



In collaboration with  
Telecommunications Management Group

# Digital FDI Initiative: Digital FDI-Enabling Project in Rwanda

INSIGHT REPORT

2025



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# Foreword

In today's rapidly evolving global landscape, equitable access to digital infrastructure and tools is a necessity. By empowering individuals, businesses, and governments, digitalization has the potential to bridge divides and create pathways for inclusive and sustainable growth. Central to this progress is the need to attract investments that catalyze development, making Digital Foreign Direct Investment (FDI) a cornerstone for building resilient and future-ready economies.

Recognizing this, Rwanda's Digital FDI Enabling Project (DEP) became the second country project launched under the Digital FDI Initiative. This effort, led by the Digital Cooperation Organization (DCO) and the World Economic Forum, in partnership with the Government of Rwanda, specifically the Ministry of Information and Communications Technology and Innovation (MINICT), highlights the transformative power of collaboration. Together, we have worked to harness Rwanda's digital opportunities and carve a pathway for it to emerge as a premier destination for global digital investments.

This report embodies a shared vision for Rwanda's digital future, a future where innovation drives economic growth, inclusivity empowers communities, and digital transformation becomes a catalyst for sustainable development. It is the product of a collaborative effort that brought together diverse voices from across Rwanda's digital ecosystem, reflecting a collective commitment to unlocking the country's immense potential as a hub for global digital investment.

At the heart of this initiative is a commitment to action. Through a series of strategic consultations and workshops, key stakeholders from government, industry, academia, and civil society came together to identify priorities and chart a path forward. These efforts have culminated in targeted action plans designed to address critical challenges and position Rwanda as a leading destination for digital FDI. These plans are not just a response to obstacles; they are a blueprint for building a thriving digital ecosystem that fosters innovation, attracts investment, and creates opportunities for all.

The DCO is proud to support this initiative and remains committed to fostering digital cooperation and driving inclusive growth. I extend my deepest gratitude to the experts, stakeholders, and contributors whose dedication and vision have made this report possible. It serves as a call to action, a guiding tool and catalyst for policymakers, businesses, and communities to align their efforts and build a dynamic digital investment ecosystem. By joining forces, stakeholders can create an environment that not only attracts global capital but also empowers all Rwandans to thrive in the digital economy. This journey is about more than the progress we see today, it is about laying a strong foundation for future generations to reap the lasting benefits of digital dividends.

**Deemah AlYahya**  
Secretary-General  
The Digital Cooperation Organization



# Foreword

Rwanda's Vision 2050 recognizes the vital role of the ICT sector in driving economic growth and social development. The Ministry of ICT and Innovation (MINICT) is dedicated to creating a policy environment that enables digital

technologies and innovations to modernize the economy, create jobs, and improve the quality of life for Rwandan citizens. Digital FDI plays a critical role in this transformation, not only by bringing in much needed foreign capital, but also by facilitating the transfer of knowledge and new technologies into the local technology ecosystem.

This report, a product of the collaboration between the Digital Cooperation Organization (DCO), the World Economic Forum (Forum), and MINICT on the Digital FDI Project, provides a roadmap to harness the potential of Digital FDI to accelerate Rwanda's digital transformation.

It highlights Rwanda's existing strengths, such as the robust legal and policy frameworks that have been put in place to support the digital sector while also acknowledging the challenges the country faces in attracting FDI.

Moving forward, we will focus on implementing the three priority interventions that were identified through extensive stakeholder consultations on this project. These actions aim to address key challenges and unlock the potential for increased Digital FDI in Rwanda.

MINICT will work closely with all stakeholders, including government and inter-governmental organizations, the private sector, academia, and civil society, to ensure that these initiatives are implemented seamlessly. Through this collaborative effort, Rwanda will become a leading destination for Digital FDI in Africa, accelerating digital transformation and innovation at scale.

## Paula Ingabire

Minister of Information and Communications  
Technology and Innovation

# Executive summary

Across the globe, societies are experiencing rapid digital transformation, which has the potential to significantly change the way people live, work and communicate.

Effective governance frameworks are essential to maximize the potential of foreign direct investment (FDI) to speed up this process, and the Digital FDI-Enabling Project in Rwanda aims to identify, develop and implement measures to create a digital-friendly investment climate in the country.

This final report presents observations and policy options based on an extensive consultation process with relevant public, private, academic and civil society stakeholders in Rwanda's digital sector. It assesses Rwanda's current enabling environment for digital FDI, including comparisons with regional peers. The report also provides a series of actionable steps that policy-makers can implement to further support Rwanda's digital transformation through increased FDI.

The report's key findings include:

- Rwanda has robust legal and policy frameworks in place to support the digital sector, including a lack of restrictions on foreign ownership or control, prioritization of investment in sectors including information and communication

technology (ICT) companies, business process outsourcing and financial services; robust support of efforts to increase the manufacture of electronics and ICT equipment; and initiatives to drive digital skills development.

- Rwanda experiences challenges in attracting FDI due to regulatory challenges, concerns regarding connectivity and data infrastructure, limited access to capital, misalignment of human capital needs, regional competition and insufficient support for start-ups and early-stage companies.
- Stakeholders identified policy actions that could significantly support increased FDI flows, including intellectual property-related tax incentives, strengthening investment matchmaking platforms, aligning university programmes with digital-sector human capital needs and fostering cross-border data flows.

The Digital FDI-Enabling Project in Rwanda will continue working with stakeholders to support the implementation of these initiatives and further grow investment into Rwanda's digital economy.

# Introduction: The Digital FDI-Enabling Project in Rwanda

The Digital Foreign Direct Investment Initiative aims to boost foreign direct investment in the digital economies of its project countries.



The Digital Foreign Direct Investment initiative (DFDI) was launched in 2022 by the Digital Cooperation Organization (DCO) and the World Economic Forum (the Forum). In Rwanda, the second country in which a DFDI-Enabling Project (DEP) has been launched, the consulting firm Telecommunications Management Group (TMG) was selected to provide local consultancy and support services. The Ministry of Information and Communications Technology and Innovation (MINICT), which has mobilized a whole-of-government effort, is the Government of Rwanda counterpart for the DEP.

The project aims to increase digital FDI in Rwanda through enabling interventions to create a digital-friendly investment climate. The engagement is supported by four areas of work, or pillars, that enable investment in:

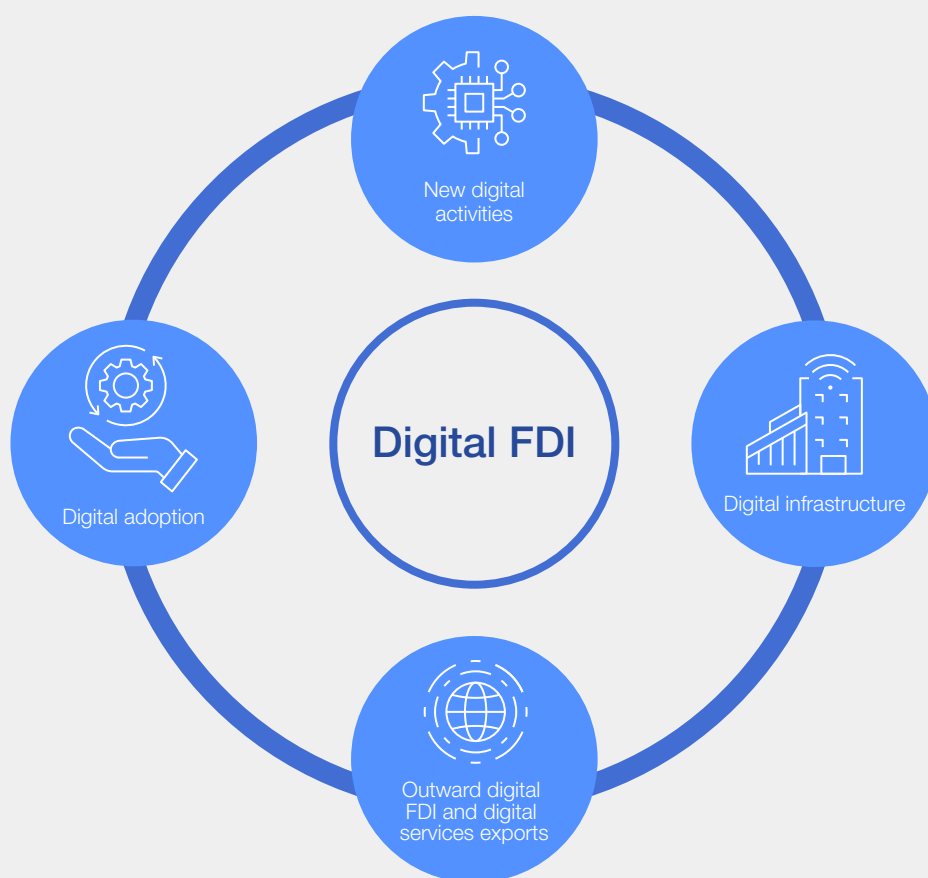
- Digital infrastructure
- New digital activities, such as digital start-ups

- Digital adoption by traditional businesses
- Digital services exports and outward digital FDI

The Government of Rwanda's Vision 2050 provides a long-term vision for sustained growth and recognizes the importance of the information and communications technology (ICT) sector in driving economic growth and social development.<sup>1</sup> Advanced digital infrastructure and technologies can help modernize the economy, create jobs and improve the quality of life for citizens throughout the country, and Vision 2050 recognizes the unique impact that the ICT sector can have on Rwanda's economic competitiveness and global integration, educational programmes, healthcare and agriculture. Digital FDI can help Rwanda meet these transformational goals for its digital economy by bringing in not only foreign capital but also knowledge and new technologies to boost domestic digital capabilities.

FIGURE 1

The DEP project's Digital FDI framework



Source: World Economic Forum and Digital Cooperation Organization

The project aims to determine the state of play regarding digital FDI flows and relevant laws and regulations in Rwanda, as well as to identify and help implement elements that improve the enabling environment for growth of investment in the digital economy across four key pillars.

**Pillar 1. Digital infrastructure:** Elements that enable investment in digital infrastructure, which includes both a physical dimension and a regulatory dimension.

**Pillar 2. New digital activities:** Elements that enable investment in new digital activities such as social media, digital platforms, cloud services and data centres.

**Pillar 3. Digital adoption:** Elements that enable digital adoption by traditionally non-digital firms as facilitated by policies and measures that enable the integration of digital services.

**Pillar 4. Outward digital FDI and digital services exports:** Investment that helps develop local capacity to enable two-way integration with the global digital economy.

## Project stages

The project began with initial research to understand the policy and regulatory environment, digital FDI trends, key developments in the technology and investment regime and identification of key stakeholders, as well as preliminary investigation into the factors affecting digital FDI in Rwanda. The early stage of the project also included a survey exploring enabling factors that influence decisions to invest in Rwanda's digital economy. To further deepen understanding in these areas, an extensive consultative exercise was then undertaken to draw primary insights from stakeholders throughout the digital environment. This process began with a formal exchange of letters between the DCO, the Forum and the Government of Rwanda on 30 January 2023, followed by whole-of-government meetings with the project team on 31 January 2023. The last of these initial meetings with the Government of Rwanda was conducted in person in conjunction with the interviews described below.

The project team interviewed a broad cross-section of stakeholders, including: public-sector entities, foreign investors (large and smaller), domestic investors (large and smaller), government entities, business associations, large technology firms, small and medium enterprises (SMEs), incubators and accelerators, international organizations, academia,

development partners and civil society. A total of 51 interviews were completed. Of these, 44 were conducted in person in Rwanda, while seven of the stakeholders were interviewed virtually. Stakeholder groups covered during these interviews are presented in Table 1.

TABLE 1 Number of stakeholders consulted, by group

| Stakeholder groups | Public sector | Foreign investors | Domestic investors | Incubators and accelerators | Business associations | Academia/development partners | Civil society | International organizations |
|--------------------|---------------|-------------------|--------------------|-----------------------------|-----------------------|-------------------------------|---------------|-----------------------------|
| Consultations held | 8             | 20                | 11                 | 2                           | 2                     | 2                             | 2             | 4                           |
| Total 51           |               |                   |                    |                             |                       |                               |               |                             |

The main challenges identified during the stakeholder consultations included:

- Institutional governance challenges affecting the implementation of policies, laws and regulations
- Ongoing concerns with affordability and reliability of connectivity infrastructure for enterprises and consumers
- Data localization requirements and limited availability of affordable, local and secure data storage
- Mechanisms to facilitate access to capital and financing
- Misalignment of human capital needs between industry and academic/training institutions
- Regional competition due to the talent pool, digital skills, market maturity and geography
- Insufficient support for start-ups and early-stage companies

## Complementary survey findings

The interviews were complemented by a survey that aimed to identify enabling factors that influence firms' decisions to invest in Rwanda's digital economy. The survey, commissioned by the project and conducted in October 2023 by the Azure Knowledge Corporation separately from the stakeholder interviews mentioned previously, was completed by 104 firms that have invested in Rwanda's digital economy. Survey respondents were drawn from firms in the main digitally enabling

sectors, including information technology (IT), telecommunications and media, e-commerce and consumer electronics and financial services, using the fDi Markets database. In each of these sectors, respondents cited Rwanda's status as a growing market as their top reason for investment, followed by potential for increasing efficiency.

The importance of many of the themes identified through stakeholder consultation is corroborated by the survey (Annex 1).<sup>2</sup> For example, difficulty with regulatory bodies was a theme identified in interviews and corresponds with the identification of the ICT regulatory framework as a highly important factor in investment decision-making by 59% of survey respondents in the IT sector and 38% of survey respondents in the telecommunications/media sector.<sup>3</sup> Similarly, ease of ICT regulations was identified as a highly important factor in investment decision-making by 55% of telecommunications/media sector respondents and 67% of IT sector respondents.

