



-2021-

KIFC

A YEAR IN REVIEW

ANNUAL REPORT



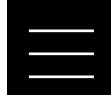
Positioning Kigali as a **preferred financial centre for international investment in Africa**

About Report

Kigali International Financial Centre, also known as KIFC, was established in 2020, with the aim of advancing the competitiveness of Rwanda's financial sector in order to widen and diversify the financial offering to local and international investors. KIFC aims to become a preferred financial centre for international investment in Africa, facilitating cross-border investment and financing across the region.

This report covers the period of 2020-2021, and highlights the key activities and unique achievements of the Centre.

KIFC – 2021, **A Year in Review**
Annual Report



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IFC	International Financial Centre
KIFC	Kigali International Financial Centre
RFL	Rwanda Finance Limited
WAIFC	World Alliance of Financial Centres
FC4S	International Network of Financial Centres
GFCI	Global Financial Centres Index
AfDB	African Development Bank
AfCFTA	African Continental Free Trade Area
EAC	East African Community
ECCAS	Economic Community of Central African States
COMESA	Common Market for Eastern and Southern Africa

Chairman's Foreword

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Tidjane Thiam
Chairman, Rwanda Finance Limited

Rwanda has been consistently ranked at the top of African nations in various international surveys [**2nd in Africa**, 2020 World Bank Ease of Doing Business Index, 4th in Sub-Saharan Africa, WEF Global Competitiveness Index]. Financial services are at the heart of economic development. Africa, with its positive demography, its record of sustained economic growth during the last 20 years with a GDP going from **\$587 billion in 2000** to **\$2.6 trillion¹ in 2021** is rife with opportunities for businesses and entrepreneurs. Making sure that this strong and growing demand for capital meets the supply of capital both domestic and international is one of the reasons why Rwanda set up Rwanda

¹ WorldBank.org

Finance to promote Rwanda as a key international financial centre. Kigali International Financial Centre (KIFC) rightly occupies a central place in Rwanda's development strategy.

Africa has seen a rebound in economic growth with real GDP growth increasing to **3.4%** in 2021, following the global Covid 19 pandemic.² The continent's young and rapidly growing urban population similarly is projected to triple by 2050, to **1.4 billion**, boasting the fastest urban growth rate in the world.³

This provides a great backdrop for increased expansion opportunities, both domestic and cross border and for capital deployment on the continent.

It is therefore essential to change the perceptions around political and regulatory risk on the continent to address investor concerns. Adopting best practice across the legal and regulatory spheres, is something a modern and forward-thinking financial centre such as, KIFC is setting out to do, leveraging on its' robust governance framework and compliance to international best practice standards.

We must make sure that African countries are seen as a safe place to invest for domestic investors as well as for international investors. African countries, like all countries in every part of the world, must continue to improve their legal and regulatory environment through well designed reforms and their effective implementation. They must improve reality on the ground and must make this known and recognised.

KIFC intends to spare no effort to contribute to the continued improvement of the investment environment on the continent and to ensure that improvement is understood and recognized.

² African Economic Outlook, AfDB 2021.
³ WEF Annual Meeting, 2020

CEO's Foreword

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Nick Barigye
CEO, Rwanda Finance Limited

Rwanda has continued to show unparalleled economic and social resilience during the Covid 19 pandemic. Government efforts towards increased Covid vaccination and the establishment of economic recovery funds and refinancing schemes to facilitate SME and business continuity, has been lauded internationally and continues to be critical in ensuring Rwanda's economic stability.

2021 saw Rwanda's economy rebounding to a **4.4%** growth in real GDP, from **2.3%** in 2020.⁴ This growth also saw a steep increase in financial inclusion, with **9%** increased access to banking and mobile money services.

Kigali International Financial Centre was honored to be among the **top 5 financial centers in Africa**, alongside Mauritius and Casablanca- a recognition amongst peers of Rwanda's promising potential as a financial destination and investment domicile.

Private sector actors and institutional investors also demonstrated great interest and confidence in our centre , with the domiciliation of the **\$250Million** Pan-African Fund- Virunga Africa Fund I whose anchor investors include Qatar Investment Authority and the Rwanda Social Security Board

As we adapt to the new normal, we look forward to 2022 with much enthusiasm and confidence for an accelerated economic recovery. We hope that reforms put in place diversify financial activity across our financial sector and attract increasing cross-border investment within and through Rwanda.

