Analysis of the legal and institutional framework for promoting foreign direct investment (FDI) in Rwanda.

By

Innocent KAMANZI

Dissertation Submitted in Partial Fulfillment of the requirements for the award of Master's Degree in International Economics and Business Law

Kigali Independent University, Kigali campus;

Supervisor: Prof. Fructuose BIGIRIMANA

October 2024

Declaration

This is a pronouncement by the candidate that: “This dissertation titled “**Analysis of the legal and institutional framework for promoting foreign direct investment (FDI) in Rwanda”** is my original work, it has never been submitted before for any other degree award to any other University ‟.

Innocent KAMANZI

Signature……………………………

Date ……../……. /2024

Approval

This is to certify that this work titled "**Analysis of the legal and institutional framework for promoting foreign direct investment (FDI) in Rwanda"** was written under my supervision and this submission is made with my permission.

Signature…………………………………….

Date …………/………/2024

Name of supervisor: Prof. Fructuose BIGIRIMANA

DEDICATION

This piece of work is dedicated to my wife, my beloved children, parents, sisters, especially to the family of my young brother Faustin TUYISENGE. Thank you for understanding and encouraging me throughout my master's programme.

It is as well dedicated to all those who risk their lives for others.

ACKNOWLEDGEMENT

It is with genuine pleasure to express my deep sense of thanks and gratitude to the highest God for giving me the strength, health and opportunity to successfully complete my master’s program.

My appreciation and gratitude go to everyone who contributed towards my journey of this research and through my education experience so far especially my brother Faustin TUYISENGE without his support, I could not have realized this Dessertation.

I extend my sincere gratitude to my supervisor Prof. Fructuose BIGIRIMANA who guided and advised me throughout this process of my research.

My sincere gratitude goes as well to Mr. Antoine NGARAMBE, the Head of INTERPOL and Cooperation Department under Rwanda Investigation Bureau who assisted me in various ways during my research that resulted in this Dissertation**.**

My heartfelt thankfulness goes to lecturers and leadership of Kigali Independent University ULK

Contents

Abbreviations and Acronyms

AfCFTA*:* African Continental Free Trade Area

ATI: Inte African Trade Insurance Agency

ADR: Alternative forms of dispute resolution

BDF: Business Development Fund

CAPMER: Centre for Support to Small and Medium Enterprise in Rwanda

CMA: Capital Market Authority

CIT: corporate income tax

COMESA: Common Market for Eastern and Southern Africa

EAC: Eastern African Community

FDI: Foreign Direct Investment

GDP: Gross Domestic Product

HIDA: Human Resource and Institutional Capacity Development Agency

ICSID: Center for Settlement of Investment Disputes

IP: Intellectual Property

IPA: investment promotion agency

IMF: International Monetary Fund

KIAC: Kigali International Arbitration Center

KSEZ: Kigali Special Economic Zone

KIU: Kigali Independent University

LDC: Less Developed Countries

MFN: Most-Favored Nation

MNEs: multinational enterprises

NBR: National Bank of Rwanda

NST: National Strategy for Transformation

ORTPN: Office of Rwanda Tourism and National Parks (

RCAA: Rwanda Civil Aviation Authority

RCRSA: Rwanda Commercial Registration Services Agency

RDB: Rwanda Development Board

RHA: Rwanda Housing Authority

RICA: Rwanda Inspectorate, Competition and Consumer Protection Authority

RIEPA: Rwanda Investment and Export Promotion Agency

RITA: Rwanda Information Technology Authority

RRA: Rwanda Revenue Authority

RTDA: Rwanda Transport Development Agency

RURA: Rwanda Utilities Regulatory Authority

RSB: Rwanda Standards Board

RWB: Rwanda Water Board

SMEs: Small and Medium Enterprises

ULK: Université Libre de Kigali

VAT: Value Added Tax

WTO: World Trade Organisation

ABSTRACT

The purpose of this particular study is to analyze a number of existing legal instruments that were designed to promote in one way or another FDI in Rwanda. The study ended up establishing that current legislation is relatively adequate in attracting FDI into the country through a creation of conducive investment climate to a foreign registered investor including equal treatment between foreigners and nationals. Furthermore, Rwanda has ratified a number of international conventions and become a member of some Regional Economic Integration, such as EAC, COMESA and AfCFTA as a part of its efforts to enlarge market for investors registered in Rwanda.

It is good to note that despite of some reforms that have been undertaken by Rwanda so as to promote FDI; the implementation is still relatively low. A legal and institutional framework for promoting FDI will therefore require constant and lucid efforts from the Government. A big number of law reforms to be initiated are highly commended. As a matter of fact, when asked about implementation of laws related to aftercare services, nearly 40% of investors including foreign ones responded saying that there is still a long way to go before existing legal texts be fully implemented.

CHAPTER I: GENERAL INTRODUCTION

1. Background to the study

Many countries recognize a need attract FDI as it is considered to be one of the major factors that promote economic growth. Developing and less developed countries demonstrate a lot of focus on FDI as a answer to their socioeconomic problems.[1]

As per international law relating to foreign investment, the latter contains two types of investments, FDI and portfolio investment. FDI investors take both ownership and control positions in the local enterprises firms and are in effect the managers of the enterprises under their management; while foreign portfolio investment investors advance ownership deprived of control over national enterprises. portfolio investors must give power to administrators, but border their liberty to come up with choices because the Directors's agenda might not always fit with that of the owners. In view of this, manager vs. owners' dynamic, portfolio investment projects are considered to be managed less resourcefully than direct investment projects. Direct investors are more conversant

[1] Beni-King DUSHIKANE, '*Analysis of the legal framework for promoting foreign direct investment in Burundi",* Thesis master of laws of Jampala International University, May 2018.

than portfolio investors with respect to changes in the views of their projects. This permits them to succeed in their projects more professionally.[2]

A study by Alfaro and Chauvin (2018) shows that recent tendencies in FDI have led to a proliferation of findings that highlight that FDI might deliver advanced effects such as market access, technology, finance and skills. In the same vein, FDI might also distort national economy. It is in light of this purpose that an improved quantity of FDI would not be exceptionally sufficient for economic progress and reducing poverty. In line of the above, it is worth noting that that the optimistic effects that might be resulting from FDI is not automatic, but rather it is to a big extent determined by institutional framework that host countries have in place.[3]

In other words, FDI has the potential to be a vital driver of economic progress and variation. Shifting a country's work force from lower into higher value added jobs will rely on nurturing a wider range of opportunities for private economic activity, and on the ability of domestic firms to incorporate into global production value chains. FDI is the way to those global value chains, enabling developing countries the opportunity to take part and take advantage of the world economy. Foreign investors can generate jobs, bring capital and new technologies, and create knowledge spillovers. But these advantages are not automatic. Some countries encourage large quantities of foreign investment and never transfer the value chain. In order to exploit the development impacts of foreign investment, a proper investment policy framework is required.[4]

Mindful of the relevance of FDI in a given economy, the Government of Rwanda made a commitment embodied in the goal 3 of the recently approved NST2 which will be guiding government activities in the next President Paul Kagame's next presidential term .In accordance with aforementioned commitment, the private investment is expected to be doubled from $2.2 billion in 2023 to $4.6 billion by 2029.[5]As a part of efforts to achieve the above goals, there are

---

[2] Lilian Melkizedeki Kimaro, "examination of the effectiveness of regulation of foreign direct investment in Tanzania", Maters thesis , Centre for human rights, Faculty of law, university of Pretoria, 2011, P.1.

[3] Ralph Marenga," the policy and legal framework for sustainable foreign direct investment in Namibia", Department of Political and Administrative Studies; University of Namibia, Journal of Sustainable Development in Africa (Volume 21, No.1, 2019) ISSN: 1520-5509, p.62.

[4] Christine Zhenwei Qiang and others," Maximazing the potential benefits of foreign direct investment for competiveness &development", available at https://documents1.worldbank.org/curated/en/666341500008847215/pdf/117475-PUBLIC-WP-13-7-2017-12-8-30-SPIRAToolKitGuide.pdf, accessed on 03/10/2024.

[5] Office of the Prime Minister, "Prime Minister presented to parliament Government's five-year program/NST2, available at https://www.primature.gov.rw/news-detail/prime-minister-presented-to-parliament-governments-five-year-program-nst2, accessed on 25/09/2024.

pieces of legislation in place meant to encourage private investment as a way of promoting diversifying the productive base. Rwanda has also been doing everything possible to make sure that reform initiatives underway help activate private investments.[6] Those strategic interventions were meant to lay the basis for economic change that will fast-track the move towards attaining high standards of living for all Rwandans via promotion of FDI.

Moreover, the Government of Rwanda has been widening a relatively free trade area by adhering quite a number of economic organizations ranging from the WTO, the EAC, the Economic Community of the Great Lakes, COMESA. Rwanda has been and keeps to be a strong backer of the African Continental Free Trade Area agreement (AfCFTA), having ratified the agreement in 2018.[7]

2. Statement of the problem

FDI is expected to play a very crucial role in the economic development of Rwanda. The latter has recently enacted laws meant to deal with FDI and enhance regional economic partnership. However, many companies report that although it is easy to start a business in Rwanda, it can be difficult to operate a profitable or sustainable business due to a variety constraints. These include weakness on the part of concerned institutions to implement the existing legal incentives susceptible to create a conducive investment environment for FDI.[8]

Over the past decade, the GOR undertook a series of policy reforms intended to improve the investment climate, wean Rwanda's economy off foreign assistance, and increase FDI levels. Rwanda enjoyed strong economic growth until the start of the COVID-19 pandemic in March 2020, averaging 7.1 percent annual GDP growth over the prior decade. Rwanda also enjoys a reputation for low corruption. In 2020, Rwanda experienced a 3.4 percent GDP contraction, marking its first recession since the 1994 genocide. Rwanda's economy is now showing signs of recovery, as GDP grew 8.2 percent in 2022.[9]

---

[6] WTO Secretariat, "WT/TPR/S/384 • Rwanda, Annex 3 Rwanda", P.190, available at https://www.wto.org/english/tratop_e/tpr_e/s384-03_e.pdf, accessed on o7/06/2024.

[7] USA Embassy in Rwanda,' *2023 Investment Climate Statements: Rwanda'*, available at https://www.state.gov/reports/2023-investment-climate statements/rwanda/#:~:text=Since%202006%2C%20the%20GOR%20made,but%20progress%20has%20been%20slow, accessed on 05/04/2024.

[8] Department of State, "2023 Investment Climate Statements: Rwanda", available at https://www.state.gov/reports/2023-investment-climate-statements/rwanda/, accessed on 20/09/2024.

The principal subject of this dissertation is the issue of promoting FDI and what should be the appropriate legal and institutional framework for an equitable FDI inflow into Rwanda in order to attain a balanced economic development. The study is to analyse as well the sufficiency and the effectiveness of the existing legal regime that governs FDI; to find out a proper legal and institutional framework for promoting FDI in Rwanda.

3. Objectives of the Research

This research has general objective and specific objectives as presented below.

3.1 General objective

The primary aim of this research is to examine the existing laws and established institutions meant to regulate the investment environment in Rwanda, with a view to evaluate the effectiveness in promoting FDI in Rwanda.

3.2 Specific objectives

(i) To examine the domestic legal and institutional frameworks for FDI in Rwanda.

(ii) To determine and analyze the international, continental and regional legal and institutional frameworks for FDI as applicable in Rwanda.

(ii) To analyze the Rwandan legal and institutional framework for FDI and its adequacy.

4. Research questions

This research seeks to address the following questions:

(i)How adequate is the current legal and institutional frameworks for FDI in Rwanda? Or at what extent the legal and institutional framewok are relevant to promote the FDI in Rwanda.

(ii)What are strengths, weakness and perspectives for the legal/institutional framework for foreign direct investment in Rwanda?

5. Significance of the study

A number of studies have been done on the institutional determinants of FDI. However, there appears to be limited empirical works on the role host-country legal and institutional frameworks are bound to play in investors' decisions on which of the LDCs are more viable for FDI. This study will facilitate the production of knowledge which will help to consolidate the legal and institutional framework for FDI, in host-country institutions, such as RDB.

The research undoubtedly enables the Authority in charge of the development and promotion of investment in Rwanda to ensure whether existing laws and regulations that were designed to benefit investors are being upheld as well as promote required reforms aimed at enhancing the business climate.

This study is significant for foreign investors as it seeks to provide with useful information to make them know the investment climate in Rwanda as determined by the national law and regulations thus, they will learn to act in compliance with those laws.

The information provided in this study will be also helpful to the EAC Secretariat, to know the level of implementation of EAC common code in Rwanda especially about FDI. The findings of this research will be used as well by lecturers and student of Kigali Independent University and other higher institutions of learning most especially in the teaching of business law; to know the appropriate legal and institutional framework susceptible to attract and retain FDI.

This study is a good opportunity for potential investors especially foreign ones to be well-equipped with necessary information before making any decision to invest in Rwanda. The study will as well enlighten the government of Rwanda as to where review is need in regards to FDI's promotion. Furthermore, the very study l enables the relevant national institutions to understand challenges which foreign investors might face while operating their business in Rwanda and try to make efforts through new laws in the domain. The future researchers will utilize the findings of this study to embark on related studies.

6. Research Methodology

To achieve the objectives, analytical method which will consist in unpacking all data and information collected will be used. In other words, this study consists in analysing or commenting the written data and information collected in documents. It will be based on the library and internet involving both primary and secondary sources. The primary sources will be in the form of national, regional, continental and international legislations on foreign investment.

Secondary data will be collected from published material on FDI, including textbooks, legislations, directives, rules, regulations, policies, reports, journal articles, newspaper articles, critical reviews, cases and internet sources pertinent to the subject of foreign investment legal regime.

To achieve the objectives of this study several methods were used. This study employs legal desk research, meaning that the study is based on the library and internet involving both primary and secondary source. In addition, documentary method, analytical method and synthetic method were as well used.

7. Organisational layout

This study consists of five chapters. Chapter one consists on introduction, background of the study, statement of the problem, objectives of the study, research questions, scope of the study, significance of the study, methodology, literature review, clarification of key terms and research structure.

Chapter two draws attention to the literature review on foreign direct investment in Rwanda. Chaper III establishes the legal and institutional framework that Rwanda has put in place to regulate FDI inflows. Chapter four analyses the weakness and strengths for the current legal framework for FDI laws and its implementation in Rwanda. Chapter five, the last chapter of the study summarises the key research findings, highlights the main conclusions and provides recommendations both for law and future research on the best legal and institutional configuration that is necessary to attract FDI in Rwanda.

CHAPTER TWO: THE LITERATURE REVIEW ON FOREIGN DIRECT INVESTMENT IN RWANDA

Foreign direct investment (FDI) is the course whereby nationals of one country obtain ownership of properties in another country (the host country) with aim to control the production, distribution and other activities of an enterprise in that particular country. The control being referred to signifies that some degree of mandatory decision-making by the investor is present in management policies and strategy. For example, this control might happen via the capability of the investor to choose one or more memberships on the board of directors of the foreign firms or foreign subsidiary.[10] As per above explanations about a foreign investor, the latter is an important

[10] X,"Introduction to Foreign Direct Investment", available at https://www.worldscientific.com/doi/pdf/10.1142/9789813238459_0001?srsltid=AfmBOop1qBjoj8UHyrlj9XybIufL13QabpaRv9__-h_z9PP9M4-zXfGX, accessed on 20/09/2022.

contributor to the existing economy taking into account the power entrusted upon him/her as far as a decision-taking process in a national firm is concerned.

2.1. Definition of FDI in accordance with International Monetary Fund

FDI was defined by the International Monetary Fund (IMF) as an international investment that embodies "the objective of a national entity in one economy gaining a sustainable interest in a firm implanted in another economy". The same analysis was also embraced by the Organization for Economic Co-Operation and Development (OECD) in the Benchmark Definition of FDI.[11] Considering this definition by IMF, a foreign direct investment is still considered as a contribution aimed at increasing financial capacity in a resident enterprise.

2.2. Conceptual model of attracting foreign direct investments

The conceptual models are defined as ways with certainty to make sure mutual benefit for a country and a foreign investor in direct investment.[12]

2.2.1. Three main models of attracting of foreign investment

In world practice, there are three main models of encouraging of foreign investment:[13]

1. Liberalization of capital movement rules, or "open window" principle, when rules of control over capital transactions are extremely shortened, which should encourage foreign investors by easiness of such transactions.

