



NATIONAL BANK OF RWANDA
BANKI NKURU Y'U RWANDA

FOREIGN PRIVATE CAPITAL IN RWANDA

YEAR 2015



National Institute of
Statistics of Rwanda





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FOREWORD

The Rwanda Foreign Private Capital 2015 Report, is the seventh in a series of annual censuses jointly conducted by the National Bank of Rwanda, the Rwanda Development Board, the National Institute of Statistics of Rwanda and the Private Sector Federation. The Census collected data on foreign direct investment, portfolio and foreign borrowing in resident enterprises and other variables pertaining to private sector investment. The report presents the findings of foreign private capital census done in 2016 collecting data for the year 2015. The census covered 209 companies comprised of newly registered companies as foreign direct investments by Rwanda Development Board in 2015 and the existing companies interviewed in the previous censuses.

This annual foreign private investment census would not have been successful without the involvement and cooperation of key stakeholders: the enterprises, government agencies and technical staff. The National Bank of Rwanda acknowledges and appreciates their valuable contribution.

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

RWANGOMBWA John

Governor, National Bank of Rwanda

LIST OF ACRONYMS

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

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EXECUTIVE SUMMARY

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

The Foreign Private Capital Census (FPC) 2016 is the seventh in a series of annual censuses conducted jointly by the National Bank of Rwanda in collaboration with National Institute of Statistics of Rwanda, Rwanda Development Board and Private Sector Federation. The main objective of the census is to collect information required for the compilation of Rwanda's Balance of Payments, International Investment Position statements and determine the magnitude and trends of Foreign Private Capital in Rwanda. It provides data for macroeconomic analysis to inform policy decisions, specifically policies and strategies aimed at improving country's investment climate and ultimately attract more foreign private investments. The 2016 FPC census provides actual flows and stock of foreign private capital statistics in Rwanda for the year 2015.

A total of 209 questionnaires were administered during the census from which 191 enterprises responded, representing a response rate of 91.4 percent. Overall, all the enterprises declared total turnover of US\$ 1,554.5 million during 2015 compared to US\$ 1798.8 million registered in 2014, representing 27.5 percent of the country's total turnover. The findings indicated that total employment was 41,192 employees as at the end of 2015 from 37,120 employees in 2014, an increase of 11.4 percent. Compensation of employees rose from US\$ 320.7 million in 2014 to US\$ 331.4 million in 2015. Profits made increased from US\$ 46.5 million in 2014 to US\$ 65.0 million recorded for 2015 coming mostly from finance and insurance services and Electricity and gas generation sectors.

FPC inflows registered a decline of 15.1 percent from US\$ 560.8 million in 2014 to US\$ 476.3 million in 2015. All the FPC components declined, FDI, the major component decreased by 17.2, portfolio by 55.4 and other investments by 2.5%. This decline is consistent with Africa's performance in FDI which declined by 7 percent from US\$ 58 billion in 2014 to US\$ 54 billion in 2015 as a result in the slowdown in the global economy.

FDI include three categories: equity capital, loan from affiliates (shareholders, parent or fellow companies) and retained earnings. In 2015, the FDI inflows shrunk by 17.2 percent, from US\$ 458.9 million in 2014 to US\$ 379.8 million in 2015. This decline in FDI is on account of lower inflows of new equity and loans compared to 2014.

Foreign Portfolio investment inflows also decreased from US\$ 5.6 million in 2014 to US\$ 2.5 million in 2015.

The inflows of other investments, mainly loans, from foreign non-affiliates slightly declined by 2.5 percent from US\$ 96.3 million in 2014 to US\$ 93.9 million in 2015. The decline in other investments is to the benefit of intercompany borrowing as FDI loans represent 69.3 percent against 31.7 percent of other investment in total foreign private external debt disbursements in 2015.

In terms of country of origin, most of the FPC flows came from Mauritius (US\$ 155.6 million) followed by United States of America (US\$ 70.1 million), Kenya (US\$ 51.5 million) and China (US\$ 23.5 million) accounting for 63.1 percent of total FPC flows in 2015 and investing mostly in finance and insurance, manufacturing and ICT sectors accounting for 56.8 percent of total inflows.

The census indicates that the stock of foreign private capital increased from US\$ 1,752.0 in 2014 to US\$ 2,077.9 million in 2015. Stock of foreign investment in ICT amounted to US\$ 592.2 million followed by finance & insurance services with US\$ 472.3 million and manufacturing with US\$ 328.8 million.

The stock of Private Sector External Debt (PSED) as at end 2015 increased to US\$ 1,302.8 million from US\$ 1,009.6 million in 2014, mainly driven by intercompany debts with share of 55.4 percent.

In addition, the retained earnings to profits made stood at 84.3 percent in 2015 and the FDI rate of return of 11.8 percent which is well above the global rate of return of 6.1 percent, which gives an indication of the country's investment profitability.

The prospects for 2016 are for higher flows, as we expect a rise in the next year's FDI inflow owing to the fact that 2015 new investment projects attraction was at its best with over 800 million US\$ worth of foreign private investment projects registered in that year, with some new big projects especially in Services sector as well as Energy and Water sector and ICT.

There is therefore the need to continue consolidating efforts geared towards improving the investment climate so that investors can gain higher returns and reinvest.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

Foreign Private Capital (FPC) refers to inward investments in terms of equity or/and non-equity (debts) from nonresidents into Rwanda and outward investments of Rwandan residents to the rest of the world. It is composed of foreign direct investment which is the most important component, portfolio investment and other investments.

This chapter presents an overview of the global performance of the Foreign Direct Investments (FDI) flows in 2015 with a focus on Africa. FDI attracts more attention, as compared to other foreign investments namely portfolio and other investments, FDI are less volatile with long term investment horizon attracted by high economic growth rates and strong macroeconomic fundamentals while Portfolio investment tend to be attracted by relatively high short term returns and stock exchange market developments.

In 2015, Africa FDI declined by 7 percent from US\$ 58 billion in 2014 to US\$ 54 billion in 2015 as a result in the slowdown in the global economy. FDI inflows to Africa could return to a positive growth trajectory in 2016 with expected average increase of 6 percent to the range of \$55–60 billion. The biggest rise in prospective investments are in North African economies such as Egypt and Morocco, but a more optimistic scenario also prevails more widely, for example in Mozambique, Ethiopia, Rwanda and the United Republic of Tanzania (WIR, 2016).

1.1 Global Foreign Direct Investment trends

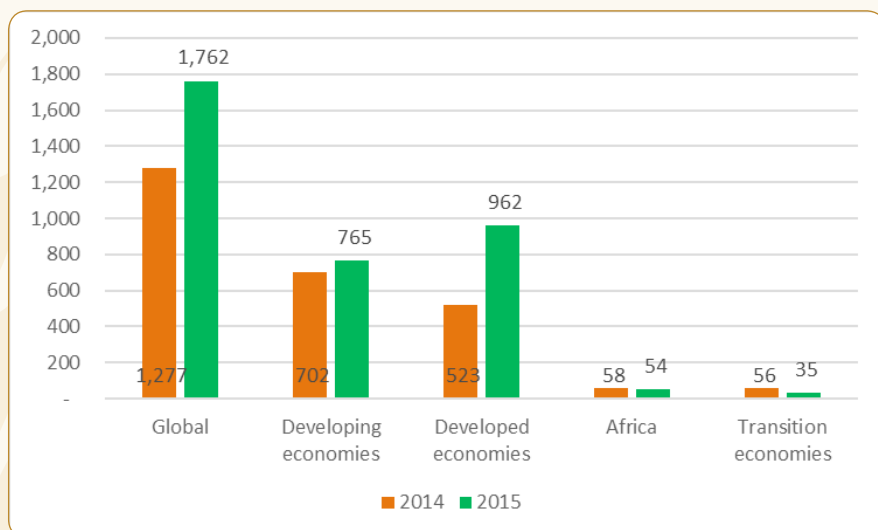
Foreign Direct Investment is at the center of foreign private investment analysis as one of the major components in foreign investments and its benefits to economies. In his publication, Charles W. L. Hill (2015), asserts that foreign direct investment can make a positive contribution to a host economy by supplying capital, technology, and management resources that would otherwise not be available and thus boost that country's economic growth. Other components of private foreign investments are considered short term and volatile and therefore less analysed on global level.