4 BNR Annual Report, 2020/2021



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RWANDA, **A FINANCIAL DESTINATION**



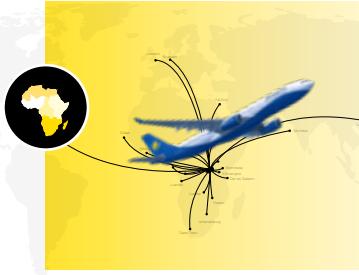
Rwanda has been one of the fastest growing economies in Africa, with a 10-year average of **7% GDP** growth rate pre-covid. What sets us apart is our incredible story of resilience, our reliable and forward-thinking government. Our economic transformation has kept Rwanda at the forefront of innovation & technology, pan African integration and now creating an enabling environment for investment in Africa through Rwanda. We are striving to become the first International Financial Center (IFC) in the heart of Africa, a gateway to other markets within regional economic hubs and we believe the future is now! **#NextisNow**

Integrity and Effective Governance



- ◉ **2nd in Africa** by The Heritage Foundation Economic Freedoms Index 2020
- ◉ **Ranked 3rd in Africa** by Transparency International Corruption Perception Index 2020

Pan-African Connectivity



- ◉ Ranked **2nd in Africa** as a preferred city by International Congress and Convention Association (ICCA 2020)
- ◉ RwandAir direct flights to more than **27 capitals in Africa**
- ◉ Visa friendly regime for more than **100 nationalities**
- ◉ **Bi-lingual**- English, French

Convenience and Operational Ease



- ◉ Ranked **2nd in Africa** by World Bank Ease of Doing Business 2020
- ◉ **4th in Africa** by World Economic Forum Global Competitiveness Index 2020
- ◉ No controls on foreign exchange, foreign ownership and profit repatriation
- ◉ Offers alternatives for business and investment structuring

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Kigali, An International Financial Center



Value to Rwanda and The Region

Kigali International Financial Centre offers an alternative fund domicile to African based investors.

As economies rebound from the Covid 19 pandemic, businesses and entrepreneurs alike, are looking for investment and expansion opportunities within their jurisdiction as well as across the African continent. Rwanda's economy has been recognized by independent entities such as the Standard & Poor's, Moody's and Fitch's as a top tier rated country within the East and Central Africa Economic Community.

This acknowledgment is a vote of confidence and signals that Rwanda has strong economic prospects that fosters and boosts investment and business expansion.

- ⦿ **Top 5 IFCs in Sub-Saharan Africa** – recently featured on the Global Financial Centers Index, GFCI, alongside Mauritius and Casablanca, Kigali International Financial Center has been recognized by peers as a promising jurisdiction for investors to consider when domiciling investments on the continent.¹

- ⦿ **Member of the World Alliance of Financial Centers** – building on the network of other established international financial centers across the globe, investors established in Kigali can benefit from market access and mutual recognition opportunities across different jurisdictions, starting with opportunities for business exposure and investment promotion
- ⦿ **Convening Sustainable and Responsible Investors** – as part of the International Network of Financial Centers for Sustainable Finance, Kigali, has made strides towards attracting impact investors with a focus on environmental, social, and governance considerations. With Africa's commitment to climate and environmental protection and neutrality, there's a need to offer a conductive playing field for impact investments, across the value chain
- ⦿ **Attracting Cross-Border Investment** – the expanded network of double tax treaties, has greatly complemented Kigali International Financial Center's positioning in the region. Creating cost efficiencies in the flow and repatriation of capital across Rwanda and key markets in Africa and beyond.

⁶ Global Financial Centers Index, GFCI 2021

The KIFC'S Ecosystem

Kigali International Financial Center, KIFC, encompasses Rwanda's financial sector including existing industries and new financial actors and ecosystem players.

- ⌚ Rwanda's financial sector currently contributes **3%** to the country's GDP, valued at an estimated **\$6.9Billion**. Though relatively small, the sector grew by **20.3%** in total assets in 2021 and includes a well-established banking industry, with 11 commercial banks.⁷
- ⌚ Rwanda's capital markets industry has also seen a steep increase in size over the last decade, with a total market cap. valued at **\$3.6Billion**.⁸ This has been as a result of cross-listing opportunities to regional institutional investors through the regional stock market integration initiative- East Africa Stock Exchanges Association (EASEA). This initiative is poised to enable greater capital mobilization across the region and beyond, as showcased by the recent cross-listing of South African based firms.

⌚ Remaining sector is served by the insurance, micro-finance, and pension fund industries that have equally seen a gradual increase in number of actors over the years- including **13 pension funds, 14 insurance firms, and 457 MFIs**, including **438 credit and savings schemes**.⁹

A new addition to this ecosystem includes;

- ⌚ The entrance of international financial actors such as investment management/advisory firms as well as trusts and corporate service providers.
- ⌚ The newly established **Financial Intelligence Center, FIC**, that has now joined the list of established regulators overseeing Kigali's financial center. Alongside the National Bank of Rwanda, Capital Markets Authority, and Rwanda Development Board, FIC will ensure effective financial monitoring and compliance to FATF standards

⁷ National Bank of Rwanda, NBR Annual Report, 2020/2021

⁸ Rwanda Stock Exchange, RSE, 2021

9 NBR Annual Report, 2020/21

Financial Service Offerings

The Kigali International Financial Center, KIFC, offers and seeks to attract the following priority services/products;

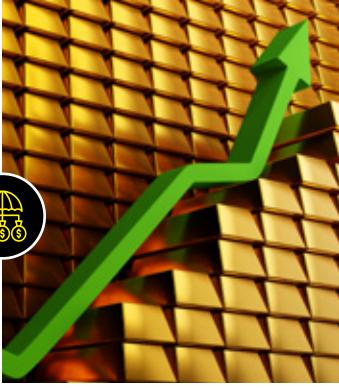
Investment Funds



KIFC aspires to become a specialist center for alternative investment funds and a leading jurisdiction for fund domiciliation. Particularly, Private Equity and Venture Capital funds.

