must pay a non-refundable application fee of RWF 1 million and an annual licence fee of RWF 5 million.

[30] National Bank of Rwanda, *Annual Report 1 July 2016 – 30 June 2017*

[31] The BNR levies a licensing fee of RWF 50,000 and fee of RWF 5,000 for opening a branch.

[32] Law No. 31/2015 of 5 June 2015 and Regulation No. 001/2016 of 18 May 2016.

of bankruptcy of a bank or a MFI. Deposits excluded from DGF protection include those made by: banks and MFIs (interbank deposits); the Government or a public agency; insurance companies, pension funds and collective investment schemes; and persons holding more than 5% of the voting rights in the insolvent bank or MFI.

4.4.3.2 Insurance

4.81. In June 2018, Rwanda's insurance market comprised 16 insurance companies, including ten non-life insurers, four life insurers, and two public medical insurers. There were also 17 insurance brokers, 744 insurance agents, and 18 loss adjusters. The Rwanda Social Security Board (RSSB) operates the public health insurance scheme, whereas Military Medical Insurance (MMI) operates the "security organs" health insurance scheme.[33]

4.82. Gross written premiums amounted to RWF 70.2 billion, up from RWF 40.8 billion in 2011. Private insurers, active predominantly in the non-life insurance segment, accounted for 53.7% of gross premiums written. Compulsory insurance classes in Rwanda comprise: third-party liability motor vehicle insurance, fire insurance of commercial or public gathering buildings, medical professionals' liability insurance, and the community-based health insurance.

4.83. Insurance activities can be performed by Rwandan-incorporated companies or foreign subsidiaries, duly licensed by the BNR. The licensing requirements include uniform minimum social capital thresholds: RWF 1 billion for insurers and RWF 50 million for insurance brokers. In addition, insurance intermediaries are required to have a professional indemnity insurance policy covering: at least RWF 200 million per year and RWF 20 million per accident for insurance brokers; and at least RWF 10 million per year for insurance agents and loss adjusters.[34] Foreign applicants must provide a statement from the supervisory authority of their home jurisdiction declaring the company's senior management to be fit and proper persons and giving prior approval (or no objection) for the establishment of a subsidiary or any other office in Rwanda. Effective 23 February 2017, the BNR suspended the licensing of new insurance companies until further notice, in a bid to strengthen the insurance subsector's financial stability and soundness.[35]

4.84. Licensed insurers are not allowed to carry out both short-term (non-life) and long-term (life) insurance business. Prior approval from the BNR is required whenever Rwandan insurers wish to underwrite risks outside the country or foreign insurers wish to underwrite risks in Rwanda. In the latter case, the Rwandan insurers' association must confirm the lack of market capacity among local insurers to underwrite the risk or the non-availability of the particular insurance product or risk coverage on the domestic insurance market.[36]

4.85. According to the authorities, prudential requirements on liquidity, solvency and the diversification of technical reserves apply uniformly to all licensed insurance companies.

4.4.3.3 Securities

4.86. As of June 2018, the securities segment comprised the Rwanda Stock Exchange (RSE), 8 securities brokers, 3 credit rating agencies, 2 custodians, 4 asset management companies, 3 investment advisors, 3 registrars, 1 sponsoring broker, and 1 unit trust. In principle, foreign companies and individuals receive national treatment in licensing requirements and other prerequisites for performing professional activities on the securities market. There are no restrictions on foreign portfolio investment in Rwanda.

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[33] The Rwanda Social Security Board (RSSB) also dominates the pension segment, being the provider of mandatory pension coverage to all formally employed workers in Rwanda. Voluntary pension schemes are still at an embryonic stage of development.

[34] The licensing of insurers is subject to a non-refundable application fee of RWF 1 million, an initial licence fee of RWF 5 million and an annual supervision fee of RWF 5 million. Insurance intermediaries must pay the following application and annual licence fees: brokers, RWF 100,000 and RWF 500,000; agents, RWF 20,000 and RWF 50,000; and loss adjusters, RWF 50,000 and RWF 100,000.