2. Making sure foreign capital movements checking in order to mix simplicity of capital operations and tracing of major tendencies in capital movements in order to be enabled to take appropriate dealings in case of serious threats to economic security of a country.

---

[11] Antonios ZAIRIS, "the course of foreign direct investment in the greek economy", New York college, Athens-Greece, hellenic retail business association, Journal of Economics and Business Vol. XIX – 2016, No 2
pp 11-12.

[12] Alona Buriak and Daria Ovcharenko*, "Conceptual model of attracting foreign direct investments in terms of international economic integration",* National University "Yuri Kondratyuk Poltava Polytechnic" 36011, Pershotravnevyi Avenue24, Poltava.

[13], Alona Buriak and Daria Ovcharenko*, "Conceptual model of attracting foreign direct investments in terms of international economic integration",* National University "Yuri Kondratyuk Poltava Polytechnic" 36011, Pershotravnevyi Avenue24, Poltava, Ukraine, pp.36-37.

3. Foreign investment pursuing, when a state creates not only conditions attractive to foreign investors, but also sets specific goals for the volume, geographical and sectoral directions of foreign capital in national economy.

2.2.2. The main purpose of the models

The main reason of the models is to sustain the promotion of FDI in the industry of a region by creating an encouraging and sustainable investment climate, a positive investment image. Some of the highest priority and necessary which have to be implemented in order to achieve the above goal are following:[14] Developing of integration relations in a region, particularly via the creation of free trade zones with trading partner countries; establishment in the region of local self-government advisory commissions to promote pre-trial settlement of disputes with foreign investors; establishing close collaboration between member States and FDI donor countries in a region; improvement of regional infrastructure, especially via the establishment of industrial parks; making sure the quality of labor market in a region in accordance the industry needs; providing main places in a region in the ratings of investment encouragement. In view of the above, a host country needs to do whatever it takes to ensure that all factors likely to prompt a foreign investor not to take decision to invest are wiped out.

2.2.3. Main conceptual provisions of the model

Main conceptual requirements of the model are: amplification of industrial base in a country on an inventive basis; establishment of new production base, modernization of material and technical base, increase of technological level of industrial base in a country; sustaining the export of industrial materials in a region; safeguard and establishment of new or further jobs in the industry of a region, training of a labor resources; encouragement of environmental safe industrial base in a country and international integration relations sustainability.[15] The above are expectations that a country managing to attract FDI may be expecting to benefit from FDI.

2.3. Foreign Direct Investment and its benefits to host country

[14] Id.p.37.
[15] Id.p.38.

A greater movement of FDI conveys substantial advantages to endure on the world economy and on the economies of developing countries in particular, in terms of achieeving the long term efficiency of the host country via greater race, relocation of capital, technology and managerial skills and boosting market access and in terms of the expansion of international trade.[16] Taking into consideration the above, FDI is indispensable when it comes to improving the economy of host country especially developing ones.

2.4. The connection between FDI and development in historical context

The role of investment, especially FDI, in motivating economic progress and development has been a disputed one ever since the UN development decade of the 1960s. There have always been views in favour of FDI and against it. Some maintain that FDI constitutes a basis to economic progress and productivity rises in the economy as a whole and hence pays a role when it comes to differentiating economic growth and development performances across countries, but others stress the risk of FDI damaging national abilities and pulling out natural resources without sufficiently rewarding poor countries.[17] In view of the above concerns in regards to FDI, one may argue saying that FDI is likely to bring advantages than it can bring disadvantages to a host country.

2.5. Rule of law and level of FDI

The rule of law is a principle of governance in which all people, public and private organs, including the State itself, are answerable to laws that are publicly enacted, equally imposed and independently settled, and which are consistent with international human rights rules and values.[18]

2.5.1. A relationship between rule of law of home and host countries

Building on institutional theory, this paper scrutinizes the relationship between the relative rule of law of home and host countries, the home country's institutional frame and FDI. We suggest that firms based in countries with a higher level of rule of law will invest more FDI per capita in host

[16] The development committee, "World Bank Guidelines on the Treatment of Foreign Direct Investment",
[17] Dirk Willem te Velde, Commissioned by UNCTAD, "Foreign Direct Investment and Development An historical perspective", 'World Economic and Social Survey for 2006', published on 30 January 2006, p.2.
[18] MONUSCO, "What is the rule of law?", available at https://monusco.unmissions.org/en/what-rule-law, accessed on 25/09/2024.

countries with comparable or higher levels of legal protections. Further, firms based in countries with a lower rule of law are familiarized to lower degrees of institutional safeguards. For these latter countries, the equivalent levels of rule of law between home and host country will not as strongly impact FDI per capita.[19] Considering the above, it is clear that a rule of law is an important factor when it comes to attracting FDI.

As governments contest to retain their domestic businesses investing at home and develop incentives to attract foreign investment, institutional conditions such as the rule of law can have a strong impact on a firm's assessment of investment risk in host countries. Research has showed that the presence of the rule of law and the protection of property rights are drivers of economic growth and investment, even more so than political democracy. Furthermore, it has been suggested that a host country's rule of law is an important precedence to critical aspects of national economic growth, such as entrepreneurship, capital amassing, modernization, and human capital.[20] Following the importance of rule of law when it comes attracting FDI, countries willing to increase FDI must undoubtedly improve their rule of law and consider it as a key incentive.

2.5.2. Consideration of rule of law of host country by Foreign investors

Foreign investors attach more importance on a host country's rule of law level, amongst other factors, as they regulate where to place their funding. The government is critical for attractiveness since it puts in place policy, but other backup institutions such as the legal system are important for enhancing competitive advantage for any nation. Thus, the rule of law turns out to be a critical country-level driver of progress as FDI is generally held to profit the host country by providing new job opportunities, sustaining technology transfer, and supplementing national investment. At the same time, both local and foreign investors want to know that their investment will be safeguarded by the laws and the applicability of the laws in respective countries. Legal systems safeguards investors from expropriation either by organisational insiders or by external entities,

[19] David W. Kunsch1* , Karin L. Schnarr2 and W. Glenn Rowe, "the relational effect of the rule of law: a comparative study of japanese and south korean foreign direct investment", Asian Academy of Management Journal, Vol. 19, No. 1, 147–167, 2014, available at http://web.usm.my/aamj/19012014/Art%207%20(147-167).pdf, accessed on 19/09/2025.
[20] Ibid.

such as governments.[21] As a rule of law is regarded as a protector to secure investments including FDI, countries that aspire to promote FDI have to strengthen their rule of law.

2.5.3. The Rule of Law and its Importance to FDI

The rule of law is an important principle that guarantees the fair and consistent application of laws within a society. Effective rule of law minimizes corruption, fights poverty and illness, and safeguards people from injustices. Moreover, it gives predictability, stability, and transparency in legal systems, which are valuable for encouraging foreign investors to invest. When investors have trust in the legal framework of a country, they get secured in their investments and are more willing to commit capital for long-term ventures.[22] The above statement stresses the importance of rule of law when it comes to giving confidence to foreign investors.

2.5.4. Alternative approach to treaty-based Investor–State dispute settlement procedure

An alternative approach to investor-State dispute settlement is a dispute resolution, avoidance or prevention mechanism that constitutes an alternative to international investment arbitration. There are two main categories to alternative approaches. The first category supports already existing disputes and approaches to their resolution. The use of Alternative forms of Dispute Resolution mechanisms is common in this context. The second category regards the use of avoidance and prevention policies prior to the happening of a dispute, but in anticipation of the possibility that a dispute might arise.[23] Throughout the legal drafting process, disputes resolution mechanisms are taken into account.

2.5.5. Dispute prevention and avoidance in regards to FDI

Dispute prevention and avoidance include lessening potential areas of dispute through extensive planning in order to minimize the number of conflicts that worsen formal disputes. Preventative

[21] Ibid.
[22] Stefan Calimanu,"The Rule of Law and IP Rights Protection: Key Factors in Attracting FDI to the US", July 14th,2023, available https://researchfdi.com/resources/articles/the-rule-of-law-and-ip-rights-protection-key-factors-in-attracting-fdi-to-the-us/, accessed on 20/09/2023.
[23]Supachai Panitchpakdi Secretary-General of UNCTAD ," Investor–State Disputes: Prevention and Alternatives to Arbitration", UNCTAD Series on International Investment Policies for Development, UNITED NATIONS New York and Geneva, 2010 available at https://unctad.org/system/files/official-document/diaeia200911_en.pdf, accessed on o4/10/2024.

ADR is a critical means to attain real dispute prevention and avoidance. In the context of investor–State disputes, dispute prevention might include the creation of adequate institutional mechanisms to avoid disputes from evolving and prevent the breach of contracts and treaties on the part of government organs. Through adequate dispute avoidance policies, it can be better to ensure that the State and various government entities take consideration of the legal commitments made under investment arrangements when passing laws and implementing policy measures. In addition, the implementation of dispute preparedness mechanisms enables governments to ascertain more easily potential areas where disputes with investors can rise and answer back to the disputes where and when they occur.[24] This is to remind national legal drafters to keep in mind that there is a way to deal with disputes before they arise.

Dispute preparedness mechanisms include, on the one hand, the delegation of relevant authority among State agencies, e.g. by defining who is responsible for the defence of investment disputes, who trains relevant employees, and who bears the costs incurred. On the other hand, dispute preparedness also requires an adequate coordination and communication among government agencies, such as through enhances channels for information sharing and better institutional cooperation. With such existing institutional arrangements, States are also better able to start effective dispute avoidance, addressing the concrete concerns of the investors and making attempts to solve them. Agencies involved in dispute avoidance can be investment promotion agencies through their after-care services, ombuds services, or other government agencies with direct responsibility to deal with foreign investors.[25] Host countries need by all means as to how they can avoid disputes as it is easy and reliable way to address disputes.

2.5.6. Dispute resolution with respect to FDI

Dispute resolution includes the process of managing and resolving conflicts. It can implicate parties resolving their conflicts in accordance with their interests, their rights, or respective power. Parties aiming on interests consider factors such as needs, economics, relationships, politics and social values when resolving disputes. When there is a focus on interests, dispute resolution usually happens via direct discussion among parties or with the assistance of a third party neutral, such as a mediator or ombuds. When the focus is on rights, dispute resolution necessitates a neutral third

[24] Ibid.
[25] Ibid.

party to resolve and apply agreed-upon rules to a set of facts so as to determine who conquers. Rights-based processes, including binding arbitration and traditional court trials, have limited remedies and may not address the full range of interests and needs that the parties may have. Disputes resolved on the basis of power weight the outcome in favour of the party with the most leverage, status and resources, but this may be costly on the relationships involved and may result in failure to vindicate rights.

2.6. Institutional framework for promotion of FDI

A 'State Institution' refers to governmental and legal structures created in a country, often prejudiced by colonial powers, to administer laws and provide services to the population.[26]

2.6.1. Higher levels of FDI as a result of right institutional framework

Global experience shows that the right institutional provisions can result in higher levels of FDI. A well-functioning institutional framework necessitates (a) a shared, strategic vision for FDI across government that involves private sector input; (b) technically capable institutions with clearly defined mandates; (c) institutional stability and sustainability through political cycles; (d) suitable incentives for institutional cooperation with strong results measurement and communications tools; and (e) political and financial support to establish and staff institutions accordance with the best practices. Not many investment promotion agencies in the developing World can claim to have all these elements; however, working towards these best practices will give rise to a more effective institutional framework.[27] Taking into the above statement, right institutional arrangement is an important factor when it comes to attracting FDI.

Evidence indicates a positive correlation between the quality of a country or economy's public institutions and the pull of FDI. The World Bank found a positive correlation between the quality score for public institutions from the World Economic Forum's 2018 Global Competitiveness Report and the number of FDI projects pulled. Other research indorses that institutional quality

[26] X, "State institution" available at https://www.sciencedirect.com/topics/computer-science/state-institution#:~:text=A%20'State%20Institution'%20refers%20to,provide%20services%20to%20the%20population., accessed on 23/09/2024.

[27] Armando Heilbron and Robert Whyte, "*Establishing a High-Performing Institutional Framework for Foreign Direct Investment (FDI)*", © 2019 The World Bank Group, p.1, available at worldbank.org/curated/en/167331579764330340/pdf/Institutions-for-Investment-Establishing-a-High-Performing-Institutional-Framework-for-Foreign-Direct-Investment-FDI.pdf, accessed on 20/09/2024.

touches FDI positively and that when institutions are unfledged, the benefits of FDI cannot be effectively captured Efficient institutional provision are highly idiosyncratic and must be tailored to work efficiently within a country or economy's specific circumstances. Nevertheless, some important principles, which are discussed below, appear generally valid and should reinforce any decisions around optimal institutional setup[28] This particular statement steps in to underpin the role of institution in promoting FDI in a host country.

2.6.2. A clear mandate for existing institutions in host country

Each institution should have a clear mandate that does not oppose others. Evidence shows a negative correlation between the number of mandates of an IPA and FDI inflows. World Bank operational experience shows that development of institutions with too many mandates typically takes much time to deliver substantial results.[29] As per the World Bank an IPA should focus on a specific mandate rather than concentrating many mandates that are likely to negatively affect promotion of FDI.

A well-functioning institutional framework can result in higher levels of foreign direct investment. It necessitates several factors such as a shared strategic vision, solid institutions capable of delivering on their specific mandates and cooperating beyond their walls, and a strong political and financial support for all. The note designates key government functions for investment, proposes a process and principles for creating optimal institutional structures to deliver them, and gives examples. In particular, it analyses the role of investment promotion agencies, the agency usually assigned with operationalizing government FDI targets as well as the dilemmas that governments face in the context of institutional specialization versus function consolidation.[30] It is highlighted in this particular research findings that a country that aspire to promote FDI has to put in place strong investment promotion agencies as it was proven that they play a key role in promoting FDI.

2.6.3. Alternative forms of dispute resolution

[28] Id. P.2.
[29] Id. P.7
[30] Heilbron Armando Whyte Robert, "Institutions for Investment : Establishing a High-Performing Institutional Framework for Foreign Direct Investment (FDI)" World Bank Group, Document Date2021/02/18.

ADR is an approach to the settlement of disputes by means other than compelling decisions made by courts or arbitral tribunals. In the specific context of international investor–State disputes, ADR can be viewed as an international dispute resolution mechanism that is an alternative to so-called "primary methods" for resolving investment disputes. Such primary methods are adjudication via investment arbitration or in front of domestic courts. ADR frequently consists of the intervention of a third person to support litigants in sorting out their litigations. The process of ADR is normally initiated by the agreement of the litigants. While they are not limited to these procedures, typical methods of ADR in international litigations involve arbitration. These techniques are not necessarily mutually exclusive in any particular dispute and can be and often are used sequentially or in a customized combination with other adjudicative methods of handling litigations.[31] In view of the above statement, host country for FDI need to provide for either courts or tribunals to address disputes that may arise out FDI.

2.7. The role of Investment Treaties in increasing FDI in developing countries

Taking into account the loophole of the national legal environment in many less developed countries, investors go through other options tailored to their needs. This can be done on a case-by-case basis, but transaction spending can be reduced if the host country commits itself to a basic framework. Alongside other international institutions, this is what BITs do. They provide clear, enforceable rules to safeguard foreign investment and reduce the risk faced by investors. As per UNCTAD's comprehensive overview of BITs, the multilateral agreements upgrade foreign investment via a series of strategies, including guarantees of a high standard of treatment, legal safety of investment under international law and access to international dispute settlement. BITs are turning into a more and more popular tool for low-and-middle incoming countries to secure foreign investment.[32] Taking into account the above, BITs are relevant in the sense that they ensure certain foreign investors that the agreements signed with FDI host countries can enforce those

[31]Supachai Panitchpakdi Secretary-General of UNCTAD ," Investor–State Disputes: Prevention and Alternatives to Arbitration", UNCTAD Series on International Investment Policies for Development, UNITED NATIONS New York and Geneva, 2010 available at https://unctad.org/system/files/official-document/diaeia200911_en.pdf, accessed on o4/10/2024.

