



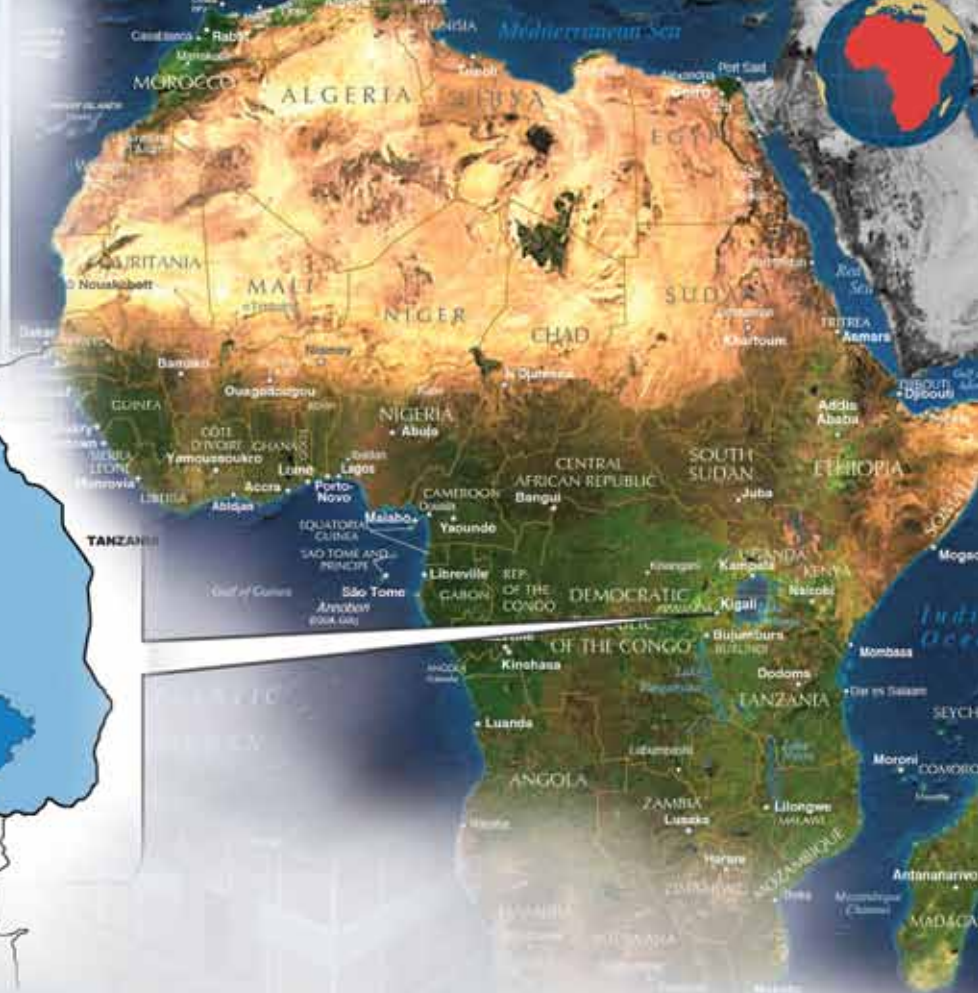
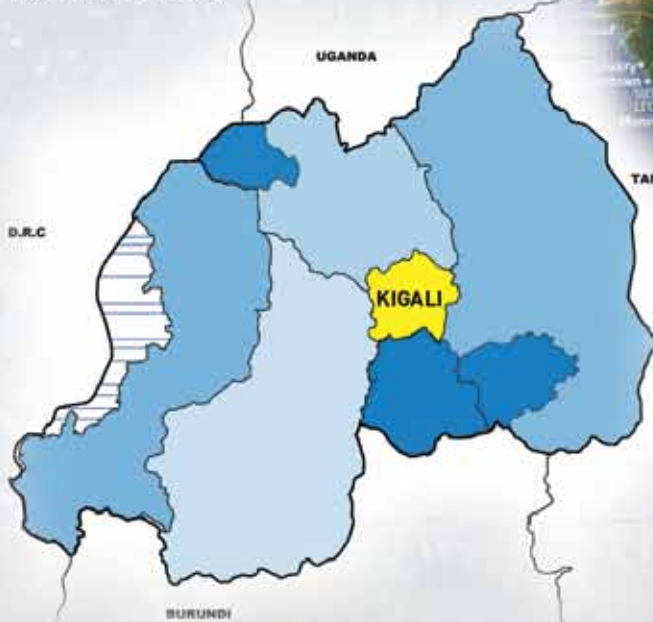
Rwanda Special Economic Zones