The themes identified in the survey results are:

### Ongoing concerns with affordability and reliability of connectivity infrastructure for enterprises and adoption for consumers

- The cost of internet access and usage was categorized as a highly important factor when investing in Rwanda's digital economy by 78% of IT sector respondents and 63% of telecommunications/media sector respondents.
- Quality of the internet was identified as a highly important factor for 71% of IT sector respondents and 25% of telecommunications/media sector respondents.

#### **Limited availability of affordable, local and secure data storage**

- Domestic data centres were ranked as highly important physical elements by 61% of IT sector respondents and 25% of telecommunications/media sector respondents.
- A key related factor – energy and power infrastructure – was identified as the most important factor for respondents in 78% of IT sector respondents and 63% of telecommunications/media sector respondents.

#### **Misalignment of human capital needs between industry and academic/training institutions**

- The level of digital skills in the economy was identified as a highly important factor in investing in Rwanda's digital economy by 58% of IT sector respondents and 51% of telecommunications/media sector respondents.
- The availability of skilled local engineers and other workers was identified as a highly important factor by 70% of IT sector respondents and 51% of telecommunications/media sector respondents.

#### **Further mechanisms to facilitate access to capital and financing required**

- The availability of venture capital was cited as a highly important factor for investing in Rwanda's digital economy by 54% of IT sector respondents and 38% of telecommunications/media sector respondents.
- Support from the government for access to capital was identified as highly important by 62% of IT sector respondents and 51% of telecommunications/media sector respondents.

#### **Insufficient support for start-ups and early-stage companies**

- The absence of clusters, incubators and innovation hubs was identified as highly important by 56% of IT sector respondents and 26% of telecommunications/media sector respondents.

After conducting interviews with key stakeholders and analysing the results of the complementary survey, the project team compiled a list of key challenges, opportunities and policy options for further consideration. Policy options were scored by their potential to positively influence and enable digital FDI either directly or indirectly and were discussed in the consultation and validation workshop detailed in Section 3 of this report.



# The state of play of digital FDI in Rwanda

Rwanda's existing legal, regulatory and policy frameworks provide a foundation for foreign direct investment.

This section provides a snapshot of Rwanda's digital environment and digital economy and describes the context within which the DEP was executed, including the identification of potential aspects of Rwanda's legal and regulatory framework and digital FDI environment that were focal points for recommended changes.

In the context of this, digital FDI includes investment in five key sectors:

- Business machines and equipment
- Communications

- Consumer electronics
- Electronic components
- Software and IT services

As noted by the Forum in 2021, the communications and software and IT services sectors can be considered “structural” digital enablers, while the business machines and equipment, consumer electronics and electronic components sectors are more “supportive” enablers.<sup>4</sup>

## 1.1 Legal and policy framework

FDI in Rwanda is primarily governed by Law N° 006/2021 of 05/02/2021 on Investment Promotion and Facilitation (the Investment Code), which establishes a broad framework for increasing investment and promoting economic growth. The Investment Code identifies priority economic sectors – including manufacturing, export and ICT – and creates tax incentives for investors.

While the Investment Code lays the groundwork for FDI, the incentive to engage in digital FDI in Rwanda is also supported by several sector-specific policies and regulations. These policies and regulations not only help to encourage investment in ICTs and digital platforms but also ensure the digital infrastructure upon which digital transformation of other sectors can be built.

Relevant laws and policies are identified below:<sup>5</sup>

### Investment promotion and business operation

- **Law N° 006/2021 of 05/02/2021 on investment promotion and facilitation<sup>6</sup>** establishes a framework to promote, facilitate and govern investment in Rwanda, particularly in priority economic sectors such as manufacturing, export and ICT. The law also addresses incentives to investors, protection of investors' capital and assets and their intellectual property (IP) rights, investment

registration and obligations imposed on registered investors.

- An annex to the law identifies specific incentives for registered investors, including preferential corporate income tax rates and withholding income tax rates if certain conditions are met, a corporate income tax holiday of up to seven years, incentives for start-ups, research and development incentives and talent attraction incentives.

- **Law N° 007/2021 governing companies (the Companies Act) (as amended by Law N° 019/2023)<sup>7</sup>** establishes the legal framework to incorporate and operate companies that do business in Rwanda. While not explicitly focused on digital FDI or the ICT sector, the Companies Act sets out the rules for the establishment, ownership and operation of businesses in Rwanda, including those resulting from digital FDI. This is the law governing all Rwandan companies, and its role in creating or removing barriers to the establishment of new corporate entities should be reviewed.

### Information and communications technology

- **Law N° 24/2016 governing information and communicate on technologies (ICT Law)<sup>8</sup>** establishes Rwanda's framework for telecommunications policy and regulation,

including national sector objectives, licensing frameworks, institutional bodies and service standards. The ICT Law governs all electronic communications and information sector activities in Rwanda – in particular the communications sector, which accounts for more than a third of Rwanda’s inward digital FDI over the past decade. This includes provisions governing licensing, type approval and radio spectrum usage, as well as further enablers of digital services such as electronic records and signatures, electronic transactions, e-government and online content governance.

- **The ICT Sector Strategic Plan (2018–2024)**<sup>9</sup> creates a roadmap to help Rwanda transition into a knowledge-driven economy and to use the ICT sector as a “catalyst for rapid and sustained economic growth”. The plan communicates government priorities in the ICT sector related to broadband access, digital transformation, digital literacy, financial technology (fintech) and smart cities, among others. The plan thus informs all stakeholders of the government’s priorities concerning the continued development of – and investment in – ICT in Rwanda. The plan specifically discusses FDI as a way of accelerating economic growth and growing a “vibrant and innovative” ICT sector, as well as efforts to use FDI in human capital capacity-building. With the period addressed by the plan nearing its conclusion, stakeholders should be engaged in shaping a new plan that will identify and direct development and investment efforts over the next few years.
- **The 2022 National Broadband Policy and Strategy**<sup>10</sup> provides a vision to use an accessible, high-quality broadband service to make Rwanda’s digital economy more competitive, innovative and globally oriented. Notably, this policy eliminates restrictions that limited mobile network operator (MNO) investments in upgrading mobile networks to 4G, 5G and beyond, enabling an increase in network investment, improving and expanding the connectivity that is a critical enabler of current and future digital economy activities in Rwanda. Like the ICT Sector Strategic Plan, the National Broadband Policy and Strategy identifies key government priorities and planned activities that will further enable the digital economy and make Rwanda a more attractive destination for digital FDI.
- **The Seven Years Government Programme: National Strategy for Transformation (NST1)**<sup>11</sup> identifies national priorities in the short and medium terms, including prioritizing the development of knowledge-based sectors, including ICT. NST1 also highlights the importance of a skilled workforce to accomplishing Rwanda’s strategic goals, a view that is aligned with the National Broadband Policy and Strategy and interest in developing a populace and workforce prepared to benefit

from and participate in digital economy activities supported by digital FDI.

- **The Revised Policy on Intellectual Property**<sup>12</sup> is intended to help promote a “self-sufficient and interconnected” knowledge-based economy. It mentions the need to institute a new IP policy framework that (a) creates incentives for innovators and (b) provides public access to knowledge. The policy notes that it enables investors to establish complex manufacturing operations in Rwanda, thereby expanding potential investment opportunities.

#### Digital content, platforms and e-commerce

- **Law N° 058/2021 relating to the protection of personal data and privacy**<sup>13</sup> institutes a series of personal data protection/privacy provisions and creates a supervisory authority to carry out enforcement. It also establishes a data localization requirement, mandating that personal data be stored within Rwanda unless authorization is granted by the supervisory authority. Particularly noting the high proportion of digital FDI in software and IT services and the importance of personal data in a wide range of digital offerings, a clear personal data and privacy regime is an important prerequisite for the ongoing development of such services. While the proportion of digital FDI directed towards software and IT services may change, they are expected to remain a significant target for inward digital FDI.
- **Law N° 60/2018 on the prevention and punishment of cybercrimes**<sup>14</sup> establishes measures to prevent and punish cybercrimes, including service-provider obligations, investigative procedures and criminal penalties. The law also establishes a regime for the protection of the critical information infrastructure that enables the delivery and use of digital services. Further, as in the case of the personal data and privacy law, a clear and effective cybercrime law is a prerequisite for establishing Rwanda as an attractive target for digital FDI. Investors, particularly in software and IT services, are likely to favour jurisdictions in which the legal framework protects against online crimes.

These instruments were carefully evaluated during the project to identify potential modifications that could help meet Rwanda’s goals related to digital FDI and digital services. The project also considered the current characteristics of Rwanda’s legal and regulatory framework that directly affect digital FDI, including:

- The lack of restrictions on foreign ownership or control<sup>15</sup>
- The prioritization of investment in sectors including:
  - ICT enterprises, business process outsourcing and financial services

- The manufacturing of electronics and ICT equipment
- The construction of specialized innovation and industrial parks
- Skills development
- Value-added tax (VAT) exemptions on ICT and IT equipment<sup>16</sup>
- The existence of a special economic zone (SEZ) regime that provides taxation and land access benefits, including for manufacturing businesses<sup>17</sup>
- A programme intended to create incentives for manufacturing through import duty and tax reductions for manufacturing investments exceeding \$1 million during the COVID-19 pandemic<sup>18</sup>

## 1.2 Trends in Rwanda's digital FDI

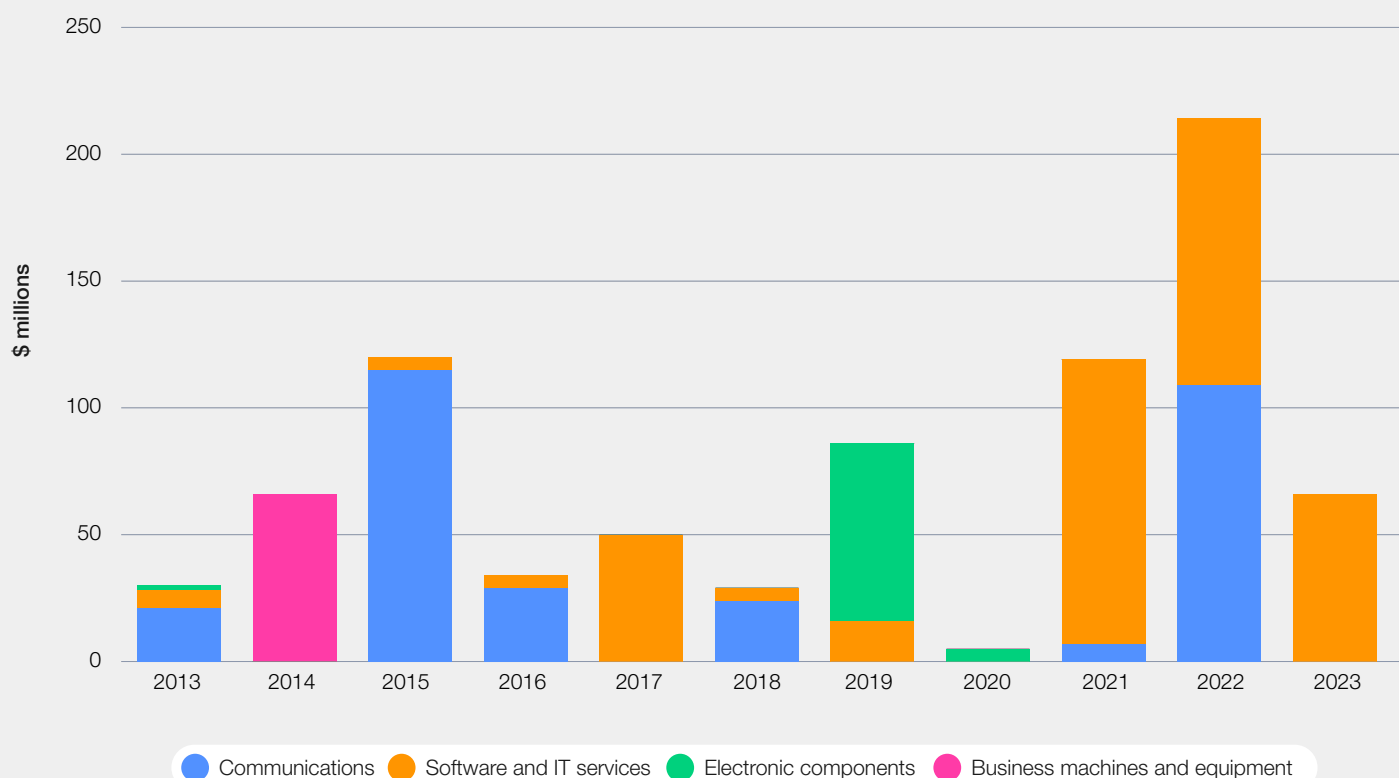
A high-level analysis of the levels, trends and impacts of digital FDI in Rwanda over the past decade provides useful context and a baseline for efforts to improve digital FDI flows. This analysis considers observations of digital FDI flows into Rwanda and the East African Community (EAC) through the third quarter of 2023.