The According to WIR (2016), globally, FDI flows in 2015 rose by 38 percent to US\$ 1.76 trillion from US\$ 1.28 million in 2014, their highest level since the global economic and financial crisis of 2008-2009. A surge in cross-border mergers and acquisitions to US\$ 721 billion, from US\$ 432 billion in 2014, was the principal factor behind the global rebound.

The growth in FDI flows was attributed to inward FDI flows to developed economies which almost doubled to US\$ 962 billion from US\$ 523 in 2014 and the developing economies saw their FDI inflows reach a new high of US\$ 765 billion, 9 percent higher than in 2014.

The global FDI flows forecasts are expected to decline by 10-15 percent in 2016, reflecting the fragility of the global economy, persistent weakness of aggregate demand, sluggish growth in some commodity exporting countries, effective policy measures to curb tax evasion and slump in MNE profits.

Figure 1: Global Foreign Direct Investments trends in 2015



Source: World Investment Report, 2016

1.2 Regional investment trends

In Africa and on the global level, FDI is the main component of Foreign Private Investment and is the most reported and analyzed component of FPC. In this section, we discuss the FDI trend in Africa according to the UNCTAD World Investment (2016) and regional private sector investment reports.

The FDI flows to Africa fell to US\$54 billion in 2015 from US\$ 58 billion in 2014, a decrease of 7 percent, East Africa received \$7.8 billion in FDI in 2015, a 2 percent decrease compared to 2014 due to the slowdown in the global economy, but the outlook for growth is positive as some Asian countries are finding interest in Africa, for instance the textile and garments firms from Bangladesh, China and

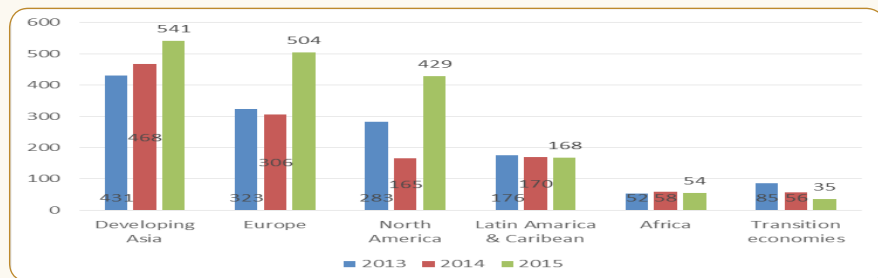
Turkey are establishing in Africa seeking alternative production bases for export to the European Union (EU) and North America invested \$2.2 billion in Ethiopia last year, especially because of its privileged exports under the African Growth and Opportunity Act (AGOA) and economic partnership agreements (EPAs). Shaoxing Mina Textile (China), for example, announced the establishment of a textile and garment factory there to supply African and international markets.

In the Eastern Africa, Kenya is becoming a favored business hub, not only for oil and gas exploration but also for manufacturing exports, as well as consumer goods and services. FDI flows to Kenya reached a record level of \$1.4 billion in 2015, resulting from renewed investor interest and confidence in the country's business climate and booming domestic consumer market.

In contrast to Kenya, in other Eastern Africa countries, the decrease in FDI flows was observed. In Uganda, FDI inflow declined by 17.0 percent to US\$ 1.0 Billion in 2015 from US\$ 1.2 Billion in 2014. The bulk of FDI inflows into Uganda in the recent years have been oil related.

According to WIR (2016), FDI flows to the United Republic of Tanzania also decreased by 25 percent to \$1.5 billion from US\$ 1.88 billion in 2014. In an effort to attract more foreign investors, both the United Republic of Tanzania and Kenya now allow 100 percent foreign ownership of companies listed on their stock exchanges. (WIR, 2016).

Figure 2: Foreign Private Direct Investment, by region, 2013-2015 (Billions of US\$)



Source: World Investment Report, 2016

1.3 Monitoring foreign investment in Rwanda

Globally, countries around the world have committed to collect information on foreign private flows following international standards on data collection methodology and share their information with World Bank and UNCTAD for comparability and communication. Rwanda has also committed to annually

conduct this exercise and share the results.

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

Rwanda enacted a new investment code which includes additional tax incentives, principles of national treatment, free transfer of funds and protection in case of expropriation. According to the World Investment Report in 2016, Rwanda improved its world ranking to 56th position in the world in doing business, up from 62th last year. In Africa, Rwanda ranks 2nd from 3rd last year and remains number one in the East African Community.

1.4 Doing Business in Rwanda

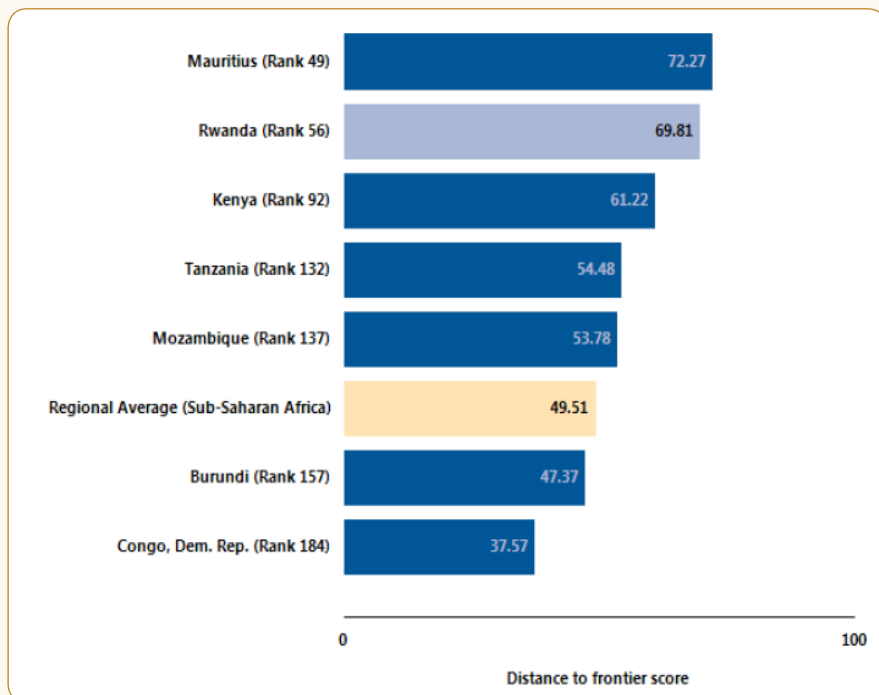
Moving up six places from 62nd to 56th position means that Rwanda has become even more competitive and that the business and investment environment of the country is improving. Rwanda, which ranks second in Africa in Doing Business 2017, is an example of an economy that used Doing Business as a guide to improve its business environment. From Doing Business 2005 to Doing Business 2017 Rwanda implemented a total of 47 reforms across all indicators. Rwanda is one of only 10 economies that have implemented reforms in all of the Doing Business indicators and every year since Doing Business 2006. These reforms are in line with Rwanda's Vision 2020 development strategy, which aims to transform Rwanda from a low-income economy to a lower-middle-income economy by raising income per capita from \$290 to \$1,240 by 2020.

Rwanda now has a fully functioning electronic portal that combines company registration, information on tax obligations and duties and value added tax registration, saving entrepreneurs an average of two days and eliminating too much interactions with government officials.