Accelerating Rwanda's economic growth and development

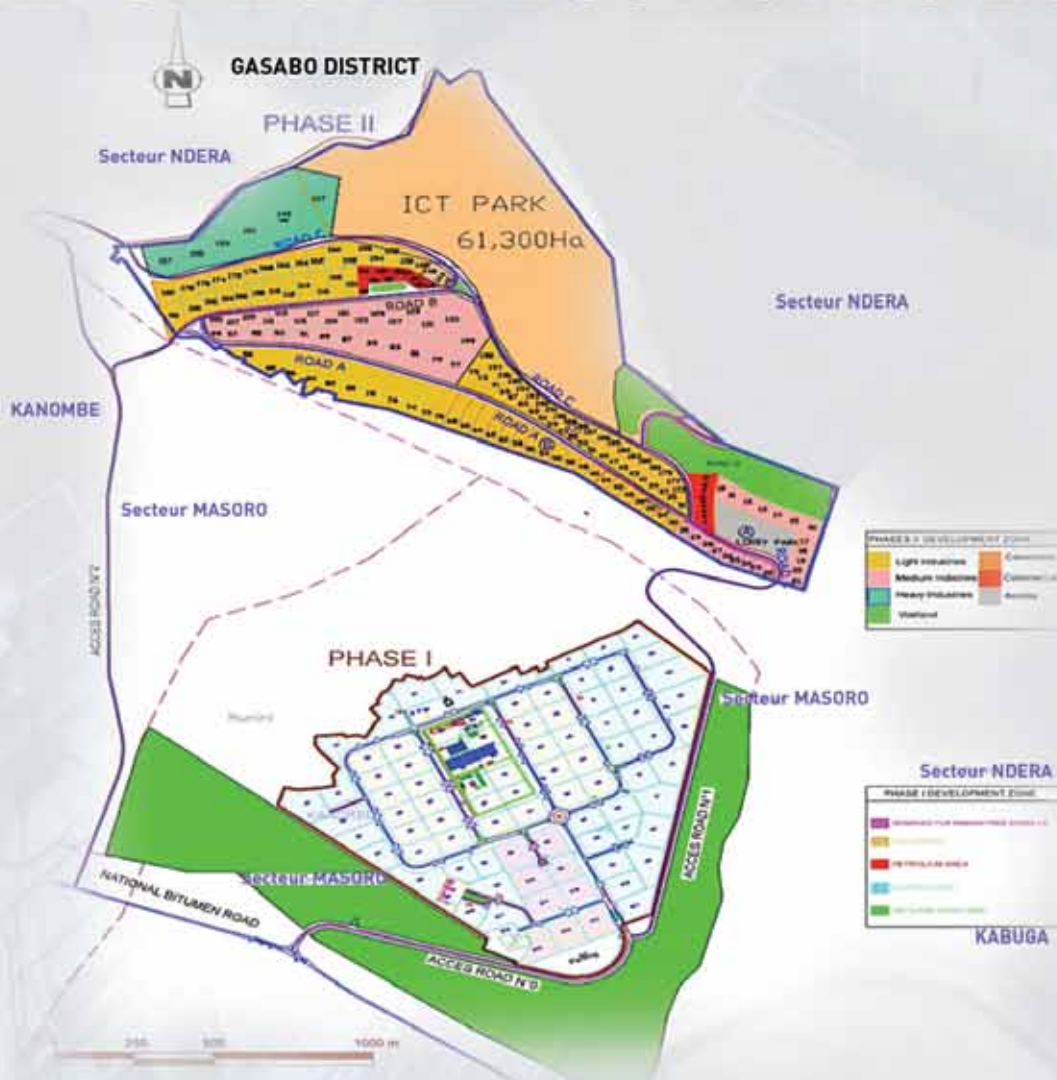
Special Economic Zones, a geographically specified and physically secured area administered by a single body, offering certain incentives including more liberal and simplified economic regulations for businesses to physically locate and operate within it

Special Economic Zones are generally implemented to meet fiscal, social and infrastructure policy rationales. The most important fiscal goal of an SEZ is to facilitate economic growth through the use of reduced tariffs and more efficient customs controls

RWANDA



KIGALI SPECIAL ECONOMIC ZONE





BACKGROUND

Rwanda's Special Economic Zones Program is designed to address domestic private sector constraints such as availability of industrial and commercial land, availability and the cost of energy, limited transport linkages, market access and reduced bureaucracy and availability of skills.