Rwanda's readiness to innovate has driven the passing of new laws that will enable widely accepted global fund structures to be our cornerstone. Among the news laws are the Partnership law, that should spur the growth of the funds industry in Rwanda, with addition of limited partnership funds.

Wealth and Asset Management



Rwanda has expanded its offer for legal structures, notably incentivizing the set-up of holding companies and developing a unique offering for wealth management – through the establishment of Foundations and Trusts.

The recently gazetted laws on Foundations and Trusts are poised to provide a stable and safe environment for various types of commercial and non-commercial activity including philanthropy.

Fintech



As Rwanda strives to remain at the cutting edge of digital transformation, it is imperative to create an environment that is conducive to innovation. Thus, driving the development of financial technology. Following on the latest success of Rwanda as a proof-of-concept hub, the Kigali International Financial Center has gone further to incentivize fintech actors and investors, through the offer of a sandbox regulation put in place by the National Bank of Rwanda. Tax incentives for business angel investors supporting early stage fintech developments have also been catered for.

Global Trading

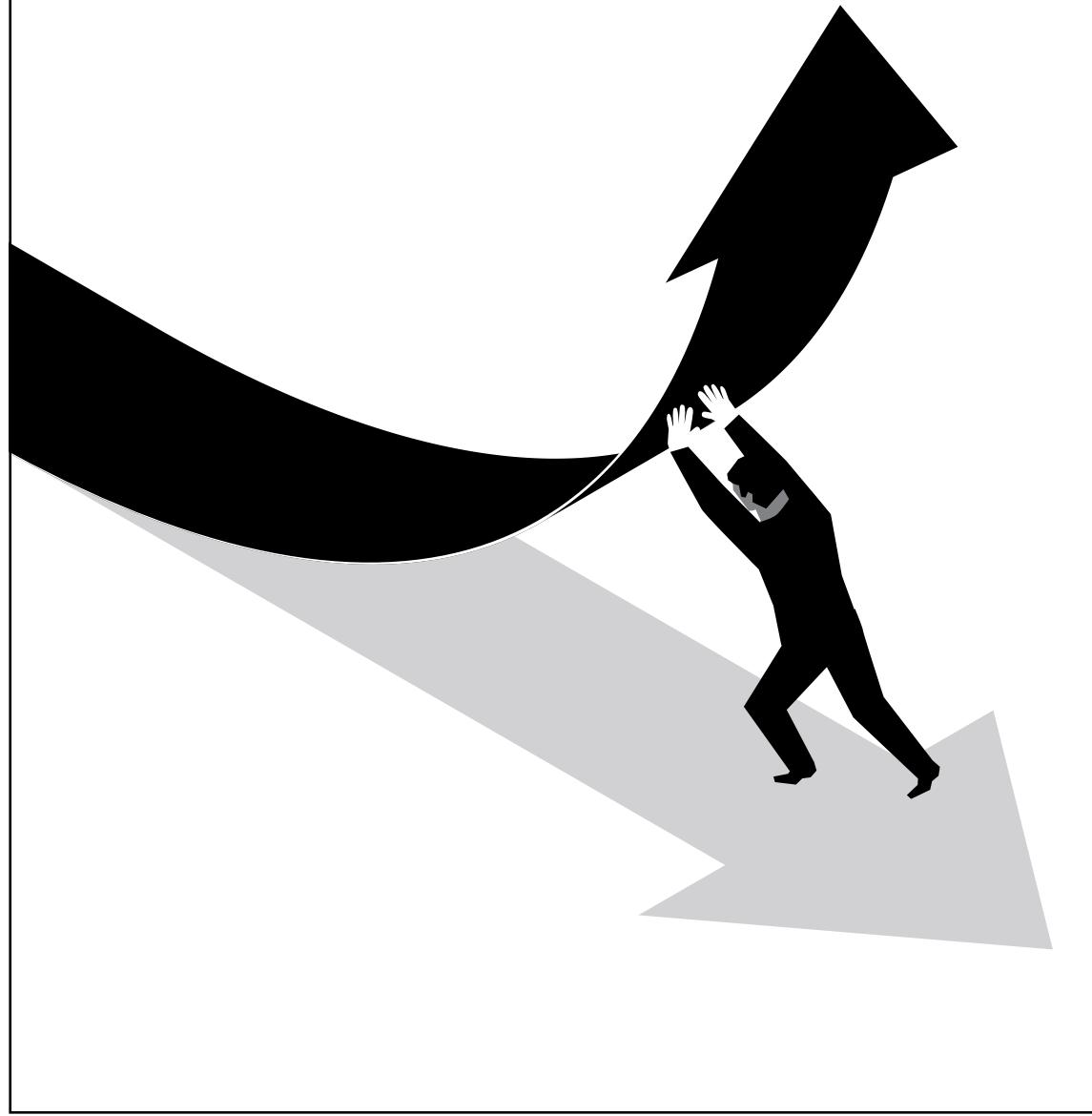


Rwanda's pioneering efforts in Africa's Continental Free Trade Area, AfCFTA initiative, have led to a great opportunity for paper trading- that is the administrative and contractual management of import and export trading activities.