Of the 190 economies included in Doing Business, Rwanda made the largest improvement on the registering property indicators in 2015/16. The Rwanda Natural Resources Authority introduced a fast track procedure for commercial property transfers, and improved the transparency of the land registry by

establishing a land administration services complaints mechanism and by publishing statistics on property transfers.

Figure 3: Rwanda and comparator economies rank on the ease of doing business



Source: World Bank doing business report 2017

1.5 Summary of some recent reforms done in Rwanda

A number of reforms are being done in a bid to improve the doing business in Rwanda. The following are the recent reforms registered in Rwanda which continue to place the country on a competitive edge.

Reform	Description
Starting a business	Rwanda made starting a business easier by improving the online registration one-stop center and streamlining post-registration procedures.

Dealing with construction permits	Rwanda made dealing with construction permits more cumbersome and expensive by introducing new requirements to obtain a building permit. At the same time, Rwanda also strengthened quality control by establishing required qualifications for architects and engineers.
Registering property	Rwanda made it easier to register property by introducing effective time limits and increasing the transparency of the land administration system.
Paying taxes	Rwanda streamlined paying taxes by introducing a requirement that companies file and pay social security contributions monthly instead of quarterly.
Trading across borders	Rwanda made trading across borders easier by removing the mandatory pre-shipment inspection for imported products.
Enforcing contracts	Rwanda made enforcing contracts easier by introducing an electronic case management system for judges and lawyers.

Source: Rwanda Development Board, 2016

CHAPTER TWO

METHODOLOGY AND GENERAL FINDINGS

2.0 Introduction

This chapter discusses the methodology that was used in conducting the Foreign Private Capital census 2016 which collected information for the year 2015. It covers the activities undertaken during the census as well as the organization of the census, data processing, data quality and adherence to the international standards.

2.1 Organization of the Census

2.1.1 Institutional Framework

In conducting foreign private capital censuses, four institutions are involved namely; the National Bank of Rwanda, National Institute of Statistics of Rwanda, Rwanda Development Board and the Private Sector Federation.

2.1.2 Scope

The census involved collection of data for the year 2015 from companies with foreign investments in Rwanda covering industrial activities as defined by the UN International Standard for Industrial Classification (ISIC 4). It covered companies located in both Kigali and out of Kigali.

2.1.3 Compilation of Investors' Register

Prior to the fieldwork, the investors' register was updated to cover all the foreign private investments. The register provides a comprehensive list of companies with foreign private investments. It contains company investments pledges, main activities, value and status of investment. Information about companies that were either rehabilitated, expanded, relocated, merged or had their business names changed was updated.

The census frame of 232 companies was established with the objective of covering all enterprises in Rwanda with foreign direct investment, portfolio investments and foreign borrowing in 2015. During the field work, 209 companies were interviewed. 23 companies could not be located as they had relocated, closed, put under receivership, changed their names or have not started operation by the census period.

After compilation of enterprise register, all the companies in the register were considered in the census.

2.1.4 Questionnaire

The questionnaire for the FPC census 2016 was designed in conformity with International Monetary Fund's (IMF) sixth edition of balance of payments and international investment position manual. It was designed to capture information on company particulars, industrial classification, equity, non-equity and income on investments.

2.2. Field work and Data quality

2.2.1 Training of technical team

In partnership with Macro-economic and Financial Management Institute of Eastern and Southern Africa, a training was conducted prior to the commencement of the survey with the aim of reviewing the questionnaire; researcher's manual and survey logistics.

2.2.2 Fieldwork

In order to have a smooth monitoring and evaluation of census activities, the fieldwork was implemented in two phases. The first phase involved distribution and collection of questionnaires in Kigali city where most of the companies have their headquarters while phase two covered the distribution and collection of questionnaires in other provinces. In Kigali city, questionnaires were distributed to companies and given two weeks to complete them. After that period, the technical team staff assisted most of the companies in filling the questionnaires. Before the questionnaire collection, the technical staff would discuss with each respondent to clarify on any issue not clear to the respondents and thereafter collect the completed form. The collected information was verified against financial statements to ensure that the collected data are reliable before data entry and processing.

2.2.3 Response Rate

A total of 209 questionnaires were administered to enterprises during the field activities and 191 companies responded, equivalent to 91.4 percent response rate. The distribution and response rate by sector of investments are shown in Table 2.1.

Table 2.1: Distribution and response rate per sector in 2015

Sector	Distribution	Collection	R Rate
Agriculture	16	14	87.5
Construction	12	10	83.3
Education	6	6	100.0
Electricity	5	4	80.0
Finance and insurance	34	34	100.0
Human health and social work	4	4	100.0
ICT	15	12	80.0
Accounting and Profession activities	9	9	100.0
Manufacturing	40	37	92.5
Mining and quarrying	12	11	91.7
Real estate	6	5	83.3
Tourism	17	15	88.2
Transportation	8	7	87.5
Water supply	2	1	50.0
Wholesale and retail trade	23	22	95.7
Grand Total	209	191	91.4

Source: Foreign Private investment 2015

2.2.4 Data Processing

Data entry and processing was done using a MEFMI Private Capital Monitoring System. In order to ensure data quality, completed questionnaires were reviewed by the technical team and team leader to ensure completeness, data consistency and reliability.

2.2.5 Data quality and estimation for non-response

The Census was conducted in accordance with the international standards, classifying economic activities based on International Sectorial Industrial Classification (ISIC) Revision 4.

The data quality was directly related to the quality of field enumeration and supervision; form design and inbuilt checks; respondents' understanding of the concept, classification and census questions; respondents' willingness to complete the questionnaire; technical editing and validation skills by field staff and team leader; the availability of other instruments to compare the data with such as financial statements and previous census returns. All the quality indicators were rated high.

In addition, comparisons of collected data were made with the information provided in the previous censuses at enterprise level for consistency check.

2.2.6 Timeliness

The census findings were disseminated in less than 6 months after completion of fieldwork. This was to meet the timeliness criteria for data dissemination as guided by IMF's framework in the Special Data Dissemination Standard (SDDS), which is within six months after fieldwork.

2.3 General findings

Besides the information regarding inward and outward transactions of companies in the census, it is also necessary to show other transactions performed by the same companies. This part presents the aggregate findings on companies' turnover, trade, levels of employment, compensation of employees and corporate social responsibility.

2.3.1 Entity turnover

The FPC turnovers declined from US\$ 1,798.8 million in 2014 to US\$ 1,554.5 million in 2015, representing 13.6 percent decline and 27.5 percent of the country's total turnovers in 2015, whereas the declared turnovers from RRA improved by 8.1 percent from US\$ 5,226.1 million in 2014 to US\$ 5,561.0 million in 2015. The FPC turnovers were dominated by finance and insurance services, wholesale and retail trade, and manufacturing accounting for 68.3 percent of FPC companies' turnovers.

Table 2.2: Entity turnovers by sectors in 2011-2015 (US\$ million)

Sector	2011	2012	2013	2014	2015
Agriculture	36.0	38.4	38.0	43.0	67.9
Construction	11.4	3.7	98.5	114.0	68.4
Financial & Insurance	187.6	192.3	384.5	445.3	441.4
ICT	182.5	185.7	134.4	155.7	195.1
Manufacturing	229.8	246.8	365.9	414.5	286.2
Mining	86.5	59.5	133.6	151.3	62.3
Tourism	22.8	18.4	23.0	26.7	34.3
Transportation	7.4	8.6	94.2	109.1	37.9
Wholesale	222.3	223.4	277.5	321.3	334.8
Other sectors	8.4	96.5	15.3	17.8	26.1
Total	994.6	1,073.4	1,565.0	1,798.8	1,554.5

Source: Foreign Private Capital 2015

2.3.2 Contribution on external trade

The census findings show that the FPC companies are net importers with US\$ 202.1 million in 2015, resulting from US\$ 205.7 million of exports and US\$ 407.8 million of imports. External trade in mining, agriculture and transportation products recorded trade surplus of US\$ 59.1 million, US\$ 49.1 million and US\$ 15.6 million respectively. The mining products are dominated by tin, coltan and wolfram exported by major mining exporting companies in Rwanda. The agricultural exports were dominated by Tea and coffee while courier transportation and storage services took a big share in transportation sector.