[35] BNR, *Public notice on the moratorium of new insurance companies* (23 February 2017). Viewed at: https://www.bnr.rw/fileadmin/AllDepartment/PressReleases/doc00925220170223164847.pdf.

[36] The BNR authorization is subject to the following processing fees: RWF 1 million for foreign insurers and RWF 500,000 for insurance brokers licensed in Rwanda.

4.87. The capital market remains embryonic, with equities being the main securities traded, although treasury bonds trading has been growing rapidly. The Government of Rwanda, through the BNR, has been issuing treasury bonds in the primary market on a quarterly basis since 2013, with a view to tapping domestic resources and fostering capital market development. Secondary trading of treasury bonds on the RSE has been on the rise, spurred by the launching of a bond reopening mechanism in June 2018. Total turnover on the secondary market for treasury bonds was RWF 8billion in fiscal year 2017-18, up from RWF 4.7 billion in 2016-17.

4.88. As of June 2018, there were eight companies listed on the on the RSE; four initial public offerings of shares took place during 2011-18. Bank loans remain the predominant source of funding for Rwandan companies, although two corporate bond placements in 2008 and 2014 indicate investors' interest in such instruments.

4.89. In 2018, in an effort to attain full membership of the International Organization of Securities Commissions (IOSCO), the CMA launched a review of the legal and regulatory framework in place in Rwanda. Fiscal incentives aimed at promoting the development of Rwanda's capital market are stipulated in the Investment Code, the income tax and VAT laws (Table 2.1).

4.4.4 Tourism

4.90. Rwanda's tourism sector grew steadily during 2011-17, although its estimated contribution to real GDP remained below 3%. More than 1.5 million international arrivals were recorded in 2017, up from 908 thousand in 2011. Tourists arriving for holidays represented less than 10% of all arrivals during the review period (Table 4.5).

Table 4.5 Arrivals by origin and purpose of visit, 2011-17

	2011	2012	2013	2014	2015	2016	2017
Total arrivals (1,000)	908	1,061	1,122	1,219	1,298	1,377	1,553
	(% of total)						
By origin							
EAC	41.1	41.1	42.2	43.2	43.6	41.6	43.1
Democratic Republic of the Congo	44.6	44.6	43.6	44.0	42.8	42.6	37.7
Rest of Africa	1.0	1.0	1.1	0.9	0.9	1.2	3.4
Europe	5.9	5.9	5.5	5.1	5.6	4.9	4.8
Asia	2.0	2.0	2.0	1.7	1.6	2.9	2.6
North America	2.7	2.7	2.9	2.5	2.7	3.2	2.6
Rest of the World	2.7	2.7	2.7	2.6	2.8	3.6	5.8
By purpose							
Business	43.6	39.1	37.4	32.4	31.6	23.6	29.6
Visiting friends	32.6	28.8	29.2	32.6	34.2	35.1	30.6
Holiday	9.0	9.0	9.2	8.6	9.0	7.0	7.5
Transit	3.7	3.7	4.1	4.0	4.6	32.3	27.6
Other purposes	11.3	19.4	20.0	22.3	20.6	2.0	4.7

Source: Data provided by the authorities.

4.91. Rwanda is rich in biodiversity, including important endemic species of flora and fauna, some of which are endangered. While it is renowned for mountain gorillas, Rwanda is home to three more primate species: chimpanzees, black-and-white colobus monkeys, and the endangered golden monkey. Other tourist attractions include savannah wildlife (notably the "big five" animals), nearly 700 bird species, dense rainforests, beaches and night-fishing at Lake Kivu, cultural experiences, and tea and coffee plantations. Kigali has also been developing a reputation for its vibrant nightlife and for events tourism.