It provides designated, serviced land for small and large scale industrial development, as well as reliable, quality infrastructure, competitive fiscal and non-fiscal regulations and streamlined administration procedures.

SEZs provide the opportunity to cluster anchor tenants with suppliers and other service providers, thereby creating jobs in skilled sectors and encouraging knowledge transfer thereby acceleration

the country's economic activities in general.

VISION

A world class Rwanda economic zone program operating through a network of diverse sites and activities to deliver benefits and opportunities to investors and Rwanda without any negative impacts.

MISSION

To develop a regulatory framework, infrastructure and investment that will support the establishment of world class economic zones in Rwanda.



SEZ POLICY OVERVIEW

Policy Objectives: ensure successful SEZs that contribute significantly to the development goals of Rwanda (whilst utilizing public resources in the most effective way:

- Increase foreign and domestic private sector investment
- Export growth and diversification
- Development of industry/ non agriculture sectors
- Creation of off farm employment and income

REGULATORY FRAMEWORK LEVEL

Since this program was put in place back in 2006, more activities were undertaken in order to move forward the Special Economic Zones program. These activities are related to regulatory framework, and development of Kigali Special Economic Zone and other potential zones around the country.

At the regulatory framework level, the Special Economic Zones Authority of Rwanda (SEZAR) has been established to regulate, coordinate, administer, and provide strategic planning and monitoring for Special Economic Zones in Rwanda in accordance with the Zones Law and Regulations.

This Authority is based at the Rwanda Development Board (RDB).



The Kigali Special Economic Zone has been set up through the merger of former Kigali Free Trade Zone and the original Kigali Industrial Park projects.

The Kigali Special Economic Zone is being developed in two phases. Phase I of KSEZ is on 98 Hectares of land with all the plots (89 in total belonging to 61 investors) fully booked.

Some investors have already started operations in this phase.

Infrastructure development in phase II of the KSEZ is so far at more than 40% with the main works on access roads construction, electricity roll out and water systems.

While one investment project is operational in this phase the rest of the

plots are booked by 11 investors up to 60% of the available surface area for investment.

SERVICED INFRASTRUCTURE

It is generally agreed that serviced infrastructure is key to attracting users of SEZs and different zones will have different infrastructure requirements leading to different costs.

In designating a new area as a SEZ, a cost benefit analysis is done to determine whether public investment, including the cost of the public infrastructure required, meets a desired economic rate of return.

The GoR is then obliged to provide the public infrastructure in a timeframe mutually agreed with the private developers who in the case of the Kigali



Special Economic Zones are Prime Economic Zones Limited (PEZ).

These are regulated by the Special Economic Zones Authority of Rwanda which is the official regulatory organ for the entire SEZ program in Rwanda.

WHAT INFRASTRUCTURE IS DEVELOPED AND PROVIDED

- Reliable utilities: power, water and sanitation
- Storage/warehousing facilities
- ICT infrastructure
- Office space
- Onsite and offsite roads and links to airports and main roads

SEZs are prioritized in public

infrastructure programs. The GoR has to provide and maintain the necessary off-site public infrastructure once SEZ has been designated.

WHO DOES KIGALI SPECIAL ECONOMIC ZONE CATER FOR?

The Kigali Special Economic Zone which is managed as “mixed use” zone has been designed to accommodate the following types of investments:

- Heavy and light manufacturing industries
- Large scale users industrial plants
- Commercial wholesalers
- Chemical, pharmacy and plastics
- Warehousing



- Tourism and service industry
- ICT
- Logistics

WHY INVEST IN RWANDA

Sustained high growth

- 8.8% average year-on-year GDP growth since 2005, stable inflation and exchange rate.
- 3 year GDP growth rate one of the highest among major African economies and neighbouring countries.

Robust governance

- A clear vision for growth through private investment set out by President Kagame (Vision 2020).

- Politically stable with well functioning institutions, rule of law and zero tolerance for corruption.