Notable observations from a review of the past decade of digital FDI flows in Rwanda and the EAC include:

- Total digital FDI flows have varied considerably year-to-year in all EAC countries, including Rwanda

- Software and IT services has accounted for a significantly higher portion of digital FDI since 2021 than in earlier years
- The communications sector accounts for a smaller proportion of digital FDI in Rwanda than in the region as a whole
- Rwanda's proportion of EAC digital FDI in software and IT services, electronic components and business machines is larger than might be expected when considering the size of its economy

FIGURE 2 Rwanda's digital FDI, by sector, 2013–2023

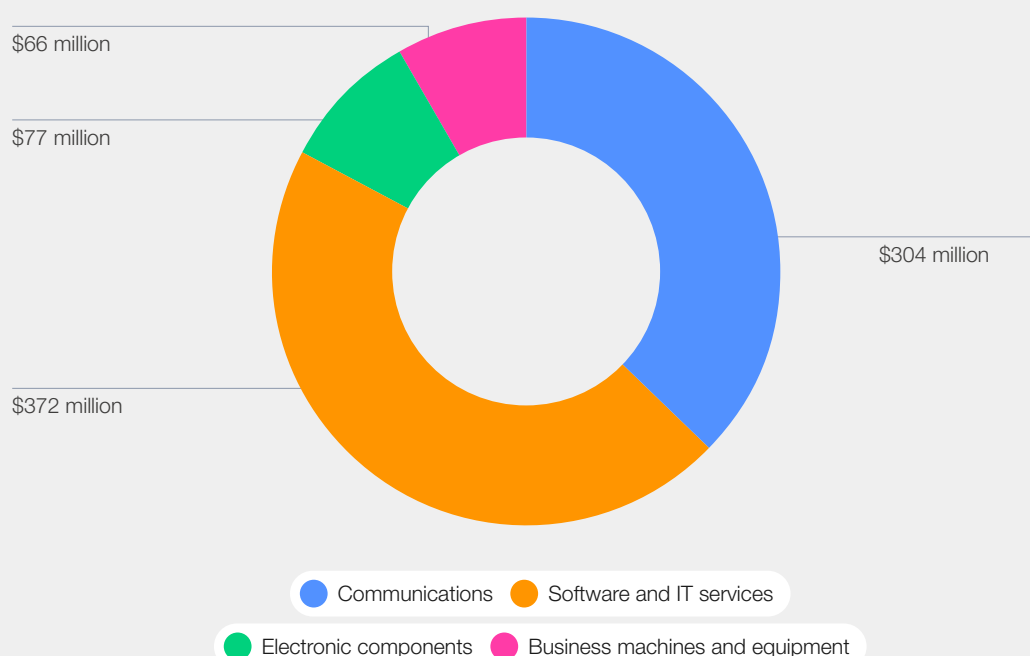


Over the past 10 years, Rwanda received an annual average of approximately \$74 million of inbound digital FDI. However, during the same period, the country experienced a significant variability in digital FDI flows across the five sectors, as illustrated in Figure 2. In some years, Rwanda registered low levels of overall digital FDI in these sectors, including in 2013 (\$30 million), in 2016 (\$34 million), in 2018 (\$29 million) and in 2020 (\$5 million). In contrast, Rwanda registered digital FDI levels exceeding the annual average in 2015 (\$120 million), 2019 (\$86 million), 2021 (\$119 million) and 2022 (\$213 million). In 2022, the year with the highest inbound digital FDI during this period, software and IT services and communications were the dominant sectors receiving digital FDI, with \$105 million in software and IT services and \$109 million in communications. To give

a sense of the scale of digital FDI, the \$213 million in inward digital FDI in 2022 represents approximately 53% of Rwanda's total inward FDI of \$399 million. Consumer electronics did not receive any digital FDI during the past 10 years (see Figure 2).<sup>19</sup>

Over the entire 10-year period, Rwanda received a total of \$819 million in digital FDI across the five sectors. The largest share of digital FDI was directed towards the software and IT services sector, accounting for \$372 million from 2013 to 2023 (45% of total digital FDI), followed by communications, which recorded a cumulative digital FDI of \$304 million (37% of the total). Consumer electronics did not receive any digital FDI during the past 10 years. Rwanda's total digital FDI over the period is illustrated in Figure 3.

**FIGURE 3 Rwanda's total digital FDI, 2013–2023**



Source: fDi Markets

## 1.3 The East African Community's digital FDI flows

In considering the case of Rwanda, it is helpful to be able to draw comparisons with its EAC neighbours.

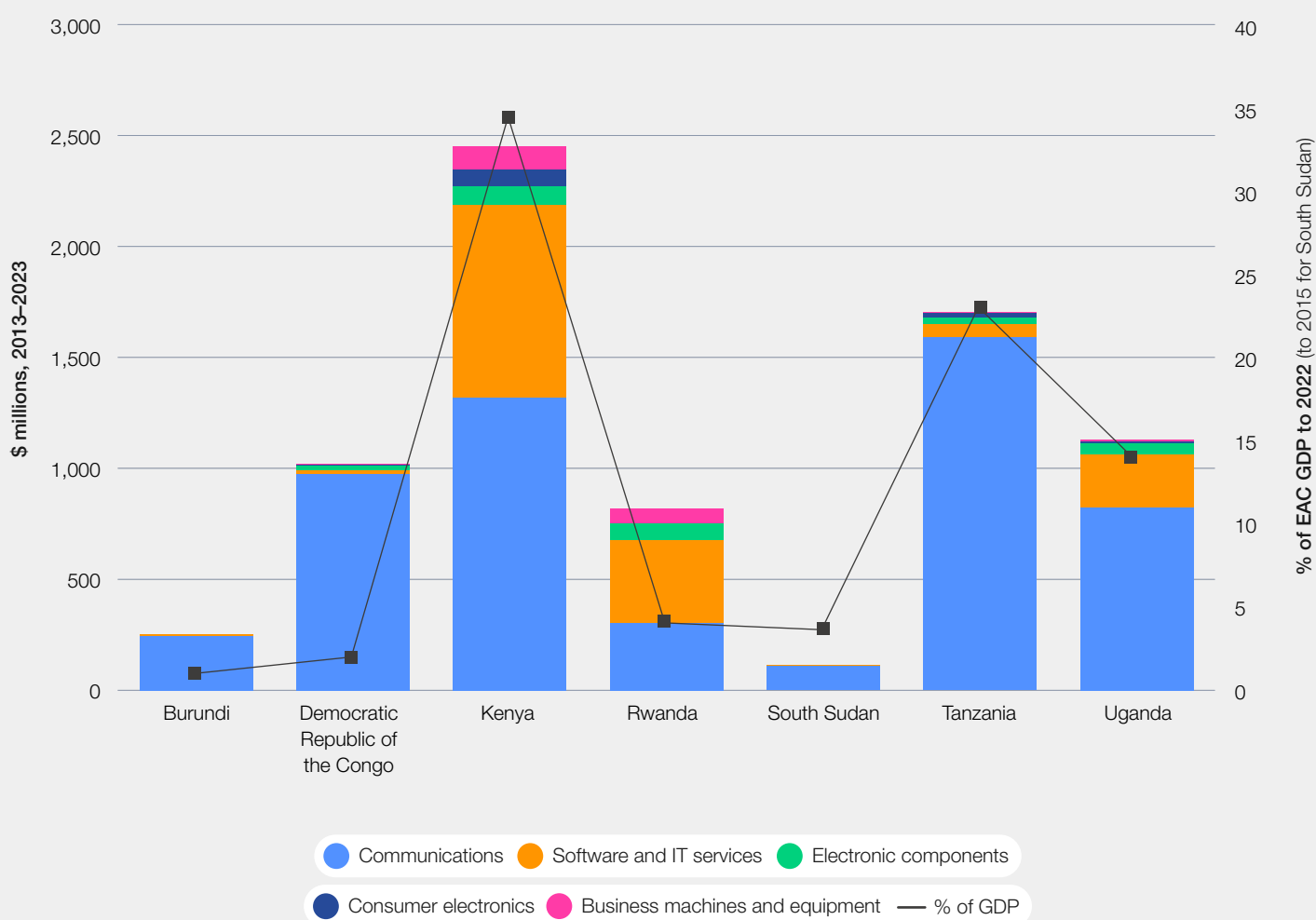
### Cumulative digital FDI flows among EAC members

From 2013 to 2023, EAC countries received \$7,484 million in digital FDI. Of the countries in the EAC, the largest proportion of digital FDI during this period went to Kenya (33% of the total digital FDI), followed by Tanzania (23% of the total digital FDI), Uganda (15% of the total digital FDI), the Democratic Republic of the Congo (DRC) (14% of the total digital

FDI) and Rwanda (11% of the total digital FDI), as illustrated in Figure 4. Burundi and South Sudan each received less than 5% of total digital FDI.

The proportional distribution of digital FDI is similar – but does not track exactly – with the overall size of these economies as measured by 2022 GDP. The largest discrepancy is in the case of Rwanda, where 2022 GDP was approximately 4% of the EAC total, as compared to the 11% of digital FDI noted above.<sup>20</sup>

FIGURE 4 The East African Community's digital FDI, 2013–2023

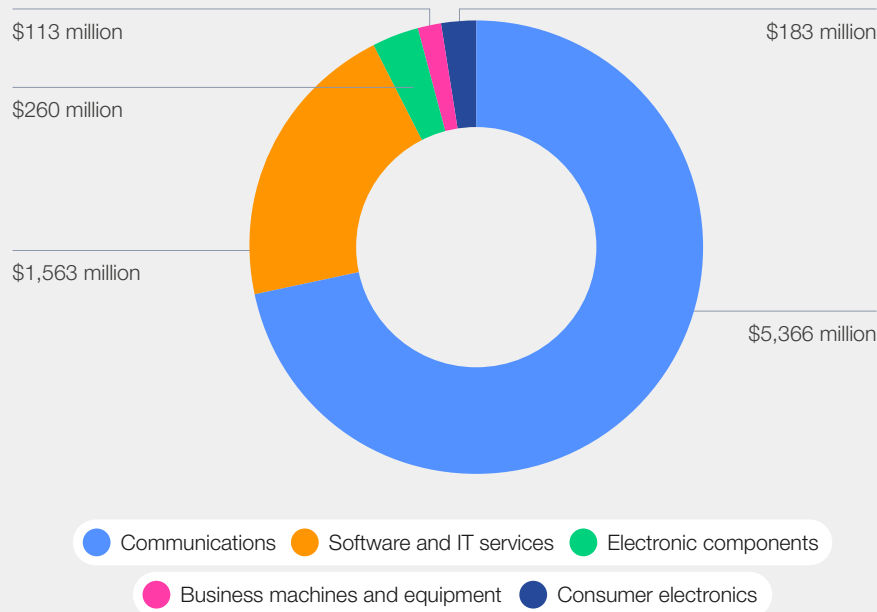


Source: fDi Markets

Throughout the entire EAC, the communications sector attracted the largest amount of digital FDI – a total inward digital FDI flow of \$5,366 million over the period 2013–2023 (72% of the total digital FDI), followed by software and IT services with a total digital FDI of \$1,563 million over the same period

(21% of the total digital FDI). The distribution of digital FDI across sectors over the past decade is illustrated in Figure 5. This is a notable contrast with Rwanda, in which the same two sectors were responsible for a more equitable distribution of digital FDI over the same period (45% and 37%).

FIGURE 5 | The East African Community's total digital FDI, 2013–2023



Source: fDi Markets

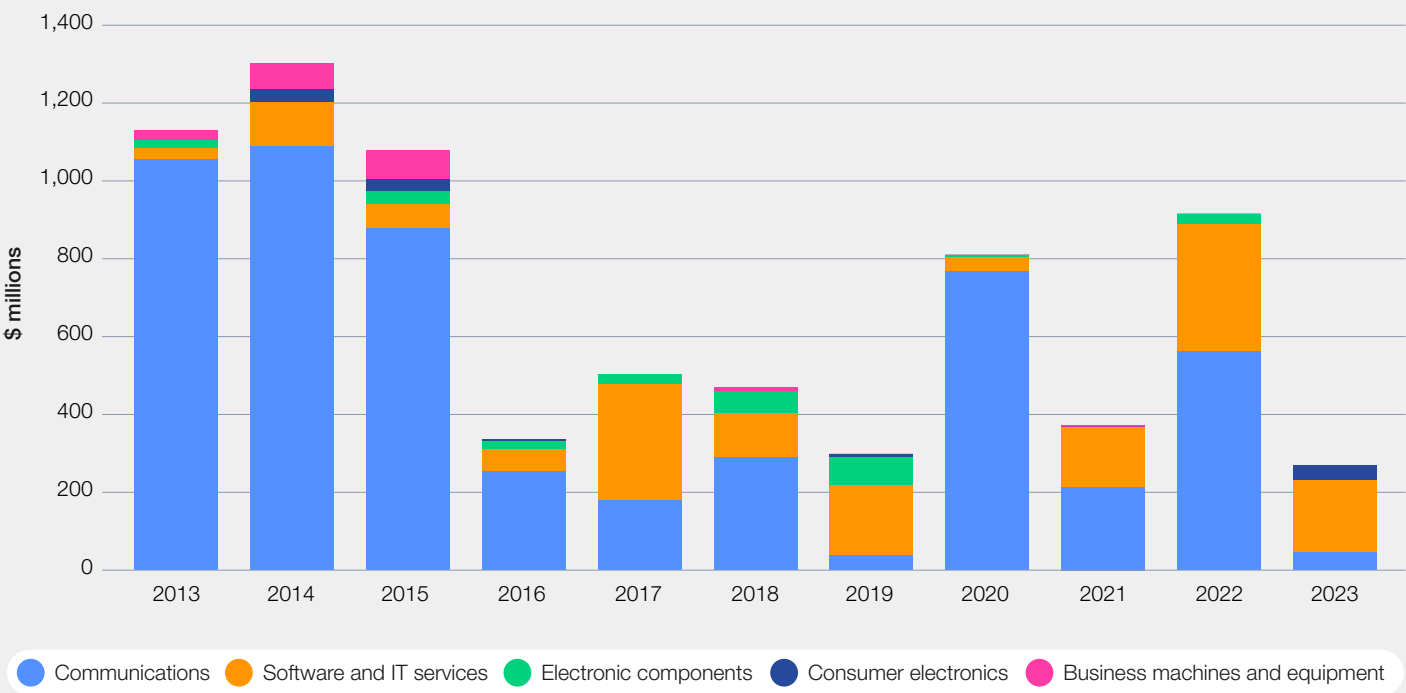
Figure 6 provides an overview of EAC digital FDI flows over the past decade and allows consideration of the changes over the period. There are at least two significant takeaways from this view of digital FDI flows:

- The overall amount of annual digital FDI was greater in the first three years than in any of the following years, almost entirely driven by

the communications sector, with more than \$1 billion annually as compared to subsequent years in which digital FDI was less than \$500 million in most years.