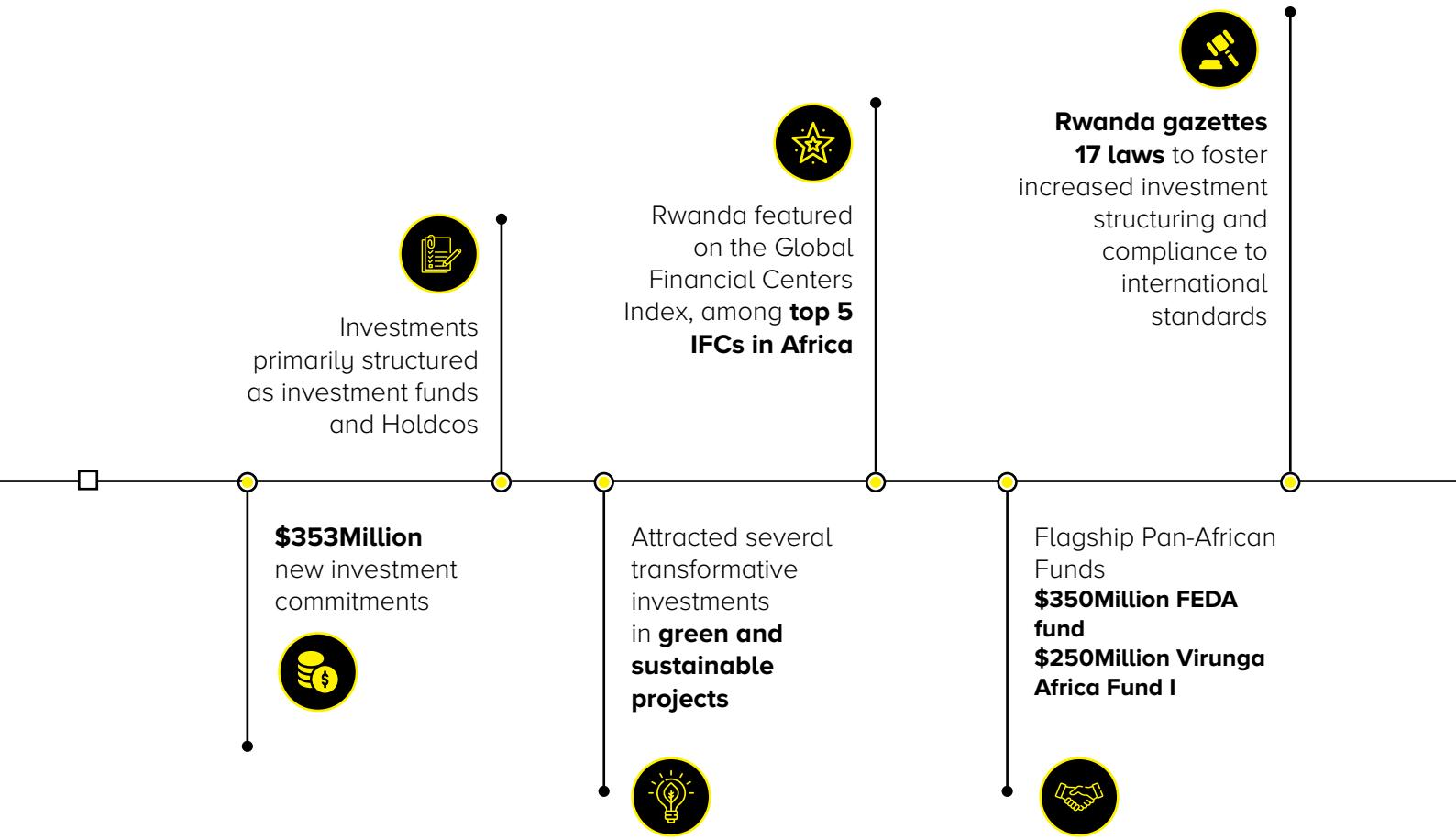
A nascent industry in Africa, global trading services are expected to see a rise in the next decade as institutional investors seek out African based jurisdictions to manage and oversee their trading contracts. Rwanda's integration with the East Africa Capital capital markets will also afford investors increasing opportunities for cross-border trading and resource mobilization.

