



**National Bank of Rwanda**

# Foreign Private Capital Census Report - 2011



National Institute of  
Statistics of Rwanda







**National Bank of Rwanda**

## FOREWORD

The Rwanda Working Group on Foreign Private Capital (FPC) composed by the staff from National Bank of Rwanda, Rwanda Development Board and National Institute of Statistics of Rwanda presents the report on the second cycle of FPC Census results for the calendar year 2010.

All new companies registered as foreign direct investments by Rwanda Development Board in 2010 as well as those which declared Foreign Assets and Liability in the previous census were included in the current one. A total of 122 companies were surveyed.

The information presented in the report was provided by senior management of companies visited during the census, including Managing Directors, Chief Executive Officers and Finance Managers. In addition to completing the questionnaires, companies provided financial statements which assisted in data validation.

The FPC census shall be a continuous activity as it is important for the Government of Rwanda in its efforts to attract and retain foreign private capital in the country. Furthermore, the findings shall contribute to formulation of appropriate foreign private capital policies and will be used to improve Rwanda's Balance of Payments and International Investment Position statistics.

We take this opportunity to thank all companies that participated in the exercise by providing the requested information, and the Macroeconomic and Financial Management Institute for Eastern and Southern Africa (MEFMI) for technical assistance through training on FPC concepts, analysis and the software for data processing. Our thanks go also to partner institutions involved in conducting this census and the FPC working group for their commitment to make this census a success.

**Amb. GATETE Claver**

Governor, National Bank of Rwanda





## LIST OF ACRONYMS

BNR:	National Bank of Rwanda
BOP:	Balance of Payments
BOU:	Bank of Uganda
BV:	Book Value
COMESA:	Common Market for Eastern and Southern Africa
CSR:	Caisse Sociale du Rwanda
CSR:	Corporate Social Responsibility
EAC:	East African Community
EDPRS:	Economic Development and Poverty Reduction Strategy
FAL:	Foreign Assets and Liabilities
FALIPS:	Foreign Assets and Liabilities & Investor Perception
FDEI:	Foreign Direct Equity Investment
FDI:	Foreign Direct Investment
FPC:	Foreign Private Capital
FPEI:	Foreign Portfolio Equity Investment
GDP:	Gross Domestic Product
IIP:	International Investment Position
IP:	Investor Perceptions
ISIC:	International Standards of Industrial Classification
MEFMI:	Macroeconomic and Financial Management Institute
MOU:	Memorandum of Understanding
NISR:	National Institute of Statistics of Rwanda
OECD:	Organization for Economic Co-operation and Development
PCMS:	Private Capital Monitoring System
PSED:	Private Sector External Debt
PSF:	Private Sector Federation
PSI:	Private Sector Investment
PSIC:	Private Sector Investment Census
RBS:	Rwanda Bureau of Standards
RDB:	Rwanda Development Board
RIEPA:	Rwanda Investment and Export Promotion Agency
RRA:	Rwanda Revenue Authority
RWF:	Rwandan Franc
RWG:	Rwanda Working Group (on Private Capital Monitoring)
SADC:	Southern African Development Community
TNC:	Transnational Corporations

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On behalf of partner institutions RDB, NISR and PSF; the National Bank of Rwanda wishes to express deep appreciations to the dedicated staff of Rwanda FPC technical team for successfully carrying out the second round of foreign private capital census and producing this report. Their work was immeasurable and is duly recognized.

Sincere appreciation goes to Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) for the technical assistance granted to Government of Rwanda from the launch of this project in 2009. Their assistance includes demand assessment on FPC monitoring, training of technical team and providing software for data entry upgrading methodology and analysis.

Special thanks are extended to the companies that responded to the questionnaire and providing complementary information such as financial statements. Without their input, the government would not have been able to make an assessment of the magnitude of FPC. On the basis of the same understanding, we will continue to cooperate in next censuses and/or Surveys for the best of business organization. We kindly invite the companies which did not respond to participate in the next FPC census planned to take place during the second half of 2012.

## EXECUTIVE SUMMARY

The Government of Rwanda continues to promote a private sector-led free market economy, aiming at fostering both local and foreign investment by undertaking reforms with the objective to make the country a favorable place for investment.

In an effort to effectively monitor and manage foreign private capital, the National Bank of Rwanda in collaboration with Rwanda Development Board (RDB), National Institute of Statistics of Rwanda (NISR) and Private Sector Federation (PSF) conducted the Foreign Private Capital Census, collecting data for the year 2010. A total of 122 enterprises were enumerated, out of which 109 responded, representing a response rate of 89.3 percent.

The objectives of this census include setting up the Private Capital Flows (PCF) database in conformity with international standards, and determining the magnitude and trends of Foreign Private Capital (FPC) for the 2010.

The Census findings indicate that in 2010, Rwanda accumulated a total stock of foreign capital of RWF 364.4 billion (USD 613.0 million) having increased from RWF 213.0 billion (USD 373.2 million) in 2009.

Increase in foreign private capital inflows was attributed to diverse sources of investment. Rwanda received over 40.6 percent of FPC inflows from Common Market for Eastern and Southern Africa (COMESA), 16.7 percent from European Union (EU), 13.5 percent from East African Community (EAC), 9.4 percent from southern Africa Development Community (SADC) and 12.8 percent from other countries.

On country basis, the largest stock of investment came from Mauritius (30.9 percent), Luxembourg (15.1 percent) and Kenya (9.1 percent) which accounted for the largest share in EAC region. As at end 2010, the largest proportion of foreign private liabilities/investment was in form of Foreign Direct Investment (FDI) accounting for 86.1 percent. Other investment and portfolio investment accounted for 12.9 percent and 1.0 percent respectively.

Sectors with the highest shares of foreign liabilities stock were Information, Communication and Technology (ICT) with 46.6 percent and finance and insurance with 17.1 percent, Manufacturing with 10.0 percent. Accommodation accounted for 6.2 percent while Whole sale and retail trade accounted for 5.7 percent of total liabilities.

The gross flows of foreign private capital during 2010 stood at RWF 203.8 billion (USD 349.7 million) compared to RWF 79.9 billion (USD 146.5 million) in mainly driven by equity and non-equity liabilities from affiliates. Sectors which attracted highest flows were ICT (46.3 percent), Mining (18.1 percent), wholesale and retail trade (12.7 percent) and Manufacturing with 8.2 percent.

The stock of Private Sector External Debt (PSED) as at end 2010 stood at RWF 190.5 billion (USD 320.5million), having increased from RWF 132.0 billion (USD 231.0 million) in 2009, mainly driven by long term concessional loans from related companies with share of 52.2 percent.

Return on equity (ROE) in 2010 was 3.5 percent down from 9.0 percent in 2009. This is due to a big amount of capital coming in ICT and Mining which are at their too early stage of investment to make profit. Return on equity excluding mining and ICT is 13.4 percent. Manufacturing and agriculture sectors registered the highest return on equity of 46.7 percent and 28.1 percent, respectively.

The survey revealed that total dividends paid during 2010 amounted to RWF 8.7 billion (USD 14.9 million) having declined by 51.7 percent from RWF 132 billion (USD 23.2 million) in 2009. Manufacturing, finance and insurance and wholesale and retail trade accounted for 96.0 percent of total dividends paid.

Other findings on foreign and joint owned companies indicate that compared to the year 2009, the investments in non-current assets increased by 45.8 percent, entity turnover by 35.5 percent, employment by 12.4 percent, and compensation of employees by 45.3 percent, implying positive trends.

On foreign private investors' perception, results from Investor Perception Index 2011 revealed that the most favorable conditions for investors are low level of corruption at the central level (championed through Rwanda's 'zero tolerance' campaign) as well as key business support services regarding licenses, permits and registry of companies. On the opposite side of the spectrum, trading across borders remains costly and difficult, with major constraints in the affordability of transport in particular, whether to these ports of Mombasa and Dar-Es-Salaam or by air. Whilst strong reforms have been made to register land, which has seen strong recognition in the 2011, this has not yet been translated into an acceptable level of access and affordability of land on the market, according to investors.

In conclusion, foreign private investments in Rwanda have continued to grow

To convert the RWF into \$ USD we used the following rates  
\$ 1= RWF 583.13118 (mean year exchange rate) for flows in 2010.

The stocks were converted at \$1= RWF 570.59 and 594.45(31 December exchange rate) for 2009 and 2010, respectively.



and provide a drive for sustained economic growth. The increase in inflows of foreign liabilities which tripled from RWF 79.8 billion declared for 2009 to RWF 203.9 billion declared in 2010 indicates increased attracted foreign investment from abroad.

The Government needs to continue accurately and consistently capture, and monitor these flows to assess the impact of policy made in the area. There is also a need to sustain macroeconomic and political stability which continue to be major investors pull factors.

## CHAPTER I. INTRODUCTION

Foreign direct investments are identified as an important source of financing for developing countries. The International Monetary Fund defines the FDI as investments brought in a country by non-resident unit being individuals or companies. Generally, foreign direct investment is a long-term undertaking. The investor resident in a country foresees a durable interest in investing in another country.

The investor has therefore an opportunity to diversify the risks of his investments and generate more revenues from funds invested abroad. The country of destination of funds benefits a lot from direct investment in terms of reduction in unemployment, increase in financial, equipment and expertise resources.

### 1.1 Monitoring investment in Rwanda

In recent years, Rwanda has actively attracted foreign direct investment with high conducive investment climate through radical reforms which make it easier for businesses to get started, get loans, pay taxes, etc.

In the past, data on foreign capital flows relied on information provided by banks. However, it was noted that there were a number of challenges experienced in sourcing BOP data using information from banks for FPC purposes, particularly in respect of coverage. This methodology does not capture non-cash types of investment such as investment in form of equipment and reinvested earnings. In addition, it was also observed that bank reporting was not always accurate and that there was no enforcement mechanism to ensure accuracy in the reporting of all bank transactions.

As a consequence, there was misclassification of current, capital and financial accounts transactions in some instances. This is mainly why efforts to use a census based approach of compiling statistics on FPC had

been undertaken in 2007 by BNR jointly with the Rwanda Investment and Export Promotion Agency (RIEPA), now RDB, with a reasonable response rate of 58 percent from a sample of about 65 companies.

In the meantime, Rwanda continues to work strongly on investment climate to attract foreign investors as internal resources remain low and insufficient. Currently, a whole package for investment promotion in general can be found within Rwanda Development Board. The package includes among others: regulatory framework, registration facilities and requirements, change of registered business, closing business, disclosure requirements, and other facilities such as working permit, government's protection of investments, settlement of disputes, transfer of funds and etc.

In order to track the FPC impact on our economic growth and maintain our conducive investment climate in pursuit of more investment attraction, there is a need for a sound and consistent monitoring system to guide the formulation of national investment policies. To this end, an Inter-Institutional Agreement for implementing, monitoring and analyzing the situation of foreign assets and liabilities, investor perception, corporate social responsibility, and related data in Rwanda was made.

This agreement led to the formation of a working group (RWG) under the memorandum of understanding signed between the leading institutions: the National Bank of Rwanda (BNR), the National Institute of Statistics of Rwanda (NISR), the Rwanda Development Board (RDB) and the Private Sector Federation (PSF).

This working group objectives include among others production of good quality statistics meeting the needs of the various policy makers, avoidance of duplication of Census and compliance with international data reporting standards.

Beside this inter-institutional commitment, the FPC data capturing activity requires an important contribution of the respondents. An awareness campaign was therefore organized aiming at sensitizing companies on reporting of required information. The managers of companies were given explanations on the relevance of the exercise related to data capturing so that an impact analysis of capital flow on economic development can be assessed. This main reasons required BNR, RDB, NISR and PSF to join efforts for better results.

## 1.2 Investment promotion efforts

The Government's resolve to improve the investment climate and attain desired levels of both local and foreign investment as a priority. The World Economic Forum's Global Competitiveness Report 2011-2012 ranked Rwanda the 3rd easiest place to do business in Africa and 2nd five years Top Global Reformer after Georgia and the first in EAC. Rwanda was ranked number eight globally in starting a business with only 2 procedures in span of 3 days. Rwanda is considered as the most competitive place to do business in East Africa and 3rd in Africa. The country is ranked 8th in the World (from 32nd last year) in getting credit after putting in place a fully functional private credit reference bureau. Rwanda moved from 43rd last year to 19th easiest place to pay taxes in the world. For Rwanda's development, the emergence of a viable private sector that can take over as the principle growth engine of the economy is absolutely key.