4.92. Despite the constraints posed by the country's relatively small total surface area (26,338 km^2), the authorities have allocated 10% of its territory to conservation and protection in four national parks. Three national parks are transboundary in nature: Volcanoes National Park borders parks in the Democratic Republic of the Congo and Uganda; Akagera National Park borders a game reserve in Tanzania; and Nyungwe Forest National Park borders Kibira National Park in Burundi. Total visits to these parks increased from 58,153 in 2011 to 94,036 in 2017. A fourth national park in the west of the country, Gishwati-Mukura, was approved in 2015 but is yet to become operational.[37]

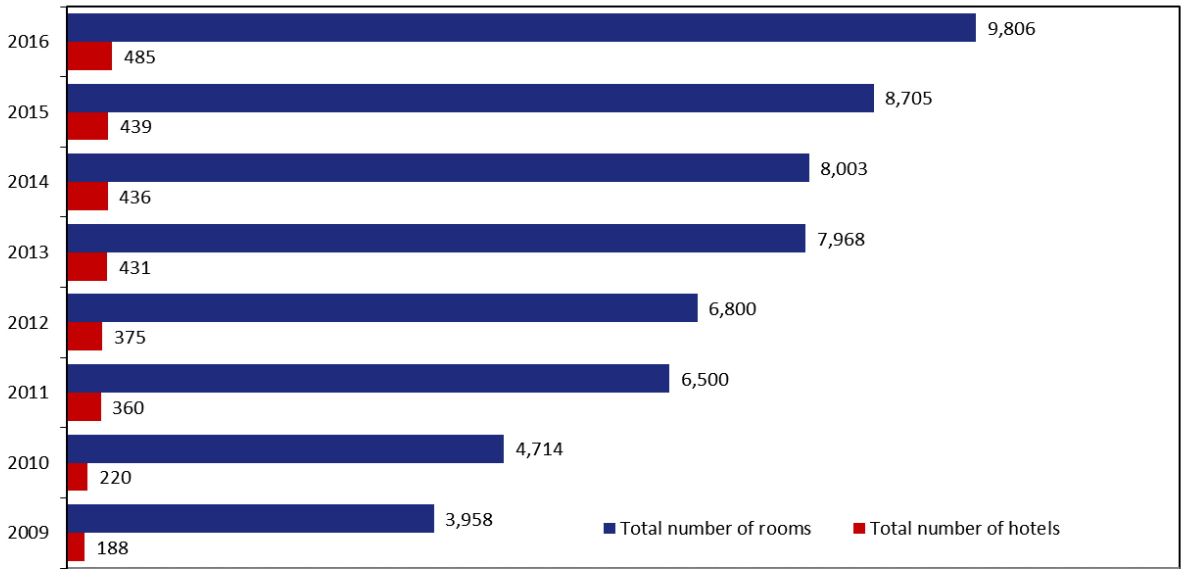
4.93. MINICOM is responsible for policy formulation in the tourism sector. The Rwanda Development Board (RDB) is in charge of tourism development, promotion and regulation, as well as wildlife preservation and management of the national parks. The Rwanda Convention Bureau, established in 2015, provides guidance and support to international event organisers through every stage of planning.

4.94. National parks are state-owned; all except Akagera National Park are also state-managed. According to the authorities, there is no state participation in the ownership of accommodation facilities in Rwanda. Subject to conditions, investors in the tourism sectors are eligible for a corporate income tax holiday of up to 7 years and/or an accelerated depreciation rate (50%) for the first year of assets' acquisition.

4.95. During 2011-16, accommodation facilities maintained a steady growth trend (Chart 4.3). As from October 2016, all tourism entities in Rwanda are required to obtain a tourism operating licence. Specific prerequisites are stipulated for the licensing of accommodation facilities, restaurants, bars, night clubs, tour guides, tour operators, travel agents, and tourism information centres.[38] No nationality or local sourcing requirements apply. Applicants must pay a licence fee of RWF 80,000.

4.96. As at October 2017, there were 50 licensed accommodation establishments in Rwanda, including three 5-star and seven 4-star hotels. Licensed tour companies and tour guides totalled eight and nine, respectively. The first classification of accommodation facilities was carried out by the RDB in 2011; the exercise follows EAC grading criteria and is repeated, in principle, every two years. According to the authorities, a restaurant classification exercise is also under way.

Chart 4.3 Accommodation facilities, 2009-16



Source: National Institute of Statistics of Rwanda, Statistical Yearbook 2017.