[32] Jennifer Tobin and Susan Rose-Ackerman, "Foreign Direct Investment and the Business Environment in Developing Countries: the Impact of Bilateral Investment Treaties", January 3, 2005, available at https://www.iilj.org/wp-content/uploads/2016/11/Ackerman-Foreign-Direct-Investment-and-the-Business-Environment-in-Developing-Countries-2005., accessed on 02/10/2024.

agreements. BITs are as well important because they guarantee foreign investors the same rights as domestic investors and contain rules on international arbitrage.

2.8. Advantages of Foreign Direct Investment

Economic growth and development of FDI has been a major source of economic growth for a number of law-and-middle income States. Today, States are struggling to increase their FDI inflows as it plays an important role as an engine for economic growth. FDI is the secured way to obtain foreign capital, new technology, management skills, organizational abilities and access to the international market. The increase in the volume of FDI to countries has as well led to the number of jobs created by the host countries. Employment creation can give rise to a relatively high standard of living of the people in the host country. Job creation and employment opportunities. The number of jobs that FDI can create, will be determined by the quantity and type of FDI. It will as well be determined by the structure of the investment. The direct employment arises from the investors in new organizations such as manufacturing abilities and services.[33] Considering the above research findings, developing countries have reasons to do what it can take to attract FD as it is the only way to obtain foreign capital, new technology, management skills, organizational capabilities and access to the global market which developing countries are still lacking.

Indirect employment opportunities have arisen from the rise in the fabrication of goods and services for export, which in turn leads to the demand for labor in the host nation. Technology transfer and innovation Multinational firms have been the catalyzer of technology from rich countries to the middle income ones. Deprived of investment into new technology, many of current rich countries would be fixed with their present state of industry and would be incapable to compete on the global scale. Access to new markets and resources FDI by many multinational firms can put in place competitive markets. This is thanks to more countries eager to facilitate foreign investment, which in turn signifies more choices and better estimates for the countries eager to take advantage of the investment. Competitive markets have been established as well through FDI in getting land, resources, technology, and capital. This has been via joint ventures, build-operate-transfer contracts and other forms of investment. Enhancing competitiveness and

[33] Mateusz Brodowicz, "Foreign Direct Investment Advantages and Disadvantages", Published: April 23, 2024, available at https://aithor.com/essay-examples/foreign-direct-investment-advantages-and-disadvantages, accessed on 02/10/2024.

productivity Multinational corporations have been known to boost local companies' productivity.[34] It is good to bear in mind that if no investment is made into new technology, many developing countries will end up being stuck with their current state of industrialization and may not be unable to boost their competitiveness.

2.8.1. FDI as factor for Economic Growth and Development

Economic growth is a major explanation for the advantages of FDI. Host nations are always in need of more economic growth. It is an important reason in raising the living standard. Low and middle income States are specifically wanting to sustain FDI, in the hopes that it will enable them to develop their infrastructure and in turn lead to their overall living standard. FDI can avail a certain amount of job creation with it, as new FDI projects will require manpower, this is an added benefit. Silver argues that increase of employment and higher wages that can give rise to productivity driven by FDI. This may result in a decrease of income inequality and improved social wealth in some low and middle income countries. His explanation is that growth created by FDI advances a country's human capital and skilled workforce, which will increase salaries and eventually result in the under developed country turning into a developed nation.[35] As developing countries have still a long way to go when it comes to improving life of their respective citizens, FDI may be viewed as an indispensable tool for developing countries to attain their ultimate goal.

2.8.2. FDI as source of Employment Opportunities

Thanks to FDI, additional jobs are created through the setting up of new facilities and through the expansion of existing firms. Higher skill levels and better job prospects are also a common outcome, particularly in nations which are the initial recipients of FDI. These might have large to medium-sized firms which are undertaking high-tech or capital-intensive production and which are struggling internationally.[36] It is clear that FDI is likely to underlie the expansion of existing firms which ends up creating a number of additional jobs in any economy.

---

[34] Mateusz Brodowicz, "Foreign Direct Investment Advantages and Disadvantages", Published: April 23, 2024, available at https://aithor.com/essay-examples/foreign-direct-investment-advantages-and-disadvantages, accessed on 02/10/2024.

[35] Ibid.

[36] Mateusz Brodowicz, "Foreign Direct Investment Advantages and Disadvantages", Published: April 23, 2024, available at https://aithor.com/essay-examples/foreign-direct-investment-advantages-and-disadvantages, accessed on 02/10/2024.

The above is due to the fact that the new subsidiary will be competing with the firm's existing facilities in other countries, as well as with other local subsidiaries, for a share in the global market. As the end result is merely a transfer of sales between different parts of the same firm, there is no real net increase in sales and therefore no rise in jobs required to meet the extra sales, apart from some temporal job creation in setting up the new facilities. In fact, there is a possibility that in the case of a rise in market share by the subsidiary at the expense of sales by the same company but in a different country, the net result will be a reduction in domestic employment in the overall firm.[37]

2.8.3 FDI as source of Technology Transfer and Innovation

For the wider access of technology, theory estimates that the presence of foreign firms through FDI should have a positive impact on efficiency and growth in host States. Spillovers from FDI to domestic firms can occur when domestic and foreign-owned firms are linked by buyer-supplier relationships for intermediate goods and services. A second possible channel for technology spillovers is imitation of observed production and management processes within non-local firms. Domestic firms can acquire skills from foreign companies simply by observing the new technology and production techniques foreign affiliates bring with purpose. This knowledge can then be applied to the domestic companies. If the foreign and domestic firms are competing in the same product market, the latter may have an incentive to improve its efficiency and product quality to make its pricing competitive in comparison to the foreign firm. FDI can also contribute to human capital formation in the host country, with training provided by foreign firms to national workers and the acquisition of new skills by local entrepreneurs who create joint ventures with foreign investors.[38] It is good to mention that FDI is susceptible to contribute to human capital formation in the host country, with training provided by foreign enterprises to local workers and the acquisition of new skills by local entrepreneurs. This transfer may undoubtedly be a source of competitiveness by local firms at global market.

2.8.4 FDI and its facilitation in accessing to new markets and resources

[37] Ibid.
[38] Ibid.

There are four primary modes of FDI entry, which differ in degree of resource commitment, risk, control and the nature of the expected return. The principle mode of entry often gives some illustration of the firm's general strategic direction. The modes are: 1) acquisition of existing assets or stock, through purchase of a non-local firm or some of its assets, 2) creation of a joint venture with a non-domestic enterprise, 3) establishment of a new wholly owned subsidiary via the building of new facilities or through acquisition without dependence on cooperation with a domestic partner and 4) purchasing a share in an equity joint venture on an international stock exchange. The first two modes are indirect export methods, whereas the last two are best categorized as forms of investment that established to provide the firm with a more direct influence and presence in foreign markets.[39] Establishing firms out of the country of incorporation through FDI may be enable these firms to access new markets and resources.

2.8.5 Enhancing Competitiveness and Productivity through FDI

The multinational enterprises give the low and middle income countries (host country) the opportunity to acquire the advanced technology available for the production of goods and services. Technology includes methods of production, technical know-how, managerial skill and specialized knowledge; therefore, the best way to do things or the best know-how. Technology transfer together with FDI concerns the transportation of a package of capital-intensive technologies, which implicates the use of those technologies and managerial skills to the developing countries. This can lead to a gap in technological infrastructure between understand in the same industry and this could regulate the adeptness level of the enterprise. Private consultation and training programs in under developed countries can be a profitable way for technology transfer.[40] Multinational enterprises from developed countries are susceptible to transfer their advanced technology to countries where they established their subsidiaries through FDI. As the MNEs enable incorporation of the latest know-how into the indigenous skills and help raise the quality and productivity of labor to FDI host country, developing countries are advised to keep enhancing their investment climate.

2.9. Disadvantages of Foreign Direct Investment

[39] Ibid.

[40] Ibid.

One of the potential weaknesses of FDI lies in a source of perceived economic dependence and potential political vulnerability in the case of investment in a single export sector. Multinational firms are often attracted by abundance of cheap labor in developing countries. Critics highlight that this can lead to a lack of diversification in the economy with a heavier dependence on one type of investment. moreover, income from the investment may be inflated in the short term due to inflated prices and a specific exchange rate. This can minimize competitiveness' abilities of other sectors and should the investment not be for the long term, it can also give rise to economic decrease after investment ceases. The country would then have to race to attract and retain investment from other countries as a result of increased liberalization of FDI. If investment brings about a transfer of technology and know-how, this can be the greatest asset as a result of investment, particularly in the long term.[41] As per the above research findings, the FDI host country's may heavily rely on the FDI. This may end up negatively affect the economy when the FDI is ceased. It is good to bring to the host's countries not to rely only on FDI but to diversify the economy.

2.9.1. FDI as a source of economic dependence and vulnerability

Economic dependence is a situation in which a country is heavily dependent on international trade and investment, with less ability to change its terms. One of the most commonly recognized theories that clarifies the process of economic dependence is the 'Life Cycle of Dependency'. It proposes that a country will initially experience investment from foreign countries or businesses, wishing to use the cheap labor and primary sector resources to produce durable consumer goods. This will give rise to an increase in income in the country related to the selling of the natural resources from the primary sector. Thus, the foreign company will then move into the second phase of the cycle.[42] As FDI host countries may heavily be reliant on foreign trade and investment, they might end up fail to alter their terms. Relying on FDI may be worse in case MNEs decide to cease their businesses, countries are advised not diversify their economies.

2.9.2. Loss of Sovereignty and Control as a result of FDI

[41] Mateusz Brodowicz, "Foreign Direct Investment Advantages and Disadvantages", Published: April 23, 2024, available at https://aithor.com/essay-examples/foreign-direct-investment-advantages-and-disadvantages, accessed on 02/10/2024.
[42] Ibid.

FDI can lead to an erosion of sovereignty. The MNC may simply be too powerful for a State. There is a potentiality for a MNC to act independently or in a conference with other MNCs against vital state interests. FDI may interfere State sovereignty when a MNC is able to extend its political power with its economic weight to a point where host countries are no longer able to make autonomous decisions that are binding on the corporation. At this point the state cannot longer act in the national interest where it conflicts with the interests of the MNC. The MNC Automated Power and the erosion of National Provisions: The Case of the Minimum Wage in the United States by Herman M. Schwartz in regards to the case of the minimum wage in Puerto Rico to differentiate between skilled and unskilled workers, provides a good example of a scenario where a MNC prevents a nation from acting in its own interests.[43] As per the above statement, FDI are likely to erode sovereignty FDI host country when a MNC is able to exercise its economic weight to a point where host country is not anymore to make autonomous decisions that can be binding over MNCs and ended creating conflicts between the MNC and the FDI host country.

2.9.3. Negative Environmental and Social Impacts as a result of FDI

Normally, FDI has been thought to come with several economic benefits to the recipient country. It is a known proposition that foreign capital investment can assist a developing country in many ways and there have been many documented cases of this. However, it can have negative implications, particularly on the economic and social environment. Often lauded as the key to successful development and poverty alleviation for developing countries, the cruel reality of foreign investment is often very different. It is a commonly held belief that increased capital investment encourages economic growth in the host country.[44]

In particular, there is increasing evidence to suggest that foreign investment does little to generate more investment in the domestic economy and instead goes towards propping up the profits of the investing firms. This can be explained by the large scale propensity of MNCs to "disinvest" and relocate to other areas when the resources and labor become more cost intensive. Unfortunately, this transitory strategy can deprive the host country of much-needed investment capital and leave the economy in a worse state ahead of the investment. An adverse contradiction of the initial

---

[43] Ibid.

[44] Mateusz Brodowicz, "Foreign Direct Investment Advantages and Disadvantages", Published: April 23, 2024, available at https://aithor.com/essay-examples/foreign-direct-investment-advantages-and-disadvantages, accessed on 02/10/2024.

proposition. Another general assumption is that FDI will result in direct and indirect employment in the host economy, thus creating a greater scope for training human capital and technological know-how which will be moved from the investing MNC. However, there have been many situations where MNCs have trained domestic labor from other sources as training costs of the nationals may be too much and time-consuming. This leaves the host country with little net gains in increasing its human capital and often with a reliant and unskilled workforce when the MNC eventually disinvests.[45] MNEs will likely relocate to other areas when the resources and labor become more cost intensive. This strategy can leave the economy of host country in a worse state prior to the investment. Therefore, FDI host nation to be careful in striking balance between FDI and its social environment.

2.9.4. Unequal Distribution of Benefits resulting from FDI

We are confident that the benefits of agreements will largely be disproportionately enjoyed by the rich countries and their local entrepreneurs than by the less developed regions. This is due to the fact that FDI usually flows into manufacturing and primary activities in the quest for lower production costs to achieve competitive advantage. And this is offered usually by the third world type countries, so therefore there will be an allocation of a higher proportion of investment to this type of industry in these areas. Of course, the government and local population will initially welcome this because it offers job creation and upskilling of the workforce. However, the aim of foreign investors is to hire employees at the lowest possible wage in order to maximize profit, so it is likely that deskilling may follow as technical training is transferred outside the host country as a part of a package deal on investment in new technology. This obviously will lead to an eventual loss of employment.[46] Sometimes, the aim of foreign investors is to hire employees at the lowest possible wage in order to maximize profit, this particular situation will lead the FDI host country not to benefit from the FDI.

[45] Ibid.
[46] Ibid.

CHAPTER III. THE LEGAL AND INSTITUTIONAL FRAMEWORK THAT RWANDA HAS PUT IN PLACE TO REGULATE FDI INFLOWS

As a part of efforts to secure and attract foreign investors and investments, Rwandan government has put in place an appropriate and encouraging legislation susceptible to create a conducive investment climate and legal incentives in that regards. Rwanda went far and joined several multilateral legal investment instruments and regulations dealing with the rights of non-local investors[47].

Considering the importance attached to FDI, Rwanda has undertaken different initiatives with aim to putting in place proper legal and institutional framework for promoting FDI. Since 1994, Rwanda has been reforming its legal texts to enable them to be relatively more attractive in terms of FDI. This particular chapter managed to highlight literature in regards to objectives of the study to be dealt with. Under this chapter, an analysis of the existing legal and institutional frameworks designed to promote FDI in Rwanda were discussed.

3.1. RWANDAN LEGAL FRAMEWORK FOR PROMOTING FDI

Considering existing pieces of legislation in regards to promoting FDI, the Government of Rwanda has done whatever it might take so that FDI have a profound impact and set the stage for foreign participation in the national economy. The existing legal and institutional framework designed to promote FDI in Rwanda fundamentally affects the sustainability of "what", "who", and "how" of foreign investments. Its affects as well the capacity of the country to attract FDI and to create sustainable agreements. These laws are coordinated to form a coherent whole and prevent any dispute that might occur and to make sure a maximum benefit for all parties.[48] Legal framework is an important legal tool when it comes to promoting FDI. It is important to highlight the national legal framework is composed of a number of enacted laws, national policies, investment treaties including legal texts that were designed to repress all those that may discourage investment inflows by any move.

[47] US Department of State, *"2023 Investment Climate Statements: Rwanda*". Available at https://www.state.gov/reports/2023-investment-climate-statements/rwanda/ , accessed on 03/06/2024.

3.1.1. National legislation guaranteeing incentives for FDI

As far as national legal texts that were meant to attract foreign investors are concerned, this study analysed a number of national legal texts including the constitution of Rwanda. When it comes to the constitution of Rwanda, there are specific clauses in it that were meant to protect FDI. For instance, article 34 of the constitution of Rwanda states that everyone has the right to private property, whether individually or collectively owned. Taking into account this particular legal provision, Rwanda constitution states that private property, whether owned individually or collectively, is inviolable. Additionally, the right to property shall not be subject to expropriation except in public interest and in accordance with the provisions of the law.[49]In view of the above, it is clearly proven that the supreme law of Rwanda itself secures a conducive environment for the private sector including FDIs in Rwanda.

During post genocide period that followed the Genocide against the Tutsi in 1994, Rwanda has achieved substantial socioeconomic progress, with economic growth rates among the fastest in the region. Considerable gains in poverty reduction growth across all sectors has been positive and resilient.[50] Few years after 1994 Genocide against Tutsi, investment in all sectors in Rwanda used to be governed by the Investment Code issued by Law No. 14/98 of 18 December 1998 establishing the Rwanda Investment code.[51] Taking into account the provisions of this Law, foreign investors were incited to invest in all forms of activity in Rwanda and were granted national treatment. Considering the spirit of the aforementioned law, its purpose was to establish a law that would among other things be facilitating and promoting FDI in Rwanda.

