



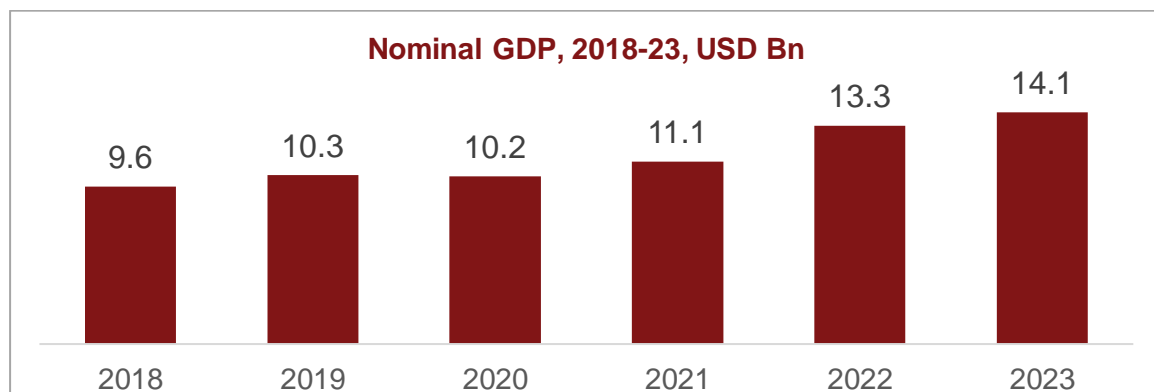
OPPORTUNITIES FOR INDIAN COMPANIES IN RWANDA

The continent of Africa continues to struggle with widespread poverty, particularly in the sub-Saharan region, where many of the world's poorest nations are concentrated. Africa's poverty is not due to a single factor but rather a combination of historical exploitation, political instability, corruption, economic dependence, institutional weaknesses, infrastructural challenges, health challenges, environmental issues, and global economic inequalities



Addressing this poor economic state requires a multifaceted approach that includes economic diversification, good governance, education, health improvements, infrastructure development, and global cooperation that prioritizes equitable and sustainable development. Given these challenges, not many nations in Africa have been able to create infrastructure to support and sustain the growth.

However, there is a shining example of a small land locked country in Eastern Africa which has been able to create the right ecosystem needed for socio-economic growth. Rwanda, a country with population of 14 MN and GDP of USD 14 BN has been on a high growth path since last few years. The Rwandan GDP has grown at 8% from FY19-23 with 9.7% growth in Q1 FY24. The government has laid down its Vision 2047 and is lauded by many as the one of the top countries in the continent to watch out for in the years to come.



Source: World Bank

Rwanda has pulled this off thanks to well-timed investments in technology, infrastructure and agriculture. This growth has not only fuelled economic expansion, but has also significantly reduced poverty, from 58% in 2016 to 38% in 2024. The country has also been witnessing a stable political climate for many years now, with President Paul Kagame starting his fourth term in office in August 2024. With streamlined processes and access to a highly skilled pool of workers, Rwanda offers an excellent business environment for entrepreneurs.

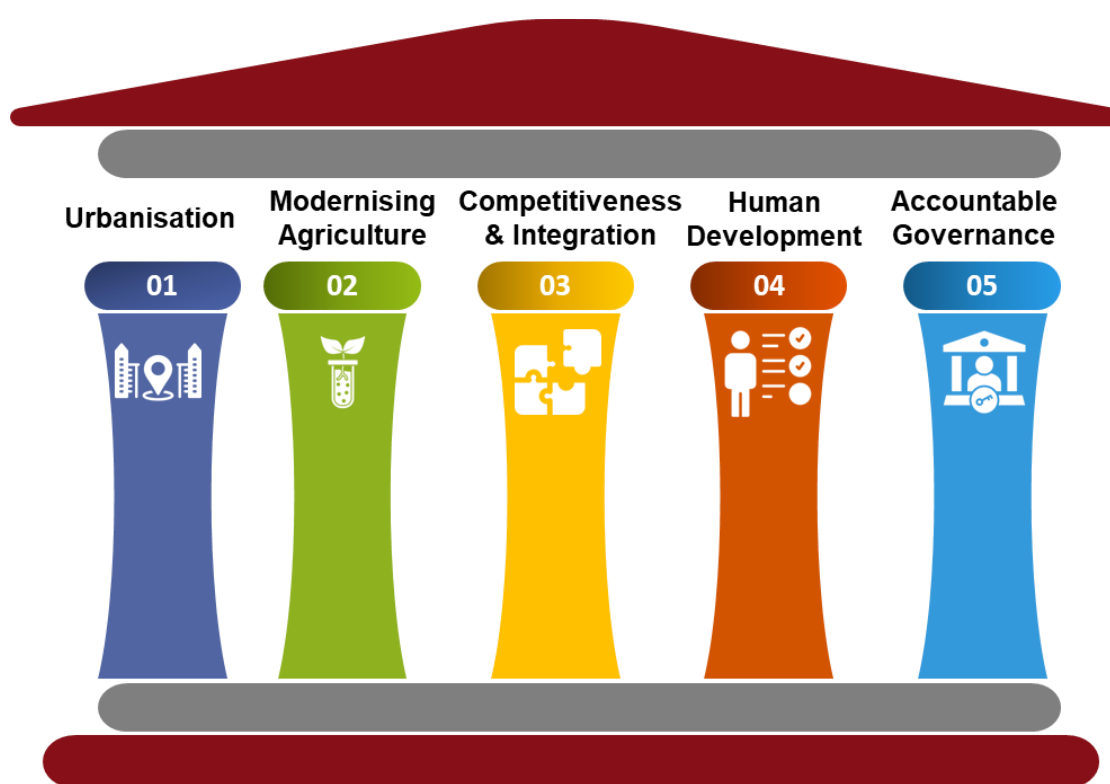
Beyond economic gains, Rwanda's remarkable health and education accomplishments, including high life expectancy at 70.3 years and excellent literacy rates at 83.1% demonstrate the country's dedication to equitable development. With women having the greatest share of parliamentary seats worldwide - more than 60% - the country has emerged as a social role model for gender equality worldwide. This