4.97. Despite its good performance, the tourism sector still faces several challenges, including scarcity of skilled labour and limited access to finance. The overreliance on gorilla tracking also remains a challenge, although there has been some progress towards diversifying Rwanda's tourism offer. The completion of Rwanda's largest airport, currently under construction, is expected to attract more carriers and expand the network of direct international flights.

[37] Law No. 45/2015 of 15 October 2015.
[38] Ministerial Order No. 25 of 14 September 2016.

5 APPENDIX TABLES

Table A1. 1 Merchandise exports by product group, 2011-17

	2011	2012	2013	2014	2015	2016	2017
Total exports, including re-exports (USD million)	402.9	471.2	596.4	653.4	612.5	648.4	980.4
				% of total			
Total primary products	88.5	88.5	90.9	82.2	83.3	72.8	86.6
Agriculture	42.2	47.1	41.5	34.8	44.2	41.1	35.9
Food	38.5	42.7	37.0	32.0	41.6	38.7	33.1
0741 - Tea, whether or not flavoured	13.1	18.5	10.3	8.8	11.0	11.4	8.8
0711 - Coffee, not roasted; coffee husks and skins	19.0	15.2	8.3	8.9	10.2	9.0	6.6
0423 - Rice, semi-milled or wholly milled (including broken rice)	0.0	0.0	2.1	2.3	3.0	3.5	3.2
0461 - Flour of wheat or of meslin	1.7	2.7	2.2	3.1	2.6	2.6	2.9
0812 - Bran, sharps and other residues	0.0	0.0	0.0	0.5	0.6	1.3	2.6
4312 - Animal or vegetable fats and oils and their fractions	0.0	0.2	1.2	1.4	1.7	2.1	1.8
4222 - Palm oil and its fractions	0.0	0.0	0.0	0.4	1.3	1.4	1.0
0011 - Bovine animals, live	1.3	1.1	1.3	1.1	1.1	1.0	0.8
0471 - Cereal flours (other than of wheat or meslin)	0.1	0.2	1.4	1.1	1.7	1.0	0.6
Agricultural raw material	3.7	4.4	4.5	2.8	2.6	2.4	2.8
2690 - Worn clothing and other worn textile articles; rags	0.8	0.2	1.1	0.2	0.5	0.8	1.6
Mining	46.2	41.5	49.4	47.4	39.1	31.7	50.7
Ores and other minerals	41.2	29.7	37.5	31.3	19.9	13.8	34.3
2878 - Ores and concentrates of molybdenum, niobium, tantalum, titanium, vanadium and zirconium	9.6	12.1	22.5	16.0	10.9	6.3	14.6
2876 - Tin ores and concentrates	25.4	11.3	9.7	11.0	5.5	5.3	14.0
2879 - Ores and concentrates of other non-ferrous base metals	5.9	5.6	4.9	4.0	2.9	1.8	4.9
2789 - Minerals, crude, n.e.s.	0.1	0.0	0.0	0.0	0.2	0.0	0.7
Non-ferrous metals	0.1	0.1	0.9	0.2	0.3	0.4	0.5
Fuels	5.0	11.7	11.0	15.8	18.8	17.4	15.9
334 - Petroleum oils and oils obtained from bituminous minerals (other than crude)	4.9	11.7	11.0	15.8	18.8	17.4	15.9
Manufactures	11.1	11.5	9.1	16.7	11.8	14.6	11.7
Iron and steel	0.4	1.0	0.8	1.8	0.2	0.3	0.5
Chemicals	0.9	0.6	0.8	1.2	0.9	1.3	2.1
5429 - Medicaments, n.e.s.	0.4	0.1	0.0	0.0	0.0	0.0	1.1
Other semi-manufactures	0.8	0.8	1.4	2.4	1.9	2.5	3.9
6673 - Precious stones (other than diamonds) and semiprecious stones	0.0	0.0	0.0	0.0	0.0	0.1	1.7
6612 - Portland cement, aluminous cement, slag cement, etc.	0.2	0.5	0.5	0.7	0.9	0.9	1.2
Machinery and transport equipment	3.1	7.3	3.9	8.6	5.1	7.7	3.2
Power generating machines	0.1	0.0	0.2	0.2	0.5	0.1	0.2
Other non-electrical machinery	0.3	0.5	0.9	3.5	0.5	2.2	0.4
Agricultural machinery and tractors	0.0	0.0	0.0	0.1	0.0	0.1	0.0
Office machines and telecommunication equipment	0.4	0.2	0.5	1.1	0.7	3.0	0.3
Other electrical machines	0.1	0.1	0.1	1.3	0.8	0.4	0.3
Automotive products	2.0	6.2	2.2	1.8	1.6	1.3	1.6
7822 - Special-purpose motor vehicles	0.0	0.0	0.1	0.2	0.1	0.1	0.9
7812 - Motor vehicles for the transport of persons, n.e.s.	1.5	5.3	1.3	1.2	1.1	0.9	0.6
Other transport equipment	0.2	0.3	0.1	0.7	1.0	0.7	0.4
Textiles	0.2	0.1	0.1	0.3	0.3	0.2	0.1
Clothing	0.0	0.0	0.0	0.1	0.1	0.2	0.4
Other consumer goods	5.8	1.7	2.2	2.3	3.3	2.3	1.4
Other	0.4	0.0	0.0	1.2	4.9	12.6	1.7
9710 - Gold, non-monetary	0.0	0.0	0.0	1.2	4.9	12.4	1.2