On the side of imports, wholesale and retail trade and manufacturing sectors took a lion's share of 78.5 percent of total imports (US\$ 320.1 million out of US\$407.8 million) in 2015. Wholesale and retail trade sector is mainly made by petrol stations and supermarkets while the manufactured exports are generally maize and wheat flour. It is important to note that the ratio of Exports/Imports for FPC companies is 50.4 percent which shows that the FPC companies have higher export coverage than the country's Export/Imports cover of 35.7 percent.

Table 2. 3: Exports-Imports in 2015 (US\$ million)

Sector	Exports	Imports	Net Exports
Agriculture	52.3	3.2	49.1
Construction	0.0	22.6	(22.6)
Finance and Insurance	0.3	7.0	(6.7)
ICT	6.7	45.2	(38.4)
Manufacturing	48.7	125.6	(77.0)
Mining	63.4	4.2	59.1
Transportation	16.2	0.5	15.6
Wholesale and retail trade	18.1	194.5	(176.4)
Other sectors	0.1	5.0	(4.9)
Grand Total	205.7	407.8	(202.1)

Source: Foreign Private Capital 2015

2.3.3 Employment

The results of the FPC 2015 show that employment grew by 11.4 percent from 36,964 in 2014 to 41,192 in 2015. In terms of nationality of employees, Rwandans were 97.8 percent against 2.2 percent of foreigners. The number of short-term foreign employees was 56 which is equivalent to 0.1 percent of the total. According to the category of employment, managerial positions are occupied by 1,889 staff (4.6 percent), administrative 4,144 staff (10.1 percent); skilled 10,126 staff (24.7 percent) and casual 24,901 staff (60.6 percent). Details are provided in table 2.4.

Table 2.4: Employment by Category in 2015

CATEGORY	LOCAL	FOREIGN ST	FOREIGN LT	TOTAL
Managerial/Supervisory	1,559	15	315	1,889
Administrative/Accounts	4,010	1	133	4,144
Skilled technicians	9,701	35	390	10,126
Casual laborers	24,891	5	5	25,033
Total	40,161	56	843	41,192

Source: Foreign Private Capital 2015

Regarding sectorial distribution of employment, agriculture had the highest number with 36.2 percent of total employees, followed by manufacturing (16.5 percent), financial services (15.9 percent) and mining (11.8 percent).

Table 2.5: Distribution of employment by sector 2011-2015

Sectors	2011	2012	2013	2014	2015
Agriculture	8,015	4,274	9,596	14,394	14,932
Finance and insurance	3,944	4,083	5,129	5,434	6,559
ICT	846	651	461	650	862
Manufacturing	2,817	5,832	3,191	2,878	6,816
Mining and quarrying	4,875	4,756	3,825	6,830	4,843
Real estate activities	6,183	6,183	1,231	1,094	86
Tourism	579	1,629	778	2,152	1,527
Wholesale & retail trade	808	770	618	2,401	1,467
Other sectors	2,650	4,656	7,956	1,131	4,100
Total	30,717	32,834	32,785	36,964	41,192

Source: Foreign Private Capital 2015

The increase in Agriculture employment mainly came from newly privatized tea factories like Shagasha, Mulindi and Gisakura. The agriculture sector employs most of casual laborers in tea and coffee plantations.

The drop in employment in sectors like real estate and administrative was caused by change of some companies' ownership from non-residents to residents.

2.3.4 Compensations of employees

Total compensation of employees (wages, salaries, contribution to pension fund, fringe benefits, etc.) paid to companies' employees increased by 4.1 percent from US\$.320.7 million in 2014 to US\$ 331.4 million in 2015. Local employees received the highest share accounting for an average of 74.5 percent of the total compensation in 2015.

The best remunerating sectors were manufacturing with 35.5 percent of total remuneration, followed by finance and insurance with 27.2 percent and ICT with 12.6 percent. Details are shown in Table 2.6.

Table 2.6: Compensation of Employees 2011- 2015 (US\$ million)

Sectors	2011	2012	2013	2014	2015
Finance and insurance	43.0	81.9	163.7	164.9	90.3
ICT	20.0	14.2	13.7	15.8	41.7
Manufacturing	12.9	18.0	21.9	24.0	117.8
Mining	1.7	2.1	3.7	2.2	4.6
Tourism	4.0	2.0	8.0	6.0	31.9
Transportation	1.9	1.5	54.0	40.0	5.9
Wholesale & Retail trade	4.5	4.8	6.2	9.6	11.0
Other sectors	7.00	14.51	29.18	55.77	28.28
Total	95.0	139.0	300.4	318.3	331.4

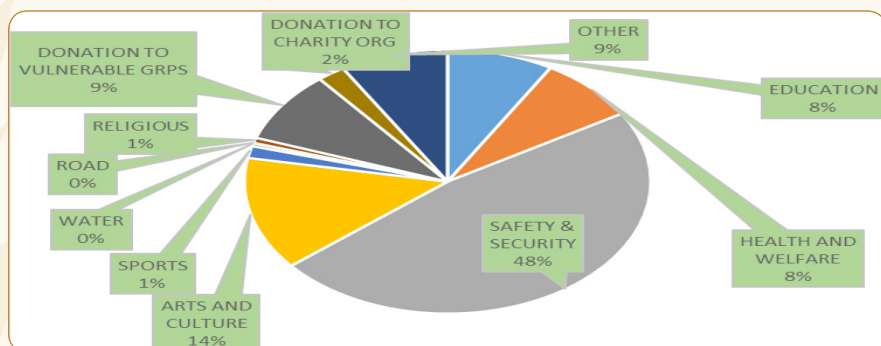
Source: Foreign Private Capital 2015

2.3.5 Corporate social responsibility

Corporate Social Responsibility (CSR) is a corporate initiative to take responsibility for the company's effects on the environment and social welfare. Those initiatives are directed to environment, infrastructure, educational programs, health and other social, cultural or community services that benefit the population. The

contributions of companies to corporate social responsibility stood at US\$ 9.4 million in 2015 up from US\$ 2.3 million in 2014. The activities which attracted substantial CSR contributions are security and safety (48.0 percent) and arts and culture (14 percent), donations to vulnerable groups (9 percent), education (8 percent) and health & welfare (8 percent).

Figure 4: Corporate social responsibility by type of recipient in 2015 (US\$ thousands)



Source: Foreign Private Capital 2015

The results show that the manufacturing sector is the biggest contributor to CSR in 2015 as it accounted for 30.0 percent, followed by financial sector with 12.3 percent.

Table 2.7: Corporate Social Responsibility by Sector 2011- 2015 (US\$ million)

Sector	2011	2012	2013	2014	2015
Agriculture	0.2	0.2	0.2	0.1	0.3
Finance and insurance	0.4	0.5	0.9	0.6	1.2
ICT	0.3	0.4	0.3	0.0	0.7
Manufacturing	1.5	2.2	1.3	1.2	2.8
Mining	0.1	0.1	0.2	-	0.1
Professional	0.1	0.0	0.0	0.0	0.0
Tourism	0.2	0.3	0.3	0.1	0.0
Wholesale and retail trade	0.1	0.1	0.1	0.1	0.2
Other sectors	0.01	0.21	1.54	0.16	4.25
Total	2.8	4.0	4.8	2.2	9.4

Source: Foreign Private Capital 2015

CHAPTER THREE

FOREIGN PRIVATE INVESTMENTS IN RWANDA

3.0 Introduction

This chapter highlights the census findings on foreign private investment that includes, foreign direct investment, foreign portfolio investment and foreign borrowing in 2015 and the respective outstanding as at end of 2015. It presents also the income and profitability by sector.