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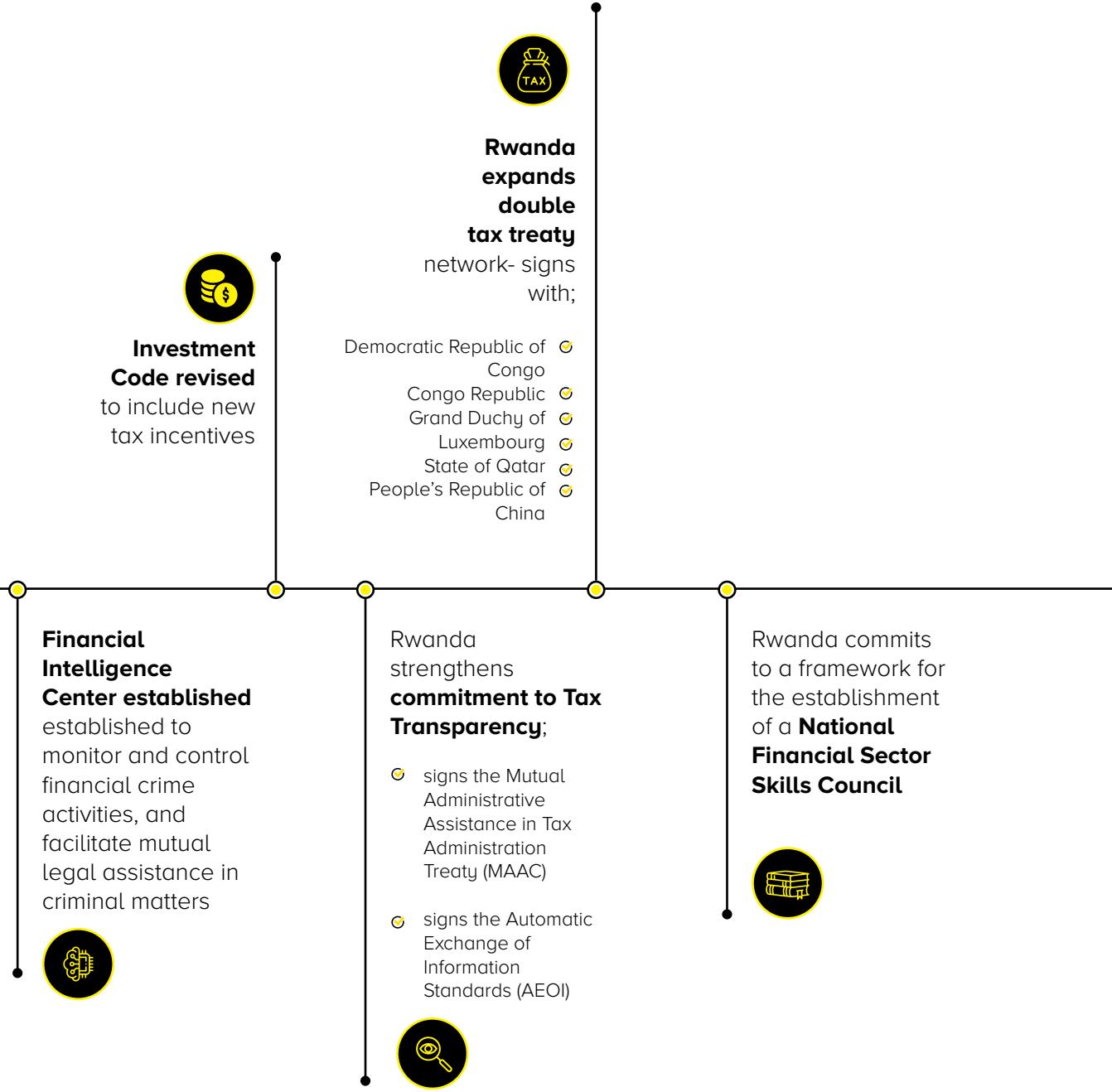
KIFC At a Glance



Highlights from 2020/2021



¹¹ Figure excludes flagship Pan-African funds



4

Attracting Cross-Border Investments





The launch of the Kigali International Financial Center has seen a peak interest amongst regional and African based investors looking for alternative financial domiciles for their investments on the continent. Chief amongst them has been institutional investors seeking to establish investment funds and special purpose vehicles to fund regional projects, which Kigali can now host.

- ⦿ **\$353Million** new investment commitments; over **60%** structured as investment fund vehicles and Holdcos
- ⦿ 40 newly incorporated entities; **38%** Holdcos, **25%** investment funds and fund management, **15%** fintech, **23%** TCSPs and financial advisory
- ⦿ Agriculture, Energy, Healthcare, and Technology sectors amongst key beneficiaries of investment

Investment Snapshot

\$250Million

Virunga Africa Fund

the first phase of a Pan-African investment fund to be domiciled in Kigali, with regional activities across 4 key markets in Eastern and West Africa. Partnership between the **Qatar Investment Authority and Rwanda Social Security Board**.