Within that particular law, registered investors were entitled to: a residency permit (including for dependants), in accordance with immigration laws; exemption from capital gains tax and the refund of VAT paid on inputs within 15 days from submitting the claim to the RRA. Investors fulfilling specific conditions qualified for: preferential corporate income tax rates of zero or 15%, instead of the headline rate of 30%; corporate income tax holidays (of up to five or seven years); and/or an accelerated depreciation rate (50%) for the first year of the acquisition of the asset(s).

[49] Constitution of the Republic of Rwanda in the Official Gazette n° Special of 04/08/2023

[50] The Government of Rwanda *'7 Years Government Programme: National Strategy for Transformation (NST1) 2017–2024'*,p.8

[51] *Law No. 14/98 of 18 December 1998 establishing the Rwanda Investment Promotion Agency, which replaces Law No. 21/87 of 5 August 1987 establishing the Investment Code. The Investment Code is currently under revision.*

While all business sectors were open to private investment, regardless of the investor's origin, most conditional incentives target certain priority economic sectors or activities: projects generating exports; industrial manufacturing; energy; road transport; ICTs; financial services; agro-processing; education; tourism; healthcare and the construction of low-cost housing[52]. As highlighted above, the repealed law stipulated quite a number of investment incentives which were in line with the Government policy to incite foreign investors to invest in Rwanda.

Rwanda has kept comprehensively improving its business environment through the enactment of the legal texts in an effort to attract foreign investors. Among other legal texts include investment Code 2015 on Investment and Export Promotion and Facilitation as the main law governing the country's investment regime. The Investment Code used to call for equal treatment of foreign and local investors. The Code also used to outline the incentives available to investors who qualify. As a matter of fact, article 6 of the Code used to provide that the government is responsible for protecting invested capital and shall not acquire the rights of an investor *… no action to expropriate an investor's property in public interest shall be taken, unless the investor is given fair compensation in accordance with the laws.* The specificity of this provision is comforting for foreign investors who fear loss of their investment at the hands of the Rwandan government.[53]

Rwanda recently gazetted an Investment Promotion and Facilitation law N° 006/2021 which effectively came to repeal the Investment Promotion and Facilitation Law N° 06/2015. In a bid to meet its commitment and attract more FDI, Rwandan legislative body enacted this new Investment and availed a number of incentives to registered investors including foreign ones.[54] In order words, the new law on investment promotion and facilitation was adopted with among other objectives to materialize the Rwandan Government's commitment to attract FDI through an enhanced investment climate.

In the same effort to guarantee a conducive investment climate, Rwanda recently published comprehensive new intellectual property legislation. Law No. 055/2024 of June 20 2024 on the Protection of Intellectual Property. The law covers among other things: requirements for

[52] Ibid.
[53] EAC," Setting Up and Operating an Investment in Rwanda", available at https://www.eac.int/operating-environment/public-private-partnerships/243-sector/investment-promotion-private-sector-development/investment-guide/2498-setting-up-and-operating-an-investment-in-rwanda, accessed 20/09/2024.
[54] RRA, "investment incentives for registered investors",August 2023, p.4.

registration, novelty, inventive step and industrial applicability; the rights of the patentee and the exclusive right of use of the patented invention in Rwanda.[55] This move by Rwandan legal system to protect intellectual property and legalizing rights to enjoy rights attached to the property can in one way or another contribute to attraction or enhancement of investment climate in the sense that investors including foreign ones will be assured that their discoveries in intellectual property will be protected by the law.

3.1.2. Eligible investors in accordance with the investment act into force

The recently enacted law highlights a list of investors eligible for incentives as follows:[56]A preferential corporate income tax rate of 0%, this is an incentive eligible to a philanthropic investor spending at least US$20,000,000 in an entity primarily aimed at making social impact in their respective sector and fulfils guidelines provided by the Private Investment Committee. Philanthropic investors are also eligible for the following: Exemption from value added tax (VAT) and corporate income tax (CIT) on grants and funds transferred to the entity for the purposes of financing its social impact activities; VAT is zero-rated for locally procured goods and services; exemption of employment income tax on foreign nationals recruited by the entity and reside in Rwanda, though foreign employees should not exceed 30% of the professional staff; a refund of social security contributions paid by foreign employees of the entity upon their permanent departure from Rwanda.[57] Considering the highlighted incentives, the Rwandan Government has been encouraging foreign investors not only to invest in Rwanda but also to settle headquarters on Rwandan territory in case they operate their business in more than one country. In addition to that, the Government of Rwanda through lawmakers encourages foreign investors to invest a considerable amount of money in a bid to benefit from the incentives.

---

[55] Matthew Costard, "Rwanda modernises IP legislation with wide-ranging law", August 21, 2024 available at https://www.managingip.com/article/2dnpj0jynusu7fn5xcfsw/sponsored-content/rwanda-modernises-ip-legislation-with-wide-ranging-law#:~:text=Rwanda%20has%20recently%20published%20comprehensive,expands%20IP%20legislation%20in%20Rwanda., accessed on 28/08/2024.

[56] X, *"Rwanda gazettes new Investment Promotion and Facilitation Law",* April 16, 2021, available at *https://taxnews.ey.com/news/2021-0774-rwanda-gazettes-new-investment-promotion-and-facilitation-law*, accessed on 20/09/2024.

[57] Ibid.

The law has created a list of new incentives available to eligible investors as follows: Preferential CIT rate of 15%, additional investors eligible for this particular incentive include: a registered investor that establishes an innovation research and development facility, information and communication technology training center, software build and test lab, information and communication technology and innovation specialized institution of higher learning, business incubation center and related activities in the area of information and communication technology and innovation sector.[58]

A registered investor licensed to operate as a fund management entity, collective investment scheme, wealth management services, financial advisory commercial entity, family office services, fund administrator, financial technology commercial entity, Captive Insurance Schemes, private bank, mortgage finance institution, finance lease commercial entity, Asset Backed Securities, reinsurance company, trust and corporate service providers. A registered investor with an investment involved in electric mobility and upon fulfilling the criteria provided for by relevant laws and a registered investor with an investment project involved in adventure tourism and agriculture tourism and upon fulfilling the criteria provided for by relevant laws.[59] This incentive was designed to encourage investors including FDI to invest among other areas in private banks. Taking into account the model for attracting FDI, this particular incentive will be benefited by those investors including foreign ones who are ready to invest their capital in sectors indicated by the Government as highlighted above.

A CIT holiday of up to five years, this particular incentive is now eligible to a specialized innovation park developer or specialized industrial park developer which is entitled to a maximum five-year CIT holiday from the first year the project makes a positive net income.[60] There are new investment incentives like preferential CIT rate of 3%. This incentive will be granted to the following registered investors who fulfil the set requirements: A registered investor licensed to operate as a pure holding company, a special purpose vehicle registered for investment purpose, a registered investor licensed as a Collective Investment Scheme, foreign

[58] Ibid.
[59] X, *"Rwanda gazettes new Investment Promotion and Facilitation Law",* April 16, 2021, available at *https://taxnews.ey.com/news/2021-0774-rwanda-gazettes-new-investment-promotion-and-facilitation-law*, accessed on 20/09/2024.
[60] Ibid.

sourced trading income granted to a registered investor operating as a global trading or paper trading and foreign sourced royalties granted to a registered investor operating as an intellectual property company.[61] The aforementioned incentives will be accorded to investors that will be willing to orient their investments in the sectors detailed above.

Preferential CIT rate for export investments, registered investors exporting goods and services are eligible for the following incentives: 25% CIT to a registered investor whose total turnover arising from export of goods and services is at least 30% and less than 50%, 15% CIT to a registered investor with at least 50% of total turnover coming from export of goods and services. Eligibility in any given year is determined by total exports of goods and services in that year. These investment incentives are applicable to eligible investors for a maximum of five years commencing from the first year of exporting at least 30% of total turnover of goods and services.[62] The preferential corporate income tax rate of fifteen percent (15%) is accorded as well to those investors that will be motivated to invest in sectors of transport and ICT.

There are incentives for internationalization, a small and medium investor or emerging investor registered as an investor with an investment project involved in export is entitled to a 150% tax deduction of all qualifying expenditures relating to internationalization subject to preapproval by the Commissioner General of Rwanda Revenue Authority. Such qualifying expenditure includes: Overseas marketing and public relations activities including launch of in-store promotions, road shows, overseas business or trade conferences; Participation in overseas trade fairs not supported by another existing initiative; Overseas business development cost; Market entry and research costs such as costs of establishing a legal entity in a foreign market, salary costs of employees stationed in foreign market, analysis of market opportunities, supply chain and entry requirement.[63] The aforementioned incentive will be accorded to investors that will be committed to orienting their investments in the sectors highlighted above.

However, an eligible registered investor may claim the tax deduction on a maximum of US$100,000 of qualifying expenditures in each year. A small and medium investor or emerging

[61] X, *"Rwanda gazettes new Investment Promotion and Facilitation Law",* April 16, 2021, available at https://taxnews.ey.com/news/2021-0774-rwanda-gazettes-new-investment-promotion-and-facilitation-law, accessed on 20/09/2024.
[62] Ibid.
[63] Ibid.

investor is one who generates an annual turn-over of less than FRW100,000,000; has net capital investments of less than FRW75,000,000 and employs between 10 to 100 workers.[64] Corporate income tax holiday of up to seven (7) years will be accorded to any investor who is favorable to invest in sector like energy among other areas of investments.

Preferential withholding tax of 0%, this incentive is applicable to dividends, interest and royalties paid by investors benefiting from a preferential CIT of 3% and preferential CIT of 15% restricted to a specified category of registered investors.[65] The above-mentioned incentive will as well be accorded to any investor ready to orient his/her investment in different sectors as cited this particular paragraph.

A preferential withholding tax of 5%, a preferential withholding tax of 5% is applicable to dividends and interest income paid to an investor investing in a company listed on the Rwanda Stock Exchange. It is important to note that the Income Tax Law of Rwanda provides for a withholding tax rate of 5% applicable on dividends and interest on securities listed on capital market whose beneficiaries are resident taxpayers of Rwanda or the East African Community.[66] The Government has put in place incentives for investors showing commitment to invest in Rwanda Stock Exchange.

As such, there is a need to have both laws harmonized in order to provide clarity on the beneficiaries of the preferential withholding tax rate. The Government of Rwanda has availed incentives as a part of efforts to encourage investors to invest in sectors of national economy that seem to be behind in terms investment orientation.

Preferential withholding tax of 10%, this rate is applicable to payments by specialized innovation park developers or specialized industrial park developers on interest on foreign loans, dividends, royalties, and service fees (including management and technical fees). Incentives for specialized innovation park developers and specialized industrial park developers include:[67] The Corporate

[64] Ibid.
[65] X, *"Rwanda gazettes new Investment Promotion and Facilitation Law"*, April 16, 2021, available at https://taxnews.ey.com/news/2021-0774-rwanda-gazettes-new-investment-promotion-and-facilitation-law, accessed on 20/09/2024.
[66] Ibid.
[67] Ibid.

income tax holiday of up to five (5) years will be accorded to any investor fulfilling the above criteria.

3.1.3. Freedom of companies to run business both within and outside Rwanda as an incentive for FDI

The Company Law 2017 that used to govern companies, their incorporation, registration, functioning, winding up and other related matters, Rwanda used to provide a foundation for investor protection. This used to be complemented by Investment Code (2015) that had important protections of particular concern to foreign investors. This made Rwanda one of Africa's most open FDI regime, with no restrictions on FDI entry and establishment. All foreign investments were allowed without screening or restriction of amount or sector and foreign investors were granted national treatment for most intents and purposes. A positive element per se, this high degree of openness used to make it all the more important that other regulations (relating to public health, consumer interests, environmental protection, etc.) be properly established and enforced. Investors (local or foreign) who chose to register with the RDB could apply for additional benefits. The Investment Code used to specify all fiscal incentives available to investors depending on the sector and amount invested[68]. The investment code itself is an important legal tool that was designed to make Rwanda an open FDI regime. It is a legal instrument with no restrictions on FDI entry and establishment. Furthermore, the law grants to foreign investors a national treatment.

The company law into force outlines a number of incentive, in its article 26 of company law, an incorporated company is free to run business both within and outside Rwanda. In addition, the company enjoys full capacity and rights to undertake any business or activity to do any act or enter into any transaction and has full rights, powers and privileges to do so. Those privileges outlined in the company law are susceptible to constitute an incentive for FDI.[69]

3.1.4. Existing national policies for promotion of FDI

The Government of Rwanda has put in place a number of national policies meant to enhance investment climate. In accordance with Vision 2050, Rwanda is committed to reaching a number of targets. When it comes to a targeted GDP growth rates (annual average) is expected to be at

[68] EAC," Setting Up and Operating an Investment in Rwanda", available at https://www.eac.int/operating-environment/public-private-partnerships/243-sector/investment-promotion-private-sector-development/investment-guide/2498-setting-up-and-operating-an-investment-in-rwanda, accessed 20/09/2024.
[69] Law n° 007/2021 of 05/02/2021 governing companies

least 12% during 2018-2035 and 10% from 2036 to 2050. To achieve this aspiration, Rwanda will commit itself to attract and sustain high private investment.[70] The Vision 2050 is another indication that Rwanda attaches more importance on FDI as a part of its efforts to increase its economic growth.

A seven-year National Strategy for Transformation (NST1, 2017-2024), adopted in September 2017, was intended to guide implementation efforts during the remainder of Vision 2020 and the first four years of a new 30-year vision (Vision 2050), which is still at the early stage. The main objectives of NST1 are to: accelerate inclusive economic growth and development founded on the private sector, knowledge and Rwanda's natural resources; develop a capable and skilled workforce with quality standards of living and a stable and secure society; and consolidate good governance and justice as building blocks for equitable and sustainable national development.[71] Accelerate development founded on the private sector, knowledge and Rwanda's natural resources; develop a capable and skilled workforce with quality standards as one of important pillars of NST1. This is clear evidence that the Government of Rwanda understand a need to attract FDI as a part of its efforts to boost private sector.

When it comes to a recently NST2 which will be guiding government activities in the next President Paul Kagame's five-year term (2024-2029), in its goal 3 it is stated that the private investment is expected to be doubled from $2.2 billion in 2023 to $4.6 billion by 2029.[72]As a part of efforts to attain the above targets, there are pieces of legislation in place designed to catalyze private investment as a way of addressing diversifying the productive base.

Rwanda, as among the world´s poorest nations, it faces particular challenges in leveraging FDI for development. Foreign investment flows have been negligible since independence, and Rwanda missed out on the global surge in FDI flows to developing countries in the 1990s. Rwanda has nevertheless achieved remarkable political and social progress since 1994. It has become one

---

[70] The Government of Rwanda, "Vision 2050", available at https://www.minaloc.gov.rw/fileadmin/user_upload/Minaloc/Publications/Useful_Documents/English-Vision_2050_full_version_WEB_Final.pdf, accessed on 20/09/2024.

[71] WTO, *"WT/TPR/S/384 • Rwanda",* Annex 3 Rwanda, published on 4 Jun 2018, p.193, available at https://www.wto.org/english/tratop_e/tpr_e/s384-03_e.pdf, accessed on 10/07/2024

[72] Office of the Prime Minister, "Prime Minister presented to parliament Government's five-year program/NST2, available at https://www.primature.gov.rw/news-detail/prime-minister-presented-to-parliament-governments-five-year-program-nst2, accessed on 25/09/2024.