- Communications accounts for the majority of digital FDI in most years in the period, although there are some exceptions.

FIGURE 6 | The East African Community's digital FDI, by sector, 2013–2023



Source: fDi Markets

# The Rwanda outlook

Rwanda already has a number of digital FDI-friendly characteristics, but challenges remain.

As the DEP seeks ultimately to enable foreign investment in digital sectors, as well as to enable digital service adoption and outward digital FDI flows, the project team identified and explored both the opportunities and the challenges facing the country.

Rwanda's digital FDI-friendly characteristics include an absence of foreign ownership restrictions and prioritization of investment in key digital economy-related sectors. However, there are potential revisions to the laws governing investment promotion, ICT enterprises, IP or the establishment of companies that could encourage further investment and reduce the administrative

burdens of establishing and operating a business in Rwanda.

Two important observations from the interview process were that (1) Rwanda has taken many positive actions to facilitate digital FDI, and (2) there are certain intrinsic constraints that cannot be addressed by policy or regulatory reforms (e.g. geographical location and population size). The stakeholders also recognized the significant macroeconomic challenges facing investment due to the exchange rate, interest rate changes and volatility. Against this backdrop, the consultations also focused on seeking options to address these challenges.

## 2.1 Stakeholder mapping

The DEP sought input from a wide array of stakeholders on multiple facets of Rwanda's economy:

- **Foreign investors:** Foreign-owned providers of services, equipment and content in the ICT sector
- **Domestic investors:** Companies founded and based in Rwanda that provide a range of services in the ICT sector
- **Government entities:** Important government stakeholders with portfolios that directly engage with digital FDI-related matters
- **Business associations:** Associations with insight into the viewpoints of the wider business community
- **Large technology firms:** Large multinational platform and content providers with the potential to influence digital economy development plans
- **SMEs:** Associations that represent small- and medium-sized businesses, as well as young Rwandan entrepreneurs
- **Incubators and accelerators:** Organizations that assist start-ups and entrepreneurs in the ICT sector
- **International organizations:** Important international development organizations with experience in ICT-related lending and development initiatives
- **Academia and civil society:** Representatives from the main Rwandan institutions of higher learning, as well as civil society organizations that advance sector priorities

## 2.2 Challenges

Challenges associated with Rwanda's digital FDI investment climate are summarized within the following thematic categories. These challenges were identified throughout the course of the DEP in Rwanda and are derived from insights obtained from stakeholder interviews, survey results and desk research.

### **Institutional governance challenges affecting the implementation of policies, laws and regulations**

As is generally the case given the speed of change, government staff in Rwanda experience capacity-related challenges when addressing newer, more complex digital issues including cybersecurity, artificial intelligence (AI) and data protection. These capacity-related challenges can lead to uncertainty and delays in the implementation of policies, laws and regulations.

Additionally, regulatory overlap on issues associated with the digital economy, and the necessity for clearer alignment between regulatory and legal frameworks, have resulted in a need for greater stakeholder clarity regarding issues such as IP and the role of investors.

Lastly, intragovernmental communication issues result in duplicative work for companies attempting to fulfil governmental obligations, and licence fees that are not proportionate to licensee size, such as the payment service provider licence, negatively affect smaller businesses.

### **Ongoing concerns with affordability and reliability of connectivity infrastructure for enterprises and consumers**

The speed and national coverage of broadband infrastructure is generally perceived as sufficient, but there may be room to improve affordability and reliability in both the consumer and enterprise markets. Stakeholders also expressed their desire for increased competition in the broadband market.

Additionally, as a landlocked country, Rwanda lacks the direct subsea cable access available to many of its peers in the region, negatively affecting both cost and capacity of connectivity, which influences the willingness of data-intensive companies to invest in and develop a presence in Rwanda.

### **Data localization requirements and limited availability of affordable, local and secure data storage**

Data localization requirements discourage investment by foreign investors – and with the increased need for sufficient data storage, limited options for data storage infrastructure have created challenges. Local data hosting requirements have

also led to higher costs, as companies are unable to use international cloud hosting services. On top of that, the waiver process for obtaining an exemption from data localization requirements has proved challenging for companies, as it is unclear how waiver decisions are made by the regulator.

### **Mechanisms to facilitate access to capital and financing**

Companies in Rwanda's digital economy face challenges accessing and using capital due to factors including currency depreciation, market size and the status of the innovation environment. Capital constraints affect companies' ability to scale and bring products to market, and Central Bank capital requirements for fintech firms are seen as onerous and potentially out of sync with other countries in the region.

### **Misalignment of human capital needs between industry and academic/training institutions**

There is a mismatch between the skills required by employers and those being developed at universities. This has created employment constraints for industry, and private-sector stakeholders indicated their desire for academia to devote more resources to developing IT talent. University instructors and faculty require advanced digital skills to be able to train students to meet current and future needs.

### **Regional competition due to the talent pool, digital skills, market maturity and geography**

Rwanda faces digital-sector competition with neighbouring countries due to market factors, including the size of the digital-sector labour pool. In addition, as a result of its relatively small population and market size, Rwanda has less purchasing power than its regional peers. Some stakeholders perceive that neighbouring countries have more mature entrepreneurship environments and digital markets, which may influence investment decisions.

Additionally, highly qualified talent is leaving Rwanda for other opportunities in the region and further afield. These challenges are particularly concentrated in the digital sector. Challenges related to obtaining visas and work permits have also made it difficult to attract international talent to Rwanda.

### **Insufficient support for start-ups and early-stage companies**

Rwanda's legal and regulatory framework could create better incentives for the formation of digital-sector start-ups. Rwanda would also benefit from greater clarity regarding mechanisms to enable market entry and service innovation.

# Priority action items

The consultative process generated a rich registry of policy options to help address identified challenges.

The policy options identified are closely aligned with survey results that emphasized similar factors as important in influencing investment decisions. In total, 46 policy options were identified during these consultations, all of which hold the potential to positively influence and enable digital FDI either

directly or indirectly (see Annex 2). These were then systematically prioritized to ensure that available resources, time and effort are geared to achieve the highest impact. Therefore, the policy options were analysed and synthesized in an action priority matrix, and each was scored using the following metrics:

TABLE 2 Defining metrics on which all policy options are ranked in the action priority matrix

| Scoring indicator | Metric                | Description                                                                                                                                                   |
|-------------------|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Relevance         | Direct<br>Indirect    | The mechanism by which a policy option can influence increased digital FDI                                                                                    |
| Impact            | High<br>Medium<br>Low | The effect of a policy option on the digital environment to increase digital FDI                                                                              |
| Effort            | Low<br>Medium<br>High | A composite estimate comprised of: <ul style="list-style-type: none"> <li>– Ease</li> <li>– Time frame</li> <li>– Acceptability to decision-makers</li> </ul> |

Table 3 summarizes the distribution of the identified policy options on the action priority matrix:

TABLE 3 Action priority matrix with the number of policy options identified for each cell

| Scoring indicator                               | Metric        | Description |               |             |
|-------------------------------------------------|---------------|-------------|---------------|-------------|
| <b>Direct relevance to FDI</b><br>(Total: 25)   |               | Low effort  | Medium effort | High effort |
|                                                 | High impact   | 2           | 10            | 4           |
|                                                 | Medium impact | 3           | 5             | 1           |
|                                                 | Low impact    | —           | —             | —           |
| <b>Indirect relevance to FDI</b><br>(Total: 21) | High impact   | 1           | 3             | 3           |
|                                                 | Medium impact | 4           | 5             | 1           |
|                                                 | Low impact    | 3           | 1             | —           |

**Note:** Green highlight reflects cells with the policy options that have the greatest potential to increase digital FDI.

Once scored, the policy options were discussed at the DEP in Rwanda's consultation and validation workshop, which took place on 14 May 2024 in Kigali. More than 40 public and private stakeholders attended the workshop to (1) assess the benefits, risks, costs, feasibility and potential impact associated with the 46 policy options, and (2) identify the most promising policy options that the government could consider for

implementation, and which the project could support, as desired. Participants were also asked to rank the selections in a post-workshop poll to further assist the project team in selecting priority policy options for future implementation.

After post-workshop discussions with the Government of Rwanda, the project team prepared a set of three action plans for future implementation.

## BOX 1 Consultation and validation workshop

During each of three breakout sessions:

- Participants were divided into groups, each discussing the 46 options developed from the stakeholder interviews
- Groups assessed which option best addressed each challenge by discussing the associated benefits, risks, costs, feasibility and potential impact
- Groups selected their top options for addressing each issue, accompanied by two to three supporting bullet points
- Groups reconvened in plenary and the rapporteur shared the group's top options

## 3.1 Action plans

Guided by the policy options identified as top choices during the consultation and validation workshop and post-workshop polling, MINICT, the DCO, the Forum and TMG aligned on supporting the implementation of four policy options that are expected to have the greatest potential impact on digital FDI in Rwanda:

- Review the IP-related tax incentives to enhance opportunities for companies to attract FDI based on their existing IP, as well as for companies to bring IP into Rwanda
- Explore options for the government to support and strengthen investment matchmaking platforms to match qualifying companies with interested investors

- Institute a private-sector advisory board in the ICT sector that influences academic curricula and promotes industry/academic partnerships to better align digital-sector human capital needs with university programmes, including potentially engaging industry professionals as instructors
- Foster cross-border data flows by streamlining the frameworks governing data centre establishment and operation, taking into account international practices

Considering these four policy options in greater detail, the DCO, the Forum and TMG developed specific action plans intended to guide MINICT and other stakeholders during the implementation process.

TABLE 4

## Policy priorities selected for implementation

## Shortlisted policy priorities

|                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>1</b><br><br>Review the IP-related tax incentives to enhance opportunities for companies to bring IP into Rwanda                                                                                                                                                                                         | <p>Coordinate with the World Intellectual Property Organization (WIPO) to discuss work on a feasibility study on IP-backed financing. Such a study could explore, for example, the potential for Rwandan companies to use IP rights to secure financing and the mechanism by which to do so. WIPO has already published seven of 20 planned reports on country experiences in facilitating/enabling IP finance (China, Jamaica, Luxembourg, Singapore, Switzerland, Türkiye and the United Kingdom).</p> <p>Build capacity for start-ups to register IP.</p> <p>Develop a framework to register IP in Rwanda and then use IP as collateral.</p> <p>Help Rwanda rise in the WIPO innovation ranking.</p> |
| <b>2</b><br><br>Explore options for the government to support and strengthen investment matchmaking platforms                                                                                                                                                                                               | <p>Use the DCO's InvestConnect programme to showcase investable projects and connect start-ups with potential investors. Selected start-ups can join Investrek missions to connect with investors in DCO member states (Jordan and Cyprus in 2024). Under the DealZone module of InvestConnect, investors will be brought to Rwanda, and the DCO will facilitate targeted introductions between vetted start-ups and interested investors. Collectively, these efforts will increase the visibility of Rwandan investment opportunities for DCO member state investors.</p>                                                                                                                             |
| <b>3</b><br><br>Institute a private-sector advisory board in the ICT sector that influences academic curricula and promotes industry/academic partnerships to better align digital-sector employment needs with university programmes, including potentially engaging industry professionals as instructors | <p>Advise on efforts to create a consortium between large companies and large universities, as well as facilitate discussion and advise on the composition of the consortium.</p> <p>Perform a regular review of curricula given changing market needs, with a view to attracting more digital FDI, e.g. business process outsourcing (BPO).</p> <p>Develop student apprenticeship programmes (in-service training) available throughout college years with a view to attracting more digital FDI, e.g. BPOs.</p> <p>Explore best-practice examples that are inclusive of all the key universities, and potentially look to expand Kigali Innovation City to include additional universities.</p>       |
| <b>4</b><br><br>Foster cross-border data flows by streamlining the frameworks governing data centre establishment and operation, taking into account international practices                                                                                                                                | <p>Present international best practices with respect to reducing the impact of data localisation requirements on digital FDI flows.</p> <p>Identify policy options for Rwanda to lessen the impact of data localisation requirements on digital FDI flows.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                          |

Shortlisted policy options will be implemented in collaboration with the project team, relevant government institutional bodies and other external partners, as necessary.

# Conclusion

Selected policy priorities will receive implementation support from relevant stakeholders to advance digital FDI.

Having identified policy areas on which to focus, the overall next step is for MINICT and counterpart agencies within the Government of Rwanda to take steps to implement specific efforts such as those outlined in the action plans. In each case, MINICT is expected to engage with other stakeholders to begin the planning and implementation process.

- **IP-backed financing:** The Forum has already engaged with WIPO and MINICT to develop connections and begin conversations about how Rwanda can use WIPO expertise and Rwandan IP to expand financing options. Additional steps will include working with stakeholders to develop frameworks for registering IP and using it as collateral for further investments.
- **Investment matchmaking:** MINICT and the DCO will coordinate to determine the potential for Rwandan stakeholders to participate in and benefit from programmes such as Investrek and the process for doing so, supported by the Forum. Following confirmation of and the availability of budget, initiate publicity for an event, potentially to be organized in February 2025.
- **Industry/academia partnerships:** The Forum, the DCO and TMG have developed a concept note intended to provide additional context and guidance for potential MINICT and Government of Rwanda engagement. The plan would work with both industry and academia to align academic curricula with the needs of the private sector, thereby strengthening Rwanda's digital workforce, attracting and retaining DFDI and driving economic growth. The next step is MINICT engagement with industry and academic stakeholders to develop a specific way forward.
- **Cross-border data flows:** The Forum, the DCO, and TMG will develop a policy brief on data localisation requirements in Rwanda intended to inform potential approaches to lessening the impact of the requirements on FDI and providing additional transparency into the process to store data outside of Rwanda. The policy brief will include a review of international best practices as well as policy options for MINICT consideration.