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

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

3.1 Foreign Private Capital attraction in Rwanda

Looking at the performances in terms of investment attraction and registration, for the last seven years (2009-2015), a total of 398 investment projects fully owned by foreign investors or in joint ventures with local investment has been registered with pledged investment worth US\$ 3,429.51 million and committing to create 61,302 jobs.

The following table presents the pledged investments in value, number of projects and annual planned new jobs for the period of 2009-2015.

Table 3.8: New Foreign Private Investments registered (2009 – 2015)

	2009	2010	2011	2012	2013	2014	2015
Number	46	41	60	76	61	54	60
Value(\$ million)	529.72	199.07	398.89	474.9	644.85	359.61	822.47
Jobs	10,734	12,529	5,553	17,311	3,845	5,169	6,161

Source: Rwanda Development Board, 2016.

3.2 Foreign Private Investment in Rwanda

Foreign Private Capital in Rwanda has been increasing since 2011 up to 2014 with downturn in 2015. Foreign Private Inflows to Rwanda were US\$ 476.3 from \$ 560.8 million recorded in 2014.

The census results show a decline of 15.1 percent in 2015 compared to the level of inflows was that was recorded for 2014. The decline was due to slowdown in the global economy and the sale of non-resident shares to local owners in some companies.

The census indicates that the stock of foreign private capital increased from US\$ 1,752.0 in 2014 to US\$ 2,077.9 million in 2015. Stock of foreign investment in ICT amounted to US\$ 592.2 million followed by finance & insurance services with US\$ 472.3 million and manufacturing with US\$ 328.8 million.

Foreign direct investments include three categories: equity capital, loan from affiliates (shareholders, parent or fellow companies) and retained earnings. In 2015, the FDI inflows reduced by 17.2 percent, from US\$ 458.9 million in 2014 to US\$ 379.8 million in 2015. The decline in FDI was mainly on account of lower inflows of new equity and loans compared to 2014.

Foreign Portfolio investment inflows also decreased from US\$ 5.6 million in 2014 to US\$ 2.5 million in 2015.

The inflows of other investments, mainly loans, from foreign non-affiliates slightly declined by 2.5 percent from US\$ 96.3 million in 2014 to US\$ 93.9 million in 2015. The investors opted for intercompany borrowings (part of FDI) to the detriment of non-affiliate borrowings (other investments) which leads to the decline in other investments. The intercompany borrowings represent 69.3 percent against 31.7 percent of other investment in total foreign private external debt disbursements in 2015.

The stock of Private Sector External Debt (PSED) as at end 2015 stood at US\$ 1,302.8 million increasing from US\$ 1,009.6 million in 2014, mainly driven by intercompany debts with share of 55.4 percent.

In addition, the retained earnings to profits made stood at 84.3 percent in 2015 and the FDI rate of return stood at 11.8 percent above the global rate of return of 6.0 which gives an indication of the country's investment profitability.

Figure.5: Foreign Private Investment Inflows and Stock by 2015 (US\$ Million)



Source: Foreign Private Capital 2015

The flows of foreign private investments have been increasing over the years as presented in the table 3.9

Table 3. 9: Foreign Private Investments Inflows by Category 2008-2015(US\$ million)

YEARS	2008	2009	2010	2011	2012	2013	2014	2015
FDI	66.9	103.3	250.5	119.1	255	257.6	458.9	379.8
PORTFOLIO	1.1	0.7	1.5	87.3	1	1.7	5.6	2.5
OTHER INVESTMENT	77.9	35.7	91	150.2	153.3	168.4	96.3	93.8
TOTAL	145.9	139.7	343.1	356.6	409.3	427.7	560.8	476.3

Source: Foreign Private Capital 2015

In the year 2015, total inflows amounted to US\$ 476.3 million, outflows stood at US\$ 178.3 million giving the net flows of US\$ 298.0 million.

Table 3.10 : Foreign Private Investments flows 2015 (US\$ million)

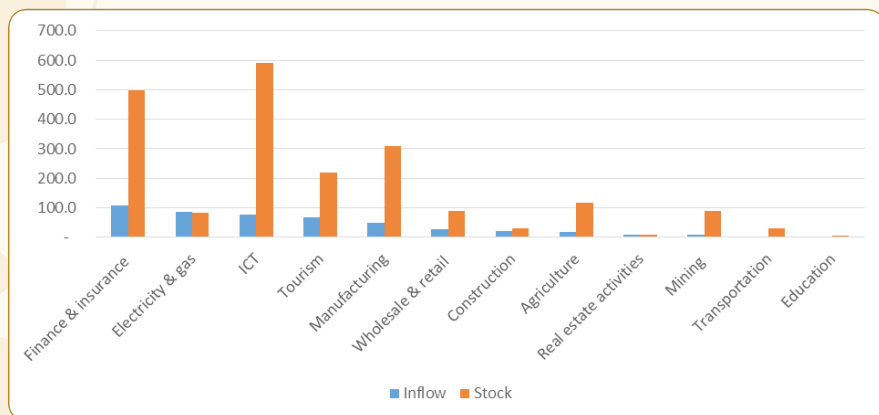
Components	2014	2015				Stock
	Stock	Inflows	Outflows	Net flows	Other changes	
FDI	1,152.4	379.8	156.5	223.3	26.1	1,401.8
PORTFOLIO	94.9	2.5	-	2.5	-	97.4
OTHER INVESTMENT	504.7	93.9	21.8	72.1	1.8	578.6
TOTAL	1,752.0	476.3	178.3	298.0	27.9	2,077.9

Source: Foreign Private Capital 2015

3.2.1 Foreign Private Investment by sector of economic activity

Considering foreign inflows by recipient sectors, 23.8 percent of total FPC in 2015 was channeled to finance and insurance, followed by electricity-gas-steam with 18.7 percent, ICT with 16.8 percent, and tourism with 14.7 percent, manufacturing 6.6 percent, wholesale and retail trade 5.7 percent and other sectors with 13.6 percent.

The stock of foreign investment in ICT (28.7 percent or US\$ 592.2 million) followed by finance and insurance (24.2 percent or US\$ 499.4 million) and manufacturing (15 percent or US\$ 308.7 million).

Figure 6: Foreign Private Investment Inflows and Stocks by Sector (US\$ million), in 2015.

Source: Foreign Private Capital 2015

3.2.2 Foreign Private Investment by country of origin

Most of the inflows were mainly from Mauritius (US\$ 155.6 million, representing 32.7 percent) followed by United States of America (US\$ 70.1 million, representing 14.7 percent), Kenya (US\$ 51.5 million, representing 10.8 percent), and China (US\$ 23 million), all with a combined share of 63 percent of total FPC inflows in 2015.

In terms of stocks, Mauritius, Kenya, South Africa, USA, Netherlands, and United Kingdom were leading with a share of 51.4 percent of the total stock. Considering the immediate parent company, Mauritius is the largest investor as a host of many holding companies although the ultimate controlling companies are from different parts of the world.