Although foreign direct investment will be encouraged, a local-based business class remains a crucial component of development. The public sector will not be involved in providing services and products that can be delivered more efficiently by the private sector. It is, therefore, committed towards a comprehensive privatization policy that will help reduce costs and prices and widen consumer choice. The State will only act as a catalyst; ensuring that infrastructure, human resources and legal frameworks are geared towards stimulating economic activity and private investment.

## 1.3 Reasons for investing in Rwanda

There are reasons why investors can have confidence in Rwanda and direct their investments to potential economic sectors with promising returns.

- i) **Good macroeconomic environment:** Rwanda enjoyed a year-on-year average real GDP growth rate of 8.5 percent between 2005 – 2011, among the highest in major African economies and neighboring countries, a moderate inflation of one digit and stable exchange rate.
- ii) **Good governance:** Politically stable with well-functioning institutions, rule of law and zero tolerance for corruption, clear vision for growth through private investment
- iii) **Investor friendly climate:** World Bank Doing Business

Report 2012 ranked Rwanda the 2<sup>nd</sup> Five years top global reformer and 3<sup>rd</sup> easiest place to do business in Africa. It is among the best competitive place to do business in Africa and 1<sup>st</sup> in East African Community. On credit ranking by Fitch in 2010, Rwanda was upgraded to B. Rwanda is among top 3 African countries in terms of internet connectivity according to Oracle in 2010. The initiative of new special economic zone was developed and more zones planned for the Districts to improve industry and trade.

- iv) **Access to markets:** Rwanda is a Market of over 11 million people with a rapidly growing middle class. It is located centrally bordering with 3 countries in East Africa. The country adhered to EAC Common Market and Customs Union with market potential of over 125 million people.
- v) **Untapped investments opportunities:** Potential investment opportunities abound, particularly in the following sectors:
  - Infrastructure: Opportunities in rail, air , water transportation to further develop Rwanda as an EAC hub;
  - Agriculture: Potential for agriculture productivity growth and value addition;
  - Energy: Power generation, off grid generation and significant methane gas opportunities;
  - Tourism: Unique assets creating booming sector, growth potential in birding & business/conference tourism
  - Information and Communication Technology: Priority sector for Vision 2020;
  - Other attractive sectors include real estate and construction, financial services and mining.

**Table 1: Top Ten Countries in Doing Business in Sub-Saharan Africa**

Economy	Ease of Doing Business Rank	Starting a Business	Dealing with Construction Permits	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Closing a Business
Mauritius	20	12	39	69	89	12	12	22	61	71
South Africa	34	75	52	91	2	10	24	149	85	74
Botswana	52	90	127	44	46	44	21	151	70	27
<b>Rwanda</b>	<b>58</b>	<b>9</b>	<b>82</b>	<b>41</b>	<b>32</b>	<b>28</b>	<b>43</b>	<b>159</b>	<b>39</b>	<b>183</b>
Ghana	67	99	151	36	46	44	78	89	45	109
Namibia	69	124	36	136	15	74	99	153	41	53
Zambia	76	57	158	83	6	74	37	150	86	97
Seychelles	95	109	61	62	152	59	38	36	69	183
Kenya	98	125	35	129	6	93	162	144	125	85
Ethiopia	104	89	53	109	128	120	47	157	57	82

**Source:** World Bank Doing Business Report 2011

During the period under review, Rwanda eased access to construction permits by passing new building regulations and implementing new time limits for the issuance of various permits. Access to credit was enhanced by allowing borrowers the right to inspect their own credit situation and mandating that loans of all sizes be reported to the central bank's public credit registry. In addition, Rwanda reduced the number of trade documents required and enhanced its joint border management procedures with Uganda and other neighbors, leading to an improvement in the trade logistics. Nevertheless, some challenges in trading across borders and closing a business persist.

**Table 2 : Rwanda's Doing Business Performance by Category 2010 and 2011**

DOING BUSINESS 2011 RANK	DOING BUSINESS 2010 RANK		CHANGE IN RANK
<b>58</b>	<b>70</b>		<b>↑12</b>
Topic Rankings	DB 2011 Rank	DB 2010 Rank	Change in Rank
Starting a Business	9	12	↑3
Dealing with Construction Permits	82	88	↑6
Registering Property	41	37	↓4
Getting Credit	32	61	↑29
Protecting Investors	28	27	↓1
Paying Taxes	43	46	↑3
Trading Across Borders	159	169	↑10
Enforcing Contracts	39	40	↑1
Closing a Business	183	183	No change

**Source:** World Bank Doing Business Report 2011

## 1.4 Objective of the census

After the assessment made by World Bank on Rwanda business environment, participating institutions to Foreign Private Capital flows decided to collect data every year to assist Government assess the impact of efforts made in attracting foreign investments. This requires creation, maintenance and reinforcement of national capacity in collecting information, analyzing the situation and making recommendations.

Information on investment plans has been systematically collected during the last decade but the actual level of investments was not monitored. Most of information available was related to inward investment (foreign liabilities). No data was provided on Rwandan investments abroad (foreign assets). The census on foreign capital flows deals with these issues. Besides, the census helps to establish a strong and performing framework of regular and complete system of FPC flows to improve the balance of payment compilation in line with international standards following the IMF Balance of Payments manual. Gathering information on private capital flows improve also the situation of the country's International Investment Position.

The results of the Census are used to create a friendly working environment between public and private sector that enhances the sharing of information leading to improvements of business conditions. The output is also used to create an exhaustive database on investments for strong policy analysis and recommendations aiming at reconsidering and improving the foreign investment climate.

The Census of foreign investment is an important source of information that can be useful for the country of investment and the investor himself. It helps to capture information on how the investors assess the country's investment environment and thus assist the country taking appropriate decisions. On the investors' side, the foreign private capital Census is also a source of information especially for green field options available for new investments. Therefore, the Census results facilitate adequate decision making for both public and private sector. Note also that the foreign private capital data capturing is becoming an important requirement from international organizations that are compiling comparable investment data. The same output is used to enrich and update the national database with actual information on private entities to guide planning and policy making by disseminating high quality data on time for easy access to users.

## 1.5 Scope of the Census

This second private capital census in Rwanda aimed at capturing information on FPC for the year 2010. All new companies registered as foreign direct investments by Rwanda Development Board in 2010 and the ones which declared Foreign Assets and Liability in the previous census were included in the current census. One hundred and twenty two companies (122) were surveyed. One hundred and nine (109) responded; a response rate of 89.3%. The Census was designed to capture mainly general information of the company, shareholding structure, capital flows and stocks especially for the year 2010.

## 1.6 Methodology

### 1.6.1 Sensitization

The sensitization was made via an awareness campaign directed Managing Directors, Chief Executive Officers, and Finance managers of companies. The sensitization was done together with the dissemination of the first round results. The objective was to maximize the chance of reporting reliable data.

### 1.6.2 Census frame

The census frame was made of new companies registered as foreign direct investments by Rwanda Development Board in 2010 and the ones which declared Foreign Assets and Liability (FAL) in the previous census. One hundred and twenty two (122) companies were given questionnaires.

The identified companies operate in Agriculture, Construction, Energy, Financial services, Food processing, Fuel, Hotel, ICT, Insurance, Manufacturing, Mining, Real Estates, Restaurant, Retail and Wholesale, Services, Tourism and Transport sectors.

### 1.6.3 Questionnaire

The data capturing was done using a questionnaire prepared by the working group.

The questionnaire itself has 5 parts:

Part 1 captures general information on the company: Name, shareholding structure, relationship with fellow enterprises abroad, company turnover,

company's industrial classification and main activity, employment structure and compensation of employees, imports from and/ or exports to abroad, actual investments and corporate social responsibilities.

Part 2 captures information on foreign equity investments (equity, retained earnings and reserves) by country of origin and by percentage of shareholding.

Part 3 captures information on non-equity such as borrowing, long term or short term as well as other liabilities to be specified as indicated in the questionnaire.

Part 4 captures information on investment abroad such as the company's shareholding abroad and other assets held abroad.

Part 5 captures information on other investments abroad such as the company's loans (Long term and Short term), trade credits to foreign companies, and other kind of non-equity held abroad.

Every company's response to the questionnaire was backed by the company's financial statements and related notes that companies were also strongly requested to provide.

#### 1.6.4 Training and field work activities

Before the census started, a pre-census training was organized for a week. It took place in June 2011 at Musanze. The training involved representatives from all collaborating institutions and a MEFMI consultant. The main objective of the training was to ease the understanding of foreign private capital (FPC) concepts, learning fieldwork techniques and strategizing on how to attain high response rates.

#### 1.6.5 Technical assistance

The country received technical assistance from MEFMI. FPC national working group made of staff from the NBR, NISR and RDB participated to the 2010 data collection training where also updating methodologies were presented.

#### 1.6.6 Questionnaire Administration

The census targeted 122 private entities of which 109 have responded representing 89.3 percent. Most of them are located in Kigali city. Other companies are located out of Kigali city but have their head offices or representation offices in Kigali city where generally CEOs, CFOs and Accountants can be accessed.

#### 1.6.7 Data processing

Data entry and processing were performed using a PCMS II –software developed by MEFMI for its member countries. Staff was trained on the system and entered data themselves in the system. This phase contributed to the team knowledge of the system as it will be used also for the next censuses. The system presents many facilities such as exporting data in excel or word, construction of charts for data analysis and reporting. The system allows also correction of errors. During the data entry process, the software was under review for improvement.

## CHAPTER II. RECENT MACRO ECONOMIC DEVELOPMENT AND GLOBAL TRENDS IN FOREIGN PRIVATE INVESTMENTS

As other economic activities, foreign private capital evolves in an international and national macro-economic environment. In general, this environment has an effect on the investment and has to be considered even if some countries' specificities not necessarily linked to international development play also their own role. For the case of Rwanda, development of foreign private capital flows evolved in the macro-economic environment presented in this second chapter.

### 2.1 Global and Regional Perspective

The global economy expanded successively for four years up to 2007 as Gross Domestic Product (GDP) rose to an average of 5.0 percent, owing to a broad-based surge in the emerging and developing economies (World Economic Reports). However, the global economy slowed down markedly to 0.2 percent in 2008 following shocks in the mature financial markets. In 2009, the global economy entered into a severe recession owing to massive financial crisis and acute loss of confidence. During the year 2010, the world economy continued to recover from the global crisis reaching a real GDP growth estimated at 5% from a recession of 0.5% in 2009.

In United States, economic activity was gradually improving and real GDP growth attained 2.8% in 2010 up from -2.6% drawn. In the Euro Zone, economic growth was estimated at 1.7% after -4.1% in 2009 as exports were expected to strengthen benefiting from the world economic recovery and accommodative monetary policy despite sovereign debt concerns and poor climate conditions. In Japan, led by temporary factors, private consumption

became supportive for economic activity which has, according to the IMF estimates, increased by 3.9% end 2010 after -6.3% in 2009.

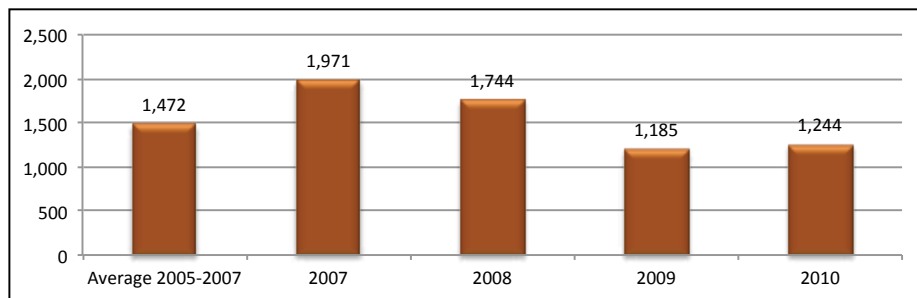
In emerging countries, the economic activity strongly recovered. Fixed investment grew significantly following increasing private consumption. Economic growth was 8% for the first semester and reached 9.5% in emerging Asian economies boosted by Chinese, Indian and Indonesian domestic demand. Developing economies showed signs of recovery drawn by the increase in commodity prices, stimulus policy measures and improving global trade and financial conditions. Recent IMF estimates set at 7.3% the economic growth in emerging and developing economies while it was at 2.7% in 2009. In China, the growth rate stood at 10.3% in 2010 from 9.2% in 2009. In Sub-Saharan Africa, the economic growth stood at 5% in 2010 after 2.8% in 2009.