Note: Product groups follow SITC Rev. 3.

Source: WTO Secretariat calculations, based on data provided by the authorities and UN Comtrade.

Table A1. 2 Merchandise imports by product group, 2011-17

	2011	2012	2013	2014	2015	2016	2017
Total imports (USD million)	1,456.2	1,805.6	1,852.7	2,004.5	1,980.1	1,970.3	1,838.8
	% of total						
Total primary products	35.9	34.5	36.0	33.7	32.7	31.2	35.9
Agriculture	17.2	17.9	18.6	17.4	17.1	17.8	21.5
Food	15.8	16.5	16.8	16.0	15.5	16.9	21.2
0612 - Other beet or cane sugar and chemically pure sucrose	0.8	1.5	1.8	2.2	2.2	2.4	3.7
0412 - Other wheat (including spelt) and meslin, unmilled	2.3	2.8	2.8	2.1	1.6	1.5	2.7
0423 - Rice, semi-milled or wholly milled (including broken rice)	1.1	1.2	1.7	1.3	1.5	1.5	2.0
4222 - Palm oil and its fractions	2.1	1.9	1.5	1.0	1.1	1.2	1.5
4312 - Animal or vegetable fats and oils and their fractions	1.2	1.7	1.9	2.4	1.8	1.2	1.3
0351 - Fish, dried, salted or in brine, but not smoked	0.4	0.4	0.4	0.7	0.9	0.9	0.8
0441 -Maize, unmilled; seed	0.4	0.5	0.6	0.7	0.5	0.9	0.8
Agricultural raw material	1.4	1.4	1.8	1.4	1.6	0.9	0.3
Mining	18.8	16.6	17.4	16.4	15.7	13.4	14.5
Ores and other minerals	0.7	0.7	0.6	0.8	0.7	0.7	0.7
Non-ferrous metals	0.3	0.2	0.3	0.4	0.2	0.3	0.5
Fuels	17.8	15.7	16.5	15.2	14.8	12.4	13.3
334 - Petroleum oils and oils obtained from bituminous minerals (other than crude)	17.3	15.4	16.1	14.7	14.1	11.9	12.4
Manufactures	64.0	65.3	64.0	64.3	67.0	68.2	63.8
Iron and steel	5.9	5.7	5.0	4.4	5.0	3.7	4.3
6741 - Flat-rolled products of iron or non-alloy steel	0.3	0.4	0.7	1.0	1.2	0.7	1.1
Chemicals	13.7	11.9	12.7	11.8	12.6	12.0	13.7
5429 - Medicaments, n.e.s.	2.8	2.9	2.7	3.2	3.5	3.6	4.0
5629 - Fertilizers, n.e.s.	1.3	1.8	1.5	0.9	1.3	0.9	1.4
5541 - Soap; organic surface-active products and preparations for use as soap	1.0	1.0	0.9	0.9	0.9	0.8	0.9
5986 - Organic chemical products, n.e.s.	0.6	0.4	0.6	0.5	0.5	0.6	0.8
Other semi-manufactures	12.0	12.0	11.6	12.0	12.3	10.7	9.8
6612 - Portland cement, aluminous cement, slag cement, etc.	3.6	3.8	3.7	3.5	3.4	2.3	1.5
6911 - Structures	1.8	1.0	1.3	1.5	1.7	0.8	0.9
Machinery and transport equipment	23.1	25.7	24.2	24.0	26.6	28.1	25.7
Power generating machines	0.6	1.3	1.2	0.7	0.7	0.8	0.7
Other non-electrical machinery	3.9	6.3	6.6	6.4	6.6	7.3	5.2
Agricultural machinery and tractors	0.4	0.2	0.3	0.3	0.4	0.2	0.2
Office machines and telecommunication equipment	6.7	7.3	6.4	8.3	8.8	8.7	7.8
7643 - Transmission apparatus for radio-telephony, radio-telegraphy, radio-broadcasting or television	1.2	1.3	2.5	3.5	3.7	3.1	3.0
Other electrical machines	5.3	3.6	4.7	3.5	4.3	4.6	4.9
7731 - Insulated wire, cable and other insulated electric conductors	1.9	0.9	1.2	1.0	1.3	1.0	1.2
Automotive products	4.8	5.5	4.1	4.1	4.8	5.5	5.4
7812 - Motor vehicles for the transport of persons, n.e.s.	2.7	3.0	1.9	1.8	1.9	2.7	2.5
7821 - Motor vehicles for the transport of goods	1.3	1.2	1.1	0.9	1.5	1.5	1.5
Other transport equipment	1.9	1.6	1.2	1.1	1.3	1.2	1.6
Textiles	1.7	2.6	2.1	1.4	2.3	2.5	1.7
Clothing	0.8	0.7	0.6	1.0	1.2	1.3	1.0
Other consumer goods	6.8	6.7	7.7	9.7	7.1	9.8	7.7
8722 - Instruments and appliances used in medical, surgical or veterinary sciences	1.0	1.4	1.3	1.5	1.1	1.2	1.0
Other	0.1	0.2	0.0	2.0	0.3	0.6	0.2

Note: Product groups follow SITC Rev. 3.

Source: WTO Secretariat calculations, based on data provided by the authorities and UN Comtrade.