Africa ´s countries with the highest degree of personal safety and lowest incidence of corruption. It has also started to rebuild its economy, and the Government is fully committed to building a peaceful, stable and prosperous nation through sustainable private sector led development. Much progress in reforming the investment climate has been achieved so far, even though much remains to be done.[73]

The Investment Policy Review suggests three policy avenues to promote FDI and ensure that it contributes to achieving the national development goals: Turn Rwanda into a centre of excellence in soft infrastructure and governance, develop a skills attraction and dissemination programme and put in place focused strategic initiatives.[74]

Since the Investment policy review was published, UNCTAD has been assisting the Government of Rwanda in a number of ways. It produced and recently updated an Investment Guide to Rwanda; prepared a strategy for the promotion of the industrial mining sector and FDI in the mining sector; drafted a model mining convention and provided support to draft decrees for implementation of the new Mining Code; trained the staff of the Rwanda Geology and Mines Authority on investment promotion, management and international mining investment; provided preliminary recommendations on the fiscal regime for mining investments and a more comprehensive investment promotion and investor targeting strategy; helped the Government to set up a skills attraction and dissemination programme as programmes to benchmark and monitor progress and performance; provided advisory services on the legal, regulatory and institutional reforms to make operational the new immigration policy; helped the Rwanda Investment and Export Promotion Agency prepare a client charter that includes programmes to benchmark and monitor progress and performance; contributed to easing the business permitting process through UNCTAD's eRegulations and conducted a study on investment flows and investment registration.[75] Considering the existing political will on the part of the Government of Rwanda coupled with the technical assistance being provided by UNCTAD, there is clear indication, that improving investment climate is at the heart of Rwandan policy.

[73]UNCTAD,"Investment Policy Review: Rwanda", available at https://unctad.org/publication/investment-policy-review-rwanda, accessed on 20/09/2024.

[74] Ibid.

[75] Ibid.

Rwanda confirmed the implementation of its Land Tenure Regularization Programme which offers lease to private or public owners for up to 49 years. The lease period is based on a land use plan and business plan approved by the competent authorities and is renewable. In Special Economic Zones, foreigners might acquire land and obtain a "free hold" title on the same terms as Rwandan nationals. The law recognizes and protects sub-lease contracts for agriculture, livestock and forest land. In order to ensure proper land management and administration, a web-based Land Administration Information System (LAIS) has been developed to ensure efficient, cost effective, quick and transparent registration of land transactions[76]. This particular Land Tenure Regularization Programme is undoubtedly an incentive susceptible to attract foreign investors mainly those who aspire to invest in either agriculture or settling industries in Rwanda. This programme does not discriminate national to foreign land owners. They are all equal before the law.

3.1.5. Investment treaties as another framework to attract FDI

The popularity of Bilateral Investment Treaties suggests that many investors are not confident about the legal and political environment in less developed countries. Considering this fact, host countries manage to sign bilateral treaties as a part of efforts to secure confidence of foreign investors[77]. Mindful of role of BITs in attracting FDI, Rwanda has partly been signing a number of BITs to address foreign investors' concerns.

As far as hierarchical of norms in Rwanda is concerned, once the international treaties that have ratified by Rwanda, they become binding for Rwanda and constitute an integral part of national legal system and as a matter of fact they rank third.[78] It is important to note that the investment treaties ratified by Rwanda are partly meant to protect foreign investors and will undoubtedly contribute to other existing investment incentives to attract more FDI flows.

---

[76] African Development Bank, "Land tenure regularization in Rwanda: Good practices in land reform", available at https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/anrc/AfDB_RwandaLandReform_FA.pdf, accessed on 02/10/2024.

[77] Dushikane, "Analysis of the legal framework for promoting foreign direct investment in Burundi", a thesis submitted to the school of law as a partial fulfillment of the requirements for the award of the degree of master of laws of Kampala international university, May 2018, p.100.

[78] See article 95 of the constitution of Rwanda

Rwanda is as well a member to several bilateral agreements dealing with the rights of foreign investors. Rwanda has active bilateral investment treaties (BITs) with Germany (1969), Belgium-Luxemburg Economic Union (1985), the Republic of Korea (2013), Singapore (2018), and the United Arab Emirates (2017), Rwanda signed bilateral investment treaties with Mauritius (2001), South Africa (2000), Turkey (2016), Morocco (2016), Qatar (2018), Democratic Republic of the Congo (2021), and Central African Republic (2019) but these treaties have yet to enter into force. Rwanda signed the Economic Partnership Agreement between the EAC and the European Union; this agreement has not yet entered into force[79]. The signing of those bilateral agreements is in line with the government policy to make Rwanda a destination of foreign investments.

It is good to mention that BITs aim to foster and protect foreign investors from other Contracting Party's state whenever they invest in Rwanda or whenever Rwandan's citizens invest in the other Contracting Party's territory[80]. All BITs signed by Rwanda accommodate the common provision of the "Most-Favored-Nation" principle, which highlights that the Contracting Parties are forbidden to treat the investments made by a foreign investor in a less favorable manner than the investments made by domestic investors. In other words, investors from a Contracting Party is eligible for most favorable treatment granted by that Contracting Party to another nation.

In view of this principle, nationals from the Contracting Parties that have signed a BIT with Rwanda enjoy a guarantee of nondiscrimination. In addition to the protection of the foreign investor and his/her investment, the BITs also establish clear rules for settlement of disputes. The majority of the BITs signed by Rwanda establish that in case of dispute the parties should try to settle amicably. Also, the BITs usually stipulate that the parties waive the right to demand that all domestic administrative or judiciary remedies be exhausted first, and that it is the investor's choice to opt for submitting the dispute to judicial entities or to international arbitration[81].

As a part of its efforts to attract foreign investors, the Government of Rwanda has signed bilateral agreements with some countries in order to incite investors from those particular countries to consider Rwanda as a country whose investment climate is highly secured for them.

Rwanda is as well a part to EAC investment framework which requires for Partner States to protect cross-border investments and investment returns of investors of other Partner States within their

---

[79] International trade Administration,"trade agreements", Last published date: 2024-05-02,available at
[80] Ibid. https://www.trade.gov/country-commercial-guides/rwanda-trade-agreements, accessed on 02/10/2024.
[81] Ibid.

territories and a schedule for removal of existing restrictions on the free movement of capital within the EAC region.[82] As Rwanda is a member State of EAC, the legal provision mentioned above meant to protect cross-border investments including FDI is indispensable in the sense that it gives confidence to foreign investors that their investments are protected not only at regional level but also at national level. In addition, partner States have to remove all existing restrictions on free movement of capital. This removal of restrictions make EAC as a single market which is good for foreign investors who aspire to invest in one of EAC member State.

The EAC investment legal instruments are likely to attract more foreign investments including FDI than those that can be attracted by national legal investment instruments. This might be explained by the fact that a regional investment treaty provides to a given foreign investor with a bigger market to operate in than national market. In addition to the large market, a regional market disposes many opportunities that investors can grab.

The EAC Common Market Protocol provides for freedom of movement of goods, labour, services, and capital. Its provisions on investment call for the protection and harmonization of tax regulations. A Policy on EAC Domestic Tax Harmonization was developed and endorsed by the Finance Ministers during the 8th Meeting of the Sectoral Council on Finance and Economic Affairs held in May 2018. Detailed harmonization proposals for VAT and excise taxes rates were being developed for consideration by the finance ministers. The 2006 EAC Model Investment Code provides for the free transfer of assets, and protection from uncompensated expropriation. EAC countries can negotiate and enter investment treaties with third countries. A Model Investment Treaty was adopted in 2016, with the objective of guiding, and serving as a template for, negotiations.[83] As we keep underscoring the importance of investments treaties at EAC level, the treaties are very susceptible to scale up a level foreign investments including FDI in Rwanda partly because foreign investors will be targeting both a large market and increased number of investment opportunities found in EAC.

---

[82] EAC Secretariat, " Investment framework", available at https://www.eac.int/regional-framework/investment-framework, accessed on 02/06/2024.

[83] Ibid.

3.1.6. Existing approach to Investor–State dispute settlement procedure

As per investment act currently into force, a dispute that arises between an investor and a State organ in connection with a registered investment is amicably settled. If an amicable settlement cannot be reached, parties refer the dispute to an agreed arbitration institution or to any other dispute settlement procedure provided for under an agreement between both parties. If no dispute settlement procedure is provided under a written agreement, both parties refer the dispute to the competent court[84]. The new Investment Code contains provisions regarding the resolution of disputes between investors and the State. In the event of such a dispute, investors will have many options that can be undertaken to sort out litigations including a court and arbitration.

3.1.7. Penal clause as another guarantee for Protection of FDI

As per law designed to fight against corruption, an officer or an employee of a commercial institution, a company or a cooperative, an agent of an individual, a religious-based organization or any other organization who embezzles for personal or someone else's interests property, funds or securities entrusted to him or her by virtue of his or her office commits an offence.

Upon conviction, he/she is liable to imprisonment for a term of not less than seven (7) years but not more than ten (10) years and a fine of three (3) to five (5) times the value equivalent to the value of the embezzled property[85]. The establishment of law meant specifically to fight against corruption indicates clearly that the Government of Rwanda is not tolerant when it comes to corruption. In other words, private property or FDI is as well legally protected against any misuse as far as criminal law is concerned.

3.2. INSTITUTIONAL FRAMEWORK FOR FDI

[84] See article 13 of law on investment promotion and facilitation

[85] See article 10 of law N° 54/2018 of 13/08/2018 on fighting against corruption

Evidence shows a positive correlation between the quality of a country or economy's public institutions and the attraction of FDI.[86] It is in this regards that the Government of Rwanda put in place institutions designed to promote FDI.

3.2.1. Rwanda Investment and Export Promotion Agency and promotion of FDI

Few years after 1994 Genocide against Tutsi, investment in all sectors in Rwanda used to be governed by the Investment Code issued by Law No. 14/98 of 18 December 1998 establishing the Rwanda Investment and Export Promotion Agency (RIEPA).[87] The latter entered into operation in 2000. It was authorised to open branches and as of early 2004 used to serve as a one-stop centre for investors. Subject to the provisions of this Law, foreign investors were encouraged to invest in all forms of activity in Rwanda and were granted national treatment.[88] Considering the spirit of the aforementioned law, its purpose was to establish a law that would among other things be facilitating and promoting FDI in Rwanda. It is good to mention that to qualify for benefits under the that Code, investments at that time used to be registered with the RIEPA.

RIEPA certificates also used to facilitate recourse to international arbitration in case of an investor-State dispute. Pending efforts to reach a negotiated settlement (but not the exhaustion of local judicial remedies), registered investors could request international arbitration under either an applicable bilateral treaty or a multilateral agreement including ICSID. In general, investors seeking recourse to ICSID arbitration had to obtain the agreement of the State. In contrast, consent to international arbitration (including with ICSID) was explicit for holders of RIEPA certificates, and did not require the exhaustion of local judicial procedures. RIEPA certificates also used to offer the option to predefine the mode of arbitration to use in case of dispute, in which case both the State and the investor were bound by that mechanism.[89] Rwanda FDI legal regime used to provide alternatives to local judicial remedies which was good. It is good to keep in mind that a foreign investor prefers investing in a country that offers a number of options in regards to

---

[86] Armando Heilbron and Robert Whyte, *"Establishing a High-Performing Institutional Framework for Foreign Direct Investment (FDI)",* © 2019 The World Bank Group, p.1, available at worldbank.org/curated/en/167331579764330340/pdf/Institutions-for-Investment-Establishing-a-High-Performing-Institutional-Framework-for-Foreign-Direct-Investment-FDI.pdf, accessed on 20/09/2024.

[87] *Law No. 14/98 of 18 December 1998 establishing the Rwanda Investment Promotion Agency, which replaces Law No. 21/87 of 5 August 1987 establishing the Investment Code. The Investment Code is currently under revision.*

[88] Ibid.

[89] *United Nations conference on trade and development P.34*

addressing judicial litigations. Rwanda sustainably addressed this concern by allowing investors to choose other alternatives to local disputes remedies.

3.2.2. Undertaken institutional reforms and promotion of FDI

The Government of Rwanda has undertaken institutional reforms which undoubtedly played a very significant role in the process of transformation of the Rwandan economy. The particularly important in the process of implementation of these reforms were the introduction of the RDB that was created in 2008 to bring together all the government agencies used to deal with the investors. The RDB brought together ORTPN, RCRSA, RIEPA, RITA, CAPMER, HIDA, and the Privatization Secretariat. The evolving of the seven agencies was to accelerate the development activities by both the Government and the private sector.[90] A move to bring under one roof all national Agencies whose main role was to facilitate investors including foreign ones to operate easily in Rwanda, was another indication that the Government of Rwanda is doing whatever it takes to promote private sector including FDI in Rwanda.

RDB's main role is facilitating foreign investors, acceleration and support of transactions and negotiation. However, the activity of RDB would not be so successful if there were no important improvements in institutions quality which is measured by international organisations: World Bank and The Heritage Foundation.[91] In view of the above, the creation of RDB improved the efforts by the Government of Rwanda to upgrade investment climate in Rwanda.

When it comes to the role of Institutional Reforms towards the promotion of FDI in Rwanda; in 2007, Rwanda adopted the Economic Development, and Poverty Reduction Strategy that emphasized on the development of the private sector just like Rwanda's Vision 2020. The institutional reforms have enabled different businesses and investors (FDI and Local investors) to invest their money in the country's different economic sectors. Fast economic growth was both the determinant but also the result of the increased dynamics of inflow of FDI. One of the ways Rwanda has managed to attract FDIs is through the introduction of the investment law of 2006 which saw the creation of the RDB. This government body was formed as a result of the

[90] David Sharangabo and Małgorzata Szczepaniak, *"Economic Development in Rwanda – Institutional Perspective",* ZESZYTY NAUKOWE WSG, t. 34, seria: Ekonomia, nr 10 (2018/2019), p.112.
[91] Ibid.

consolidation of previously existing agencies.[92] As stated above, the establishment of RDB prompted FDI to be attracted in an unprecedented way.

According to RDB, the investments registered in Rwanda have increased from $800 million to over $1.675 billion between 2007 and 2017. With the foreign direct investments more than doubling in a span of 10 years, this serves as an indication that indeed Rwanda has become a favorite investment destination to many investors (RDB 2017). Between 2008 and 2017, there has been a tremendous improvement in the FDI inflows reported by Rwanda, a factor that is attributable to the RDB, the institution responsible for promoting investments in the country.[93] The increase in FDI inflows in the mentioned period of time was due to the role played by RDB which is a result of institutional reforms initiated by the Government of Rwanda.

RDB is a government institution, assigned to fast track Rwanda's economic development by enabling private sector growth.[94] Convinced of a role of institutional framework to promote FDI, Rwanda has established an institution whose main mission is to accelerate economic development in Rwanda by enabling private sector growth[95]. It is important to remind that investments including FDI are integral part of private sector.

RDB is Rwanda Government’s specialized agency operating as a One-Stop Centre for investment. It is assigned with the mission to accelerate economic development in Rwanda. Its mission is to help private sector growth towards the transformation of Rwanda into a hub for global business, investment and innovation. RDB invites, receives, and facilitates international investors to take full advantage of Rwanda’s sustained high economic growth, robust governance, investor-friendly climate, accessibility to markets within the region, and a range of well-planned projects for direct investment[96]. RDB not only helps private sector growth towards the transformation of Rwanda into a hub for global business but also facilitates international investors to take full advantage of Rwanda’s sustained high economic growth, investor-friendly climate, accessibility to markets within the region. This mandate will always contribute to promotion of FDI in Rwanda.

Investors (either local or foreign) who choose to register with the RDB can apply for additional benefits. An Investment Code adopted in 2015 used to specify all fiscal incentives available to

[92] Ibid.
[93] Ibid.
[94] Available at Home - Official Rwanda Development Board (RDB) Website
[95] See article 6 of law no 057/2023 of 17/11/2023 governing Rwanda Development Board
[96] Ibid.

investors depending on the sector and amount invested. The benefits provided to holders of investment certificates consist mostly in access to facilitation services, fiscal incentives, and the entitlement to three work and residence permits for foreign citizens for an investment of at least two hundred and fifty thousand (USD 250,000), investment protection and guarantees for the repatriation of funds[97]. Foreign investors are encouraged to register with RDB so that they benefit from investments incentives provided for in relevant laws.

It is good to mention that the RDB provides with free of charge, a business and investment registration service, which can be accessed online or through the one-stop centre at its headquarters in Kigali. The RDB's investment-related support functions include providing assistance in: acquiring visas and work permits; connecting to the water and electricity networks; fulfilling sector-specific licensing necessities, where applicable and getting an environmental impact assessment certificate. The RDB is as well assigned with facilitating the amicable settlement of litigations that might rise between an investor and one or more public entities[98] As a part of efforts to facilitate and promote foreign investors, RDB's services are accessible online. RDB introduced another important service related to addressing litigations in case they arise among business operators or between business operators and the State.