In East African Community (EAC) countries, despite the effects of global financial crisis, economic growth stood at around 4.8% in 2009 and was expected at 6.1% in 2010. In Burundi, real GDP growth was established at 3.5% in 2009 and at 3.9% in 2010 drawn by food production and investment. In Tanzania, helped by investment, trade and tourism, economic growth stood at 6.5% in 2010 against 6.7% recorded in 2009. In Uganda, GDP estimates for 2010 stood at 5.2% from 7.2% in 2009, despite better rains which led to improved food production. Concerning Kenyan economy, real GDP growth is estimated at 5.0% in 2010 up from 2.6% in 2009.

## 2.2 Global Trends in Foreign Direct Investment (FDI)

On international level, according to the World Investment Report 2011, global FDI inflows in 2010 reached an estimated amount of \$1,244 billion (figure I.1); an increase of 5% from \$ 1,185 billion in 2009. FDI flows to developed countries and transition economies contracted further in 2010. In contrast, those to developing economies recovered strongly, and together with transition economies – for the first time – surpassed the 50 per cent mark of global FDI flows.

**Figure 1 : Recent global trend in foreign direct investment, 2005-2010**



**Source:** World Investment Report 2011

By region, FDI inflows increased considerably in Africa (27%) and in Latin America and the Caribbean (13%) in 2008, continuing the upward trend of the preceding years for both regions following the adoption of more conducive business environment for FDI. According to the World Investment Report 2011, the Global foreign direct investment (FDI) inflows rose modestly in 2010, following the large declines of 2008 and 2009. At \$1.24 trillion in 2010, they were only 5 per cent higher than 2008 (figure I.1). This moderate growth was mainly the result of higher flows to developing





countries, which together with transition economies – for the first time – absorbed more than half of FDI flows. While world industrial production and trade are back to their pre-crisis levels, FDI flows in 2010 remained some 15 per cent below their pre-crisis average, and 37 per cent below their 2007 peak.

The moderate recovery of FDI flows in 2010 revealed an uneven pattern among components and modes of FDI. Cross-border mergers and acquisitions (M&As) rebounded gradually, yet greenfield projects – which still account for the majority of FDI – fell in number and value. Increased profits of foreign affiliates, especially in developing countries, boosted reinvested earnings – one of the three components of FDI flows – while uncertainties surrounding global currency markets and European sovereign debt resulted in negative intra-company loans and lower levels of equity investment – the other two components of FDI flows.

FDI inward stock rose by 7 per cent in 2010, reaching \$19 trillion, on the back of improved performance of global capital markets, higher profitability, and healthy economic growth in developing countries. UNCTAD predicts FDI flows will continue their recovery to reach \$1.4–1.6 trillion, of the pre-crisis level, in 2011. In the first quarter of 2011, FDI inflows rose compared to the same period of 2010, although this level was lower than the last quarter of 2010. They are expected to rise further to \$1.7 trillion in 2012 and reach \$1.9 trillion in 2013, the peak achieved in 2007.

The record cash holdings of Transnational Corporations (TNCs), ongoing corporate and industrial restructuring, rising stock market valuations and gradual exits by States from financial and non-financial firms' shareholdings built up as supporting measures during the crisis, are creating new investment opportunities for companies across the globe. However, the volatility of the business environment, particularly in developed countries, means that TNCs have remained relatively cautious regarding their investment plans. In addition, risk factors such as unpredictability of global economic governance, a possible widespread sovereign debt crisis and fiscal and financial sector imbalances in some developed countries, rising inflation and apparent signs of overheating in major emerging market economies, among others, might derail FDI recovery.

FDI flows to developing economies rose by 12 per cent (to \$574 billion) in 2010, thanks to their relatively fast economic recovery, the strength of domestic demand, and burgeoning South–South flows. The value of cross-border M&As into developing economies doubled due to attractive valuations of company assets, strong earnings growth and robust economic fundamentals (such as market growth).

As more international production moves to developing and transition economies, TNCs are increasingly investing in those countries to maintain cost-effectiveness and to remain competitive in the global production networks. This is now mirrored by a shift in international consumption, in the wake of which market-seeking FDI is also gaining ground.

This changing pattern of FDI inflows is confirmed also in the global ranking of the largest FDI recipients: in 2010, half of the top 20 host economies were from developing and transition economies, compared to seven in 2009. In addition, three developing economies ranked among the five largest FDI recipients in the world. While the United States and China maintained their top position, some European countries moved down in the ranking. Indonesia entered the top 20 for the first time.

The shift towards developing and transition economies in total FDI inflows was also reflected in a change in the ranking of host countries by UNCTAD's Inward FDI Performance Index, which measures the amount of FDI that countries receive relative to the size of their economy (GDP). The index for developed countries as a group is below unity (the point where the country's share in global FDI flows and the country's share in global GDP are equal), and their ranking has fallen in the after-crisis period compared to the pre-crisis period of 2005–2007. In contrast, developing countries increased their performance index in the period 2005–2010, and they all have indices above unity.

The rise of FDI to developing countries hides significant regional differences. Some of the poorest regions continued to see declines in FDI flows. In addition to least developed countries (LDCs), landlocked developing countries (LLDCs) and Small Island developing States (SIDS), flows to Africa and to South Asia continued to fall. In contrast, major emerging regions, such as East and South-East Asia and Latin America experienced strong growth in FDI inflows.

Nearly all the big recipient countries saw inward flows increase, with Brazil the largest destination. In contrast, inflows to Africa, which peaked in 2008 driven by the resource boom, continued the downward trend which started in 2009. Inflows to South Africa declined to little more than a quarter of those for 2009. North Africa saw its FDI flows fall slightly (by 8 per cent) in 2010; the uprisings which broke out in early 2011 impeded FDI flows in the first quarter of 2011. FDI inflows to developed countries contracted moderately in 2010, falling by less than 1 per cent to \$602 billion. Europe stood out as the sub region where flows fell most sharply, reflecting uncertainties about the worsening sovereign debt crisis.

## 2.3 Macro-economic environment of Rwanda

Rwanda is a very proactive and forward looking country and has a vision to elevate the country to a middle income economy, service and knowledge based economy by 2020. Rwanda has a steady GDP growth rate 8.6% average year-on-year from 2005 - 2011, 3 year GDP growth rate highest among major African economies and neighboring countries. The country is characterized by a stable inflation and exchange rate, friendly business climate and qualified as high reformer by World Bank Doing Business rankings 2010.

Rwanda's growth emanated mainly from the recovery of industry and services sectors which recorded respectively an increase of 8.4% and 9.6% of the value added. Agriculture sector also grew by 4.9%. GDP per capita in nominal terms registered an increase of 3.9%, from USD 519 in 2009 to 540 in 2010 (BNR, annual report 2011). In 2010, Services sector maintained its first position in the structure of GDP with 46.7% of GDP at constant prices of 2006, followed by Agriculture sector that account 32.2% and the Industry sector that took 15.0% of GDP.

**Table 3: Selected macroeconomic performance indicators 2005-2010**

Indicator	2005	2006	2007	2008	2009	2010
Real GDP Growth (%)	9.4	9.2	7.7	11.5	6.1	7.5
Nominal GDP per Capital (US\$)	288.6	332.6	391.4	479.6	520.5	540.5
Average Exchange Rates (RWF/US\$)	557.81	548	547.01	546.85	568.27	583.13
Current Account Deficit (% of GDP, Excluding Transfers)	-14.6	-12.3	-11.9	-15.2	-19.6	-18
Gross Reserves ( in months of goods imports)	7.6	6.8	7	5.1	6.2	6
Annual average Inflation (%)	9.1	8.9	9.1	15.4	10.3	2.4
Gross National Savings (% of GDP)	12.1	8.9	14.3	19.6	15.8	14.7
Gross Domestic Investment (% of GDP)	16	16	18	23	22	21

**Source:** BNR annual report 2010

In 2010, due to better performance in food production, a decline in import prices, and stable Rwandan Francs (RWF) against the US dollar (USD), Rwanda has continued to experience low inflation, a sustained trend observed since the third quarter 2009. Annual headline inflation stood at 0.2% in December 2010 from 5.7% in December 2009. The annual average inflation was 2.3% in December 2010 after 10.3% in December 2009. The underlying inflation which excludes fresh foods and energy from the overall CPI, on annual average was 5% in December 2010 against 8.5% in December 2009.

Concerning the global external sector, Rwanda ended the Year 2010 with a positive balance of payments leading to a buildup of official reserves of USD 72.1millions. The situation resulted mainly from a significant increase of official and private capital inflows which have been offsetting the structural current account deficit.

The current account deficit worsened from USD 372.53 to 421.4million, due especially to trade balance and Services & income deficits. Nevertheless, net current transfers reached USD 657.36 million from 604.02 million in 2009, driven especially by official current transfers and remittances. The Capital and Financial account balance increased by 13% in 2010 compared to 2009 with decline in financial account but big increase of Capital transfers. Capital account balance increased by 43% while financial transactions account balance declined by 12% due especially to very low public external debt disbursement and low FDI flows in 2010 compared to 2009. End December 2010, Official reserves are estimated at 5.2 months of goods and services imports from 5.5 months end 2009.



In the year 2010, Government was faced with the objective of maintaining a prudent fiscal policy and financing of capacity building and infrastructure for economic development. Although total grants increased by 14.4%, from Rwf 347.4 to 397.4 billion in 2010, overall fiscal deficit including grants increased from Rwf 24.1 to Rwf 51.1 billion. Government spendings increased from Rwf 750.8 in 2009 to Rwf 879.4 billion in 2010.

The Government's overall macroeconomic strategy continued to concentrate on reinforcing economic growth by stimulating domestic sources of growth, promoting higher productivity and helping to stabilize the economy. The proportion of tax revenues to GDP slightly increased from 12.2% to 12.6% implying a more tax concentration on GDP in 2010 compared to 2009. Direct tax collection amounted to Rwf 162.0 billion against Rwf 136.5 billion achieved in 2009; an increase of 18.7%.

To complement its own resources, Government has been also borrowing. The total government's outstanding debt in 2010 increased by 27.9%; from Rwf 173.1 billion in 2009 to Rwf 221.4 billion end 2010 dominated by debt from local commercial banks. Domestic debt was complemented by external debt dominated by borrowing from multilateral creditors.

The monetary sector was marked by an increase in broad money (M3) with annual growth of 17.0% in 2010 compared to 2009. The expansion in M3 was attributed to both Net Foreign Assets (NFA) and Net Domestic Assets (NDA) of the Banking System.

It is in the presented Rwanda economic environment that investment in general evolved in 2010. The survey we conducted is related to foreign investment. We cover mainly the year 2010. The findings are presented in the following chapter focusing mainly on quantitative findings of the survey.

## CHAPTER III. QUANTITATIVE SURVEY FINDINGS

The findings of the census present the results of stocks and flows of foreign investments. They are in form of assets and liabilities, classified into 3 categories: foreign direct investments, portfolio investments and other investments. This chapter presents the results in these categories by country of origin and sector of investment.

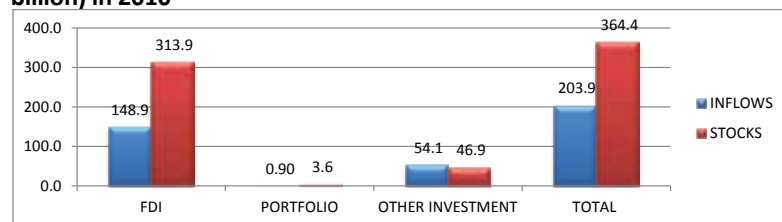
### 3.1 Foreign Liabilities

#### 3.1.1 Composition of Foreign Private Investment Flows and Stocks

Rwanda recorded an increase in foreign private investment inflows from RWF 79.8 billion declared in 2009 to RWF 203.9 billion declared in 2010. In 2010, foreign private investment inflows were largely in form of Foreign Direct Investment (FDI) amounting to RWF 148.9 billion accounting for 73.0 percent total foreign private investment inflows, other investments RWF 54.1 billion (26.5 percent) and portfolio investment of RWF 0.9 billion (0.4 percent) as reflected in Figure 2.