\$350Million

FEDA Fund

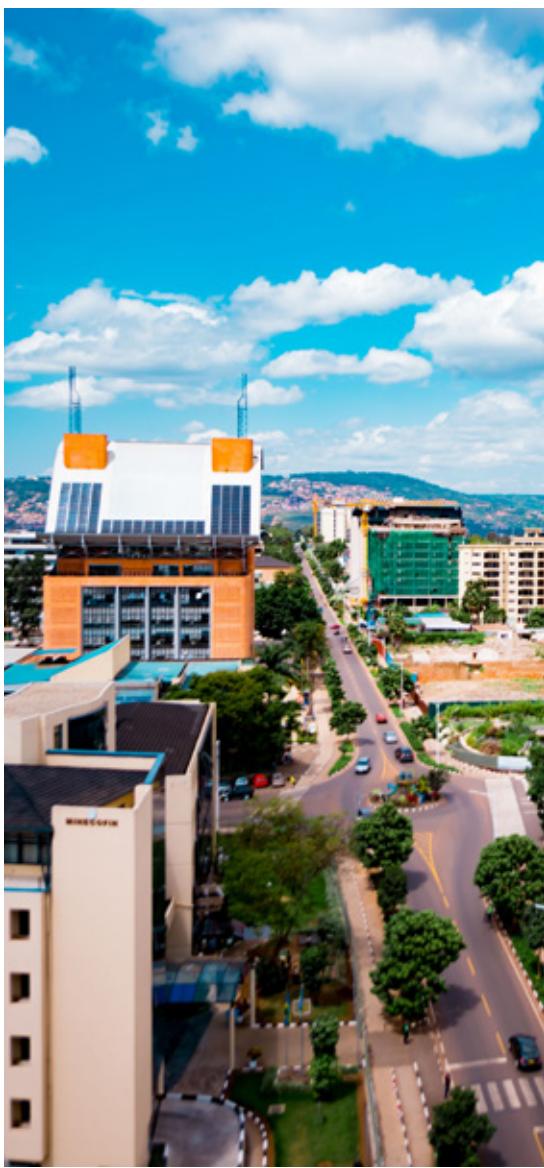
a Pan-African trade and export fund established by **AfreximBank**. Fund is to be headquartered in Kigali, supporting and fostering intra-African trade.

\$10Million

Angel Investment SPV

a regional special purpose vehicle registered in Kigali, by a network of African based angel and venture capital investors – **Dakar Network of Angel Investors (DNA)**

The advancement in technology has also seen the rise of African based unicorns particularly in the financial technology space- offering payment or banking solutions. A few of these unicorns have sought out Kigali, to consolidate their regional operations, as an alternative to the traditional US based jurisdictions for holding companies, also known as Holdcos.



Flutterwave

A rising fintech unicorn has established an operating entity in Kigali licensed by the National Bank of Rwanda

Chipper cash

Similar to Flutterwave, the rising fintech unicorn looking to consolidate part of its' continental operations through KIFC

Rwanda Innovation Fund

The first Government backed VC fund with initial capital of **\$30Million** investing in innovative companies across Rwanda and the Africa as a whole.

RH Bhopelo

a South African based firm cross listed on Rwanda's stock exchange and set to establish a multi-million special purpose vehicle towards investment in healthcare infrastructure and technology in East Africa

5

Convening Strategic Partners for KIFC's Positioning



Governments



Government of
JERSEY



LE GOUVERNEMENT
DU GRAND-DUCHÉ DE LUXEMBOURG

IFCs



CASABLANCA FINANCE CITY
القطب المالي للدار البيضاء



مركز قطر للمال
Qatar Financial Centre



BELGIAN
FINANCE CENTER



Monetary Authority
of Singapore

DFIs & FIs



Investment works



<norrsken>

Associations



WORLD ALLIANCE
of International Financial Centers



FINANCIAL CENTRES FOR SUSTAINABILITY



INTERNATIONAL
COMPLIANCE
ASSOCIATION



East Africa Venture Capital Association



African Private Equity and
Venture Capital Association

Green Finance



As part of the network of international financial centers for sustainable finance, Kigali International Financial Center is facilitating the first green bond issuance in Rwanda under the stewardship of the Rwanda Development Bank

Support will also enable the establishment of a crowdfunding platform on Rwanda's stock exchange to mobilize diaspora and international investment in green projects. This is in partnership with the Belgian Financial Center

Digital Economy



In line with Rwanda's objective to build its' digital economy, the KIFC has partnered with Singapore Monetary Authority, MAS, to pilot two initiatives;

- ⌚ The Financial Trust Corridor, FTC , that aims to provide a digital information exchange framework for financial institutions in Singapore and Rwanda to facilitate access to trade finance, and
- ⌚ The API Exchange platform, APIX, that will offer banks and fintechs in both countries a platform to develop and build innovative fintech solutions across East Africa and South East Asia

Financial Integrity



Continuing Rwanda's reputation for transparency and good governance, KIFC has strengthened efforts towards financial and tax transparency as an active member of the Eastern and Southern African Anti-Money Laundering Association and the OECD/Global Forum. Following recent commitments to the Mutual Administrative Assistance in Tax matters convention, MAAC, the Automatic Exchange of Information, AEOI, and the gazetting of the law on Mutual Legal Assistance in Criminal matters, MLA, investors will seek comfort in having strong regulators to ensure continued security of their investments

Institutional Capacity Building



Strategic partnerships with key jurisdictions such as Jersey and Luxembourg are also enabling institutional capacity building in the form of knowledge transfer and exposure to best practices for policy implementation, investment attraction, and financial oversight. Study trips and exchange between financial regulators, promoters, and capital market actors has been facilitated.