For all four policy options, MINICT – in collaboration with relevant stakeholders – can establish metrics or key performance indicators (KPIs) that can be used to measure progress. Such metrics should focus on the specific outputs of the action items, ideally creating a portfolio of statistics that can be used to further drive digital FDI in Rwanda. The project team has proposed a set of relevant metrics and KPIs.



# Annexes

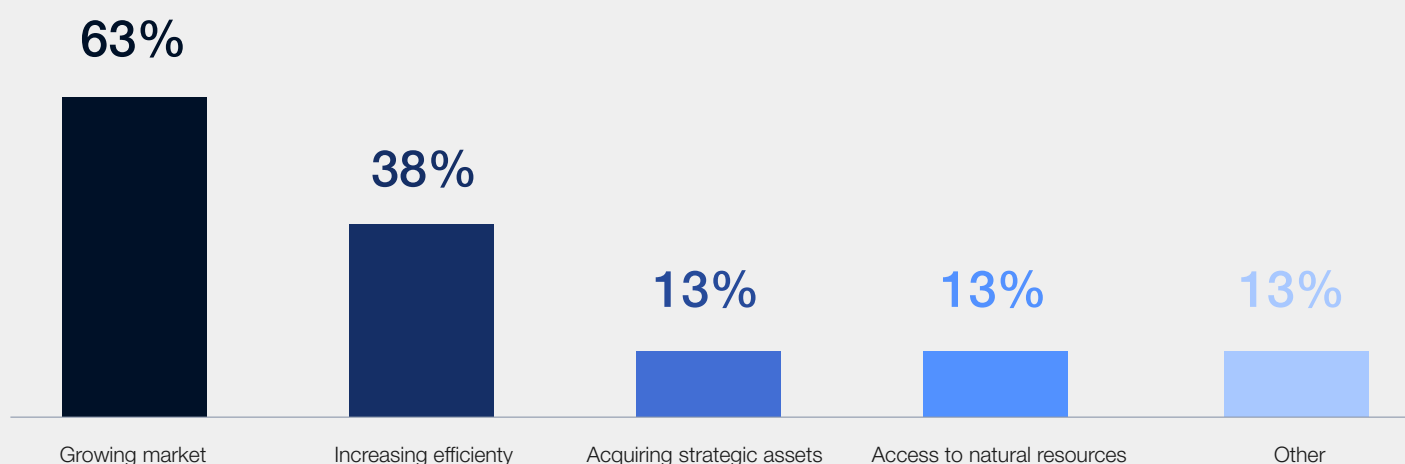
## Annex 1: Complementary survey results

Business executives at 104 firms were surveyed to identify factors that influence companies' decisions to invest in Rwanda's digital economy, especially in four sectors particularly important to enabling

digital FDI. High-level results from the survey are presented in this annex for the telecommunications/media and IT sectors.

FIGURE A1

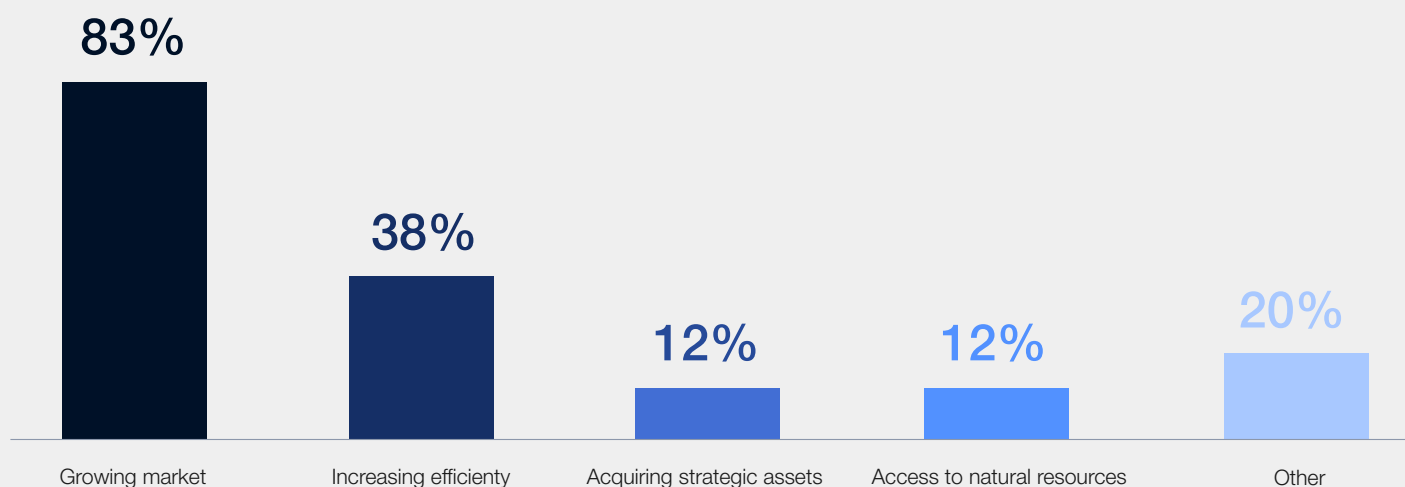
### Motivation and reasons to invest in Rwanda – telecommunications/media