**Figure 2 : Composition of Foreign Private Investment Inflows (RWF billion) in 2010**



**Source:** Foreign Private Investment 2011

In terms of stocks, total foreign private investment increased by 71.0 percent to close at RWF 364.4 billion in 2010 from RWF 213.1 billion recorded in 2009. In 2010, foreign private investment stocks were in form of FDI for RWF 313.9 billion followed by other investments of RWF 46.9 billion and portfolio Investment of RWF 3.6 billion (see Table 4).

**Table 4 : Foreign Private Investments Stocks by Type (RWF Billions), 2009-2010**

FPC TYPE	STOCK		
	2009	2010	% CHANGE
FDI	176.4	313.9	77.9
PORTFOLIO	2.3	3.6	53.4
OTHER INVESTMENT	31.2	46.9	50.2
<b>TOTAL</b>	<b>213.1</b>	<b>364.4</b>	<b>71.0</b>

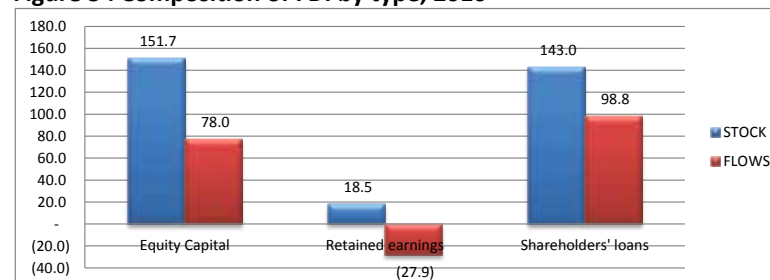
**Source:** Foreign Private Investment 2011

### 3.1.1.1 Foreign Direct Investment

An Investment is considered to be a Foreign Direct Investment (FDI) if non-resident entities or individuals hold 10% or more of the equity share in a resident entity, including all levels of Fellow Enterprises and Direct Investments of even less than 10 percent of shareholding. In 2010, the FDI inflows were RWF 203.9 billion, dominated by loans from shareholders contributing 66.4 percent and equity capital accounting for 52.4 percent and negative retained earnings (loss) of 18.7 percent. Compared to 2009, FDI inflows in 2010 almost tripled, from RWF 58.7 billion in 2009 to RWF 148.9 billion in 2010 due mainly to increase in loans from related companies which increased by 300 percent.

FDI stock which is composed of equity capital, share-premium, accumulated retained earnings, capital reserves and loans from related companies increased from RWF 176.4 billion in 2009 to RWF 313.9 billion recorded in 2010 mainly due to loans from affiliates. On average, FDI accounted for over 86.1 percent of total liabilities.

**Figure 3 : Composition of FDI by type, 2010**



**Source:** Foreign Private Investment 2011

### 3.1.1.2 Foreign Portfolio Investment

Foreign Portfolio Investment (FPI) comprises ownership of investment of less than 10 percent excluding transactions with fellow companies and direct investment enterprises. FPI stock increased from RWF 2.3 billion in 2009 to RWF 3.6 billion in 2010, equivalent to 50 percent growth. On average, FPI accounted for 1.3 percent of the total liabilities in 2010.

### 3.1.1.3 Other investments

Other investments cover mainly long term and short term loans from unrelated companies. In 2010, a total of RWF 46.9 billion of loans were reported, of which RWF 42.3 billion (90.1 percent) were long term and RWF 4.7 billion (9.9 percent) in form of trade credits. On average, other investments accounted for 12.9 percent of the overall liability flows.

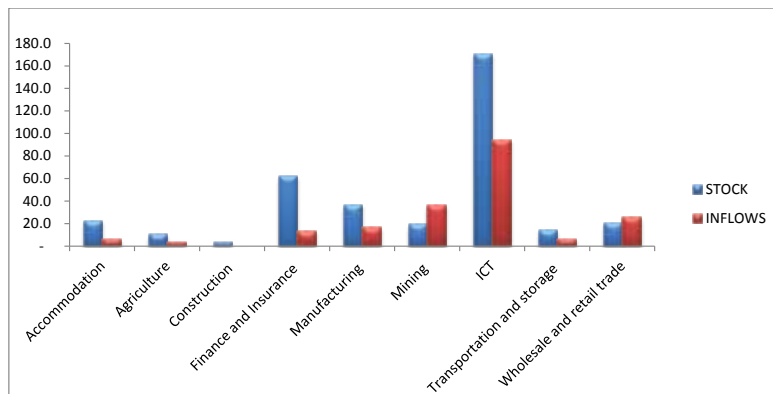
### 3.1.2 Foreign liabilities by sectors

This section provides information on the stocks and flows of Foreign Direct Investment (FDI), Foreign Portfolio Investment (FPI), and other investments by sector.

### 3.1.2.1 Inflows and stocks by sectors in 2010

In 2010, ICT was the largest sector attracting 46.3 percent of total liability inflows. It was followed by Mining with 18.1 percent, wholesale and retail trade with 12.4 percent and manufacturing with 8.2 percent. Finance and insurance was ranked second for 2008-2009 dropped to fifth position in 2010. Stock of foreign investment in ICT amounted to RWF 171.0 billion followed by finance and insurance, and mining with RWF 62.3 billion and 36.8 billion, respectively.

**Figure 4 : Foreign Private Investment Inflows and Stocks by sectors (Rwf billion), in 2010.**

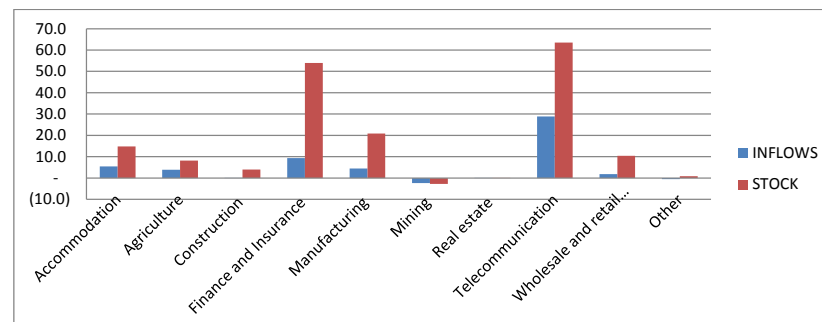


*Source: Foreign Private Investment 2011*

### 3.1.2.2 Equity inflows and stocks by sectors in 2010

Separating equity capital and debt, in 2010, ICT remained the largest sector attracting 56.6 and 36.5 percent of inflows and stocks of total equity capital in 2010. Equity inflows and stocks to finance and insurance sector accounted for 18.3 and 31.1 percent respectively in 2010 (See figure 5)

**Figure 5: Equity capital inflows and stocks by sectors in 2010 (RWF billions)**

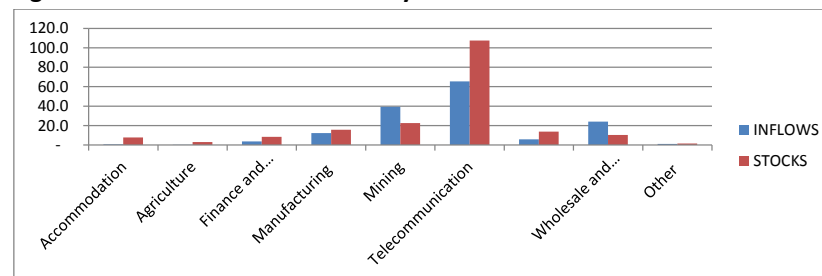


*Source: Foreign Private Investment 2011*

### 3.1.2.3 Debt inflows and stocks by sectors in 2010

Considering debt side of capital in 2010, ICT remained the largest sector attracting 42.8 and 52.4 percent of both inflows and stocks of total debt capital. The mining sector comes in second position with 25.6 percent of total inflows and 11.9 percent of total stock in 2010. (See figure 6)

**Figure 6 : Debt inflows and stocks by sectors in 2010**

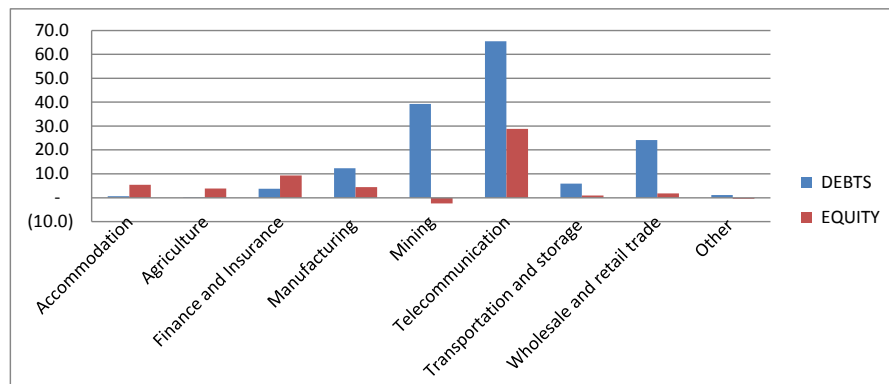


*Source: Foreign Private Investment 2011*

### 3.1.2.4 Debt and Equity inflows by sectors in 2010

Comparing debt and equity flows by sector in 2010, ICT remains dominating, followed by Mining, wholesale and retail trade, and manufacturing sectors respectively.

**Figure 7 : Debt and Equity inflows by sectors in 2010**



**Source:** Foreign Private Investment 2011

### 3.1.3 Inflows and stocks by source in 2010

Total inflows and stocks of foreign liabilities originated mainly from Mauritius, Luxembourg and Kenya for 52.6 percent in 2010. For stock, the same countries were leading accounting for 55.1 percent. It is important to note that Mauritius is becoming the big source of foreign investments where most of companies are selling shares to holding companies from Mauritius.



**Table 5 : Inflows and stocks by source in 2010 in RFW billion**

Source	INFLOWS		STOCK	
	AMOUNT	%SHARE	AMOUNT	%SHARE
Mauritius	69.2	33.9	112.6	30.9
Luxembourg	16.7	8.2	55.0	15.1
Kenya	21.3	10.5	33.3	9.1
China	2.5	1.2	25.8	7.1
Netherlands	3.9	1.9	18.8	5.2
PTA	5.9	2.9	13.3	3.7
Belgium	2.7	1.3	10.4	2.8
US	1.6	0.8	9.5	2.6
Others	80.1	39.3	85.8	23.6
Total	203.9	100.0	364.4	100.0

**Source:** Foreign Private Investment 2011

### 3.1.3.1 Equity capital inflows and stocks by source in 2010

Total equity capital inflows and stocks of foreign liabilities, were from many countries but dominated by Mauritius, Luxembourg and Kenya. The same countries were the leading in existing stock of foreign investment in 2010.

**Table 6 : Equity capital inflows and stocks by source in 2010 in RFW billion**

Source	INFLOWS		STOCK	
	AMOUNT	%SHARE	AMOUNT	%SHARE
Mauritius	6.1	12.0	45.1	25.9
Luxembourg	10.7	21.0	28.4	16.4
Kenya	8.4	16.4	19.8	11.4
Netherlands	2.3	4.5	13.9	8.0
Togo	1.5	2.9	9.2	5.3
US	1.2	2.4	8.0	4.6
Other	20.8	40.8	49.4	28.4
Total	51.0	100.0	173.8	100.0

**Source:** Foreign Private Investment 2011



### 3.1.3.2 Debt capital inflows and stocks by origin in 2010 (RFW billion)

In 2010, debt capital inflows and stocks originated mainly from Mauritius, Luxembourg and Kenya for 53.7 percent and 56.4 percent respectively.