RDB is arranging additional reforms to improve the investment climate. In October 2020, RDB launched electronic auctioning to reduce fraud by increasing transparency. The new system diminishes the time required to enforce judgments, minimizing court fees and permitting payments electronically. RDB hopes to review the land policy to merge issuance of freehold titles and occupancy permits; introduce online notarization of property transfers; implement small claims procedure to allow self-representation in court and reduce attorney costs; and establish a commercial division at the Court of Appeal to accelerate commercial dispute settlement[99]. In order to eradicate potential corruption in service delivery, RDB is initiating other services that include notorization, enforcement of judgements, payments court fees, etc accessible electronically. This is good when it comes to protecting foreign investors from being bribed.

[97] Ibid.
[98] WTO Secretariat*, "op.cit. no 1*",P.196.
[99] US Department of State*, "op.cit. no 5"*.

3.2.3. Additional government services susceptible to facilitate FDI

During the review period, Rwanda kept on making progress towards its purpose of transitioning to a paperless Government, through ICT-enabled service delivery. An online platform, IREMBO, for automated government services was launched in June 2014. By October 2018, some 89 government e-services could be accessed on the platform. As a result of its sustained reform efforts, Rwanda was ranked 29th out of 190 economies in the 2019 World Bank Doing Business survey.[100] This facilitation is essential when it comes to facilitating Doing Business. In other words, easy access to services including those related to business registration can undoubtedly be added on the package of incentives for promoting FDI.

As a part of Rwanda's existing will to provide required services to investors including foreign ones, Rwanda has established National Bank of Rwanda to ensure price stability and sound financial system". [101] Following this mission, the NBR is an important institution in Rwandan national economy as it plays a key role when it comes to ensuring price stability and financial system. It is good to highlight that foreign investors will be to a given extent attracted by a stable financial sector guaranteed in Rwanda.

Capital Market is another institution designed to facilitate investors to access Long term funding to finance Long term projects. Where shares and bonds are bought and sold. Selling & Buying is done through intermediaries.[102]As per article 7 of the law establishing CMA states that the mission of CMA is to protect investors in the capital market, ensure an orderly, fair, transparent and efficient market and reduce systemic risk in matters relating to capital market business.[103] The CMA is another State Organ that the Government of Rwanda has established in the same spirit to enhance investment climate.

Among other responsibilities of CMA is to protect investors from unfair and unsound practices or practices involving fraud, deceit, cheating or manipulation in matters relating to the capital market

---

[100] Ibid.

[101] See article 6 of law no 016/2021 of 03/03/2021 amending law n° 48/2017 of 23/09/2017 governing the national bank of rwanda

[102] CMA, *"Saving and Investing through Rwanda's Capital Marke*t", Copyright © CMA, 2017, All rights reserved, available at https://www.cma.rw/fileadmin/user_upload/PRESENTATION_SAVING___INVESTING_THROUGH_THE_CAPITAL_MARKET__.pdf, accessed on 26/07/2024.

[103] See article 7 of Law Nº 057/2021 Bis du 18/09/2021 establishing the Capital Market Authority of Rwanda

industry, commodity exchange and related contracts and warehouse receipt system.[104] The CMA went far in its efforts to protect investors including FDI from difficulties that they might encounter while running their daily businesses.

The Government of Rwanda established as well Rwanda Inspectorate, Competition and Consumer Protection Authority as an institution that spells out among other responsibilities to carry out inspection of quality and standards of industrial products.[105] Taking into consideration responsibilities assigned to RICA, the government of Rwanda in its efforts to facilitate investors in succeeding in their aspirations has put this Organ in order to advise investors including foreign ones as to the best practices in terms of production and competition on market. In other words, RIB was established to provide required technical business advice so that investors do not end up falling under malpractices which can induce them in errors and financial losses.

Rwanda Revenue Authority is another State institution with the following main responsibilities[106] 1° participating in fixing, collecting, controlling and managing taxes in accordance with the law and informing the supervising Ministry granting tax waivers as provided for by relevant legal provisions according to the procedures it prescribes; 3° educating and sensitizing the population on tax payment; 4° advising the Central Government and Local Government authorities on tax policy; 5° facilitating commercial activities; 6° carrying out any other activity related to the collection of public revenue upon request by the Cabinet. As investments constitute a strong tax base, therefore establishing a State institution designed to regulate tax collection is a good move when it comes to upgrading investment climate.

Financial Intelligence Centre was established to conduct financial intelligence in order to prevent and to counter money laundering, terrorism financing and financing of proliferation of weapons of mass destruction and related crimes.[107] As investments and FDI in particular are not immune from being tempered by money laundering, the Government of Rwanda has put in place FIC as a part of efforts to prevent FDI to be an easy way to turn dirty money into cleaned one using Rwandan

[104] See article 8 para. 6 on CMA
[105] Article 6 of law N° 31/2017 of 25/07/2017 establishing Rwanda Inspectorate, Competition and Consumer Protection Authority and determining its mission, organisation and functioning
[106] See article 03 of law n° 08/2009 of 27/04/2009 determining the organisation, functioning and responsibilities of rwanda revenue authority
[107] Article 6 of law N° 045/2021 of 18/08/2021 governing the Financial Intelligence Centre

territory. The FIC conducts required investigations to ensure that money to be invested in Rwanda are not intended to be laundered.

3.2.4. Existing national infrastructures designed to promote FDI

The Government of Rwanda has established Rwanda Transport Development Agency (RTDA) with among other mission 1° to implement Government policy on roads, railways, cable cars as well as road and waterways transport infrastructures; 2° to manage and control national road network with a view of achieving road safety and maintenance; 3° to manage and control waterways transport infrastructure with a view of ensuring their value added; 4° to develop railway and cable car infrastructure in Rwanda; 5° to develop public transport service within the country on road and waterways.[108] While running their businesses, investors will heavily rely on infrastructures. As Rwanda has put in place an institution whose mission is to oversee the maintenance of roads and railways, it is another incentive for foreign investors who aspire to invest in Rwanda.

Rwanda Housing Authority is an institution established with mission to improve housing and construction through planning, organising and monitoring rural settlement, urban settlement, public building construction, affordable housing; management of public office space and public assets; and regulation of the construction industry.[109] Establishment of an institution that facilitate rwandan residents to find affordable offices and residence is one of key factors towards enhancing existing investment climate.

Rwanda Civil Aviation Authority (RCAA) was created to develop, implement and maintain a safe, secure and efficient civil aviation industry in Rwanda.[110] The aviation industry is not only a sector to where investments may be oriented but also facilitated other investment projects. The creation of RCAA is in line with the government policy to promote FDI in Rwanda.

A law has established Special Economic Zones Regulatory Authority of Rwanda as an Organ with among other responsibilities: 1 º to collaborate with relevant Government authorities to enable Zones to fulfil their responsibilities as provided by their governing laws; 2 º to ensure that Zones

[108] See article 01 of Law N° 29/2014 of 14/08/2014 modifying and complementing Law n° 02/2010 of 20/01/2010 establishing Rwanda Transport Development Agency (RTDA) and determining its mission, structure and functioning
[109] See article 05 of Presidential order n° 076/01 of 09/12/2022 governing Rwanda housing authority
[110]See article 05 of law n°007/2019 of 13/04/2019 establishing Rwanda civil aviation authority

comply with laws, develop them and facilitate their smooth operation; 3 º to ensure that systems for the provision of administrative services to prospective developer, operator or user are available in a Zone; 4 º to receive and follow up on applications filed by developers, operators and users of a Zone; 5 º to keep operational records of each Zone; 6 º to issue the certificate of origin for all goods that are shipped from a Zone; 7 º to advise Government on matters relating to the establishment of Zones.[111] The move by the Government of Rwanda to establish an Authority designed to prepare a special economic zone falls under the existing efforts to facilitate investors including foreign ones in running business in Rwanda.

Rwanda has been implementing a Special Economic Zones (SEZ) programme with aim to foster private sector investment, employment and income generation, economic diversification and the development of secondary economic centres. SEZs do not offer any fiscal incentives beyond those set out in Rwanda's Investment Code, but are intended to provide their users (resident companies) a streamlined framework for doing business, including access to reliable infrastructure and utilities, and an on-site one-stop centre (OSC). SEZs may also host EPZs and industrial/sector-specific parks. While labour and management relations in SEZs are generally governed by Rwanda's labour legislation, zone-specific labour conditions may be determined by ministerial order[112]. The introduction of Special Economic Zones (SEZ) programme in the institutional framework for fostering private sector investment is in line with the government policy to promote FDI in Rwanda. Foreign investors will undoubtedly be attracted by the infrastructures and sites meant to host different business operations.

SEZ developers must have the financial capability to build zone infrastructure (such as water, power, fibre-optic and sewerage treatment plant) and operators must prove extensive management experience as well as financial resources to manage the zone. SEZ residents must have an investor certificate (costing USD 500) from the RDB as well as an SEZ user licence from the RDB. They must submit a business plan, architectural designs based on the relevant SEZ design, and an environmental impact assessment report. The negative list of goods prohibited under the EAC Customs Management Act applies to SEZs as well.[113] Building zone infrastructure will be a comparative advantage for Rwanda in the region when it comes attracting FDI.

[111] See article 12 of law N°05/2011 of 21/03/2011 regulating special economic zones in Rwanda
[112] Ibid.
[113] Ibid.

In July 2018, there was one fully operational zone in Rwanda, the Kigali Special Economic Zone (KSEZ), and another nine were at different stages of deployment. The total designated land area of these zones comprised 1,095 ha. According to the authorities, as at July 2018, SEZ users were active in 69 industries, and accounted for approximately 7,000 permanent and 13,000 nonpermanent jobs. SEZ users generated exports worth USD 5.5 million in 2016 and USD 43.6 million in 2017. By 2017, the SEZ programme had attracted investments exceeding USD 521 billion[114]. It is good to remind those different sites were build as a part of efforts to facilitate FDI in case they need to install infrastructures which is highly likely encourage foreign investors to invest in Rwanda.

3.2.5. Regional bodies aimed at contributing to promotion of FDI in Rwanda

As a result of globalization, countries around the World including Rwanda have to work closely with other countries to improve their investment climate. It is in this regards that Rwanda has joined other multilateral bodies to conform to the requirement of today.

As per article 29 of the Common Market Protocol, it requires Partner States to protect cross-border investments and investment returns of investors of other Partner States within their territories and a schedule for removal of existing restrictions on the free movement of capital within the EAC region[115]. As per the above cited legal provision, investors originating from EAC will be receiving special treatment in terms of free movement for investors and their goods. The regional integration might promote FDI in Rwanda as investors will benefit a big size of market that they could not be enjoying in absence of integration. This means that EAC is an additional incentive in promoting FDI in Rwanda.

The proposed EAC Investment Policy 2019-2024 intends to unlock the constraints by putting in place a common legal and regulatory framework for the collective promotion of EAC as a single investment destination. The EAC Investment Policy 2019-2024 will pursue a coordinated region-wide approach to the promotion of investment opportunities seeking to attract domestic, regional and foreign direct investment. This is to complement nationalistic efforts that have been targeting and competing for the same investment catchment areas (source investments markets) at

[114] Ibid.

[115] EAC Secretariat," *Investment Framework",* available at https://www.eac.int/regional-framework/investment-framework, accessed on 03/05/2024.

substantial cost to the Partner States themselves. The EAC investment policy will enable the Community to meet its investment targets, particularly in light of the current difficult global economic realities. The EAC Treaty requires Partner States to "harmonise and rationalise investment incentives, including those relating to taxation of industries"[116]. As the EAC member States are planning to harmonize investment incentives, this will be a good opportunity for investors including foreign ones that are aspiring to invest in one of EAC member country including Rwanda to have an extended operating area.

The EAC Common Market Protocol provides as well for freedom of movement of goods, labour, services, and capital. Its provisions on investment call for the protection and harmonization of tax regulations. A Policy on EAC Domestic Tax Harmonization was developed and endorsed by the Finance Ministers during the 8th Meeting of the Sectoral Council on Finance and Economic Affairs held in May 2018. Detailed harmonization proposals for VAT and excise taxes rates were being developed for consideration by the finance ministers. The 2006 EAC Model Investment Code provides for the free transfer of assets and protection from uncompensated expropriation. EAC countries can negotiate and enter investment treaties with third countries. A Model Investment Treaty was adopted in 2016, with the objective of guiding and serving as a template for negotiations[117]. The EAC common market Protocol is being reformed to accommodate other relevant legal provisions when it comes to promoting and facilitating FDI among other legal provisions include those related to protection and harmonization of tax regulations. This will undoubtedly contribute to existing Rwanda's efforts to attract FDI.[118] It is good to highlight that free movement of people and goods in EAC common market will be a good opportunity for investors to recruit qualified labor from a larger labor market and get financial services from a bigger market. This is undoubtedly an additional incentive for foreign investors to invest in Rwanda thanks to those facilities that go hand in hand with the accession of Rwanda to a large market like EAC.

The EAC investment Framework supports free movement of people, capital, labour, services and right of establishment and residence; promotes balanced and competitive industrial/manufacturing

---

[116] Ibid.
[117] Ibid.
[118] EAC Secretariat," *Investment Framework",* available at https://www.eac.int/regional-framework/investment-framework, accessed on 03/05/2024.

sector in the region; promote participation of the citizens and having them fully aware of the EAC affairs; strengthens relations with other regional and international organisations; supports duty Drawback Schemes; supports Duty and VAT Remission Schemes; supports Manufacturing. Under-Bond (MUB) Schemes; provides for Export Processing Zones; provides for the establishment of free ports within the EAC and provides for harmonisation of duty exemption regimes[119]. The EAC investment Framework is a good legal instrument as it accommodates relevant legal provisions ranging from free ports within the EAC Harmonisation of Duty Exemption Regimes. These initiatives are good in the sense they will be associated to other investment incentives in Rwanda to attract many other foreign investors that could not be attracted by a small market found in Rwanda.

On the other hand, double taxation remains a major hurdle for cross-border investment flows. Investment income generated from cross-border operations are taxed not only in the country of generation, but also in the country of residence of the taxpayer. An Agreement on the Avoidance of Double Taxation was signed in November 2011, but the ratification process is ongoing (EAC, 2016,The Double Taxation Avoidance Agreement of the East African Community Handbook*)*. The ratification process is slow due to fears of loss of revenue and tax evasion. So far, Kenya, Rwanda and Uganda had ratified the Agreement. Furthermore, the EAC Partner States have their own institutions and regulatory mechanisms for dealing with foreign investment. Each country has its own requirements with respect to such matters as company registration and incorporation procedures, permits and licenses, property acquisition, access to capital and land, ownership and management control, and exit procedures[120]. The Double Taxation Avoidance Agreement of the East African Community whose ratification process is ongoing will be an important additional investment incentive to existing ones for EAC member countries including Rwanda. Mindful of its importance, Rwanda has already ratified it.

Rwanda also attaches importance to the WTO which is regarded as the premier forum for trade negotiations and governance of international trade rules. Rwanda has been active in the negotiations under the Doha Development Agenda, aligning itself to the position of the African Group, as well as sharing common positions with the ACP Group, the LDC Group. All of Rwanda's

[119] Ibid.
[120] Ibid.

trading partners receive at least most-favoured-nation (MFN) treatment.[121] As a forum for trade negotiations and governance of international trade rules, Rwanda has closely been working with WTO to ensure that business operators including foreign investors benefit from facilities offered by this international Institution.

3.2.6. Existing approach to Investor–State dispute settlement procedure

As dispute are inherent to people, the Government of Rwanda has put in place appropriate mechanisms for addressing those disputes. Rwanda has joined international mechanisms designed to address litigations that might result from FDI. The available mechanisms are either repressive or amical.