Source: Azure Knowledge, 2023

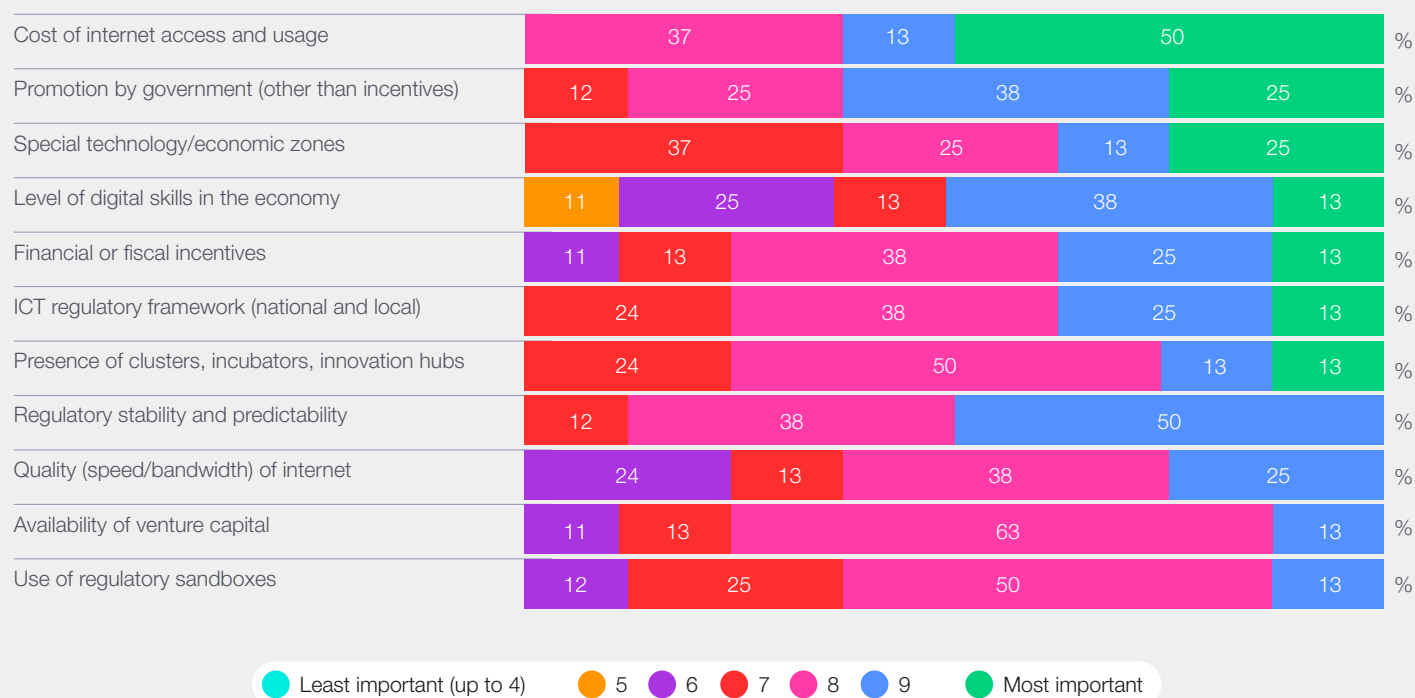
FIGURE A2

### Motivation and reasons to invest in Rwanda – IT



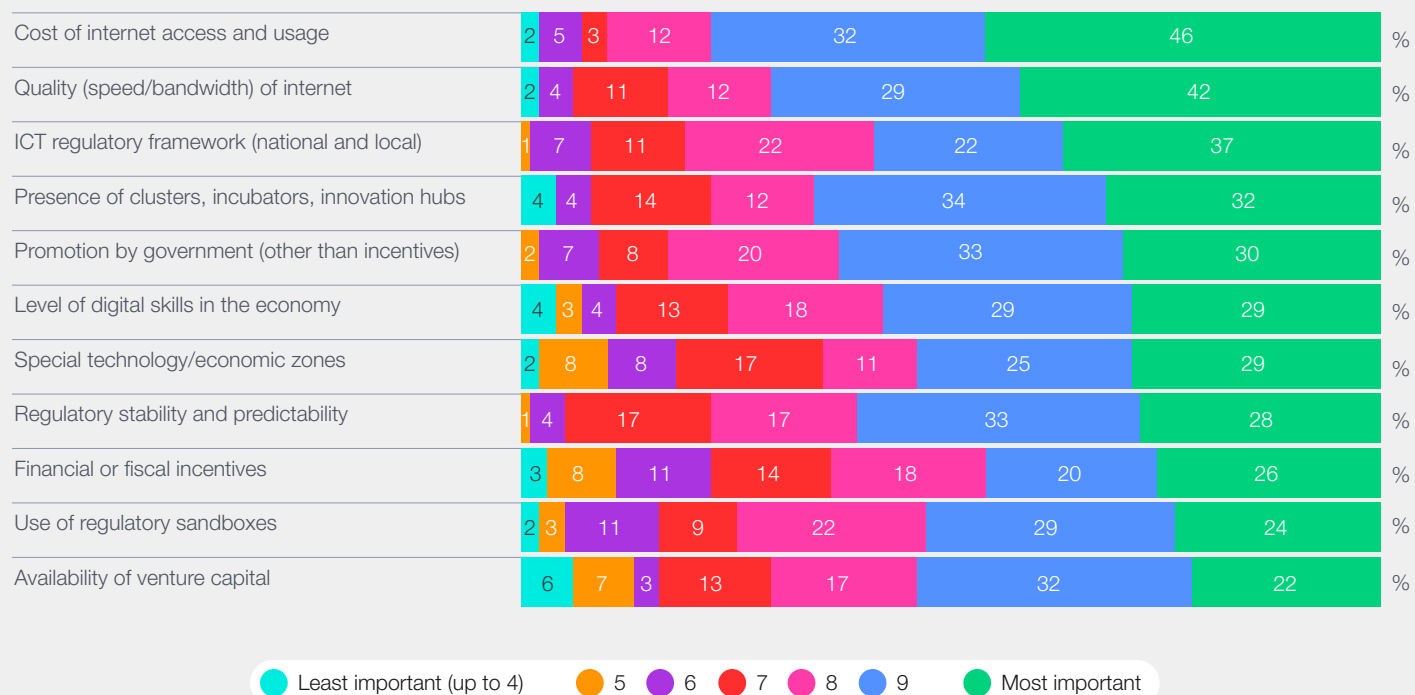
Source: Azure Knowledge, 2023

**FIGURE A3** Importance of key factors when investing in Rwanda's digital economy – telecommunications/media



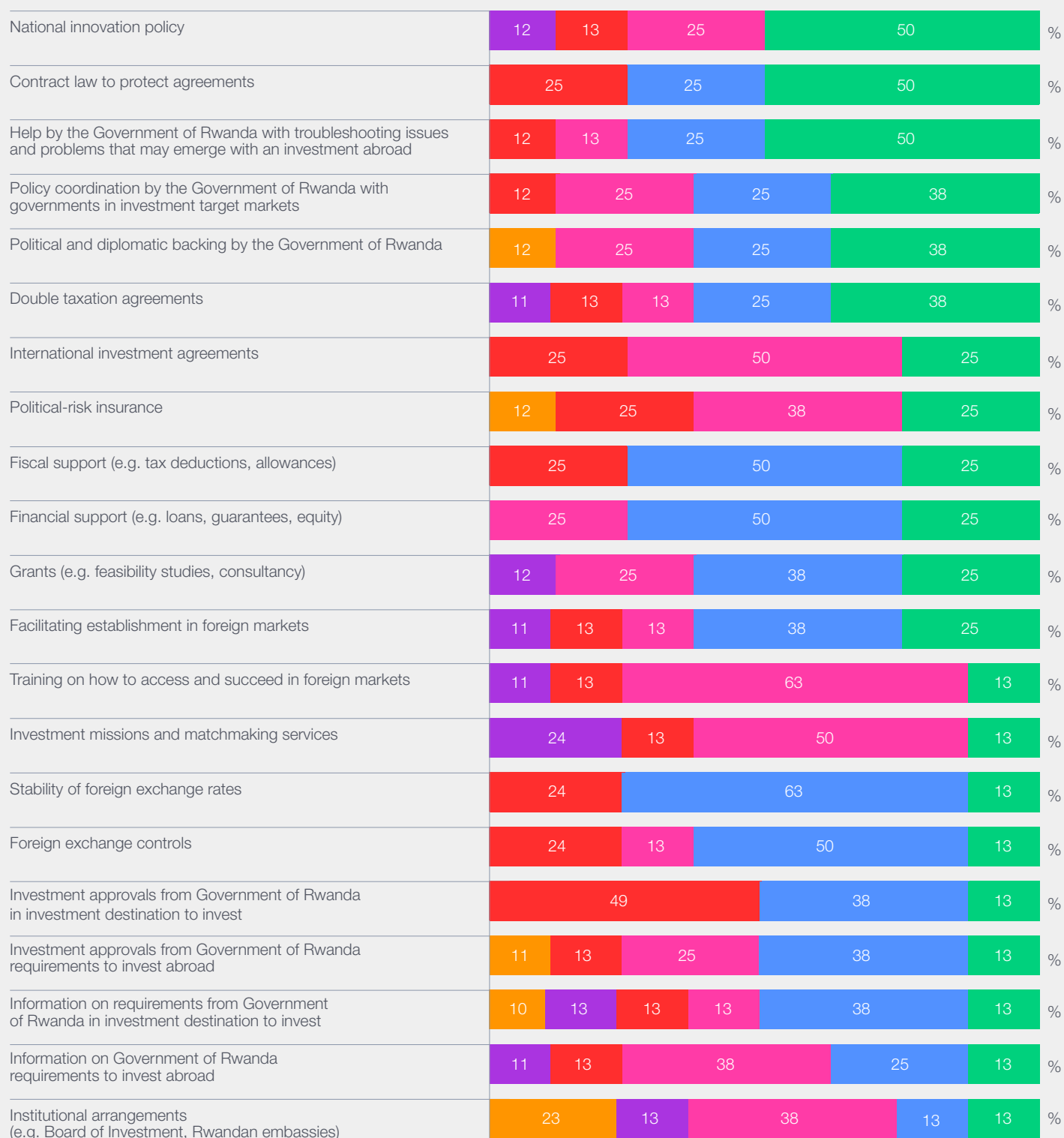
Source: Azure Knowledge, 2023

**FIGURE A4** Importance of key factors when investing in Rwanda's digital economy – IT



Source: Azure Knowledge, 2023

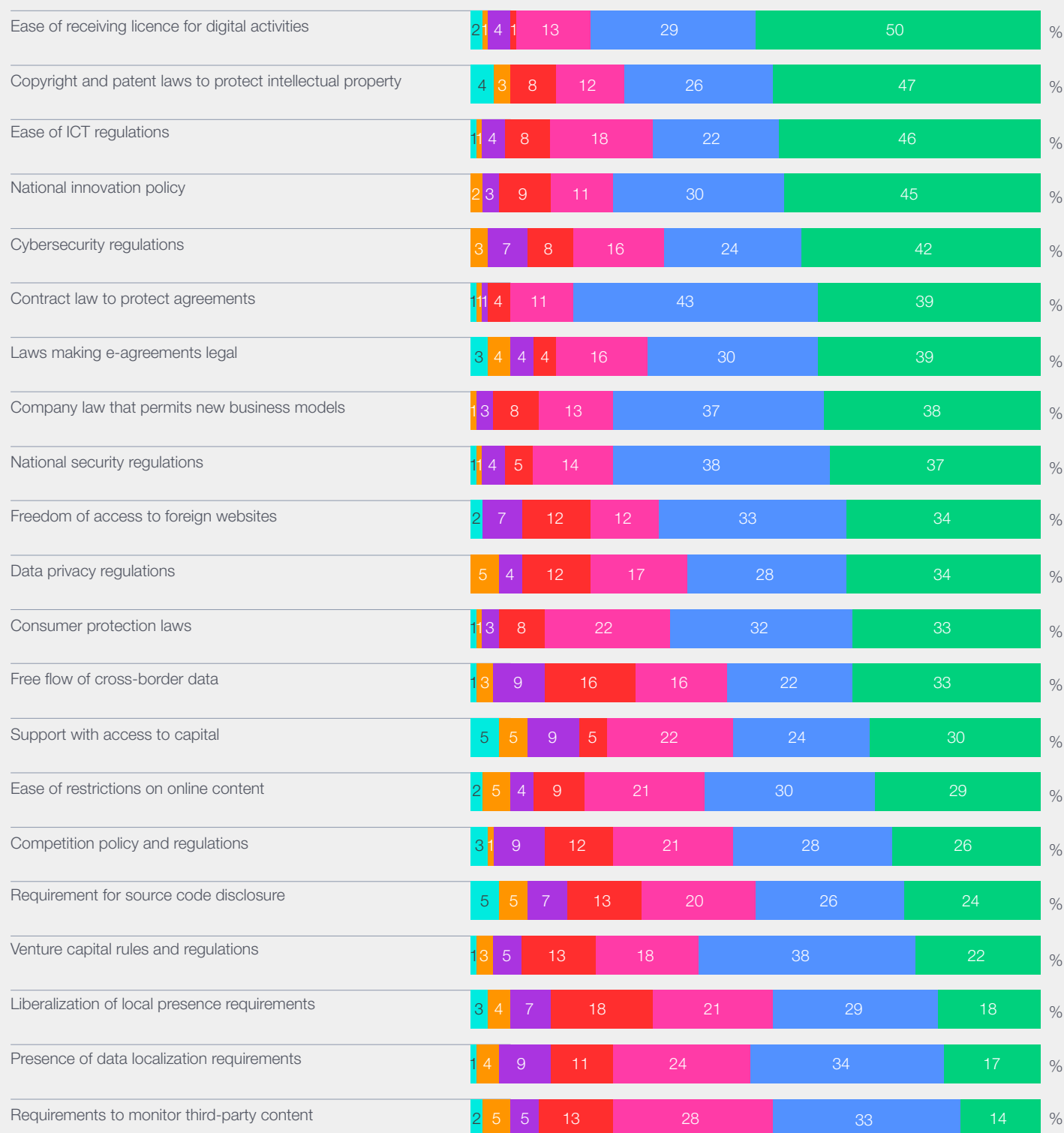
**FIGURE A5 | Importance of key factors when investing in new digital activities in Rwanda – telecommunications/media**



Least important (up to 4) 5 6 7 8 9 Most important

Source: Azure Knowledge, 2023

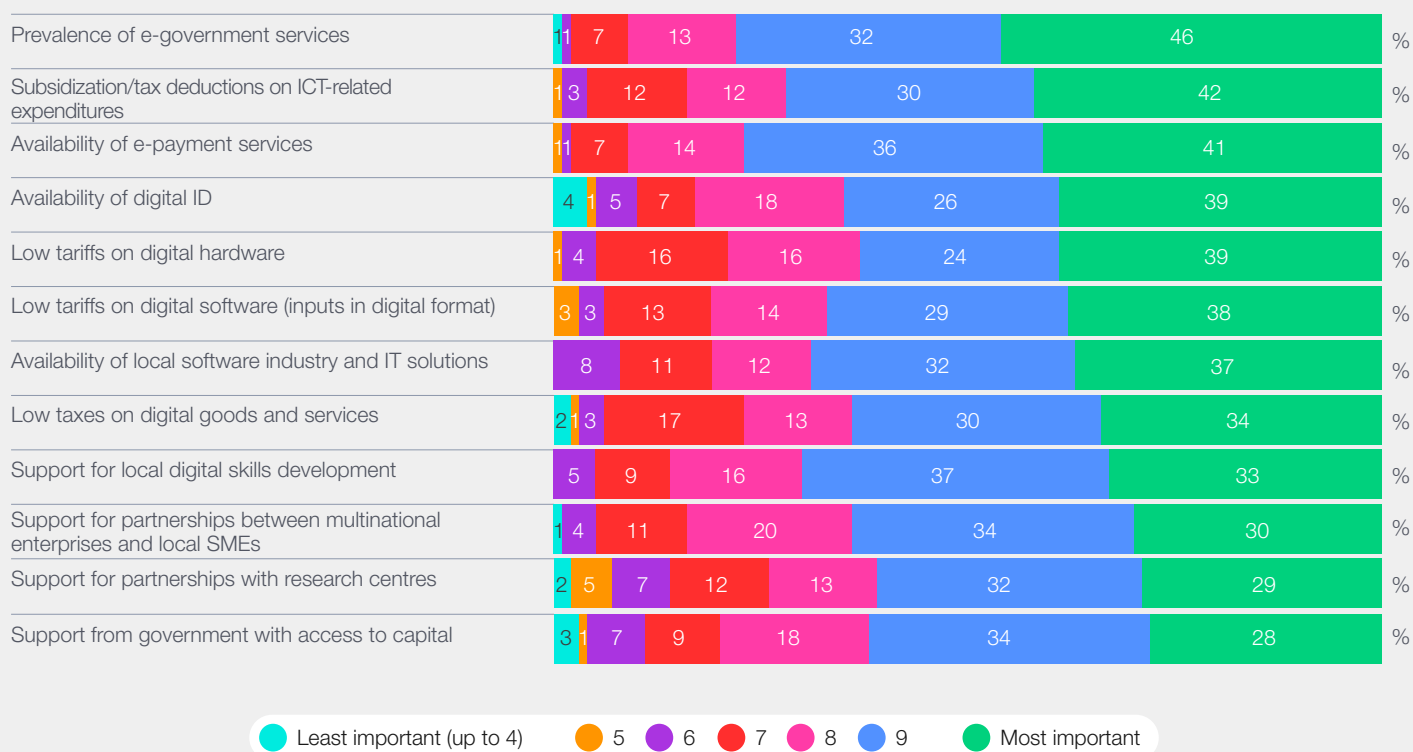
FIGURE A6 | Importance of key factors when investing in new digital activities in Rwanda – IT