**Table 7 : Debt capital inflows and stocks by source in 2010 in RFW billion**

Source	INFLOWS		STOCK	
	AMOUNT	%SHARE	AMOUNT	%SHARE
Mauritius	63.1	41.3	67.5	35.4
Luxembourg	5.9	3.9	26.5	13.9
China	2.0	1.3	20.8	10.9
Kenya	13.0	8.5	13.6	7.1
PTA	5.9	3.9	13.3	7.0
World Bank	5.9	3.8	7.1	3.7
Others	57.1	37.4	41.7	21.9
Total	152.9	100.0	190.5	100.0

Source: Foreign Private Investment 2011

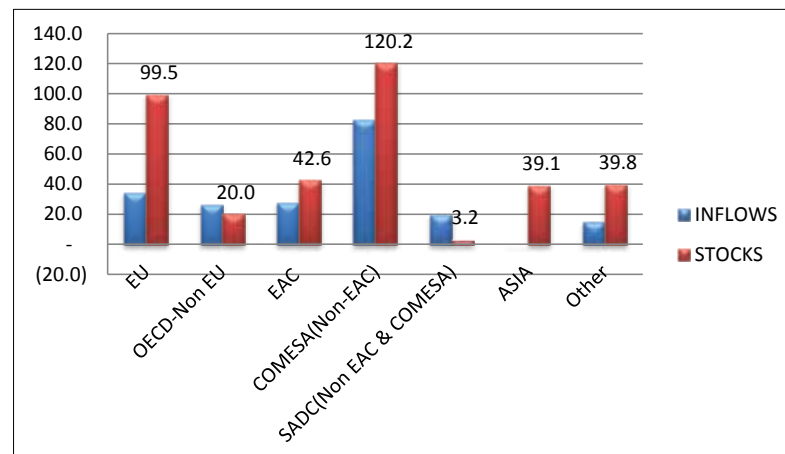
### 3.1.4 Foreign private investment inflows and stock by regional grouping, 2010

With regard to foreign private capital stocks by regional economic grouping, the census findings show that stocks of foreign private investment from all regions increased in 2010. For the total stock of RWF 364.4 billion in 2010, the COMESA (Non EAC) countries held the highest stock amounting to RWF 120.2 billion (33.0% ) from RWF 42.3 billion in 2009 . European Union (EU) follows with RWF 99.5 billion (27.3%) up from RWF 69.6 billion in 2009. EAC accounted for RWF 42.6 billion (109%) from RWF 20.3 billion in 2009, ASIA had RWF 39.1 billion (10.7%) from RWF 24.3 billion in 2009, OECD (Non-EU) had RWF 20 billion (5.5%) from RWF 9.0 billion in 2009 and SADC (Non EAC & COMESA) accounted RWF 8.2 billion (5.1%) down from RWF 34.6 billion in 2009.

Except for Asian countries, the inflows of foreign private investment from all regions recorded an increase in 2010. In 2010, to the total inflows of RWF 203.9 billion, the COMESA (Non EAC) countries held the highest inflows accounting for 40.6 percent, European Union (EU) with 16.7 percent came

second, followed by EAC with 13.5 percent, OECD (Non-EU) with 12.8 percent and SADC (Non EAC & COMESA) with 9.4 percent.

**Figure 8: Foreign Private Investment stocks and inflows by Regional Grouping, in 2010**



Source: Foreign Private Investment, 2011

### 3.1.5 Return on equity by sectors in 2010

Return on Equity (ROE) is the percentage of net income returned to total shareholders' equity. Sector ROE measures profitability by revealing how much profit a sector generates with the money shareholders have invested. The ROE is expressed as a percentage and calculated as:

$$ROE = \frac{Net\ Income}{Average\ Equity\ Stock} \times 100$$

In the period under review the overall return on equity attributable to foreign direct and portfolio investments was 3.5 percent (see table 9). This situation was largely attributed to green field investments increase in mining, ICT and financial sectors which had not yet realized their returns on investment.

**Table 8: Top profitable sectors in RWF billion**

SECTOR	Net Profit	Average Equity stock	ROE (%)
Manufacturing	9.23	19.77	46.68
Agriculture, forestry and fishing	1.77	6.30	28.12
Wholesale and retail trade	1.61	8.79	18.35
Transportation and storage	0.14	0.87	15.98
Finance and Insurance activities	3.02	46.02	6.57
Others	0.05	3.99	1.37
Administrative and support services	-0.02	0.48	-4.17
Accommodation	-0.70	12.35	-5.67
ICT	-30.43	40.22	-75.64
TOTAL	-15.32	138.80	3.51

*Source: Foreign Private Investment 2011*

On a sectorial basis, manufacturing had the highest return on equity of 46.7 percent in 2010, followed by agriculture (28.1 percent), wholesale and retail trade (18.3 percent), and finance and insurance activities with 6.6 percent. Compared to 2009, except for wholesale and retail trade, agriculture and real estate which increased other sectors recorded a decline. With regard to finance sector, the decline in return on equity could partly be explained by green field investments in this sector.

### 3.1.6 Dividends paid

During the period under consideration, dividends paid to foreign shareholders declined from RWF 13.25 billion in 2009 to RWF 8.67 billion in 2010. The higher performances were registered by manufacturing, followed by finance and insurance.



### 3.1.7 Private Sector External Debts (PSED) 2010

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

#### 3.1.7.1 Private Sector External Debt inflows 2010

Disbursements of the PSED in 2010 amounted to RWF 152.9 billion from RWF 64.4 billion in the previous year. Debts from related companies totaled RWF 98.9 billion while from unrelated sources were RWF 54.2 billion in 2010. The debts from affiliates account for 64.6 percent of total debts from abroad. The principal repayment was RWF 71.3 billion in 2010. The outstanding stock of 2010 was RWF 190.0 billion.

**Table 9: Private Sector External Debt inflows 2010 (Rwf billion)**

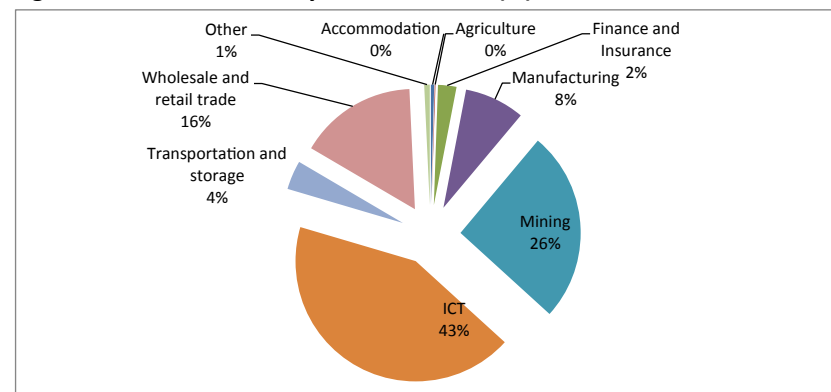
Type		Disbursement	Principal repayment
AFFILIATES		98.8	32.9
Loans	LT	61.4	1.4
	ST	0.6	1.0
Trade Credits	LT	11.6	6.4
	ST	23.7	23.3
Other	LT	0.9	0.7
	ST	0.6	-
NON AFFILIATES		54.1	38.4
Loans	LT	28.6	7.8
	ST	-	-
Trade Credits	LT	0.3	0.5
	ST	24.2	23.1
Other	LT	1.1	7.2
<b>TOTAL</b>		<b>152.9</b>	<b>71.3</b>
Of which:	LT	103.9	23.9
	ST	49.1	47.4

Source: Foreign Private Investment 2011

### Inflows of debt by sector in 2010

The big share of external debt inflows (disbursements) in 2010 was absorbed by ICT with 42.8 percent followed by mining with 25.6 percent, wholesale and retail trade and manufacturing sectors with 15.8 percent and 8.1 percent, respectively.

**Figure 9 : Inflows of debt by sectors in 2010 (%)**



Source: Foreign Private Investment 2011

### Private Sector External Debt stocks 2010

Table 10 indicates that the stock of private sector external debts were mainly concessional loans from related companies or shareholders for the share of 64.6 percent.





**Table 10 : Private Sector External Debt stocks 2010 (RWF billion)**

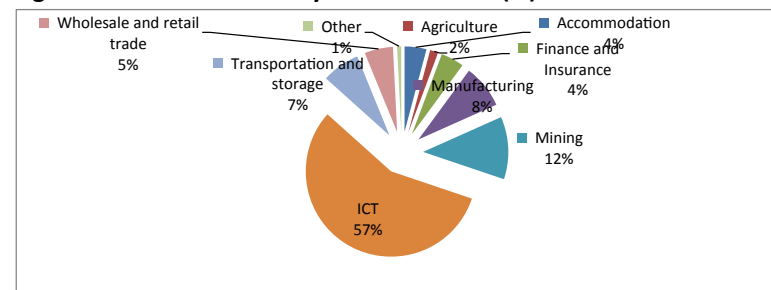
TYPE		OPENING 2010	CLOSING 2010
<b>AFFILIATES</b>		<b>76.6</b>	<b>143.0</b>
Loans	LT	60.0	120.0
	ST	1.6	1.2
Trade Credits	LT	6.5	11.6
	ST	5.9	6.8
Other	LT	2.3	2.5
	ST	0.3	0.9
<b>NON AFFILIATES</b>		<b>31.2</b>	<b>46.9</b>
Loans	LT	19.8	40.5
	ST	-	-
Trade Credits	LT	0.6	0.4
	ST	3.5	4.7
Other	LT	7.3	1.3
<b>TOTAL of which:</b>		<b>107.78</b>	<b>189.89</b>
	LT	96.4	176.4
	ST	11.4	13.5

*Source: Foreign Private Investment 2011*

### 3.1.7.4. Stocks of debt by sectors in 2010

With the total stock of debt of RWF 189.9 billion in 2010, ICT accounted for 57 percent followed by mining with 12 percent, manufacturing with 8 percent and transportation and storage with 7 percent.

**Figure 10 : Stocks of debt by sectors in 2010 (%)**



*Source: Foreign Private Investment 2011*

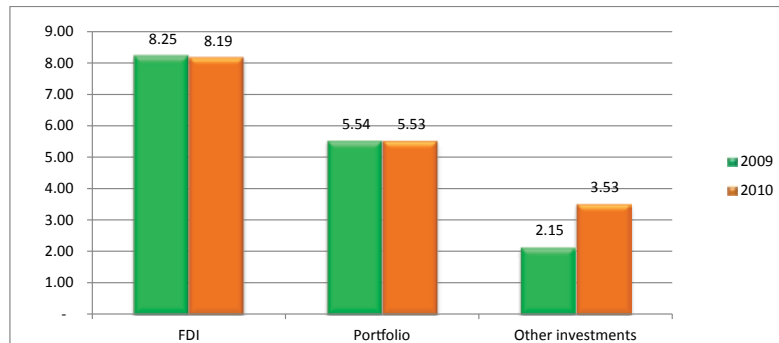
## 3.2 Private Foreign Assets (PFA)

This section provides analysis of the survey findings on the stock of Private Sector Investments abroad (Foreign Assets). Foreign assets refer to holding of equity shares or lending to non-residents in form of loans, debt securities and trade credits or any other acquired assets by a resident entity in non-resident entities.

The results showed that PFA were in form of foreign direct equity, foreign portfolio equity and other investments. Foreign investments amounted to RWF 15.9 billion in 2009 and increased to RWF 17.2 billion in 2010. The big share was invested as FDI accounting for 47.4 percent, FPI 32.0 percent and other investments specifically trade credits which counted for 20.5 percent of all foreign assets in 2010. Sectors with foreign assets were finance and insurance (56.7 percent) and wholesale and retail trade (38.8 percent).



**Figure 11 : Private foreign assets stocks in RWF billion**



**Source:** Foreign Private Investment 2011

### 3.3. Other findings

This chapter presents the aggregate findings on companies' turnover, levels of employment, compensation of employees and on contribution to corporate social responsibility.

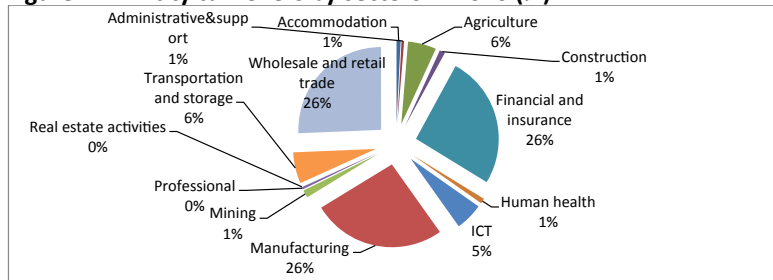
#### 3.3.1 Entity turnover

The total turnover for the entities increased to RWF 381.9 billion in 2010 from RWF 281.9 billion in 2009, an increase of 35.7 percent. The bulk of registered turnover was wholesale and retail trade, manufacturing and financial and insurance sectors; each of them accounting 26 percent of all sectors turnover. The findings collaborate to the fact that the wholesale trade is the largest sector in the economy. It includes fuel companies, shopping malls and auto companies; mining, manufacturing and financial sectors are growing sectors in the economy.