Coupled with this, is the continuous professional development that is being steered in partnership with the International Compliance Association, to create a community of AML specialists in the region.

6

Creating a Conducive Legal and Regulatory Climate



Kigali International Financial Center has recently passed **17 laws** to foster and boost international financial services and activity. With increased compliance to financial and investment standards, as relates to **FATF** and **OECD**, the laws gazetted enable local, regional, and international actors to structure and set up their investment vehicles and entities easily and to transact across regional borders more efficiently.

Financial Integrity

- ⌚ Three key laws have been gazetted to enable increased financial transparency and coordination including the Laws on; Anti-Money Laundering and Counter Financing of Terrorism- AML/CFT, Mutual Legal Assistance in Criminal Matters, and establishment of the Financial Intelligence Center

Investment Ease & Flexibility

- ⌚ To facilitate increased cross-border investment, the Kigali International Financial Center passed new laws on; Partnership structuring, Investment Promotion, and Company Act that offers investors diverse options to structure and set-up their investments. In addition, the Investment Promotion Law has introduced new tax incentives that provide more freedom to investors to repatriate their profit and capital across the region.

Diversified Financial Services

- ⌚ To build on the existing financial sector, KIFC is now open to new financial actors and entities such as Trusts and Corporate Service Providers, Funds and Fund Managers, Foundations, Trusts et al. Recently passed laws allow for the incorporation of these entities that are relatively new to Rwanda and the region as a whole.

7

Incentivizing Cross-Border Trade and Investment



The launch of the Kigali International Financial Center has resulted in a strategic transformation of Rwanda's economic climate with the recent passing of the revised Investment Code, that facilitates not only the structuring of new and diverse investment vehicles but offers preferential and competitive tax incentives on passive income and capital gains to investors both local and international seeking to expand and operate across multiple jurisdictions. Investment code is set to incentivize investment into Rwanda and the region.

Furthermore, the continued expansion of Rwanda's Double Tax Treaty network is now allowing for more and more international investors to invest in the country and the region. Recent signing with the State of Qatar, Grand Duchy of Luxembourg, People's Republic of China, Democratic Republic of Congo, and Congo Republic is set to accelerate this.

8

Building a Talent and Skills Base



Efforts towards the development of Kigali, as a financial center have been complemented by the drive to strengthen the base of skilled financial professionals ready to serve and meet the needs of a diverse pool of investors.

Key initiatives have gone towards awareness creation, skills promotion, and institutional capacity building, starting with the development of a framework for a national financial sector skills council that will govern and coordinate all capacity building activities for the sector.

National Financial Sector Skills Council



The need to coordinate capacity building activities and initiatives for the financial sector has resulted in the development of an operational framework that will see the establishment of the Council in 2022.

Institutional Capacity Building



Following the recent legal and policy reforms, key institutions including Rwanda's financial sector regulators have participated in study trips and learning missions across different jurisdictions to glean and share best practices for regulation of the new financial centre

MasterClasses



Over 200 financial professionals and ecosystem players have engaged in curated training workshops provided by leading global institutes on specialty subjects such as financial compliance and corporate governance.