Investor friendly climate

- Second best global reformer in World Bank Doing Business Report 2013.
- Most competitive place to do business in East Africa and 3rd in the Sub-Saharan Region (WEF Global Competitiveness Report 2012).
- Increasingly attractive destination for foreign investments.
- Rwanda has the fastest broadband internet in Africa according to the latest statistics from Ookla.



- New Special Economic Zone developed and operational. More zones planned for the districts

Access to markets

- Market of over 11 million people with a rapidly growing middle class.
- A hub for rapidly integrating East Africa: located centrally bordering 3 countries in East Africa, part of EAC Common.
- Market and Customs Union with market potential of over 125 million people.

Untapped investment opportunities

- Potential opportunities for investment abound, particularly in the following sectors.
- **Infrastructure:** Opportunities in rail, air transportation to further develop Rwanda as an EAC hub.
- **Agriculture:** Backbone of economy. Potential for growth through productivity and value addition.
- **Energy:** Power generation, off grid generation and significant methane gas, hydro and other opportunities.



- **Tourism:** Unique assets creating booming sector; growth potential in birding and business/conference tourism.
- **Information and Communication**

- **Technology:** Priority sector for Vision 2020, new ICT park to be developed.
- Other attractive sectors include real estate and construction, financial services and mining.



Developer : Generally a private sector entity under a contractual agreement with SEZ status and holding the responsibility as the owner to bear the risk and financing of designing and constructing all the necessary SEZ infrastructure and facilities.

APPLICATION FOR SEZ ZONE DEVELOPER

Step	Process	Requirements
1	Submit an application form	<p><u>Corporate Documents</u></p> <ul style="list-style-type: none"> ✓ Copy of Certificate of Incorporation (Certified) ✓ Articles of Incorporation / By-laws / Memorandum of Association ✓ Instrument of appointment of current board members, chairman and CEO ✓ Legal instrument setting the signatory rights. (Certified) ✓ List of shareholders with respective shareholding ✓ Corporate instrument authorizing investment in the zone (certified shareholder or board resolution) <p><u>Zone Related Documents</u></p> <ul style="list-style-type: none"> ✓ Financial statements of last 3 years if applicant operating ✓ Proof of financial resources and funding plans ✓ Proof of technical capacity and previous experience with zones or other large scale industrial property or infrastructure projects ✓ Business plan, market demand analysis, cost-benefit analysis, preliminary feasibility study detailing the development, operation and maintenance of the specific Zone, including the design, construction and provision of infrastructure and other real properties, a forecast or projected demand in terms of



APPLICATION FOR SEZ ZONE DEVELOPER CONTINUED

Step	Process	Requirements
		<p>sectors and numbers of companies from each sector projected to invest in the Zone, an environmental and social impact assessment for the provision of low carbon energy</p> <ul style="list-style-type: none"> ✓ A concept master development plan for the proposed Zone, including land use, zoning and any urban plans ✓ Quality and size of the infrastructure facilities applicant intends to construct, including on-site and off-site infrastructure, cost estimates and environmental mitigation measures to be taken ✓ Statement and certification that land, planning and construction comply with all applicable laws ✓ Action plan including timeframe to commence and complete as well as details on phased development and minimum works in each phase ✓ Proposed amenities ✓ Government participation ✓ Appropriate site for use proposed ✓ Current activities of the applicant in and outside Rwanda ✓ Any other documents and information SEZAR deems to be required and requested from all bidders



APPLICATION FOR SEZ ZONE DEVELOPER CONTINUED

Step	Process	Requirements
2	Obtain license	✓ Receipt of complete application

Additional information: Zone User Obligations

- ✓ Within 15 days of any submission SEZAR must seek expressions of interest from interested developers / operators via 2 local and 2 regional newspapers
- ✓ Expressions to be submitted within 45 days of publication
- ✓ SEZAR requests qualification required from bidders – legal, technical and financial criteria – using same publications
- ✓ Qualification submissions to be lodged within 60 days of publication
- ✓ Selection committee to present recommendation on preferred bidders to SEZAR Board within 30 days of qualification deadline
- ✓ Board takes 10 days to decide and SEZAR's head has 5 days to notify bidders
- ✓ SEZAR prepares RFP and information memorandum for pre-qualified bidders including developer and operator draft agreements