This trend is confirmed by the country's declared total turnover that increased by 24.2% in 2010 compare to the level of 2009, from RWF 1,219.2 billion to RWF 1,514.1 billion. Thus the surveyed companies contributed to total declared turnovers for 23.1% in 2009 and for 25.2% in 2010. Information and Communication Technology as well as Mining sector which received the biggest share of investment contributed less to turnovers. These investments are new and are expected to better perform in the future.



**Figure 12 : Entity turnovers by sectors in 2010 (%)**



*Source: Foreign Private Investment 2011*

### 3.3.2 Employment

As shown in the Table 11, the total employment in foreign owned investments grew from 14,511 in 2009 to 16,302 in 2010, equivalent to an increase of 12.3 percent. Rwandans accounted for 95.0 percent of the total employment and the remaining 5.0 percent were foreigners. Foreign workers are dominating in Managerial and technical positions with a share of 86.3% of total foreign workers. But even in those categories of work they are very low compared to local; 28.1% in managerial positions and 5.4% at technician level.

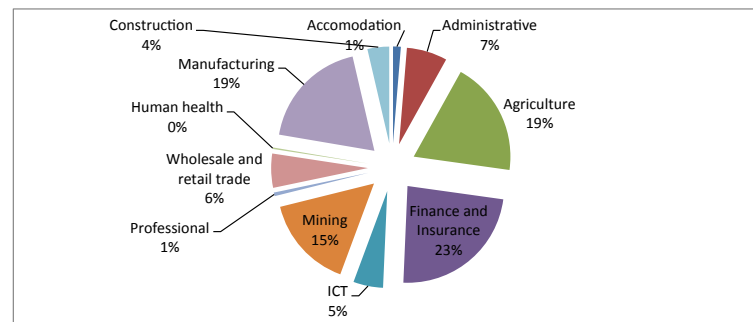
**Table 11 : Distribution of employment in 2010**

CATEGORY	NATIONALITY		EMPLOYMENT
Managerial	Local		616
	Foreign	LT	129
		ST	44
Administrative	Local		3,018
	Foreign	LT	43
		ST	12
Technicians	Local		3,214
	Foreign	LT	119
		ST	54
Casual	Local		9,053
TOTAL	Local		15,901
	Foreign	LT	291
		ST	110
TOTAL			16,302

*Source: Foreign Private Investment 2011*

In terms of sector distribution of employment, finance and insurance sector has the highest number of staff with 23.5 percent of total recorded number of employees. The share of agriculture was 19.1 percent, manufacturing with 18.7 percent and mining 15.4 percent. Employment in finance and Insurance sector keeps increasing as a result of expansion of the banking sector, existing and new banks and branches with 26.1 percent increase from 3,000 jobs in 2009 to 3,785 jobs in 2010.

**Table12: Distribution of employment by sectors 2010 (%)**



*Source: Foreign Private Investment 2011*

### 3.3.3 Compensations of employees.

Annual value of total compensation of employees was 49.7 billion. In terms of type of compensation, salaries and wages contributed to the highest share of 81.3 percent. Locals had relatively bigger share of 83.2 percent due to their high proportion in the total employment and in all positions.

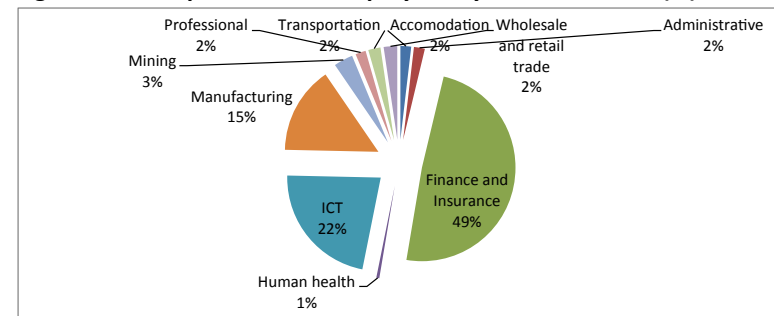
**Table 13 : Total compensation of employees for 2010 in RWF billion**

TYPE	RESIDENCY	STATUS	AMOUNT
Salaries and wages	Local		34.94
	Foreign	LT	4.22
		ST	1.24
Fringe benefits	Local		2.21
	Foreign	LT	0.47
		ST	0.01
NSSF/Pension	Local		2.05
	Foreign	LT	0.37
		ST	0.05
Directors fees	Local		0.25
	Foreign	LT	0.32
		ST	1.34
Others	Local		1.93
	Foreign	LT	0.30
		ST	0.00
TOTAL	Local		41.38
	Foreign	LT	5.68
		ST	2.65
TOTAL			49.71

*Source: Foreign Private Investment 2011*

In 2010, compensation of employees in finance and insurance activities accounted for 48.7 percent, followed by ICT 22.2 percent and manufacturing for 15.1 percent. The highest compensation of employees is from the finance and insurance sector in line with its high number of employment and also the high salaries compared to other sectors.

**Figure 13 : Compensation of employees by sectors in 2010 (%)**



*Source: Foreign Private Investment 2011*

### 3.3.4 Type of investment

Actual investment is in land, buildings, machinery, vehicles, equipment and working capital. During survey period, total actual investment was RWF 494 billion. Plant and machinery accounted for 53.8 percent, followed by building and civil works with 16.4 percent of the actual investment. This pattern is due to growing construction activities in different sectors and new green field investment in mining and manufacturing.

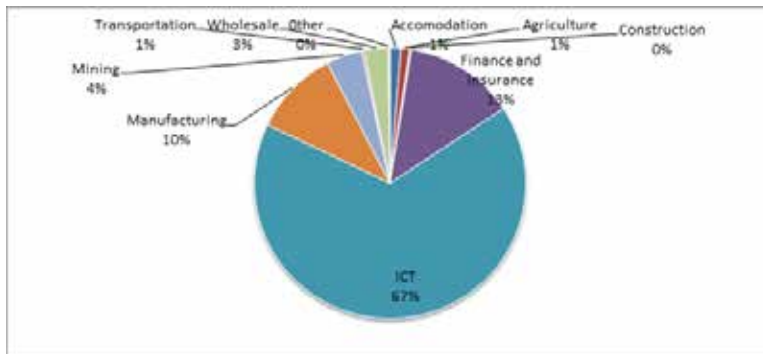
**Table 14: Type of investment in foreign private or joint enterprises 2010 in RWF billion**

TYPE	AMOUNT	%SHARE
Plant & machinery	266	53.8
Building & civil works	81	16.4
Work in progress	62	12.6
Working capital	30	6.1
Other	24	4.8
Land	8	1.6
Vehicles	8	1.7
Computer & accessories	7	1.3
Furniture & fittings	7	1.4
Prestart up	2	0.3
Total	494	100

*Source: Foreign Private Investment 2011*

In terms of sectoral distribution, ICT accounted for 67.0 percent, followed by financial and insurance with 13.4 percent and manufacturing with 10.1 percent. The higher actual investment in terms of assets from the ICT sector is in line with the foreign liabilities findings where it is ranked number one in terms of foreign equity and debts.

**Figure 14: Actual Investment by sectors in 2010 (%)**

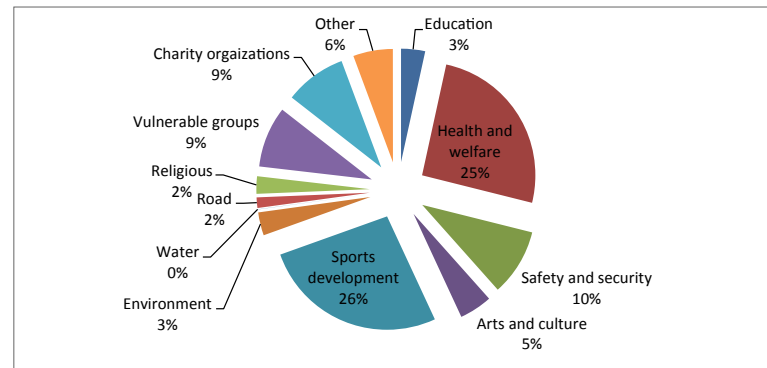


*Source: Foreign Private Investment 2011*

### 3.3.5 Corporate social responsibility

Corporate social responsibility includes donations, financing of environmental, infrastructure, educational programs, health and other social, cultural or community services that benefit the population. The contributions of corporate social responsibility stood at RWF 1.2 billion in 2010 against RWF 0.9 billion in 2009. On average, most of the corporate social responsibility expenditures were on sports development (26.2 percent), health and welfare (24.8 percent) safety and security (10.0 percent) followed by donation to vulnerable groups (9.4 percent) and donation to charity organizations (9.0 percent).

**Figure 15 : Corporate social responsibility by type in 2010**



*Source: Foreign Private Investment 2011*

## CHAPTER IV. FOREIGN PRIVATE INVESTMENTS PERCEPTION

The Investor Perception Index (IPI) 2011 revealed that foreign investors have a perception of the investment climate on average score of 68.3 percent. The report provides the overall composite Index value as well as analysis at the disaggregated level. It identifies the issues of highest priority for investors and also the types of investors facing relatively higher constraints according to characteristics such as firm size, sector and origin (domestic, foreign or joint venture).

The main themes of investor perception are:

1. Legal framework
2. Governance
3. Taxation and investment framework
4. Infrastructure
5. Access to finance
6. Domestic resources
7. Support services
8. Trading across borders.

**Table 15: Investors' perceptions**

Most Favorable		
Lack of Corruption at the central level	Governance	88.0
Procedures to obtain business licenses & operating permits	Support services	87.1
Company registration and licensing	Support services	86.9
Ease of remitting funds into or out of Rwanda	Tax and Investment	86.5
Most Problematic		
Affordability of transport by air	Trading across borders	44.1
Affordability of transport to Mombasa & Dar Es Salaam	Trading across borders	51.3
Availability and cost of land	Domestic resources	53.3
Cost of relevant training	Support services	59.2

**Source:** *Investor Perception Index 2011.*

The table 15 indicates that among the most favorable conditions for investors are the lack of corruption at the central level (championed through Rwanda's 'zero tolerance' campaign) as well as key business support services regarding licenses, permits and registry of companies. These have been targeted particularly through RDB's Doing Business reforms in recent years. In addition, reforms have been made to register land, which has seen strong recognition in the IPI 2011; this has not yet been translated into an acceptable level of access and affordability of land on the market, according to investors.

On the other hand, trading across borders remains costly and inefficient, with major transport constraints whether to the ports of Mombasa, Dar-Es-Salaam or by air.

## CONCLUSION

The foreign private capital results revealed that, foreign private investments in Rwanda have continued to grow and provide a drive for sustained economic growth. The increase in inflows of foreign liabilities which tripled from RWF 79.8 billion declared for 2009 to RWF 203.9 billion in 2010 indicates increased attraction of foreign investment from abroad.

With the country's capital account liberalization, external private debt from unrelated companies also increased.

During the period under review, findings of the census indicated that, actual investments increased by 45.8 percent, entity turnover by 35.5 percent,

employment by 12.4 percent, and compensation of employees by 45.3 percent, implying positive trends.

This is an indication that Rwanda is a competitive investment destination and the private sector continues to contribute to economic growth. There is need to sustain the achievements registered in the attraction and retention of private investments.

The results of this study should be used as an indication of foreign private investment sectorial performance and as a tool in the evaluation of current interventions as well as the design of new policies and programs aiming priority issues and investor groups facing highest constraints.