As a Rwanda is a country wishing to attract, promote foreign investment and to offer predictability to foreign investors by favouring international arbitration as the means for investors to deal with a dispute, Kigali International Arbitration Centre (KIAC) was created by an act of Parliament in 2011 at the initiative of the Private Sector Federation in partnership with the Government as an independent body. The aim of KIAC is to strengthen the Capacity of Economic Operators in Rwanda to resolve their disputes themselves without need to go to courts. Investors can also utilize the Multilateral Investment Guarantee Agency (MIGA) to address investment disputes[122]. The establishment of KIAC is a good initiative in the sense that arbitration is primarily designed to mediate litigants between among other business operators. As far as KIA is concerned no litigant is found himself/herself in the position of loser. The litigants are in a win-win situation which is likely not to deteriorate relationship of investors. In other KIA is quick and reliable when it comes civil litigation process. In respect to FDI, foreign investors are more likely to invest in countries offering arbitration services than those lacking this services. When it comes to Rwanda, KIA was established partly in order to encourage foreign investors to invest in Rwanda

In 2012, the Government of Rwanda launched the KIAC. The latter case handling rules are modeled on the UN Commission on International Trade Law (UNCITRAL) arbitration rules. According to their website, KIAC had registered 208 cases by October 2022. Close to 40 percent of those cases were international with parties from more than 20 nationalities (Burundi, China,

---

[121] WTO, “WT/TPR/S/384 • Rwanda”, Annex 3 Rwanda, published on 4 Jun 2018, p.193, available at https://www.wto.org/english/tratop_e/tpr_e/s384-03_e.pdf, accessed on 10/07/2024
[122] Ibid.

Ethiopia, Egypt, France, India, Italy, Kenya, Korea, Pakistan, South Africa, South Korea, Singapore, Rwanda, Spain, Switzerland, Turkey, Uganda, the United States, and Zambia). Arbitrators appointed were from Rwanda, Kenya, Malaysia, Nigeria, Canada, the United States, and Singapore. Of the 89 KIAC-approved international arbitrators, only four are of Rwandan nationality. Currently, KIAC states it has more than 100 Rwandan and international arbitrators[123]. As Rwanda keeps enhancing its disputes adjudicating mechanisms to become institutions with international confidence, foreign investors will partly be attracted by this commitment that is indispensable when it comes to securing foreign investments including FDI.

3.2.7. Alternative approach to Investor–State dispute settlement procedure

The Commercial High Court was established to hear at first instance, applications seeking execution in Rwanda of decisions and judgements rendered by foreign courts on commercial, financial and fiscal cases. The Commercial High Court also examines the legality of awards rendered by the arbitrators[124]. Rwandan judicial system accommodates judicial issues that may arise when a foreign investor needs to enforce a judgement rendered abroad. This is good specifically when it comes to a country like Rwanda that is opening its markets to foreign investors.

Rwanda is a member of the East African Court of Justice for the settlement of disputes arising from or pertaining to the EAC. As per the Treaty establishing the EAC**,** any person who is resident in a Partner State may refer for determination by the Court's jurisdiction over legal issues arising from an arbitration clause contained in a commercial contract. This is done in case the parties have conferred jurisdiction on the Court in case litigations arise.[125] The move by Rwanda to join EAC is another opportunity for foreign investors as far as a need to seek redress of issues that may arise is concerned.

Rwanda is as well a part to the ICSID and the ATI. The ICSID seeks to remove impediments to private investment posed by non-commercial risks, while the ATI covers risk against restrictions on import and export activities, inconvertibility, expropriation, war, and civil disturbances. Rwanda ratified the New York Convention on the Recognition and Enforcement of Foreign

[123] Ibid.
[124] See article 82 of law °30/2018 OF 02/06/2018 determining the jurisdiction of courts
[125] Article 32 para. 3 of EAC Treaty

Arbitral Awards in 2008.[126] As Rwanda is mindful that foreign investors have confidence in Institutions of international character, it has done whatever it takes to have access those institutions.

CHAPTER IV: ANALYSIS OF THE WEAKNESS AND STRENGTHS FOR THE CURRENT LEGAL FRAMEWORK FOR FDI LAWS AND THEIR IMPLEMENTATION IN RWANDA

In chapter four, discussions have been grounded on the assessment of the strengths and weaknesses of existing legal and institutional framework. Below are therefore research findings highlighted in regards to either strengths or weaknesses of Rwandan legal and institutional framework when it comes to promoting FDI.

4.1. Strengths of the current legal and institutional framework for promoting FDI in Rwanda

The strengths that are being referred to in this study. Is capacity of the existing legal and institutional framework to attract FDI.

4.1.1. Accommodation by domestic legal system of internationally recognized models in attracting foreign investments

Taking into account research findings highlighted in previous chapters, it was realized that the existing national legal and institutional framework accommodates three main models of attracting the FDI. The models are the following: Liberalization of capital movement rules, Foreign investment targeting and ensuring foreign capital movements monitoring.

When it comes to liberalization of capital movement rules, Rwanda Government has liberalized capital movement rules to the extent that it encourages not only foreign investors to invest a relatively considerable amount of money but also it gives special incentives to those that invest a

---

[126] : Matthew H. Kirtland Katie Connolly, *"A comparison of the enforcement regimes under the New York and Washington Conventions"*, last Publication May 2018, available at https://www.nortonrosefulbright.com/en/knowledge/publications/04f14b2a/a-comparison-of-the-enforcement-regimes-under-the-new-york-and-washington-conventions-mdashbra-tale-of-two-cities, accessed on 07/06/2024.

big capital. Those incentives range from Corporate income tax holiday of up to seven (7) years, a flat accelerated depreciation rate of fifty percent (50%) for the first year to immigration incentives.

With regard to foreign investment targeting model, Rwandan law-makers in a law on investment promotion act have set specific goals for the volume, geographical and sectoral directions of foreign capital in national economy. Below are singled out sectors for which Rwanda Government pledged incentives.

Investors including foreign ones who will direct their investment capital in energy projects producing at least twenty-five megawatts (25 MW), export projects; manufacturing; telecommunications; agro processing; education; health; transport excluding passenger vehicles with less than nine (9) people seating capacity; tourism investments worth at least one million eight hundred thousand United States Dollars (USD 1, 800,000); construction projects worth at least one million eight hundred thousand United States dollars (USD 1,800,000); and any other sectors provided that the investment is worth at least one hundred thousand United States dollars (USD100,000).

As to ensuring foreign capital movements monitoring model, Rwandan legislative body has put in place appropriate legal measures designed to identify serious threats to economic security of a country. In addition to that there are repressive legal texts for those found guilty of charges in connection with threatening economic security. As a matter of fact, the national legislative body has enacted law on combating money laundering and terrorism financing. Moreover, Financial Investigation Centre was established with aim to investigate suspicious financial transactions.

4.1.2. The recognized principles embodied by domestic legal framework for promoting FDI in Rwanda

It is a common knowledge that the guiding legal foundation for modern foreign investment law includes customary international law, protection to investors at large including FDI, the notion of diplomatic protection, international human rights law and the international law of state responsibility. The idea in this regards is to ensure there is no discrimination in the conduct of international business. Basically, there are five main principles of foreign investment law namely, Most Favoured Nation (MFN) principle, the national treatment principle, fair and equitable treatment principle, full protection and security principle and protection of foreign investment during expropriation. These principles are employed to secure a certain level of treatment for foreign investors in host countries with different objectives[127]. Mindful of the relevance of these principles when it comes to attracting and securing foreign investors, Rwandan legal and institutional framework for promoting FDI took into account those principles in its efforts to boost national investment climate. As far as Rwandan investment legal system is concerned, existing legal provisions in respect to FDI were inspired in one way or another by the above-mentioned internationally recognized principles.

In this particular dissertation, it was demonstrated that Rwanda made reasonable commitment in ensuring that the investment climate is favorable to FDI. It is in this context that over the last few years Rwanda undertook relevant legal reforms of its domestic investment act and other laws related to investment in general including FDI. The main objective of these legal reforms was to streamline the processes for investing in Rwanda, thus provide for an enabling environment for investment and doing business then give a good picture to the country. In addition to that, Rwanda joined a number of regional integrations and concluded bilateral agreements with relevant States in effort to ease doing business and enhance its climate investment.

Following the research findings set out in previous chapters, Rwanda has adopted a liberal framework, like facilitation and promotion of investment and providing extra incentives for FDI by allowing foreign direct investors to repatriate profits and dividends in addition to ensuring a legal protection of investments including FDI.

4.1.3. The strengths of Rwandan legal and institutional framework for promoting FDI in accordance with World Bank Doing Business Indicators report

As per a conducted study, it was proven that a share of GDP, net flows of investment into Rwanda increased steadily from about half of GDP in 2000 to about twice GDP in 2007-2008. Thereafter, net FDI inflows into Rwanda stagnated at over twice the annual GDP, probably because of the uncertainty resulting from the global financial crisis. After 2009, net FDI inflows declined up to four times the GDP, but later risen in 2011. After 2011, net FDI inflows recovered and fluctuated around three times the GDP until 2018. From a low base of about half of GDP in 2000, net FDI

[127] Lilian Melkizedeki Kimaro," examination of the effectiveness of regulation of foreign direct investment in Tanzania", thesis submitted in partial fulfilment of the requirements for the degree of master's of law in international trade and investment law in Africa, international development law unit, centre for human rights, faculty of law, university of Pretoria. P.19.

inflows grew to three times the GDP in 2018 (World Bank, 2020).[128] This growth is undoubtedly a result of initiatives undertaken by the RDB to attract FDI and is also due to doing-business legal reforms, which have endorsed Rwanda as a favourable investment destination. According to the 2019 World Bank Doing Business Indicators report, Rwanda was ranked the 29th easiest place to do business in the world.[129]

According to the above report, Rwandan Government understood a need to enhance its legal and institutional framework in promoting FDI. The legal efforts and reforms undertaken ended up resulting into a rise of foreign investments including FDI in Rwanda.

4.2. Weaknesses for the current legal and institutional framework for FDI laws and their implementation in Rwanda

The weakness that is being referred to, is eigher legal loophole or total absence of legal texts in national legal system that might hinder eigher foreign investors or host country to benefit from FDI. As far as legal loophole is concerned, this study has established that Rwandan lawmakers did a great job in terms of promoting FDI in Rwanda but there is an important gap that has been highlighted below. When it comes to institutional framework, areas of improvement have been discussed as well in this particular chapter.

4.2.1. Failure by the existing legal framework to accommodate Guaranteed inter-professional minimum wage

As per the first meeting of the new Cabinet held on Friday, August 23, 2024 which approved the second National Strategy for Transformation (NST2), up to 1.25 million productive and decent jobs will be created, providing 250,000 new jobs annually.[130] Undoubtedly, the foreign investments will partly contribute to the creation of those expected jobs. Saying that those jobs will be decent ones means that they will be jobs that will be paying wage susceptible to permit an employee to survive decently.

[128] Institute of Policy Analysis and Research(IPAR-Rwanda), *"A New Policy Agenda To Build Resilient Economies in Africa in the Post-COVID-19 Era Country Case Study: RWANDA"* draft report Submitted to the African Center for Economic Transformation (ACET), April 2022, P.8.
[129] Ibid.
[130] Moise M. Bahati, "Unpacking Rwanda's five-year development strategy: Here are the 14 goals", The New Times published on Saturday, August 24, 2024, available at https://www.newtimes.co.rw/article/19487/news/rwanda/unpacking-rwandas-five-year-development-strategy-here-are-the-14-goals accessed on 24/08/2024.

In view of the above, it is important to note that Rwandan domestic legal framework is silent when it comes to a guaranteed inter-professional minimum wage. As a result of this silence, the employees to be employed by the foreign investors will end up being paid derisory wages due to lack of a guaranteed inter-professional minimum wage that would have been fixed and foreign investors get compelled to apply the legal provision.

It is important to mention that so far the Supreme Court decision No RCAA OO49/14/CS rendered on 25 November 2016, in its paragraph 28, the Court has established 3,000 Rwfr as a guaranteed inter-professional minimum wage in sector of insurance companies.

4.2.2. Weaknesses of Rwandan legal and institutional framework on empirical evidence

The weakness of legal and institutional framework in promoting FDI in Rwanda is that it does not demonstrate empirical evidence of what was supposed to be achievements or what was anticipated in a given period of time. This framework is to some extent inadequate in the sense that it fails to show its effectiveness in comparison to an expected result. In other words, achievements recorded as result of existing legal and institutional frameworks for promoting FDI might not be reliable since there is no target established ahead. Therefore, any success or failure to achieve the target, could prompt relevant State Official to assess whether or not the frameworks are effective.

4.2.3. Institutional weakness

As per a result of survey conducted, when existing investors were asked as to what areas RDB should improve, the top response was aftercare, cited by nearly 40% of investors[131]. As per literature review, RDB performs its duties when it comes to registration of new investments including FDI in conformity with legal incentives for start-ups. The process in this regards was undoubtedly streamlined. But both investment act and law establishing RDB are a bit silent as to activities susceptible to be done as a part of efforts to keep securing registered or already established investments including FDI.

Looking on the current structure of RDB, the Reinvestment & Investor Aftercare Unit is under Chief Investment Office and is assigned to follow up and fix the problems especially those that relate to issues arising between the investor and government authorities. Therefore, there is a need

[131] Id.p.8

to upgrade the Unit for it to be able to play its rightful role and conduct proper assessment as a part of RDB's efforts to contribute in tracking and sustaining foreign investments.

It is important to note that if this highlighted gap within Rwandan institutional framework is not timely addressed, it will give rise to a situation where attracted investors in a particular year thanks to good market and incentive advertising, end up leaving the country the following year because they finally discover that the reality on the ground is far below their expectations and in total contrast to the advertised image.

There are other weaknesses of RDB that were highlighted in 2019. Within that particular year, RIB arrested the founder of Supermarketings Global Ltd which had been involved in money laundering including Cripto-Currency scam. This business is different from what the suspect proposed to do while registering his company at RDB. RIB therefore advised the general public to distance themselves from those who attempt to implicate themselves into a business whose sole aim is to trick people by swindling their money while promising to give them huge profits.[132] In view of this warning from RIB to the general public clearly demonstrates that RDB whose mission is to ensure a smooth investment climate failed to its mission when it comes to making a required follow-up for Supermarketings Global Ltd. If RDB had full control over what the aforementioned company pledged to do while registering at RDB, it could not have ended up failing to its mission which is to protect the general public from malpractices of companies based in Rwanda.

To underpin RIB's statement, Rwanda National Bank (RNB) alerted the public of the existing investment scam activities operating in Rwanda. The list, according to Central Bank, includes; pyramid scheme, multiple level marketing and cryptocurrency through fake initial coin offerings (crypto scam). Central Bank shared some examples including; Supermarketings Global Ltd, 3 Friends System(3FS) Group Ltd, One Coin, Kwakoo (Onyxcoin) to name a few.[133] The statement of RNB shows that there is still a long way to go before the existing institutional framework addresses all legal issues that the general public can likely face in this regards.

The National Bank of Rwanda reminds the general public, that the investors in such illegal business in Rwanda are highly likely to lose their money. The NBR notice concludes with a very important

[132] Jean de la Croix TABARO," Invest in Cryptocurrency, Pyramid Business at Own Risk – Rwanda Central Bank", May 31, 2019 available at https://www.ktpress.rw/2019/05/invest-in-cripto-currency-pinvest-in-cryptocurrency-pyramid-business-at-own-risk-rwanda-central-bankyramid-business-at-own-risk-rwanda-central-bank/, accessed on 13/10/2024.

[133] Ibid.

statement, that "the national bank of Rwanda will not protect any person who invests in pyramid schemes or any other related activities." As far as this study is concerned, the position of NBR about the highlighted issue could be other than being limited to a simple warning. NBR could have advocated for ban of the malpractice or its regulation[134]. Taking into account the NBR's statement, it's as if the relevant State institutions seem to have turned blind eye to these malpractices that are likely to make potential consumers into victims.

Furthermore, RIB has as well confirmed the arrest and detention of Aimable Nkuranga, the former boss of Association of Microfinance Institutions in Rwanda (AMIR). Nkuranga was arrested on allegations of fraud and theft by deception in a cryptocurrency business (BITSEC), a case which also involves other suspect- Bagire Eugene, and Amizero Gloire (from Cavallon Ltd) who was also arrested at the end of 2022. RIB said that the suspects committed crimes related to encouraging and promising Rwandan citizens whopping profits in purchasing and transacting or investing in BITSEC Cryptocurrency. Dr. Murangira said the perpetrators of these crimes often use social media to advertise what they call 'Real Wealth' to entice many to invest in the cryptocurrency business. Murangira asked Rwandans to be cautious and pay attention to all the persons who promise benefits while they plan to fraud their culprits.[135] The above is another case that illustrates that there is a weakness on the part of national institutions when its comes to fulfilling their mission to regulate investments including foreign ones.