APPLICATION FOR SEZ SITE DESIGNATION

STEP	Process	Requirements
1	Submit application	<p><u>Corporate Documents</u></p> <ul style="list-style-type: none"> ✓ Copy of Certificate of Incorporation ✓ Articles of Incorporation / By-laws / Memorandum of Association ✓ Instrument of appointment of current board members, chairman and CEO ✓ Legal instrument setting the signatory rights ✓ List of shareholders with respective shareholding ✓ Corporate instrument authorizing investment in the zone (i.e. shareholder or board resolution) <p><u>Zone Related Documents</u></p> <ul style="list-style-type: none"> ✓ Business Plan ✓ Market demand analysis of end use investment and rental of zone plots ✓ Socio economic , welfare and cost-benefit analysis



STEPS TO GO ABOUT SEZ SITE DESIGNATION CONTINUED

Step	Process	Requirements
		<ul style="list-style-type: none"> ✓ Pre-feasibility study detailing approach to project and including land use plans, master plan and engineering / architectural drawings ✓ Projected international trade impact on exports, processing, investment and technology transfer ✓ Effect on domestic manufacturing and processing ✓ Job creation and technical training potential ✓ Potential integration and linkages with the domestic economy ✓ Proximity to Enterprise clusters including data, maps and sources ✓ Business plan compliance with Zones Law requirements ✓ Site implications for existing and proposed infrastructure utilization and development ✓ Access to and need for off-site infrastructure



STEPS TO GO ABOUT SEZ SITE DESIGNATION CONTINUED

STEP	Process	Requirements
		<ul style="list-style-type: none"> ✓ Extent and cost of population displacement and relocation. ✓ Expansion potential of the site ✓ Physical to separate zone from domestic customs territory to prevent tax evasion ✓ Consistency with local economic development and poverty reduction goals ✓ Views on persons affected ✓ Assessment of potential problems in relation to disputed titles and legal claims ✓ Potential flexibility for multi-purpose utilization of the proposed zone ✓ Conformity with the minimum 5 hectare requirement of a zone ✓ Compliance with applicable land use plans



STEPS TO GO ABOUT SEZ SITE DESIGNATION CONTINUED

Step	Process	Requirements
		<ul style="list-style-type: none"> ✓ Support of competent agencies for the zone ✓ Internationally competitive in attracting investment ✓ Aligned to the public interest ✓ Compliance statement relating to all relevant laws ✓ Government participation ✓ Any other information deemed relevant and published
2	Obtain license	✓ Receipt of complete application



User : A private entity engaged in commercial activities in the SEZ and is compliant with the prevailing rules and regulations regarding SEZ. The SEZ user must be holder of the SEZ status in form of the license provided by the Authority.

APPLICATION FOR ZONE USER LICENSE

Step	Process	Requirements
1	Submit application	<p><u>Corporate documents</u></p> <ul style="list-style-type: none"> ✓ Application form filled and signed by an authorized legal signatory ✓ Copy of Certificate of Incorporation ✓ Memorandum of Association ✓ Instrument of appointment of current board members, chairman and CEO ✓ Legal instrument setting the signatory rights ✓ List of shareholders with respective shareholding ✓ Corporate instrument authorizing investment in the Zone (i.e. shareholder or board resolution) <p><u>Zone related documents</u></p> <ul style="list-style-type: none"> ✓ Detailed description of the planned economic activities ✓ Valid business License or proof of filing a request for such License ✓ Action plan including proposed timeframe to commence activities
2	Obtain license	Receipt of complete application



Additional information: Zone User Obligations

The following must be fulfilled (Art. 6: Regulation for SEZ users)

- ✓ Compliance with all legal obligations
- ✓ Taking possession of Zone real estate within 2 months of issuing the Zone User License
- ✓ Co-operation and transparency with SEZAR
- ✓ Submission of Annual Report on investment, employment, sales, exports and imports
- ✓ Undertake activities consistent with their Zone User License
- ✓ Obtain Licenses where required
- ✓ Obtain SEZAR approval for any changes to the Zone User License
- ✓ Maintain records for tax and customs purposes on inventories and goods subject to Rwanda Customs' control, inspection and verification
- ✓ Process waste to allow discharge to general waste treatment system of Zone
- ✓ Maintain separate accounts and books of the registered SEZ legal entity
- ✓ Activities not on the Rwanda negative List

Rwanda Economic

Accelerating Rwanda's economic



Special Zones

growth and development