combination of strong economic growth and social progress makes Rwanda an increasingly attractive destination for foreign investment, particularly for Indian companies seeking new opportunities in the country.

Rwanda's strong ranking in the World Bank's Ease of Doing Business Index provides significant confidence to the private sector and shows its intent to foster a business-friendly atmosphere. In the most recent rankings, Rwanda was placed in the 38th position in World Bank's Ease of Doing Business rankings in 2020 among 190 countries and 2nd among African countries.

The African nation's methods of achieving sustainable development, such as its monthly community service initiative Umuganda (national holiday on last Saturday of every month for mandatory community service) and its attempts to protect the environment, also highlight its all-encompassing development strategy. Rwanda's successes are more than just numbers - they reflect a nation moving towards more cohesion and equity.

With the ambitious Vision 2050 plan, Rwanda has outlined the strategy for its progress to an upper middle-income status in 2035 and a high-income country by reaching a per capita income of USD 12,000 by the year 2050.



The five main pillars of the vision are Urbanisation, Modernising Agriculture, Competitiveness and Integration, Human Development, and Accountable Governance. The nation wants to develop a knowledge-intensive economy, supported by cutting-edge technology and highly qualified labour. To guarantee that every Rwandan benefits from the nation's advancement, the Vision also places a strong emphasis on inclusive growth.

Several vital enablers will help Rwanda achieve its objectives. The government places a high priority on education and vocational training to provide its workforce with the skills required for a modern economy. The creation of centers of excellence, collaborations with foreign universities, and a focus on improving STEM (Science, Technology, Engineering, and Mathematics) education underscores Rwanda's focus on bolstering skill development.

Rwanda has also enacted several reforms recently to simplify doing business in the country and attract foreign direct investment. These reforms have increased international investment as the nation becomes a more desirable location for global firms. The Rwanda Development Board (RDB), in place

since 2006, has been making the investment process easier by bringing all government entities that interact with investors under one organisation. This includes those in charge of environmental approvals and business registration among others. Known for helping set up businesses faster, investors can register and receive a certificate using the RDB's online platform in a matter of days, and its "One-Stop Shop" helps in obtaining the required approvals, certificates and work licenses. The Rwandan Investment Code also guarantees compensation in the event of expropriation, permits unrestricted capital transfers and ensures that local citizens and foreign investors are treated equally.

Furthermore, Rwanda's priority to enhance land use planning, provide access to clean water and increase the capacity of energy generation is critical in boosting economic activity and raising everyone's standard of living.

The economic landscape of Rwanda offers several high-growth prospects across industries. Rich in minerals like tungsten, tin, and tantalum, the mining industry presents a large investment opportunity, considering the government's emphasis on value addition. One of the largest producers of tantalum globally, the government has brought policies aimed towards the growth of tantalum and tin mining industries, offering tax breaks and various incentives to companies that invest in this sector.

Agriculture, which continues to be the foundation of the economy, is also witnessing increased modernisation efforts, creating opportunities in agro-processing and export-oriented farming. Welcoming 100% ownership in agriculture, a 50% reduction in corporate income tax is also available to registered investors who export at least half of their Rwandan-produced goods. Export-oriented registered investment projects are eligible for a seven-year tax holiday as well.

Another significant growth sector is tourism, where Rwanda's distinctive attractions - such as gorilla trekking, cultural heritage, and eco-tourism - attract visitors from around the world. The primary source of foreign exchange earnings for the nation remains to be tourism. As per RDB, tourism-related revenue increased by 171%, from USD 164 million in 2021 to USD 445 million in 2022. The country is poised to become a future regional superpower thanks to its focus on the growth of these industries.