Table A1. 3 Merchandise exports by destination, 2011-17

	2011	2012	2013	2014	2015	2016	2017
Total exports, including re-exports (USD million)	402.9	471.2	596.4	653.4	612.5	648.4	980.4
	% of total						
Americas	3.5	3.4	3.0	3.3	4.0	3.3	3.3
United States	2.5	3.3	2.9	3.3	3.9	3.1	3.3
Other America	1.0	0.1	0.1	0.0	0.1	0.2	0.1
Europe	49.4	35.9	28.6	11.9	18.6	15.2	13.7
EU-28	30.5	19.8	9.3	8.1	9.7	6.5	6.6
Belgium	11.6	8.2	6.1	1.2	3.2	3.1	3.2
United Kingdom	4.3	2.4	1.2	0.9	1.9	1.0	1.0
Luxembourg	0.4	0.3	0.2	0.1	1.3	0.3	0.7
Germany	0.6	1.2	0.6	0.6	1.3	0.4	0.7
Netherlands	0.2	0.3	0.4	0.2	0.1	0.1	0.3
Finland	0.0	0.0	0.0	0.0	0.1	0.3	0.3
EFTA	18.9	16.1	19.1	3.6	8.8	8.6	6.8
Switzerland	18.8	16.0	19.0	3.5	8.7	8.5	6.7
Other Europe	0.0	0.1	0.2	0.1	0.2	0.1	0.3
Turkey	0.0	0.1	0.2	0.1	0.1	0.1	0.3
Commonwealth of independent states (CIS)	0.0	0.0	3.5	0.0	0.0	0.0	0.0
Africa	35.2	48.4	49.5	78.4	59.7	59.9	49.7
Democratic Republic of the Congo	14.0	13.9	26.9	23.5	35.8	31.4	29.1
Kenya	15.8	24.2	15.2	11.4	17.0	15.8	12.4
Uganda	1.7	1.8	1.3	11.9	1.6	2.2	3.7
Burundi	2.0	2.5	3.6	3.0	2.9	5.5	2.1
Sudan	0.3	3.9	0.3	0.0	0.2	0.0	1.1
Ethiopia	0.1	0.6	0.6	0.6	0.7	0.9	0.5
Tanzania	0.4	0.8	0.3	27.8	0.3	0.8	0.2
Middle East	1.1	2.6	1.1	2.4	6.6	13.6	27.3
United Arab Emirates	0.8	1.3	1.1	2.0	6.5	13.5	25.6
Saudi Arabia, Kingdom of	0.0	0.9	0.0	0.4	0.0	0.1	1.5
Qatar	0.0	0.1	0.0	0.0	0.0	0.0	0.2
Asia	10.8	9.7	14.3	4.0	11.1	8.0	6.1
China	4.4	2.9	4.9	1.2	2.2	0.9	0.5
Japan	0.3	0.5	0.3	0.3	0.8	0.2	0.1
Other Asia	6.2	6.4	9.2	2.5	8.0	6.8	5.4
Singapore	0.0	0.4	0.9	1.2	3.2	3.1	3.0
Hong Kong, China	3.7	4.0	3.3	0.6	3.0	1.8	1.7
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memo:							
EAC[a]	19.8	29.4	20.4	54.0	21.9	24.3	18.5

a Including all EAC WTO Members.