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10. World Bank 'Doing Business' Rankings 2011 & 2012, World Economic Forum Global
11. World Economic Forum (2010/2011) Doing Business Report 2011

## ANNEXES

### Annexe 1: Foreign Private capital inflows and stock by country in 2010 (Rwf billion)

		2010	
	COUNTRY	INFLOWS	STOCK
1	Mauritius	69.22	112.57
2	Switzerland	24.18	4.66
3	Kenya	21.35	33.32
4	South Africa	19.17	2.47
5	Luxembourg	16.66	54.95
6	Libya	13.60	7.47
7	Sweden	7.20	4.90
8	Preferential Trade Area (PTA)	5.91	13.32
9	World bank	5.87	7.11
10	Tanzania	4.98	6.93
11	Netherlands	3.87	18.80
12	Belgium	2.67	10.35
13	China	2.47	25.77
14	US	1.65	9.47
15	Togo	1.49	9.22

16	United Kingdom	1.35	2.97
17	Germany	1.10	3.16
18	France	1.04	3.47
19	Nigeria	0.92	6.72
20	Uganda	0.82	1.49
21	Australia	0.48	1.76
22	Norway	0.41	1.04
23	Panama	0.37	0.84
24	Burundi	0.34	0.82
25	Slovakia	0.18	0.23
26	Italy and Vatican City	0.17	0.91
27	Tunisia	0.06	0.96
28	Pakistan	0.02	0.06
29	Eritrea	0.02	0.64
30	Cote d'Ivoire	0.01	0.06
31	Other	(3.67)	17.94
	Grand Total	203.91	364.38

## Annexe 2: Questionnaire

### Foreign Private Investments Census 2011

*Please help us monitor economic development and formulate better policies*

**AUGUST 2011**

### Foreign Private Investment Census 2011

Dear Investor

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

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

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

Completing the Questionnaire

Given the importance of this exercise, we would appreciate the Director of Finance or Chief accountant fill the Foreign Assets and Liabilities part and the perception part be completed by the Chef Executive Officer. Do not hesitate to contact us if you have any difficulty completing the questionnaire our contacts are provided below. Please attach your financial statements for the year ended December 2010. Our staff will be visiting you and we would be most grateful if you would provide them with your cooperation. We would appreciate the filled in questionnaire to be ready within ten (10) days from the date of delivery.

Mandate and Confidentiality

The National Institute of Statistics of Rwanda under the Law n009/2005 of 14/07/ 2005, The National Bank of Rwanda under the Law n055/2007 of 30/11/2007 and Rwanda Development Agency under the organic Law n053/2008 of 02/09/ 2008 mandate the implementation of this exercise. The information you supply will be kept strictly confidential and will be used for statistical and policy purposes only. Publication will only be in aggregate form. As a way of promoting dialogue we will share with you the results of this census in aggregate form and seek your further involvement.

**THANK YOU FOR YOUR COOPERATION**



## Guidelines and Definitions

### 1. Who needs to complete this questionnaire?

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

### 2. Do you need assistance?

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

Names	Institution	Telephone	E-mail address
Director of Statistics Manager BOP Division	BNR	0788309163 0788818455	<a href="mailto:vmwiturehe@bnr.rw">vmwiturehe@bnr.rw</a> <a href="mailto:tbadaga@bnr.rw">tbadaga@bnr.rw</a>
National accounts and GDP projections officer	NISR	0788762655	<a href="mailto:manzigdp@gmail.com">manzigdp@gmail.com</a>
Investment promotion division director	RDB	0788306900	<a href="mailto:jmpunga@rwandainvest.com">jmpunga@rwandainvest.com</a>
Director of Employment	PSF	0788301410	<a href="mailto:antoinem@psf.org.rw">antoinem@psf.org.rw</a>

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

### 2. Reporting period

This questionnaire requests for stock data on a calendar year basis (i.e., from 1<sup>st</sup> January to 31<sup>st</sup> December) for Parts 1 – 4 and transactions within the calendar year 2010. If your entity's financial statements are prepared on any other financial year basis other than on the calendar year, please take one of the following steps. If you produce:

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

### Currency of reporting

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

### 3. Units of Reporting

Please report all data in **actual amounts** (to the last unit). For example, enter six million seven hundred eighty five thousand seven hundred forty one as 6,785,741 (and not as 6.786m). **Please report all data in units.**

### 4. Residency

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

## 5. Investment (Enterprise) relationships

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

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

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

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

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

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

### Dividends Declared and paid/received and Profits Remitted

- i). **Dividends** are earnings distributed to shareholders or equivalent equity holdings for incorporated private entities, cooperatives and public corporations after payments of interest on debts and taxes.
- ii). **Dividend Paid/Profits remitted:** Dividends are declared returns on a shareholders' equity whereas profits remitted/paid apply to transfer of net earnings from a branches (unincorporated entities) to its non-resident parent enterprise. The payment of the dividends or remittance of profit may be executed during the following financial year depending on the entity's policy and cash flow.

### Net Profits and Retained (Reinvested) Earnings

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

## 6. Financial Instruments

Financial instruments consist of Equity and Non-equity

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

## 7. Other Claims other than equity and loans

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

- i) Insurance, Pension and Standardised Guarantee Schemes:** these consist of the following:
- ii) Nonlife insurance technical reserves:** These are prepayments for unearned insurance premiums or outstanding insurance claims identified by the Insurance Corporation to cover what they expect to pay out arising from events which the claims are not yet settled.
- iii) Life insurance and annuity entitlement:** These consist of reserves of life insurance companies and annuity of providers for prepaid premium or accrued liabilities to life insurance policyholders and beneficiaries of annuities.
- iv) Pension entitlement:** These show the extend of financial claims that both existing and future pensioners hold against either their employer or a fund designed to pay pensions earned as part of the compensation agreement between the employer and employee.
- v) Provisions under standardised guarantee schemes:** These are usually guarantees schemes provided by government or financial corporation such as export credit guarantees and student loan guarantee. You are required to report any claim due if your entity has acted as a guarantor.
- vi) Employee Stock Option:** These are options to buy the equity of a company, offered to employees of the company as a form of remuneration. It is commonly offered to Chief Executive Officer (CEO) and employees of listed companies as bonus remuneration or rewards. You are required to report the employee stock options offered to non-residents and vice-versa.
- vii) Custody Accounts / Administered Funds:** These are accounts/funds created at a bank, brokerage firm or mutual fund company that are managed on behalf of a group of clients. Transactions and positions should be recorded at book value.
- viii) Outstanding franchise fee:** These are payments made for the use of trademarks or brand names. Any outstanding claim should be reported.

## PART 1

### General Information

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

#### 1.1 Name, Contacts and other information

- 1.1a Name of Entity: \_\_\_\_\_
- 1.1b Contact Person and Position \_\_\_\_\_
- 1.1c Alternative Contact Person and Position \_\_\_\_\_
- 1.1d Physical Address: \_\_\_\_\_ Postal Address: \_\_\_\_\_ Tel: \_\_\_\_\_  
 Fax: \_\_\_\_\_ E-mail: \_\_\_\_\_ Website: \_\_\_\_\_
- 1.1e Date of Commencement of Operation: \_\_\_\_\_
- 1.1f Investment Certificate Number (if any): \_\_\_\_\_

## 1.2 Entity Turnover for 2010 in Rwf

Please enter the total turnover of your entity for the year 2010.

**Table 1.1: Total Turnover for the year ended 2010**

	31 <sup>st</sup> December 2010
Total Turnover <i>including</i> Other Income	

## 1.2 Industrial Classification

Please tick in the box to indicate the Industrial Classification, and also enter the percentage contribution of the Industrial Classification on the turnover (2010)

**Table 1.5: Industrial Classification (Sector)**

Industrial Classification	Tick sector	% share contribution to entity's turnover 2010
<b>1. Agriculture, forestry and fishing</b>		
1.1. Crop and animal production, hunting and related activities services		
1.1.1 Growing of non-perennial crops		
1.1.2 Growing of coffee		
1.1.3 Growing of tea		
1.1.4 Growing of other perennial crops		
1.1.5 Plant propagation		
1.1.6 Animal production		
1.1.7 Mixed farming		
1.1.8 Support activities to agriculture and post harvest		
1.2. Forestry and logging		
1.3. Fishing and aquaculture		
<b>2. Mining and quarrying</b>		
2.1 Mining of coltan		
2.2 Mining of tin		
2.3 Mining of tungsten		
2.4 Mining of coal and lignite		
2.5 Extraction of crude petroleum and methane gas		

2.6 Mining of metal ores		
2.7 Other mining and quarrying		
2.8 Mining support service activities		
<b>3. Manufacturing</b>		
3.1. Manufacturing of food products		
3.2. Manufacture of beverages		
3.3. Manufacture of tobacco products		
3.4 Manufacture of textiles		
3.5. Manufacture of wearing apparel		
3.6. Manufacture of leather and related products		
3.7. Manufacture of wood and of products of wood and cork		
3.8. Manufacture of paper and paper products		
3.9. Printing and reproduction of recorded media		
3.10. Manufacture of chemical and chemical products		
3.11. Manufacture of pharmaceuticals, medicinal chemical and botanical products		
3.12. Manufacture of rubber and plastic products		
3.13. Manufacture of other non-metallic mineral products		
3.14. Manufacture of basic metals		
3.15. Manufacture of fabricated metal products, except machinery		
3.16. Manufacture of computer, electronic and optical products		
3.17. Manufacture of electrical equipment		
3.18. Manufacture of machinery and equipment		
3.19. Manufacture of motor vehicles, trailers and semi-trailers		
3.20. Manufacture of other transport equipment		
3.21. Manufacture of furniture		
3.22. Other manufacturing		
3.23. Repairs and installation of machinery and equipment		
<b>4. Electricity, gas and air conditioning supply</b>		
4.1. Electric power generation, transmission and distribution		
4.2. Manufacture of gas; distribution of gaseous fuels through mains		
4.3. Steam and air conditioning supply		
<b>5. Water supply; sewerage, waste management and remediation activities</b>		

5.1. Water collection, treatment and supply		
5.2. Sewerage		
5.3. Waste collection, treatment and disposal activities		
5.4. Remediation activities and other waste management services		
<b>6. Construction</b>		
6.1. Construction of buildings		
6.2. Civil engineering		
6.3. Specialized construction activities		
<b>7. Wholesale &amp; retail trade; repair of motor vehicles and motorcycles services</b>		
7.1. Trade and repair of motor vehicles and motorcycles		
7.2. Whole sale trade		
7.3. Retail trade		
<b>8. Transportation and Storage</b>		
8.1. Land transport and transport via pipeline		
8.2. Water transport		
8.3. Air transport		
8.4. Warehousing and support activities for transportation		
8.5. Postal and courier activities		
<b>9. Accommodation and food service activities</b>		
9.1 Accommodation		
9.2 Food and beverage service activities		
<b>10. Information and communication</b>		
10.1. Publishing activities		
10.2. Motion picture, videos and television programme production , sound recording and music publishing activities		
10.3. Programming and broadcasting activities		
10.4. Telecommunications		
10.5. Computer programming, consultancy and related activities		
10.6. Information service activities		
<b>11. Finance and Insurance activities</b>		
11.1. Financial service activities		
11.2. Insurance, reinsurance and pension funds		
11.3. Activities auxiliary to financial service and insurance activities		

<b>12. Real estate activities</b>		
12.1. Real estate activities		
<b>13. Professional, scientific and technical activities</b>		
13.1. Legal and accounting activities		
13.2. Activities of head office; management consultancy activities		
13.3. Architectural and engineering activities		
13.4. Science research and development		
13.5. Advertising and market research		
13.6. Veterinary activities		
13.7. Other professional, scientific and technical activities		
<b>14. Administrative and support service activities</b>		
14.1. Rental and leasing activities		
14.2. Employment activities		
14.3. Travel agency and tour operator activities		
14.4. Security and investigation activities		
<b>15. Education</b>		
15.1. Education		
<b>16. Human Health and Social work activities</b>		
16.1. Human health activities		
16.2. Residential care activities		
<b>17. Arts, entertainment and recreation</b>		
17.1. Creative, art and entertainment activities		
17.2. Libraries, archives, museum and other cultural activities		
17.3. Gambling and betting activities		
17.4. Sports, amusement and recreation activities		
<b>18. Others</b>		
18.1. Others (specify)		

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

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## 1.3 Actual employment as at 31<sup>st</sup> December 2010.

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

**Table 1.3: Actual employment as at December 31, 2010.**

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

### **NOTE:**

**a) Managerial/Supervisory**

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

**b) Administrative/Accounts**

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

**a) Skilled/ Technical**

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

**b) Unskilled/ Casual**

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



#### 1.4. Compensation of Employees for the years 2010 in RWF

Please enter the values (in Rwf) of compensation of employees for the years 2010.