Table3.11: Inflows and Stocks by Origin in 2015 (US\$ million)

Country	Inflows	% Share	Country	Stock	% Share
Mauritius	155.6	32.7	Mauritius	361.8	17.4
US	70.1	14.7	Kenya	198.7	9.6
Kenya	51.5	10.8	South Africa	167.1	8.0
China	23	4.8	US	146.3	7.0
Luxembourg	19.2	4.0	Netherlands	122.2	5.9
Switzerland	14.2	3.0	United Kingdom	71.9	3.5
EXIM-Export-Imports Bank	13.5	2.8	Zambia	68.4	3.3
IFC	13.4	2.8	PTA-Preferential Trade Area	75.6	3.6
Belgium	11.7	2.5	Malaysia	62.1	3.0
India	10.8	2.3	Libya	59.9	2.9
Others	93.2	19.6	Others	744.0	35.8
Total	476.3	100.0	Total	2,077.9	100

Source: Foreign Private Capital 2015

With regard to foreign private capital stock by regional economic grouping, the COMESA (Non-EAC) held the highest stock amounting to US \$425.8 (20.6 Percent) dominated by investment from Mauritius. The European Union (EU) countries held US\$ 363.4 million (17.6 percent) dominated by investments from Netherlands and United Kingdom directed mostly in finance & insurance and in ICT sectors. While OECD-Non EU had US\$ 273.5 million (13.2 percent) coming mostly from USA, Israel and Switzerland. SADC (Non EAC & COMESA) had US\$

252 million (12.2 percent) and EAC had US\$ 228.5 million (11.0 percent) were especially from Kenya. Asia accounted for US\$ 227 million (10.9 percent). Stock of investment from international and regional organizations stood at US\$ 155.0 million (7.5 percent). Other countries classified elsewhere had US\$ 123.4 million (7.4 percent)

Table 3.12: Foreign Private Investment Stock & Inflows by Region in 2015 (\$ m)

Region	Stock	Inflows
OECD	363.4	46.2
OECD-Non EU	273.5	84.4
EAC	228.4	60.5
COMESA-(Non-EAC)	425.8	159.5
SADC-(Non EAC & COMESA)	252.0	10.7
Asia	227.0	58.2
Other	152.8	12.6
I.Org.	155.0	44.2
Total	2,077.9	476.3

Source: Foreign Private Capital 2015

3.3. Foreign Direct Investment

3.3.1. Foreign Direct Investment inflows and stock

Foreign direct investments include three categories: equity capital, loan from affiliates (shareholders, parent or fellow companies) and retained earnings. In 2015, the FDI inflows declined by 17.2 percent, from US\$ 458.9 million in 2014 to US\$ 379.8 million. The decline in FDI was on the account of lower inflows of new equity and loans compared to 2014. The big chunk of FDI inflows were loans from affiliates which amounted to US\$ 210.9 million representing 55 percent, equity capital of US\$ 110.0 million accounting for 29 percent while retained earnings were US\$ 58.9 million accounting for 16 percent. Both equity capital and borrowing from affiliates inflows decreased by 15.5 percent and 32.6 percent in 2015, respectively compared to level of 2014, while retained earnings increased by 235.3 percent from US\$ 17.5 million in 2014 to US\$ 58.7 million in 2015.

In terms of stock, FDI grew by 21.7 percent to US\$ 1,401.9 million in 2015 from US\$1,152.3 million in 2014, driven by 37.3 percent increase in loans and 20.7 percent increase in equity capital despite a decrease of 49.1 percent in Retained Earnings (R.E) in 2015 compared to 2014.

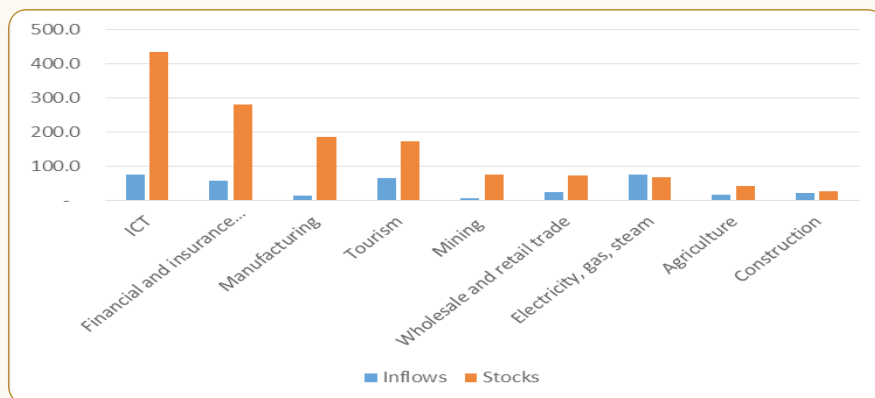
Table 3.13: Inflows and Stocks of FDI by type 2013-2015 (US\$ million)

	2013		2014		2015	
	Inflows	Stock	Inflows	Stock	Inflows	Stock
Equity	74.2	373.6	129.6	503.2	110.0	607.4
Loans	144.4	337.3	311.8	504.9	210.9	693.1
RE	39	126.7	17.5	144.2	58.9	73.4
Changes	0	0	0	0	0	27.9
Total	257.6	837.7	458.9	1,152.3	379.8	1,401.8

Source: Foreign Private Capital 2015

3.3.2 Foreign Direct Investment Inflows and Stock by sector

The four first recipients of the Foreign Direct investment inflows in 2015 were ICT sector with US\$ 76.7 million, electricity, gas and steam with US\$ 76.1 million, tourism with US\$ 66.9 million, and financial and insurance activities with US\$ 57.9 million. Regarding stock, only four sectors represented 77 percent of all FDI stock in 2015. ICT took the lead with US\$ 435.6 million, followed by finance and insurance (US\$ 281.4 million), manufacturing (US\$ 186.7 million) and tourism (US\$ 173.3 million). The stock in these sectors increased by 31 percent, 20 percent, 13 percent, and 12 percent, respectively.

Figure 7: Foreign Direct Investment Inflows and Stocks by Sector in 2015 (US\$ million)

Source: Foreign Private Capital 2015

3.3.3 Foreign Direct Investment Flows and Stocks by origin

By country of origin, Mauritius, USA, China, Kenya, Luxembourg and Switzerland were the major source of FDI inflows, totaling 79 percent of total inflows in 2015. The big chunk of stock is from Mauritius, South Africa and Kenya.

Table 3.14: Top ten Foreign Direct Investment Flows and Stocks by origin in 2015 (US\$ million)

Country	Inflows	% Share	Country	Stock	% Share
Mauritius	155.6	41.0	Mauritius	233.8	16.7
USA	67.8	17.8	South Africa	160.9	11.5
China (mainland only)	23.1	6.1	Kenya	125.3	8.9
Kenya	22.2	5.8	Panama	92.6	6.6
Luxembourg	17.3	4.5	US	21.1	1.5
Switzerland	14.2	3.7	Ghana	67.3	4.8
Belgium	10.9	2.9	Libya	66.6	4.7
India	10.9	2.9	Norway	53.0	3.8
Tanzania	9.5	2.5	Luxembourg	74.0	5.3
Senegal	6.8	1.8	Nigeria	27.5	2.0
Others	41.6	10.9	Others	479.6	34.2
Total	379.8	100.0	Total	1401.8	100.0

Source: Foreign Private Capital 2015

3.4. Foreign Portfolio Investment

Portfolio investment which involves the purchase of stocks, bonds, commodities, or money market instruments by non-residents, remains the lowest component of foreign investment in Rwanda mainly due to the low level of financial market development. Its stock increased to US\$ 97.5 million in 2015, equivalent to 4.7 percent from US\$ 94.9 million recorded in 2014. The significant amount of foreign portfolio inflows was recorded in 2011 when for the first time shares were listed on Rwanda Stock exchange, there after we see a stable and low inflows below 6 percent.

In 2015, Rwanda recorded foreign portfolio inflows of US\$ 2.5 million compared

to US\$ 5.5 million in 2014. This mainly due to the fact that some non-residents sold their shares to residents.