Source: WTO Secretariat calculations, based on data provided by the authorities and UN Comtrade.

Table A1. 4 Merchandise imports by origin, 2011-17

	2011	2012	2013	2014	2015	2016	2017
Total imports (USD million)	1,456.2	1,805.6	1,852.7	2,004.5	1,980.1	1,970.3	1,838.8
	% of total						
Americas	4.9	4.1	3.8	2.5	3.2	3.5	3.8
United States	3.6	2.3	1.8	1.6	2.3	2.4	1.8
Other America	1.3	1.8	2.0	0.9	0.9	1.1	2.0
Europe	20.7	20.5	20.1	17.6	16.9	17.5	15.7
EU-28	15.4	15.2	15.5	13.1	12.9	13.1	12.7
Germany	2.9	2.5	3.1	2.6	2.9	3.6	2.9
Belgium	3.1	2.9	3.5	2.5	2.1	2.3	2.0
Netherlands	2.0	1.2	2.5	1.5	1.4	1.2	1.2
France	1.4	1.4	1.1	1.2	2.1	1.2	1.2
Sweden	0.9	1.5	0.9	0.9	0.5	0.8	1.1
United Kingdom	1.3	1.2	1.0	1.0	0.9	0.8	1.0
EFTA	4.7	4.8	3.7	2.6	2.3	2.0	1.2
Other Europe	0.5	0.5	0.9	1.9	1.7	2.4	1.8
Turkey	0.5	0.5	0.9	1.9	1.7	2.3	1.7
Commonwealth of independent states (CIS)	0.4	2.4	1.7	1.9	2.0	1.6	2.7
Russian Federation	0.3	2.2	0.9	1.8	1.8	1.4	2.4
Africa	36.9	31.6	28.5	30.0	27.0	28.3	28.0
Uganda	12.8	12.3	11.1	11.7	10.5	9.8	9.5
Kenya	8.0	7.5	6.6	8.3	6.8	7.9	6.5
Tanzania	5.1	4.1	4.4	3.4	3.3	3.8	4.2
South Africa	4.6	4.0	3.6	3.7	3.3	2.4	2.7
Zambia	0.5	0.2	0.2	0.3	0.4	1.7	2.0
Egypt	1.7	1.1	1.2	1.1	1.3	1.1	1.2
Middle East	11.6	11.9	12.1	11.6	12.4	12.1	13.0
United Arab Emirates	7.5	7.4	7.4	8.9	9.6	9.9	8.7
Saudi Arabia, Kingdom of	0.7	2.3	2.3	1.2	1.4	0.8	3.4
Asia	25.5	29.6	33.7	36.4	38.6	37.0	36.7
China	10.2	12.5	13.2	18.2	16.7	17.5	17.4
Japan	2.8	3.2	2.5	2.0	2.3	3.1	3.0
Other Asia	12.5	13.9	18.0	16.2	19.6	16.4	16.4
India	7.2	8.4	10.5	11.2	12.5	10.0	9.8
Malaysia	0.2	0.2	0.2	0.2	0.4	1.0	1.6
Pakistan	0.7	0.8	1.5	1.1	1.5	1.6	1.2
Thailand	0.4	0.4	0.6	0.6	1.0	0.7	1.1
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memo:							
EAC [a]	26.0	24.3	22.6	23.7	21.0	21.6	20.3