Rwanda stands at the brink of significant economic growth, driven by a combination of strong governance, strategic investments, and innovation. Key sectors like agriculture, tourism, ICT, and manufacturing present vast opportunities for investment. The government's focus on infrastructure, skills development, and regional integration enhances its potential as a business hub in East Africa. With a youthful population and a favourable business environment, Rwanda is poised for continued progress.

Sectors	Sub-sectors	Projected Growth Rate (%)
Agriculture & Food Processing	Tea, Coffee, Beer, Wine, Dairy Products, Edible Oil	5%
Mining & quarrying	Mineral Exploration, Mining, Machine Operation and Repair, Mineral Processing	6%
Manufacturing	Textiles, Automobiles, Energy, Electronics, FMCG	9%
Information & communication	Business Process Outsourcing, Software Development, Hardware Technologies, Networking, Cyber Security	1.5%
Financial & insurance services	Banking, Insurance, Banking Operations, Microfinance	2.5%
Tourism & Hospitality	Accommodation, Food and Beverages, Transportation, MICE	9%

Source: World Bank, Ministry of Finance and Economic Planning, National Institute of Statistics Rwanda, Ministry of ICT and Innovation

For Indian businesses, Rwanda offers compelling value as the nation's high-growth industries, business-friendly atmosphere, and advantageous position in East Africa present prospective opportunities. India is already capitalising on this as it is the top foreign investor in Rwanda, with USD 175 million worth of investments in 2023, surpassing investments by China and the UAE.

However, the scope for Indian businesses in Rwanda extends even further. The nation's rapidly expanding mining and agro-processing sectors offer opportunities for Indian companies to contribute knowledge and technology and create value locally. This also presents Indian enterprises with the opportunity to set up low-cost operations that can service Rwanda and the larger East African region.

The country is also a key entry point into the area due to its membership in the East African Community (EAC) and its access to the African Continental Free Trade Area (AfCFTA). With preferential trade agreements, a stable business climate, low operating costs and a government dedicated to promoting business, Indian companies can use Rwanda as a springboard to enter other East African markets.

Among all regions within Africa, the East African region provides the highest growth opportunities for new businesses to flourish. The region constituting Kenya, Tanzania, Uganda, Ethiopia and others, is known for its rich natural resources, fertile agricultural lands, strategic location, and dynamic economic landscape. In recent years, the region has witnessed significant growth and transformation, making it an attractive destination for global investors, including those from India. This favourable business environment, marked by rapid industry transformation - particularly in technology and fintech, has increasingly attracted foreign investments to East Africa. The region's resource abundance, coupled with trade agreements and economic partnerships further enhances its appeal. With initiatives to support foreign investment, such as tax incentives and customs duty reductions, East Africa presents a compelling opportunity for Indian corporates looking to expand their global footprint.

However, to take advantage of the big opportunity on the plate in Rwanda and the East African markets, Indian companies will need a grip on the market dynamics at play in these countries.

Consumer Behaviour: Understanding of the local culture and buying behaviour in Rwanda will be crucial to align product, marketing and communication strategies in line with the expectations of the target base. Understanding of local pricing structures and consumer price sensitivity will also be critical in a developing economy. Misjudging these factors can make a company's products or services too expensive or undervalued in the new market and may miss hitting the right chords.

Competitive Landscape: Local competitors from Rwanda or neighbouring countries may have a better understanding of the market, established customer loyalty, and cost advantages. New entrants, especially from a different continent, will need to differentiate themselves and effectively compete against both local and international players through appropriate understanding of the landscape.

Establishing Supply Chain: Building relationships with reliable local suppliers and partners can be challenging in a new geography. Companies will also need to assess the quality, reliability, and cost of local suppliers to ensure smooth operations. Supply chain planning must be done meticulously as poor transportation, communication, and logistics infrastructure can complicate the supply chain, leading to delays, increased costs, and inefficiencies.

Local Partnerships and Networking: Establishing relationships with local businesses, governments, and stakeholders will be crucial for success in the region. Local partnerships will also help new entrants in the market to navigate through the bureaucratic hurdles and the complexities of operating in a new environment.

Looking at Rwanda's success story, it is clear that with the right mix of governance, investment in infrastructure, and a focus on socio-economic development, rapid progress is achievable, which can be replicated by other East African nations, leading to a bigger market opportunity for corporates. For Indian businesses looking to expand into Rwanda and the broader East African region, understanding the local market dynamics, building strong partnerships, and navigating challenges will be essential. By leveraging Rwanda's favourable business environment and capitalizing on the region's growing industries, Indian companies can unlock substantial growth opportunities while contributing to the region's ongoing economic transformation.



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