Least important (up to 4) 5 6 7 8 9 Most important

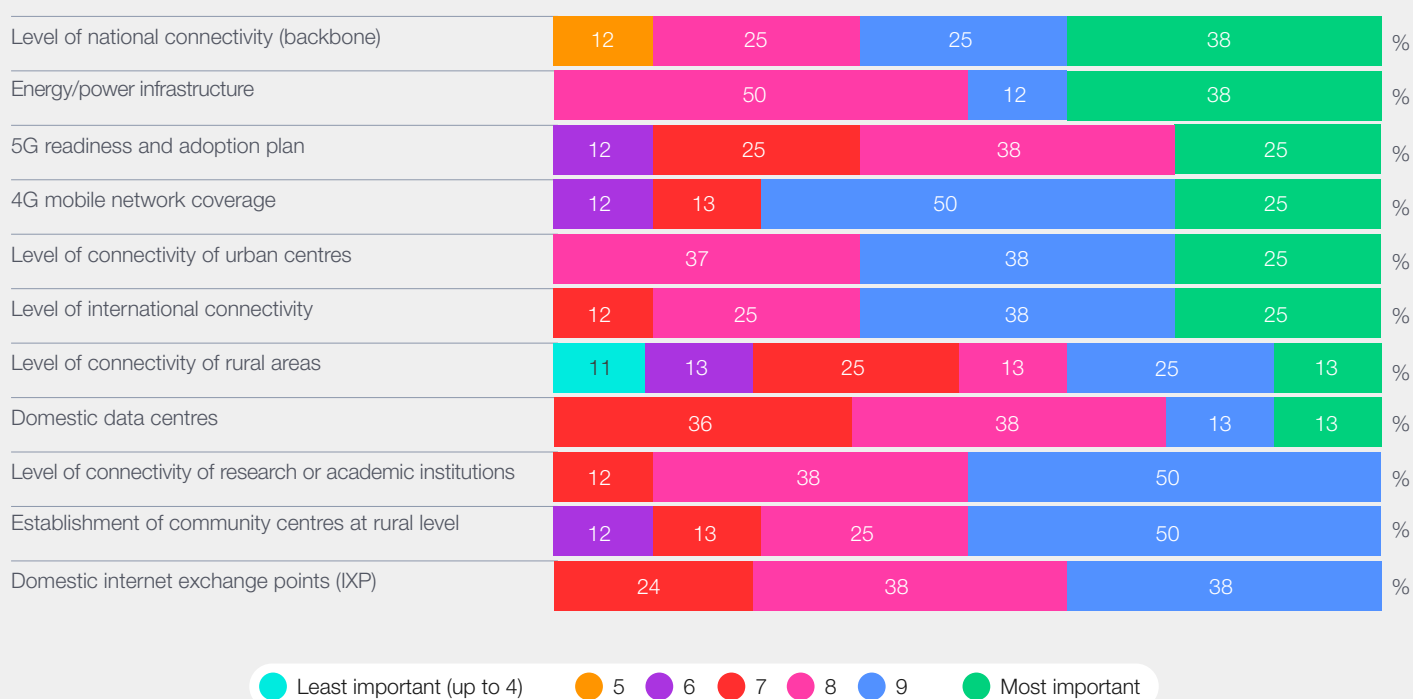
Source: Azure Knowledge, 2023

**FIGURE A7** Importance of key factors for investment in existing firms in Rwanda – telecommunications/media



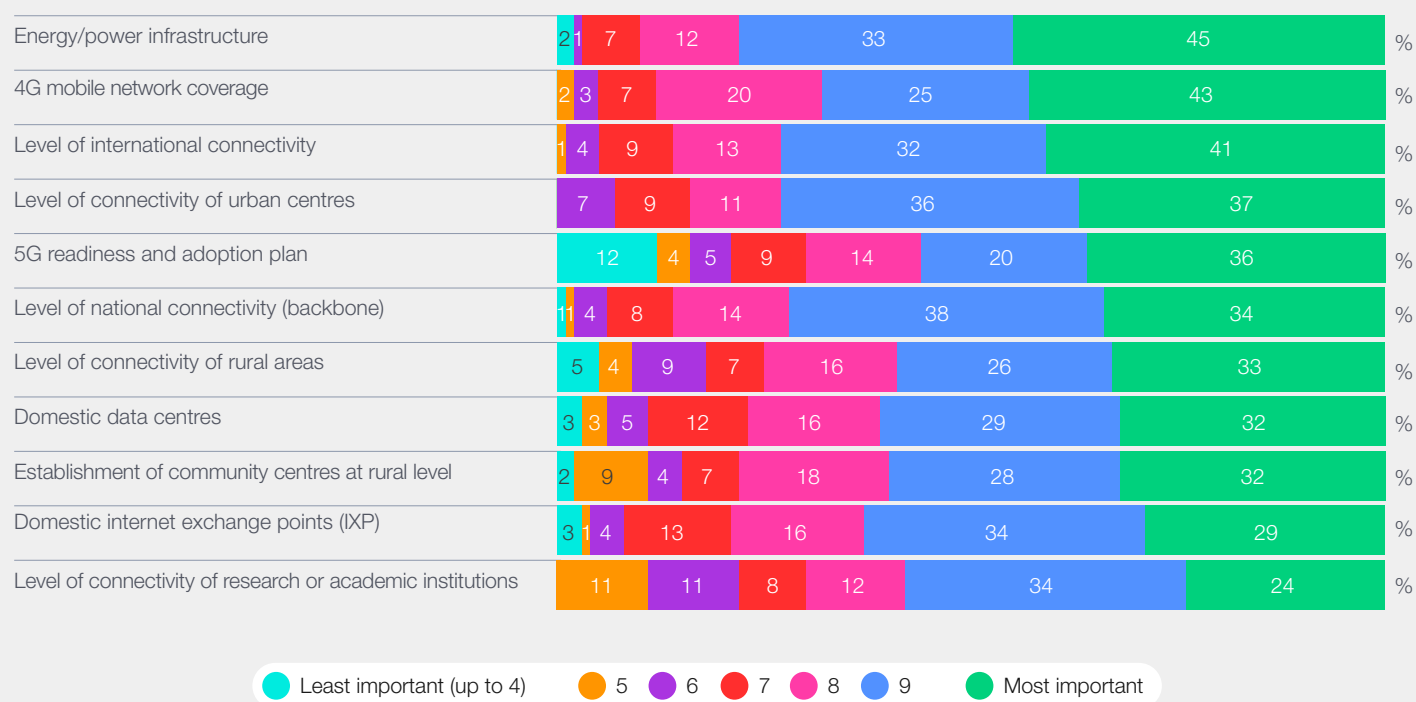
Source: Azure Knowledge, 2023

**FIGURE A8** Importance of key physical elements when investing in Rwandan digital infrastructure – telecommunications/media



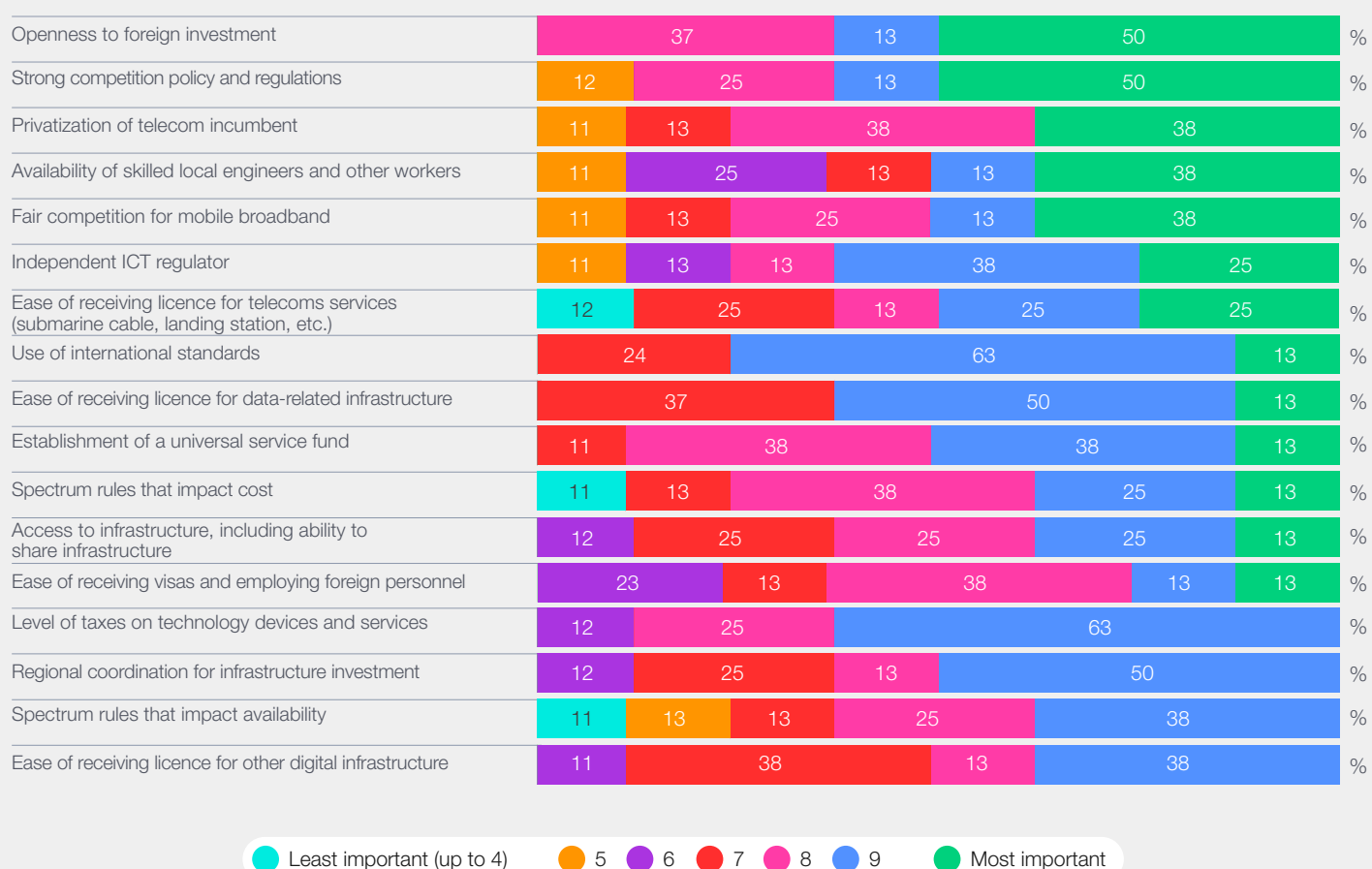
Source: Azure Knowledge, 2023

FIGURE A9 | Importance of key physical elements when investing in Rwandan digital infrastructure – IT



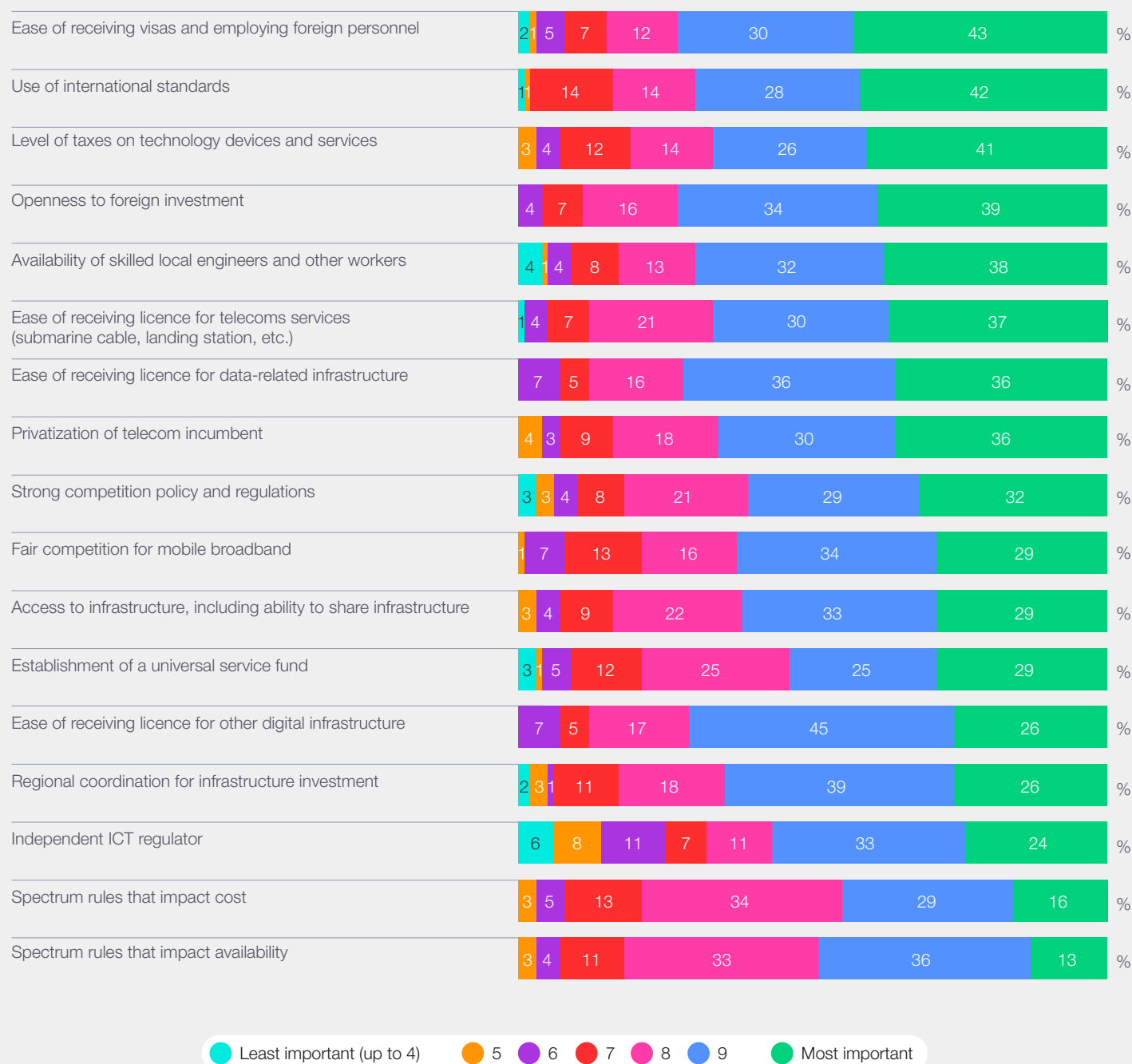
Source: Azure Knowledge, 2023

FIGURE A10 | Importance of key regulatory elements when investing in Rwandan digital infrastructure – telecommunications/media



Source: Azure Knowledge, 2023

FIGURE A11 | Importance of key regulatory elements when investing in Rwandan digital infrastructure – IT



Source: Azure Knowledge, 2023

## Annex 2: List of identified policy options

TABLE A1

### Policy options to support challenge 1

| <b>Challenge 1</b><br>Institutional challenges regarding capacity and expertise of sector regulatory bodies responsible for ICT and digital issues, including ministry/agency overlap                                                                                                                                                                       |        |     |                                                                                                                                                                                                                                         |               |               |    |    |    |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|----|----|----|
| Important principles include establishing policy mechanisms that promote long-term planning, consulting with stakeholders to improve the policy implementation process and informing them of new regulations to ensure compliance, and clearly defining the roles and responsibilities of digitally focused agencies to focus efforts throughout government |        |     |                                                                                                                                                                                                                                         |               |               |    |    |    |
| Relevance                                                                                                                                                                                                                                                                                                                                                   | Impact | No. | Option                                                                                                                                                                                                                                  | Effort        | DFDI pillars* |    |    |    |
|                                                                                                                                                                                                                                                                                                                                                             |        |     |                                                                                                                                                                                                                                         |               | DA            | ND | DI | OD |
| Direct                                                                                                                                                                                                                                                                                                                                                      | High   | 1   | Establish a mechanism to work with the private sector to align on long-term priorities for the ICT sector                                                                                                                               | Low effort    |               |    |    |    |
|                                                                                                                                                                                                                                                                                                                                                             |        | 2   | Strengthen IP policy enforcement capacity, potentially by shifting responsibility from the Rwanda Utilities Regulatory Authority (RURA) to another entity                                                                               | Medium effort |               |    |    |    |
|                                                                                                                                                                                                                                                                                                                                                             |        | 3   | Recruit experts, including international experts, on a time-limited basis to provide capacity-building and expertise to regulatory agencies addressing digital issues                                                                   | Medium effort |               |    |    |    |
|                                                                                                                                                                                                                                                                                                                                                             |        | 4   | Strengthen training of agencies responsible for digital regulation, particularly RURA and National Cyber Security Authority (NCSA) staff, on digital issues and international good practices to inform and improve regulatory decisions | Medium effort |               |    |    |    |
|                                                                                                                                                                                                                                                                                                                                                             |        | 5   | Institute measures to support regulatory predictability for new market entrants over a set period (e.g. one to five years)                                                                                                              | Medium effort |               |    |    |    |
|                                                                                                                                                                                                                                                                                                                                                             |        | 6   | Consider an alternative RURA institutional model for regulating the ICT sector and better addressing digital issues                                                                                                                     | High effort   |               |    |    |    |
|                                                                                                                                                                                                                                                                                                                                                             | Medium | 7   | Develop specific regulations for the ICT regulatory sandbox                                                                                                                                                                             | Medium effort |               |    |    |    |
| Indirect                                                                                                                                                                                                                                                                                                                                                    | High   | 8   | Reduce the time elapsed between the issuing of presidential orders and their implementation                                                                                                                                             | High effort   |               |    |    |    |
|                                                                                                                                                                                                                                                                                                                                                             |        | 9   | Improve intragovernmental communication protocols and standards to eliminate duplication of enforcement and administrative efforts                                                                                                      | High effort   |               |    |    |    |
|                                                                                                                                                                                                                                                                                                                                                             | Medium | 10  | Educate stakeholders on the benefits, obligations and incentives associated with relevant digital laws and acts                                                                                                                         | Low effort    |               |    |    |    |
|                                                                                                                                                                                                                                                                                                                                                             |        | 11  | Evaluate the effectiveness and purpose of Universal Service Fund (USF) contributions in order to target them more effectively                                                                                                           | Medium effort |               |    |    |    |

\* Digital FDI pillars: DA – digital adoption by existing businesses; ND – new digital activities e.g. start-ups; DI – digital infrastructure; OD – outward digital FDI and digital services exports.