**Table 1.4: Compensation of Employees during 2010 (RWF)**

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

#### 1.5. Total Values of Imports and Exports as at 31<sup>st</sup> December 2010

**Table 1.5: Values of Imports and Exports as at 31<sup>st</sup> December 2010 in RWF**

Imports/Exports		31 <sup>st</sup> December 2010
<b>Total Import of goods and Services (a)</b>		
o/w	Merchandise	
	Services	
<b>Total exports of goods and services (b)</b>		
o/w	Merchandise	
	Services	
<b>Net position {Exports (b) - Imports (a)}</b>		

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

#### 1.6 Assets at 31<sup>st</sup> December 2010 in RWF

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

**Table 1.6: Actual investment as at 31<sup>st</sup> December, 2010 in RWF**

Type of Assets	31 <sup>st</sup> December 2010
Land	
Building and Civil Works	
Plant and Machinery	
Vehicles	
Computers and accessories	
Furniture and Fittings	
Pre- Start-up Expenses	
Work in progress	
Working Capital	
Other (specify)	
<b>Total</b>	

#### 1.8. Corporate Social Responsibility during 2010

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

**Table 1.8: Please enter the value of the activities you performed (where applicable)**

No.	Item	Amount Spent (RWF) 2010
1	Education	
2	Health and welfare	
3	Safety and Security	
4	Arts and Culture	
5	Sports Development	
6	Environment	
7	Water	
8	Road	
9	Religious	
10	Donations to vulnerable groups	
11	Donation to other charity org.	
12	Other (Specify)	
	<b>Total</b>	

**1.9. Please, indicate which parts (2 or 3) of this questionnaire are relevant to you by answering the five questions below.**

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

**Table 1.9: Filtering Questions (FQ)**

Filtering Questions (FQ)		Yes	No
<b>FQ1</b>	Do <u>non-resident</u> entities, governments or individuals hold shares (equity or other equity) in your entity? If yes, please complete Tables 2.2 and 2.3.		
<b>FQ2</b>	Does your entity borrow from <u>non-resident</u> entities/ individuals or have outstanding loan commitments? If yes, please complete Table 2.4.		
<b>FQ3</b>	Do <u>non-resident</u> entities, governments or individuals have any other monetary claims (financial derivatives) against your entity other than shares and loans? If yes, please complete Table 2.5		
<b>FQ4</b>	Does your entity own shares (equity or other equity) in <u>non-resident</u> entities? If yes, please complete Tables 3.2 and 3.3.		
<b>FQ5</b>	Has your entity lent money to <u>non-resident</u> entities or individuals or has unpaid amounts outstanding? If yes, please complete Tables 3.4.		
<b>FQ6</b>	Do <u>non-resident</u> entities, governments or individuals have any other monetary claims (financial derivatives) against your entity other than shares and loans? If yes, please complete Table 3.5		

**NB:** If you ticked 'no' for every question, please proceed to Part 4 (Investor Perceptions).

## PART 2 Foreign Investment in your Enterprise (Liabilities)

### Section 1. Foreign Equity Liabilities

**Table 2.1 Investment Relationships**

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

**Table 2.2. Shareholding Structure of the enterprise as at 31<sup>st</sup> December 2009, 31st December 2010**

Name of shareholder*	Country of residence	Investment Relationship: Direct Investor (DI), Direct Investment Entity (DIE), or Fellow Enterprise (FE), PI	Percentage (%) shareholding		Own funds at book value of Equity	
			31 Dec. 2009	31 Dec.2010	December 31,2009	December 31,2010
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
<b>Total</b>			<b>100</b>	<b>100</b>		

\*name of shareholders includes both the enterprise and individual investor ownership

**Table 2.3. Equity and Investment Fund Shares in Your enterprise by Non-resident Investors**

Equity Type	Source Country (Continue on separate sheet if necessary)	Percentage Shareholding	Relationship: DI, DIE, or FE, FPEI, Other and IFS	A Closing Balance 31 Dec 2009	B Purchase/ Increase in 2010	C Sales/ Decrease in 2010	D Changes due to 'Other' changes D=E-(A+B-C)	E Closing Balance 31 <sup>st</sup> Dec 2010
<b>Paid-up Share Capital</b>	1.							
	2.							
	3.							
	4.							
	5.							
	6.							
<b>Share Premium</b>	1.							
	2.							
	3.							
	4.							
	5.							
	6.							
<b>Reserves ( include Capital, Statutory, revaluation, &amp; Other)</b>	1.							
	2.							
	3.							
	4.							
	5.							
	6.							
<b>Other Equity (e.g. Equity Debt Swaps, Shareholders Deposits)</b>	1.							
	2.							
	3.							
	4.							
	5.							
	6.							

<b>Accumulated Retained Earnings/Loss</b>	1.							
	2.							
	3.							
	4.							
	5.							
	6.							
<b>Investment Fund Shares (Shares)</b>	1.							
	2.							
	3.							
<b>Investment Fund Shares (Accumulated Retained Earnings)</b>	1.							
	2.							
	3.							

**Table 2.4. Dividends, Profits Remitted and Retained Earnings**

<b>A</b> Net Profit ( <u>or</u> <u>Loss</u> ) After Tax in 2010	<b>B</b> Source country	<b>C</b> (%) shareholding	<b>D</b> Relationship: DI, DIE, or FE, FPEI, Other and IFS	<b>E</b> Net Profit ( <u>or</u> <u>Loss</u> ) After Tax in 2010 attributable to=A*C	<b>F</b> Dividends Declared	<b>G</b> Dividends Paid/ Profits Remitted	<b>H</b> <i>Official Use Only</i> Retained Earnings = (E-F)
	<b>TOTAL</b>						

## Section 2. Foreign Non-Equity Investment

**Table 2.5 Non-Equity liabilities from Non-resident Investors**

Types of non-equity liabilities	Source Country <i>(Continue on separate sheet if necessary)</i>	Relationships DI, DIE, or FE, Other	Original Maturity LT-12months or more ST-Less than 12 months (Indicate LT or ST)	A Closing Balance 31 Dec 2009	B Disbursements received during 2010	C Principal Repayment during 2010	D Changes due to 'Other' changes D=E-(A+B-C)	E Closing Balance 31 Dec 2010 (Including Accrued interest Not Paid)	G Interest Paid (in 2010)
<b>Loans</b> (Including Financial Leases, Repos)	1.								
	2.								
	3.								
	4.								
<b>Debt securities</b> <i>(Including Money Market Instruments, Bonds).</i>	1.								
	2.								
	3.								
	4.								
<b>Trade Credits &amp; Advances</b>	1.								
	2.								
	3.								
	4.								
<b>Currency and Deposits</b>	1.								
	2.								
	3.								
	4.								
<b>Life &amp; Non-Life Insurance Technical Reserves</b>	1.								
	2.								
	3.								
<b>Pension Entitlements/ Claims</b>	1.								
	2.								
	3.								

Standardised Guarantees	1.								
	2.								
	3.								
Other Accounts Payable	1.								
	2.								
	3.								

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

**Table 2.6. Financial Derivatives (Liabilities)**

Type of Financial derivative	Source Country (Continue on separate sheet if necessary)	A Closing Balance 31 Dec 2009 (Value)	B Increase in 2010 (Value)	C Decrease in 2010 (Value)	D Other Changes D=E-(A+B-C)	E Closing Balance 31 Dec 2010 (Value)
Forwards						
Swaps	1					
	2					
	3					
	4					

**Note:**

**Forward contract** or simply a **forward** is a non-standardized contract between two parties to buy or sell an asset at a specified future time at a price agreed today.

**Swap** is a derivative in which counterparties exchange certain benefits of one party's financial instrument for those of the other party's financial instrument.

The types of swaps are: interest rate swaps, currency swaps, credit swaps, commodity swaps, equity swaps, etc.

## PART 3

### Investment in foreign enterprise (ASSETS)

#### Section1. Foreign Equity Assets

**Table 3.1 Equity and Investment Fund Shares in non-resident entity by your enterprise**

Equity Type	Country of destination (Continue on separate sheet if necessary)	Percentage Shareholding	Relationship: DI, DIE, or FE, FPEI, Other and IFS	A Closing Balance 31 Dec 2009	B Purchase/ Increase in 2010	C Sales/ Decrease in 2010	D Changes due to 'Other' changes D=E-(A+B-C)	E Closing Balance 31 <sup>st</sup> Dec 2010
<b>Paid-up Share Capital</b>	1.							
	2.							
	3.							
	4.							
<b>Share Premium</b>	1.							
	2.							
	3.							
	4.							
<b>Reserves (include Capital, Statutory, revaluation, &amp; Other)</b>	1.							
	2.							
	3.							
	4.							
<b>Other Equity (e.g. Equity Debt Swaps, Shareholders Deposits)</b>	1.							
	2.							
	3.							
	4.							
<b>Accumulated Retained Earnings/Loss</b>	1.							
	2.							
	3.							
	4.							



<b>Investment Fund Shares</b> <i>(Shares)</i>	1.							
	2.							
	3.							
<b>Investment Fund Shares</b> <i>(Accumulated Retained Earnings)</i>	1.							
	2.							
	3.							

**Table3.2. Dividends, profits received and retained earnings arising from investments abroad.**

<b>A</b> Net Profit ( <u>or</u> <u>Loss</u> ) After Tax in 2010	<b>B</b> Country of investment	<b>C</b> (%) shareholding	<b>D</b> Relationship: DI , DIE, or FE, FPEI, Other and IFS	<b>E</b> Net Profit ( <u>or</u> <u>Loss</u> ) After Tax in 2010attributable to you investment abroad.	<b>F</b> Dividends Declared	<b>G</b> Dividends Received	<b>H</b> <i>Official Use Only</i> Reinvested abroad = (E-F)
	<b>TOTAL</b>						

## Section2. Non-Equity Assets

**Table 3.3 Non- Equity Assets**

Types of non-equity assets	Country of destination <i>(Continue on separate sheet if necessary)</i>	Relationships DI, DIE, or FE, Other	Original Maturity LT-12months or more ST-Less than 12 months (Indicate LT or ST)	A Closing Balance 31 Dec 2009	B Disbursements abroad during 2010	C Principal Repayment received during 2010	D Changes due to 'Other' changes D=E-(A+B-C)	E Closing Balance 31 Dec 2010 (Including Accrued interest Not Paid)	G Interest Paid (in 2010)
<b>Loans</b> (Including Financial Leases, Repos)	1.								
	2.								
	3.								
	4.								
<b>Debt securities</b> <i>(Including Money Market Instruments, Bonds).</i>	1.								
	2.								
	3.								
	4.								
<b>Trade Credits &amp; Advances</b>	1.								
	2.								
	3.								
<b>Currency and Deposits</b>	1.								
	2.								
	3.								
<b>Life &amp; Non-Life Insurance Technical Reserves</b>	1.								
	2.								
	3.								
<b>Pension Entitlements/ Claims</b>	1.								
	2.								
	3.								

Standardised Guarantees	1.								
	2.								
	3.								
Other Accounts receivable	1.								
	2.								
	3.								

**Table 3.4 Financial Derivatives (Assets)**

Type of Financial derivative	Country of destination <i>(Continue on separate sheet if necessary)</i>	A Closing Balance 31 Dec 2009 (Value)	B Increase in 2010 (Value)	C Decrease in 2010 (Value)	D Other Changes D=E-(A+B-C)	E Closing Balance 31 Dec 2010 (Value)
Forwards						
Swaps	1					
	2					
	3					
	4					

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

Kindly certify this information.

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_ Stamp: \_\_\_\_\_

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

Name of Interviewer: \_\_\_\_\_ Signature: \_\_\_\_\_ Date: \_\_\_\_\_

General remarks / comments

### **Annexe 3: List of FPC technical team**

#### **Coordinators:**

- 1. MANZI Sebastien, Ai. Director of Economic Statistics Unit, NISR.**
- 2. MPUNGA Joseph, Head of Investment Implementation Division, RDB**
- 3. MWITIREHE Viviane, Director Statistics department, BNR.**

#### **Team members:**

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- 9. NZASINGIZIMANA Tharcisse, NISR**
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