In regards to unregulated crypto transactions in Rwanda, NBR keeps on advising that Rwanda's regulated financial services providers must refrain from facilitating crypto transactions until a regulatory framework is in place. This injunction is contained in a letter from the Rwandan Central Bank dated January 31, 2023. In order to ensure efficient and sound financial services and avoid related risks, the National Bank of Rwanda prohibits Rwandan financial service providers from participating in any activity related to crypto assets, until a regular framework has been put in place.[136] This statement does not respond to the concerns of potential victims of the abovementioned malpractices. It is not fair for NBR to limit solution to simple declaration.

---

[134] Ibid.

[135] Daniel Sabiiti, "Rwanda Mounts Operations On Illegal Cryptocurrency Business", Kigali today, January 6, 2023, available at https://www.ktpress.rw/2023/01/rwanda-mounts-operations-on-illegal-cryptocurrency-business/, accessed on 17/10/2024

[136] Stewart Muhindo K," Rwandan banks banned from facilitating crypto transactions", February 19, 2023, available at https://coinpri.com/news/cryptocurrency/rwandan-banks-banned-from-facilitating-crypto-transactions/, accessed on 10/10/2024.

Indeed, the Rwandan central bank first blames the crypto industry for being unregulated in Rwanda. Thus, investors in this sector do not enjoy protection from the regulator, warns the Rwandan central bank. However, it is up to the country's authorities to regulate a sector as is the case in Dubai.[137] To this end, the Rwandan authorities' regulatory reproaches against crypto constitute a flight from responsibility and a turpitude that they cannot claim.

The Rwandan central bank also blames some cryptos for being scams. The banking institution gives in particular the example of the OneCoin scam which had notably made its investors lose more than 4 billion and whose co-founder is on the run. It is true that some cryptos are scams, but beware of generalization. Bitcoin, for example, is the legal tender of a country and boosts its economy. In addition, crypto is regularly used in charity work, including by the UN, of which Rwanda is a part. As far as scams in crypto industry are concerned, NBR should put in place legal measures designed to protect the general public from being victims of this unregulated industry.

4.3. perspective for effective FDI in Rwanda

It is proposed that either law n° 006/2021 of 05/02/2021 on investment promotion and facilitation or law no 057/2023 of 17/11/2023 governing Rwanda Development Board be reviewed and strengthened by accommodating legal provisions in relation to empirical evidence or target to be considered as success in case achieved in a given period of time.

Rwanda legal system should accommodate a legal text that accommodate a guaranteed inter-professional minimum wage to improve livelihood of Rwandan worker. As FDI is a source of employment Opportunities, so an improved guaranteed inter-professional minimum wage may be response that susceptible to address the issue of foreign investors that seemingly exploit Rwandan labor. It is important to note that the current salary does not permit Rwandan workers to improve their livelihood considering that private employers including foreign investors currently give to workers salaries of their choice. Reason why it is good to legally fix a guaranteed inter-professional minimum wage that will bind all employers.

[137] Ibid.

CHAPTER. V. GENERAL CONCLUSION

This chapter draws conclusions based on the research findings. The conclusions are derived from the research findings and are based on the research objectives. This chapter combines the findings of the entire dissertation.

This research finds out that there is a link between promotion of FDI and an effective legal and institutional framework. Furthermore, this study has shown that a host country needs to have sound legal framework together with efficient supporting institutions susceptible to make regular and close follow-up of implementation of existing legal texts and to enhance investment climate in order to accumulate the benefits of FDI.

Under chapter three, the domestic legal and institutional frameworks for promoting FDI in Rwanda was examined. This study came up with a conclusion in that Rwandan lawmakers put in place an appropriate and encouraging legislation susceptible to create a conducive investment climate and legal incentives in efforts to promote FDI. Rwanda went far and joined several multilateral legal investment instruments and regulations dealing with the rights of foreign investors. It is important to note that since 1994, Rwanda has been reforming its legal texts to enable them to be relatively more attractive in terms of FDI.

When it comes to existing pieces of legislation designed to promoting FDI, the Government of Rwanda has done whatever it takes so that FDI have a profound impact and set the stage for foreign participation in the national economy. With respect to the capacity of the legal and institutional framework to attract FDI and to create sustainable agreements, the laws into force are coordinated to strengthen climate environment for investors including foreign investors.

As a part of efforts to enhance its existing investment climate, Rwandan Government has joined a number of bilateral and multilateral agreements is in line with the government policy to make Rwanda a destination of foreign investments. It is important to note that the Rwandan Investment Code into force accommodates legal provisions regarding the settlement of disputes between investors and the State. In the event of such a dispute, the law provide that investors will have many options that can be undertaken to sort out litigations including a court and arbitration. Rwanda legal regime provides for alternatives to local judicial remedies. It is good to know that a foreign investor is free to choose other alternatives to local disputes remedies.

As far as institutional framework is concerned, the Government of Rwanda has brought under RDB as one roof for all national Agencies. The main role of RDB is to facilitate investors including foreign ones to operate easily in Rwanda. The move itself is an indication that promotion of FDI is at the heart of the Government of Rwanda. The establishment of RDB as an institutional framework in Rwanda has contributed and still contributes to the promotion of FDI in Rwanda.

RDB not only enables private sector growth towards the transformation of Rwanda into a hub for global business but also facilitates international investors to take full advantage of Rwanda's sustained high economic growth, investor-friendly climate, accessibility to markets within the region. This mandate will always contribute to promotion of FDI in Rwanda. Foreign investors are encouraged to register with RDB so that they benefit from investments incentives provided for in relevant laws.

In chapter four, discussions have been grounded on the assessment of the strengths and weaknesses of existing legal and institutional framework for promoting FDI in Rwanda. Moreover, a need for review of legal and regulatory framework in this regards was underscored. The research underlined silent features in the existing legal and institutional framework for promoting FDI and in that proposed amendments to fill the highlighted legal loopholes. An important weakness that was highlighted is a silence on the part of Rwandan legal system when it comes to a guaranteed inter-professional minimum wage. As a result of this silence, the employees to be employed by the foreign investors are likely to be paid derisory wages due to lack of a guaranteed inter-professional minimum wage that would have been fixed and foreign investors get compelled to apply the legal provision.

Despite of highlighted weaknesses**,** a report produced by World Bank in 2020 indicated that legal reforms undertaken by the Government of Rwanda ended up resulting into a rise of foreign investments including FDI in Rwanda.

BIBLIOGRAPHY

I. National Laws

1. Constitution of the Republic of Rwanda in the Official Gazette n° Special of 04/08/2023
2. Law n° 006/2021 of 05/02/2021 on investment promotion and facilitation in the Official Gazette n° 04 bis of 08/02/2021
3. Law n° 54/2018 of 13/08/2018 on fighting against corruption in the Official Gazette no.Special of 20/09/2018
4. Law n°05/2011 of 21/03/2011 Law regulating special economic zones in Rwanda in Official Gazette n° special of 30 March 2011

5. Law nº 028/2023 of 19/05/2023 on the prevention and punishment of money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction in the Official Gazette n° Special of 19/05/2023
6. Law No. 14/98 of 18 December 1998 establishing the Rwanda Investment Promotion Agency, which replaces Law No. 21/87 of 5 August 1987 establishing the Investment Code. The Investment Code is currently under revision.
7. Law no 057/2023 of 17/11/2023 governing Rwanda Development Board in the Official Gazette n° 48 Bis of 04/12/2023
8. Law nº 057/2021 bis of 18/09/2021 establishing the capital market authority of Rwanda in the Official Gazette nº 41 Bis of 01/11/2021
9. Law n° 29/2017 of 29/06/2017 establishing the long-term savings scheme and determining its organization Official Gazette nº Special of 18/08/2017
10. Law n° 29/2014 of 14/08/2014 Law modifying and complementing Law n° 02/2010 of 20/01/2010 establishing Rwanda Transport Development Agency (RTDA) and determining its mission, structure and functioning in the Official Gazette nº 37 of 15/09/2014
11. Law n° 08/2009 of 27/04/2009 determining the organisation, functioning and responsibilities of rwanda revenue authority in the Official Gazette nº 37 of 15/09/2014
12. Law nº 076/01 of 09/12/2022 Presidential Order governing Rwanda Housing Authority in the Official Gazette n° Special of 13/12/2022
13. Law n°007/2019 of 13/04/2019 establishing Rwanda civil aviation authority in the Official Gazette no.Special of 23/05/2019
14. Law n°30/2018 of 02/06/2018 Law determining the jurisdiction of courts in the Official Gazette n° Special of 02/06/2018
15. Law n° 045/2021 of 18/08/2021 governing the financial intelligence centre in the Official Gazette n° Special of 20/08/2021
16. Law n° 007/2021 of 05/02/2021 governing companies

II. National Policies and Strategic Plans

1. The Government of Rwanda '*7 Years Government Programme: National Strategy for Transformation (NST1) 2017–2024'*
2. United Nations Conference on Trade and Development, *"Investment Policy Review Rwanda",* New York and Geneva, 2006

3. RRA, "investment incentives for registered investors",August 2023
4. Institute of Policy Analysis and Research (IPAR-Rwanda)*, "*A New Policy Agenda To Build Resilient Economies in Africa in the Post-COVID-19 Era Country Case Study: RWANDA" draft report Submitted to the African Center for Economic Transformation (ACET), April 2022

III. Books

1. Beni-King DUSHIKANE, Analysis of the legal framework for promoting foreign direct investment in burundi", a thesis submitted to the school of law as a partial fulfillment of the requirements for the award of the degree of master of laws of kampala international university, May 2018.
2. Lilian Melkizedeki Kimaro examination of the effectiveness of regulation of foreign direct investment in Tanzania", thesis submitted in partial fulfilment of the requirements for the degree of master's of law in international trade and investment law in Africa, international development law unit, centre for human rights, faculty of law, university of Pretoria, 2011,
3. Ralph Marenga, the policy and legal framework for sustainable foreign direct investment in Namibia", Department of Political and Administrative Studies; University of Namibia, Journal of Sustainable Development in Africa (Volume 21, No.1, 2019) ISSN: 1520-5509

4. Umutoni Flora An assessment of factors influencing chinese investments in africa: a case study of chinese fdi in rwandan economic sectors', dissertation, Business School, Hohai University, Nanjing, China, International Journal of Economics, Commerce and Management, 11, November 2019
5. Alona Buriak and Daria Ovcharenko*, "conceptual model of attracting foreign direct investments in terms of international economic integration",* National University "Yuri Kondratyuk Poltava Polytechnic" 36011, Pershotravnevyi Avenue24, Poltava, Ukraine
6. David Sharangabo and Małgorzata Szczepaniak, *"Economic Development in Rwanda – Institutional Perspective",* ZESZYTY NAUKOWE WSG, t. 34, seria: Ekonomia
7. Armando Heilbron and Robert Whyte, "Establishing a High-Performing Institutional Framework for Foreign Direct Investment (FDI)", © 2019 The World Bank Group.
8. Lilian Melkizedeki Kimaro," examination of the effectiveness of regulation of foreign direct investment in Tanzania", thesis submitted in partial fulfilment of the requirements for the degree of master's of law in international trade and investment law in Africa,

international development law unit, centre for human rights, faculty of law, university of Pretoria

9. Antonios ZAIRIS, "the course of foreign direct investment in the greek economy", New York college, Athens-Greece, hellenic retail business association, Journal of Economics and Business Vol. XIX – 2016, No 2
10. Alona Buriak and Daria Ovcharenko*, "Conceptual model of attracting foreign direct investments in terms of international economic integration",* National University "Yuri Kondratyuk Poltava Polytechnic" 36011, Pershotravnevyi Avenue24, Poltava, Ukraine
11. The development committee, "World Bank Guidelines on the Treatment of Foreign Direct Investment",
12. Dirk Willem te Velde, Commissioned by UNCTAD, "Foreign Direct Investment and Development An historical perspective", 'World Economic and Social Survey for 2006', published on 30 January 2006
13. Armando Heilbron and Robert Whyte, "*Establishing a High-Performing Institutional Framework for Foreign Direct Investment (FDI)",* © 2019 The World Bank Group

IV. Electronic resources

1. **https://www.wto.org/english/tratop_e/tpr_e/s384-03_e.pdf** **(**accessed on o7/06/2024)
2. https://www.eac.int/operating-environment/public-private-partnerships/243-sector/investment-promotion-private-sector-development/investment-guide/2498-setting-up-and-operating-an-investment-in-rwanda (accessed on 02/05/2024)
3. https://www.state.gov/reports/2021-investment-climate-statements/rwanda/ (accessed on 03/06/2024)
4. https://www.wto.org/english/tratop_e/tpr_e/s384-03_e.pdf (accessed on 10/07/2024)
5. https://documents1.worldbank.org/curated/en/887761531899148776/pdf/128563-WP-PUBLIC-RwandaInvestorPerceptionsSurveyFinalReport.pdf (accessed on 10/06/2024)
6. https://www.eac.int/regional-framework/investment-framework (accessed on 03/05/2024)
7. https://www.state.gov/reports/2023-investment-climate-statements/rwanda/ (accessed on 03/06/2024)

8. https://www.managingip.com/article/2dnpj0jynusu7fn5xcfsw/sponsored-content/rwanda https://www.managingip.com/article/2dnpj0jynusu7fn5xcfsw/sponsored-content/rwanda-modernises-ip-legislation-with-wide-ranging-law#:~:text=Rwanda%20has%20recently%20published%20comprehensive,expands%20IP%20legislation%20in%20Rwanda., (accessed on 28/08/2024)
9. https://www.eac.int/regional-framework/investment-framework (accessed on 02/06/2024)
10. https://rdb.rw/rdb-one-stop-centre-expanded-to-enhance-investor-experience/, (accessed on 20/06/2024)
11. https://lmis.rdb.rw/about-cso/ (accessed on 26/07/2024)
12. https://www.cma.rw/fileadmin/user_upload/PRESENTATION_SAVING___INVESTING_THROUGH_THE_CAPITAL_MARKET__.pdf, (accessed on 26/07/2024)
13. https://www.nortonrosefulbright.com/en/knowledge/publications/04f14b2a/a-comparison-of-the-enforcement-regimes-under-the-new-york-and-washington-conventions-mdashbra-tale-of-two-cities, (accessed on 07/06/2024)
14. https://www.newtimes.co.rw/article/19487/news/rwanda/unpacking-rwandas-five-year-development-strategy-here-are-the-14-goals (accessed on 24/08/2024)
15. https://www.worldscientific.com/doi/pdf/10.1142/9789813238459_0001?srsltid=AfmBOop1qBjoj8UHyrlj9XybIufL13QabpaRv9__-h_z9PP9M4-zXfGX, (accessed on 20/09/2022)
16. http://web.usm.my/aamj/19012014/Art%207%20(147-167).pdf, (accessed on 19/09/2025)
17. https://researchfdi.com/resources/articles/the-rule-of-law-and-ip-rights-protection-key-factors-in-attracting-fdi-to-the-us/, (accessed on 20/09/2023)
18. https://www.primature.gov.rw/news-detail/prime-minister-presented-to-parliament-governments-five-year-program-nst2 (accessed on 25/09/2024)
19. https://www.tralac.org/documents/resources/by-country/rwanda/2076-rwanda-investor-perceptions-survey-2018-world-bank/file.html, (accessed on 20/06/2024)
20. https://documents1.worldbank.org/curated/en/666341500008847215/pdf/117475-PUBLIC-WP-13-7-2017-12-8-30-SPIRAToolKitGuide.pdf, (accessed on 03/10/2024)

21. https://aithor.com/essay-examples/foreign-direct-investment-advantages-and-disadvantages, (accessed on 02/10/2024)
22. https://www.ktpress.rw/2023/01/rwanda-mounts-operations-on-illegal-cryptocurrency-business/, (accessed on 17/10/2024)
23. https://coinpri.com/news/cryptocurrency/rwandan-banks-banned-from-facilitating-crypto-transactions/, (accessed on 10/10/2024)