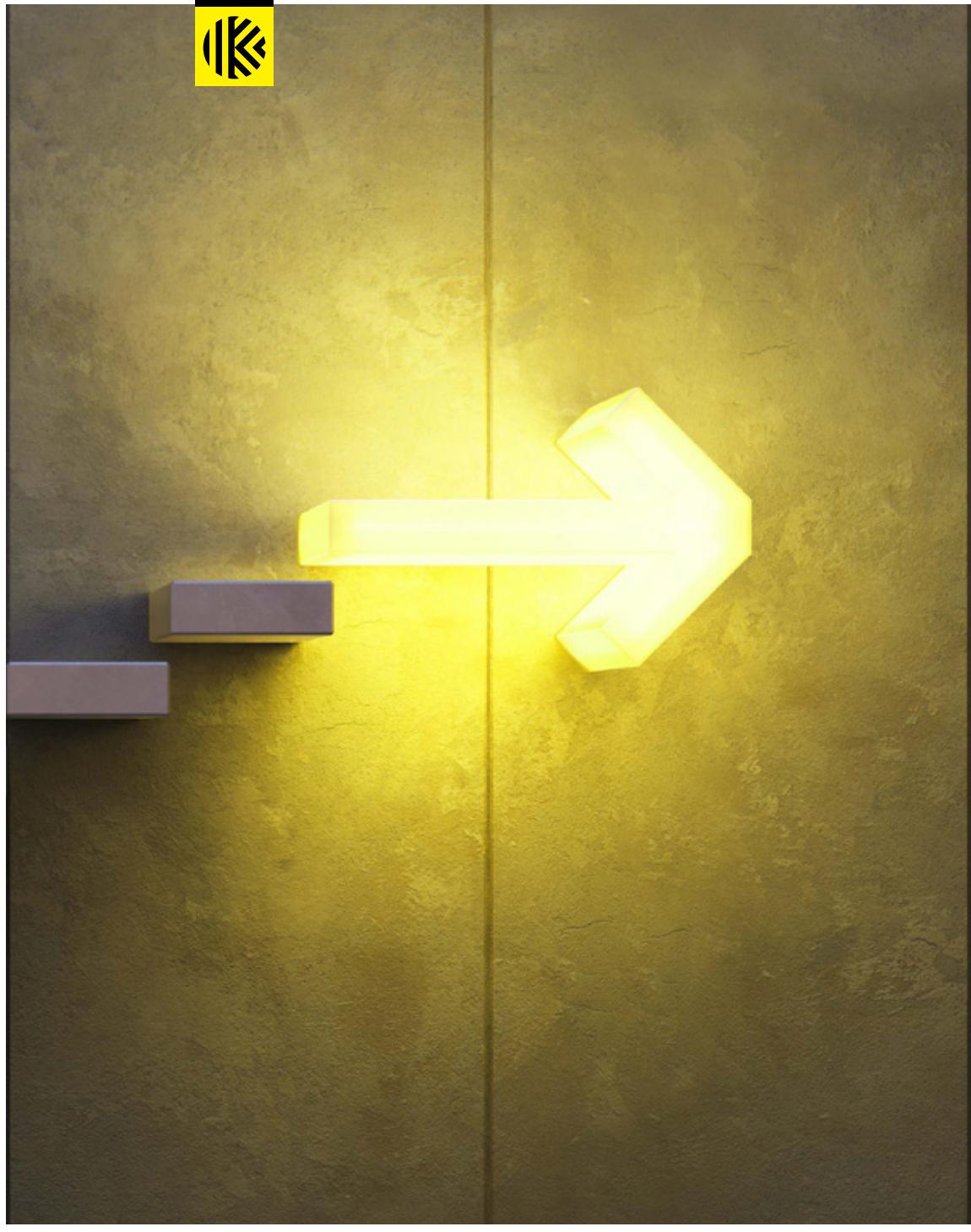
Diaspora & Foreign Talent Attraction



The success of the Kigali International Financial Center is built on the strength of a diverse pool of financial professionals—local, regional, and international. In partnership with the Ministry of Foreign Affairs and International Cooperation as well as the Rwanda Development Board, KIFC launched awareness campaigns to connect with Rwanda's diaspora and regional talent and to showcase the KIFC opportunity.

9

The Road Ahead _2025



The next four years look promising - as the world looks towards economic recovery, with some economies rebounding to **4% GDP** growth rates, there is a great emphasis placed on impactful resource mobilization. Investment that takes stock of environmental, social, and governance considerations. This is the wave of the future for both consumers and institutions alike, both on the continent and across the globe.

The Kigali International Financial Center, is geared up for this dynamic economic transformation and looks to strengthen its position on the continent by offering a competitive and attractive financial destination for Pan-African investors

Investment Hub

Kigali will continue to serve as **a hub for investors seeking alternative domiciles for their regional investments**. Whether in the form of investment funds, special purpose vehicles, or holding structures, Kigali International Financial Center will provide a conducive base for the structuring of various forms of investment vehicles to tap into regional trade and business expansion opportunities.

Sustainable Finance

Kigali International Financial Center, will be launching its **pivotal Sustainable Finance Roadmap in 2022**, showcasing the critical steps to be undertaken in mobilizing increased private capital towards green and sustainable investments in Rwanda and the region at large.

FinTech

African start-ups received over **\$4Billion** in investment in 2021, with fintechs representing a total of **\$2.3Billion**. This shows advancement in financial technology and services is poised to take a lion's share of investment in the coming decade. Attracting fintech oriented investors and creating a conductive ecosystem for fintech players and actors to pilot and scale their investments across the continent will remain paramount to the Kigali International Financial Center

10

Promoting Kigali International Financial Center





The Agency - Rwanda Finance Limited

Rwanda finance is a company owned by the Government of Rwanda, aiming to position Rwanda as a regional business and financial hub for cross-border investments into the region and Africa.

Our mission is to create a safe, compliant, and pro-business ecosystem that will be known as the Kigali International Financial Centre (KIFC). To develop this ecosystem, Rwanda Finance is working on three key pillars to improve the business environment;

- ⌚ **Policy Advocacy & Legal reform**
- ⌚ **Investment Promotion**
- ⌚ **Skills Development**
- ⌚ **Strategic Research and Positioning**

We connect international investors to a range of financial services provided in Rwanda, such as investment funds, wealth management, capital market operations, and advisory services.

Board of Directors



Tidjane Thiam
Board Chair, Rwanda Finance Limited



Diko Mukete
Vice Chair, Rwanda Finance Limited



Alice Ntamitondero
Board Member, Rwanda Finance Limited



Julien Kavaruganda
Board Member, Rwanda Finance Limited



Liban Soleman
Board Member, Rwanda Finance Limited



Louise Kanyonga
Board Member, Rwanda Finance Limited



Umulinga Karangwa
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