TABLE A2 | Policy options to support challenge 2

| <b>Challenge 2</b><br>Ongoing concerns with affordability and reliability of connectivity infrastructure for enterprises and consumers                                                                                                  |        |     |                                                                                                                                                                                                     |               |              |    |    |    |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|--------------|----|----|----|
| Important principles include prioritizing investments that promote universal, reliable and affordable connectivity, and encouraging competition in the broadband marketplace by supporting new entrants and smaller incumbent providers |        |     |                                                                                                                                                                                                     |               |              |    |    |    |
| Relevance                                                                                                                                                                                                                               | Impact | No. | Option                                                                                                                                                                                              | Effort        | DFDI pillars |    |    |    |
|                                                                                                                                                                                                                                         |        |     |                                                                                                                                                                                                     |               | DA           | ND | DI | OD |
| Direct                                                                                                                                                                                                                                  | Medium | 12  | Support competitive broadband internet providers through measures such as fair access to wholesale inputs (e.g. IP transit, backbone connectivity) and awareness-building among potential customers | Medium effort |              |    |    |    |
|                                                                                                                                                                                                                                         |        |     |                                                                                                                                                                                                     |               |              |    |    |    |
| Indirect                                                                                                                                                                                                                                | Low    | 13  | Redesign the universal service fund to maximize transparency and accountability for all stakeholders and to prioritize funding of digital inclusion and access projects                             | Low effort    |              |    |    |    |
|                                                                                                                                                                                                                                         |        |     |                                                                                                                                                                                                     |               |              |    |    |    |

TABLE A3 | Policy options to support challenge 3

| <b>Challenge 3</b><br>Limited availability of affordable, local and secure data storage                                                                                          |        |     |                                                                                                                                                                               |               |              |    |    |    |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|--------------|----|----|----|
| Important principles include promoting cross-border data flows, easing data localization requirements and streamlining data-centre regulatory frameworks to encourage investment |        |     |                                                                                                                                                                               |               |              |    |    |    |
| Relevance                                                                                                                                                                        | Impact | No. | Option                                                                                                                                                                        | Effort        | DFDI pillars |    |    |    |
|                                                                                                                                                                                  |        |     |                                                                                                                                                                               |               | DA           | ND | DI | OD |
| Direct                                                                                                                                                                           | High   | 14  | Align data policies to facilitate cross-border data transfers with peers in the East African Community (EAC)                                                                  | Low effort    |              |    |    |    |
|                                                                                                                                                                                  |        | 15  | Modify data localization requirements to allow for cloud-based data storage                                                                                                   | Medium effort |              |    |    |    |
|                                                                                                                                                                                  |        | 16  | Encourage the establishment of carrier-neutral data centres, ideally owned and operated by the private sector, to maximize accessibility to interested customers              | High effort   |              |    |    |    |
|                                                                                                                                                                                  | Medium | 17  | Simplify the process of establishing and operating a data centre, such as by replacing the licence requirement with a registration regime                                     | Low effort    |              |    |    |    |
|                                                                                                                                                                                  |        |     |                                                                                                                                                                               |               |              |    |    |    |
| Indirect                                                                                                                                                                         | Medium | 18  | Improve the process for external data transfer waivers and create a mechanism to appeal decisions                                                                             | Low effort    |              |    |    |    |
|                                                                                                                                                                                  |        | 19  | Enhance and market Rwanda's capacity to provide or augment data-centre services for regional neighbours (e.g. Burundi, Democratic Republic of the Congo, South Sudan, Uganda) | High effort   |              |    |    |    |

TABLE A4 | Policy options to support challenge 4

# Challenge 4

## Further mechanisms to facilitate access to capital and financing required

Important principles include developing mechanisms to provide additional investment into domestic research and development in the digital sector, optimizing tax incentives to support digital growth and supporting early-stage companies to maximize their potential to succeed

| Relevance | Impact | No. | Option                                                                                                                                                                                                                           | Effort        | DFDI pillars |    |    |    |
|-----------|--------|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|--------------|----|----|----|
|           |        |     |                                                                                                                                                                                                                                  |               | DA           | ND | DI | OD |
| Direct    | High   | 20  | Develop a collateral finance mechanism to allow IP to be used as collateral for financing at the Central Bank, for instance, by replicating the IP-based financing system used in the agricultural sector for the digital sector |               |              |    |    |    |
|           |        |     |                                                                                                                                                                                                                                  | Medium effort |              |    |    |    |
|           | Medium | 21  | Have government implement preferential treatment for start-up companies to allow greater access to financing vehicles such as lines of credit                                                                                    |               |              |    |    |    |
|           |        |     |                                                                                                                                                                                                                                  | Low effort    |              |    |    |    |
|           |        | 22  | Have government provide ICT export-related guarantees to encourage private banks to offer ICT companies lower interest rates and address capital access concerns                                                                 |               |              |    |    |    |
|           |        |     |                                                                                                                                                                                                                                  | Medium effort |              |    |    |    |
|           |        | 23  | Explore options for the government to support and strengthen investment matchmaking platforms to match qualifying companies with interested investors                                                                            |               |              |    |    |    |
|           |        |     |                                                                                                                                                                                                                                  | Medium effort |              |    |    |    |
| Indirect  | Medium | 24  | Perform an evidence-based review of tax exemptions and holidays to assess usefulness                                                                                                                                             | Medium effort |              |    |    |    |

TABLE A5 | Policy options to support challenge 5

| <b>Challenge 5</b><br>Misalignment of human capital needs between industry and academic/training institutions                                                                                                                                               |        |     |                                                                                                                                                                                                                                                                                             |               |              |    |    |    |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|--------------|----|----|----|
| Important principles include promoting partnerships between industry and academia to align human capital needs with educational opportunities, devoting resources to IT educational programmes and supporting mentorship opportunities in the digital space |        |     |                                                                                                                                                                                                                                                                                             |               |              |    |    |    |
| Relevance                                                                                                                                                                                                                                                   | Impact | No. | Option                                                                                                                                                                                                                                                                                      | Effort        | DFDI pillars |    |    |    |
|                                                                                                                                                                                                                                                             |        |     |                                                                                                                                                                                                                                                                                             |               | DA           | ND | DI | OD |
| Indirect                                                                                                                                                                                                                                                    | High   | 25  | Institute a private-sector advisory board in the ICT sector that influences academic curricula and promotes industry/academic partnerships to better align digital-sector employment needs with university programmes, including potentially engaging industry professionals as instructors | Medium effort |              |    |    |    |
|                                                                                                                                                                                                                                                             |        |     |                                                                                                                                                                                                                                                                                             |               |              |    |    |    |
|                                                                                                                                                                                                                                                             |        | 26  | Devise a preparatory educational programme to fill gaps between levels of technical proficiency among students                                                                                                                                                                              | Medium effort |              |    |    |    |
|                                                                                                                                                                                                                                                             |        |     |                                                                                                                                                                                                                                                                                             |               |              |    |    |    |

|  |        |    |                                                                                                                               |               |  |  |  |  |
|--|--------|----|-------------------------------------------------------------------------------------------------------------------------------|---------------|--|--|--|--|
|  | Medium | 27 | Develop a technical advisory/mentorship programme to support students looking to gain experience in the field                 | Low effort    |  |  |  |  |
|  |        | 28 | Establish and support a higher education committee to promote collaboration between different universities in Rwanda          | Medium effort |  |  |  |  |
|  |        | 29 | Implement an academic faculty exchange programme to expose faculty to global practices and curricula                          | Medium effort |  |  |  |  |
|  |        | 30 | Ensure that processes to apply for, consider and issue work permits and visas are tailored to the needs of the digital sector | Medium effort |  |  |  |  |
|  |        |    |                                                                                                                               |               |  |  |  |  |
|  |        |    |                                                                                                                               |               |  |  |  |  |
|  |        |    |                                                                                                                               |               |  |  |  |  |
|  |        |    |                                                                                                                               |               |  |  |  |  |

TABLE A6 | Policy options to support challenge 6

| <b>Challenge 6</b><br>Regional competition due to market size, digital skills, market maturity and geography                                                                                                                                        |        |     |                                                                                                                                                                                                              |               |              |    |    |    |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|--------------|----|----|----|
| Important principles include promoting Rwanda's friendly investment climate on the global stage, creating incentives for companies to bring IP into Rwanda and aligning digital policy goals with regional peers such as Kenya, Uganda and Tanzania |        |     |                                                                                                                                                                                                              |               |              |    |    |    |
| Relevance                                                                                                                                                                                                                                           | Impact | No. | Option                                                                                                                                                                                                       | Effort        | DFDI pillars |    |    |    |
|                                                                                                                                                                                                                                                     |        |     |                                                                                                                                                                                                              |               | DA           | ND | DI | OD |
| Direct                                                                                                                                                                                                                                              | High   | 31  | Review the IP-related tax incentives to enhance opportunities for companies to bring IP into Rwanda                                                                                                          | Medium effort |              |    |    |    |
|                                                                                                                                                                                                                                                     |        | 32  | Create a playbook for information technology outsourcing (ITO) and BPO to promote Rwanda as a regional hub for digital services                                                                              | Medium effort |              |    |    |    |
|                                                                                                                                                                                                                                                     |        | 33  | Develop a national BPO policy to further stimulate and maintain growth in the BPO sector, including efforts related to costs, labour and infrastructure                                                      | Medium effort |              |    |    |    |
|                                                                                                                                                                                                                                                     |        | 34  | Launch a branding initiative through the Rwanda Development Board to attract blue-chip companies to Rwanda                                                                                                   | High effort   |              |    |    |    |
|                                                                                                                                                                                                                                                     |        | 35  | Create an international marketing campaign to showcase the fact that Rwanda has a friendly investment climate (using successful marketing campaigns developed by other countries – e.g. Kenya – as examples) | High effort   |              |    |    |    |
| Indirect                                                                                                                                                                                                                                            | High   | 36  | Support the internationalization of Rwandan businesses by making introductions to foreign markets and supplying information about target markets                                                             | Medium effort |              |    |    |    |
|                                                                                                                                                                                                                                                     | Low    | 37  | Adjust universities' policies to allow their facilities to be used as co-working spaces                                                                                                                      | Low effort    |              |    |    |    |
|                                                                                                                                                                                                                                                     |        | 38  | Further enhance the attractiveness of economic zones by creating incentives for companies to develop additional food, entertainment and transportation options in this area                                  | Medium effort |              |    |    |    |

**Challenge 7****Insufficient support for start-ups and early-stage companies**

Important principles include streamlining processes for start-ups to access capital, creating opportunities for start-ups to participate in procurement processes and promoting partnerships with important stakeholders to support growth and the sharing of best practices

| Relevance | Impact | No. | Option                                                                                                                                                                                                                                                                                           | Effort        | DFDI pillars |    |    |    |
|-----------|--------|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|--------------|----|----|----|
|           |        |     |                                                                                                                                                                                                                                                                                                  |               | DA           | ND | DI | OD |
| Direct    | High   | 39  | Simplify the application process for fintech start-ups that require payment service provider (PSP) licences by adjusting requirements and fees based on the size of the company                                                                                                                  | Medium effort |              |    |    |    |
|           | Medium | 40  | Design procurement opportunities for ICT projects to enhance opportunities for small businesses to participate and compete (such as breaking up projects into smaller components so that the participation or qualification criteria do not effectively limit participation to larger companies) | Medium effort |              |    |    |    |
|           |        | 41  | Reduce payroll tax for start-ups to facilitate hiring and growth                                                                                                                                                                                                                                 | High effort   |              |    |    |    |
| Indirect  | High   | 42  | Provide “nomad visas” to interested entrepreneurs and remote workers                                                                                                                                                                                                                             | Low effort    |              |    |    |    |
|           |        | 43  | Create a regional entrepreneurship forum with programmes, training, workshops and partnerships to develop a mature entrepreneurship environment, taking into account the successes and challenges of previous efforts                                                                            | High effort   |              |    |    |    |
|           | Medium | 44  | Create a government-maintained database of small-scale digital service providers that could be engaged by foreign investors while in Rwanda, creating links between investors and domestic businesses                                                                                            | Low effort    |              |    |    |    |
|           | Low    | 45  | Continue and expand development of digital hubs in remote districts to promote internet accessibility and digital literacy                                                                                                                                                                       | Low effort    |              |    |    |    |
|           |        |     |                                                                                                                                                                                                                                                                                                  |               |              |    |    |    |

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# Endnotes

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2. While this analysis focuses on Azure survey respondents in the telecommunications/media and IT sectors, the survey also included respondents in the banking/finance and e-commerce/consumer electronics sectors. Responses in the latter two sectors are broadly aligned with those observed in the former sectors.
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