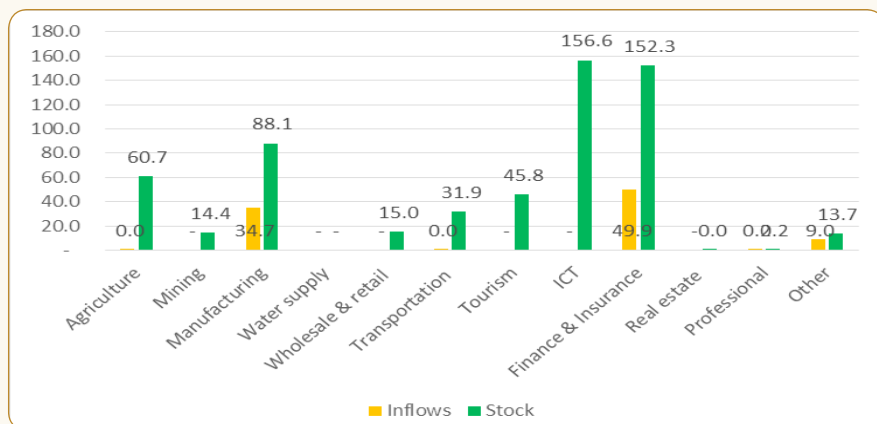
3.5. Other investments

Other investments accounted for 19.7 percent of the overall liability inflows and are made of long term and short term loans from unrelated sources. In 2015, a total of US\$ 93.9 million of loans inflows were reported of which US\$ 92.9 million (98.3 percent) were long term (equal or more than 1 year), and US\$ 1 million (1.4 percent) short-term (less than one year).

3.5.1 Other investment inflows and stocks by Sector

The sectorial distribution of other foreign investment inflows in 2015 shows that they were mainly concentrated in the financial sector which received US\$ 49.8 million followed by Manufacturing sector with US\$ 13.6 million. In terms of stock, ICT had US\$ 156.5 million, followed by the finance and insurance with US\$ 152.3 million, manufacturing with US\$ 67 million, Agriculture with US\$ 60.7 and Tourism with US\$ 45.7 million.

Figure 8: Other investments inflows and stocks by sector in 2015 (US\$ million)



Source: Foreign Private Capital 2015

3.5.2 Other Investments Inflows and Stock by Source in 2015

In 2015, Kenya was the major lender with disbursement of US\$ 29.4 million, followed by European Investment Bank and IFC with US\$ 13.4 each. Inflows from IFC and Philippines were US\$ 9.0 million and US\$ 7.5million, respectively. In terms of stock, Germany was the major source, with US\$ 67.3 followed by

Preferential Trade Area (PTA) with US\$ 66.7 million, and United Kingdom with US\$56.7 million.

Table 3.15: Other Investments Inflows and Stock by Source (US\$ million)

S/N	Origin	Inflows	Origin	Stock
1	Kenya	29.4	Germany	67.3
2	Exports Imports Bank	13.5	PTA	66.7
3	IFC	13.5	United Kingdom	56.8
4	Philippines	9.0	IFC	54.5
5	PTA	7.5	Zambia	43.5
6	EADB	6.4	Kenya	41.5
7	ADB	3.2	Sweden	24.0
8	DRC	3.1	Exports Imports Bank	20.1
9	US	2.4	Switzerland	18.8
10	Others	5.8	Others	185.4
11	Total	93.9	Total	578.6

Source: Foreign Private Capital 2015

3.6. Income on investments

The trend for profits realized became positive since 2011 as shown in the table 3.16. In 2015, the overall net profit amounted to US\$ 65.0 million rising from US\$ 46.5 million in 2014, equivalent of 39.8 percent. Out of the profit of US\$ 65.0 million recorded in 2015, reinvested earnings were US\$ 54.8 million, representing 84.3 percent of total profits.

Table 3.16: Income on investment (US\$ million)

Item	2010	2011	2012	2013	2014	2015
Net Profit/Loss	-34	21.8	59.9	73.6	46.5	65.0
Dividends Declared	15.1	21	37.9	26.5	22.4	10.2
Dividends Paid	14.2	14.8	22.9	20.9	34.2	32.2
Valuation changes	-	-0.5	-	2.8	1	0.0
Retained Earnings/Loss	-49.1	1.3	22	44.2	23	54.8

Source: Foreign Private Capital 2015

3.6.1 Income on investment distribution by sector

The major profits making sectors were finance and insurance specifically the banking sub-sector, manufacturing and agriculture. The share of dividends declared to net profit is 15.7 percent whereas the retained earnings is 84.3 percent. The reinvested earnings to net profit increased by 39.8 percent in 2015 compared to 2014. A big proportion of profits is retained at the rate of 84.3 percent in 2015.

The findings indicate that the retained earnings and dividends paid are proportioned to the profits made, the more the sector makes the profits, the more it distributes dividends and the more it retains as seen in table 3.20.

Table 3.17: Income on investment distribution by sector in 2015 (US\$ million)

Sector	Net Profit/ Loss (After Tax)	Dividends declared	Dividends paid	Reinvested Earnings
Administrative	(0.0)	-	-	(0.0)
Agriculture	7.8	2.1	1.4	5.7
Construction	3.1	-	-	3.1
Education	(0.0)	-	-	(0.0)
Electricity and Gas	9.3	-	-	9.3
Finance and Insurance	23.8	2.7	7.9	21.1
Human health	(0.0)	-	-	(0.0)
ICT	6.4	-	16.2	6.4
Manufacturing	8.7	4.1	6.0	4.6
Mining	(1.9)	-	-	(1.9)
Other services	0.0	-	-	0.0
Professional	(0.6)	-	-	(0.6)
Real estate activities	(0.2)	-	-	(0.2)
Tourism	1.4	0.8	-	0.7
Transportation	0.6	0.1	0.1	0.5
Water supply	0.0	-	-	0.0
Wholesale & retail trade	6.7	0.5	0.5	6.2
Grand Total	65.0	10.2	32.2	54.8

Source: Foreign Private Capital 2015

In terms of profit made, Finance and Insurance sector dominated with 36.6 percent followed by Electricity and gas with 14.2 percent. Sectors like mining, professional consulting, real estate activities and Education retained losses at the end of 2015.

The sectorial breakdown of dividends paid shows that most dividends are in ICT sector with 50.5 percent, followed by Finance and Insurance with 24.5 percent and Manufacturing with 18.8 percent.

3.7. Return on equity by sectors in 2015

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

$$\text{ROE} = \frac{\text{Net Profit}}{\text{Average FDI Equity Stock}} \times 100$$

The net profit is the net income of the year before dividends is paid to common stockholders, whereas FDI Stock includes accumulated equity capital and accumulated retained earnings as presented in table 3.21.

The main objective of foreign investors in investing in foreign economies is to maximize their global profits. Firms invest abroad when the expected return exceeds the costs (Caves 1982). Among other factors, the rate of return on investments positively affected FDI inflows in Sub Saharan Africa (Opolet et al 2008). In Rwanda, profitability of 10.1 percent continues to be higher than the world average return of 6.1 percent.

Table 3.18: Foreign Direct Investment Return on Equity (Percentage)

Sectors	2014	2015
Administrative and support service activities	20.1	(2.90)
Agriculture	12.0	44.56
Construction	30.5	37.60
Education	(0.5)	(0.50)
Electricity, gas, steam	19.4	59.39
Financial and insurance activities	27.1	20.93
ICT	(0.0)	3.22
Manufacturing	28.6	10.85
Mining	-	(6.07)
Other service activities	10.0	(50.05)
Tourism	(0.1)	2.31
Transportation and storage	(0.0)	11.02
Wholesale and retail trade	4.0	22.79
TOTAL	10.1	11.8

Source: Foreign Private Capital 2015

Considering profitability by sector, construction sector came first with 30.5 percent followed by manufacturing with 25.5 percent and financial services activities with 22.9 percent. Education, ICT, mining, tourism, transportation and storage made losses in 2014. These are the most affected sectors due to their big numbers of start-up companies and the global economic environment which affected them.

The global average rate of return on FDI in 2015 was 6.1 percent, while it was 11.8 percent for Rwanda. According to the world investment report (2015), Rwanda is doing well in FDI profitability as shown in the table 3.23.