a Including all EAC WTO Members.

Source: WTO Secretariat calculations, based on data provided by the authorities and UN Comtrade.

Table A3. 1 Goods and services exempted from VAT

Non-profit services regarding supplying clean water and ensuring environment treatment, with the exception of sewage pump-out services	
Goods and services for health-related purposes	
(a)	Health and medical services
(b)	Equipment designed for persons with disabilities
(c)	Goods and drugs appearing on the list established by the minister in charge of health and approved by the minister in charge of taxes
Educational materials, services and equipment appearing on the list established by the minister in charge of education and approved by the minister in charge of taxes	
Books, newspapers and magazines	
Transportation services by licensed persons	
(a)	Transportation of persons by road in vehicles which have a seating capacity of 14 persons or more
(b)	Transportation of persons by air
(c)	Transportation of persons or goods by boat
(d)	Transport of goods by road
Lending, lease and sale	
(a)	Sale or lease of land
(b)	Sale of the whole or part of a building for residential use
(c)	Rent or grant of the right to occupy a house used as a place of residence of one person and his/her family, if the period of accommodation for a continuous term exceeds 90 days
Financial and insurance services	
(a)	Premiums charged on life and medical insurance services
(b)	Bank charges on current account operations
(c)	Exchange operations carried out by licensed financial institutions
(d)	Interest charged by banks on credit and deposits
(e)	Operations of the BNR
(f)	Fees charged by banks on vouchers and bank instruments
(g)	Capital market transactions for listed securities and fees or expenses charged to investors by a regulated collective investment scheme
(h)	Transfer of shares
Precious metals: sale of gold in bullion form to the BNR	
Any goods or services in connection with the burial or cremation of a body provided by an Order of the Minister	
Energy supply equipment on the list established by the minister in charge of energy and approved by the minister in charge of taxes	
Trade union subscriptions	
Leasing of exempted goods	
All agricultural and livestock products, except processed ones. Processed milk, excluding powder milk and milk derived products, is also exempted	
Services of agriculture insurance	
Services, agricultural inputs, and other agricultural and livestock materials and equipment appearing on the list established by the minister in charge of agriculture and animal resources and approved by the minister in charge of taxes	
Gaming activities taxable under the law establishing tax on gaming activities	
Personal effects of Rwandan diplomats returning from foreign postings, Rwandan refugees and returnees entitled to tax relief under customs laws	
Goods and services meant for Special Economic Zones imported by a Zone user holding this legal status	
Mobile telephones and SIM cards	
ICT equipment appearing on the list established by the minister in charge of ICT and approved by the minister in charge of taxes	
All goods, including materials, supplies, machinery and motor vehicles intended for public institutions in charge of national defence or security	
Machinery and capital goods of industries as well as raw materials used in industries appearing on the list established by the minister in charge of industry and approved by the minister in charge of taxes	

Source: Law No. 40/2016 of 15 October 2016.