Table 3.19: Inward Return on FDI Equity 2013-2015 (percent)

Years	2013	2014	2015
Global	6.5	6.7	6.1
Rwanda	16.1	10.1	11.8

Source: World Investment Report, 2016

3.8. Private Sector External Debt

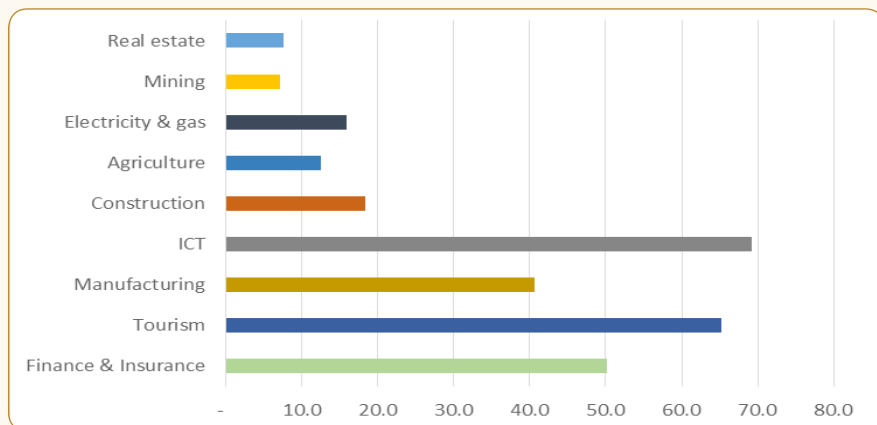
Private sector external debt is mainly comprised of non-equity instruments (mainly loans) contracted abroad by companies operating in Rwanda. In 2015, its stock was US\$ 1,302.8 million, an increase of 29.0 percent when compared with 1,009.6 million recorded in 2014 (*table 3.20*). Long-term loans from related parties continued to account for the largest share of private sector external debt (PSED) during 2015, principal repayments (including interest accrued but not paid) were higher than disbursements resulting to net outflows of US\$ 132.5 million.

Table 3. 20: Foreign Private Sector Debt (US\$ million)

TYPE	MATURITY	2014	2015			
		Stock	Disbursements	Repayments	Other changes	Stock
AFFILIATES		505.0	211.6	21.8	26.1	720.9
Loans	LT	459.9	164	4.1	21.6	641.4
	ST	45.0	47.7	17.6	4.5	79.6
NON AFFILIATES		504.7	93.9	21.8	5.1	581.9
Loans	LT	463.2	92.6	21.2	5.1	539.7
	ST	6.8	1	0.5	-	7.3
Trade Credits	ST	28.2	0.2	0	-	28.4
Other	LT	6.5	-	-		6.5
TOTAL		1,009.6	305.5	43.5	31.2	1,302.8
Of which:	LT	929.6	256.6	25.4	26.7	1,187.5
	ST	80.0	48.9	18.2	4.5	115.2

Source: Foreign Private Capital 2015

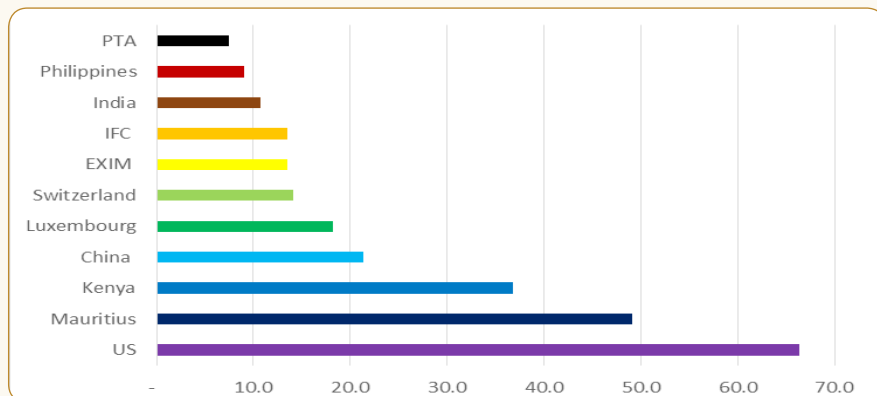
Table 3. 21: Private Sector External Debts Disbursements in 2015 by sector (US\$ million)



Source: Foreign Private Capital 2015

The activities that received large disbursements during 2015 are ICT, Tourism; Finance and Insurance and Manufacturing which, in aggregate, accounted for 73.7 percent of the total PSED disbursements in 2015.

Figure 9: Private Sector External Debt Disbursements in 2015 by origin (US\$ million)



Source: Foreign Private Capital 2015

The major sources of PSED were USA, Mauritius, Kenya and China accounting 56.8 percent of all disbursements in 2015.

CONCLUSION

Rwanda continues to register a positive trend as the stock of foreign investments stood at US\$ 2,077.9 million in 2015. Since 2010, Rwanda's foreign private capital inflows continue to grow despite a decline observed during 2015 compared with 2014. The decline was mainly in FDI on account of lower inflows of new equity and loans compared to 2014 following the slowdown in the global economy.

The foreign private capital inflows into Rwanda in 2015, were dominated by foreign direct investment inflows (79.8 percent). In terms of country of origin, most of the flows were mainly from Mauritius (US\$ 155.6 million) followed by United States of America (US\$ 70.1 million), Kenya (US\$ 51.5 million) and China (US\$ 23.5 million) accounting for 63.1 percent of total FPC flows in 2015 and investing mostly in finance and insurance, manufacturing and ICT sectors accounting to 56.8 percent of total inflows.

In addition, the retained earnings to profit made stood at 84.3 percent in 2015 and the FDI rate of return stood at 11.8 percent which gives an indication of the country's investments profitability. There is therefore the need to continue consolidating efforts geared towards improving the investment climate so that investors can gain higher returns and reinvest.

The prospects for 2016 are for higher flows, as we expect a rise again for the next year's FDI inflows, as 2015 new investment projects attraction was at its best with over 800 million US\$ worth foreign private investment projects registered in that year, with some big new projects especially in Services sector but also Energy and Water sector and ICT.

The measures being taken in the area of cost reduction of doing business are key in encouraging new investments and re-investment of earnings need to be strengthened.

The country needs to continue sustaining the achievements registered in the attraction and retention of private investments. As way forward, the results of this census should be used to guide policy makers on investment sectorial performance and as an evaluation tool of current interventions as well as the design of new policies and programs focusing on priority investment issues.

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ANNEXES

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

Reviewers

1. Prof. KIGABO Thomas, Chief Economist and DG Monetary policy Directorate
2. KAMALI Wilson, Director statistics
3. NUWAGIRA Wilberforce, Manager, Balance of payments statistics

Steering Committee

1. BAJIJI Innocent, Manager Aftercare and Facilitation, RDB
2. MANZI Sebastien, Director of Economic Statistics Unit, NISR.
3. KAMALI Wilson, Director Statistics Department, BNR.

Coordinator

1. NTIRUSHWAMABOKO Dominique, BNR

Technical team

1. GASAZA Tite, BNR
2. KUBANA Richard, PSF
3. MANZI Felix, RDB
4. MPAYIMANA Fabien, NISR
5. MUGENZI Celestin, BNR
6. MUHORAKEYE Josephine, RDB
7. MUHOZA Modeste, RDB
8. MUKANTAGORAMA Rose, BNR
9. MUTONI Cedric, Internee, BNR
10. MUVUNYI Yves, BNR
11. MUYUMBU Innocent, RDB
12. NDWANIYE Desire, BNR
13. UWINGENEYE Joyeuse, RDB

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NATIONAL BANK OF RWANDA

KN 6 AV. 4

P.O. Box: 531 Kigali, Rwanda

Tel: (+250) 788 199 000 | Email: info@bnr.rw

Swiftcode: BNRWRWRW

Twitter: [@CentralBankRw](https://twitter.com/CentralBankRw) | Website: www.bnr.rw