THE REPUBLIC OF RWANDA
U.S.$620,000,000
5.500 per cent. Notes due 2031
Issue Price: 100 per cent.

The issue price of the U.S.$620,000,000 5.500 per cent. Notes due 2031 (the "**Notes**") of the Republic of Rwanda ("**Rwanda**", the "**Republic**" or the "**Issuer**") is 100 per cent. of their principal amount. Unless previously redeemed or purchased and cancelled the Notes will be redeemed at their principal amount on 9 August 2031 (the "**Maturity Date**").

The Notes will bear interest from 9 August 2021 at the rate of 5.500 per cent. per annum payable semi-annually in arrear on 9 February and 9 August in each year commencing on 9 February 2022. Payments on the Notes will be made in US dollars without deduction for or on account of taxes imposed or levied by the Republic of Rwanda to the extent described under "*Terms and Conditions of the Notes–Taxation*".

This Offering Circular does not comprise a prospectus for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") (the "**UK Prospectus Regulation**"). Application has been made to the United Kingdom Financial Conduct Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (as amended) (the "**FCA**") for the Notes to be admitted to a listing on the Official List of the FCA (the "**Official List**") and to the London Stock Exchange plc (the "**London Stock Exchange**") for such Notes to be admitted to trading on the London Stock Exchange's main market (the "**Main Market**"). The Main Market is a UK regulated market for the purposes of Regulation (EU) No 600/2014 on markets in financial instruments as it forms part of domestic law by virtue of the EUWA ("**UK MiFIR**"). The Notes will not be subject to the prospectus requirements of the UK Prospectus Regulation as a result of the Issuer's status as the government of a state, but will be issued in compliance with applicable Listing Rules of the FCA.

The Notes are expected to be rated B+ by S&P Global Ratings Europe Limited ("**S&P**") and B+ by Fitch Ratings Limited ("**Fitch**"). Both of S&P and Fitch are established in the European Economic Area ("**EEA**") and registered under Regulation (EU) No 1060/2009, (the "**EU CRA Regulation**") and endorsed by S&P Global Ratings Europe Limited and Fitch Ratings Limited which are established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the EUWA (the "**UK CRA Regulation**").

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

AN INVESTMENT IN THE NOTES INVOLVES CERTAIN RISKS. PROSPECTIVE INVESTORS SHOULD CONSIDER THE FACTORS DESCRIBED IN "*RISK FACTORS*" BEGINNING ON PAGE 7.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. Accordingly, the Notes are being offered, sold or delivered: (a) in the United States only to qualified institutional buyers ("**QIBs**") (as defined in Rule 144A under the Securities Act ("**Rule 144A**")) in reliance on, and in compliance with, Rule 144A ("**Rule 144A Notes**"); and (b) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act ("**Regulation S**") ("**Regulation S Notes**"). Each purchaser of the Notes will be deemed to have made the representations described in "*Subscription and Sale*" and is hereby notified that the offer and sale of Notes to it is being made in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A. In addition, until 40 days after the commencement of the offering, an offer or sale of any of the Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if the offer or sale is made otherwise than in accordance with Rule 144A.

Neither the Offering Circular nor the Notes are required to be registered or cleared under the regulations of the Rwandan Capital Market Authority (the "**Rwandan CMA**").

The Notes will initially be represented by two global certificates in registered form (the "**Global Certificates**"), one of which will be issued in respect of the Notes offered and sold in reliance on Rule 144A (the "**Restricted Global Certificate**") and will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("**DTC**") and the other of which will be issued in respect of the Notes offered and sold in reliance on Regulation S (the "**Unrestricted Global Certificate**") and will be registered in the name of a nominee of a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). It is expected that delivery of the Global Certificates will be made on 9 August 2021 or such later date as may be agreed (the "**Closing Date**") by the Issuer and the Joint Bookrunners (as defined under "*Subscription and Sale*").

Joint Bookrunners

Citigroup **Deutsche Bank**

5 August 2021

IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Offering Circular and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Offering Circular to the best of its knowledge is in accordance with the facts and does not omit anything likely to affect the import of such information.

To the best of the knowledge and belief of the Issuer, having taken all reasonable care and made all reasonable enquiries to ensure that such is the case, this Offering Circular contains all information regarding the Issuer and the Notes which is (in the context of the issue of the Notes) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Offering Circular on the part of the Issuer are honestly held or made and are not misleading in any material respect; this Offering Circular does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in such context) not misleading in any material respect; and all proper enquiries have been made to ascertain and to verify the foregoing.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Notes other than as contained in this Offering Circular or as approved for such purpose by the Issuer.

Any such representation or information should not be relied upon as having been authorised by the Issuer or the Joint Bookrunners or any of their respective affiliates.

None of the Joint Bookrunners or any of their respective affiliates has independently verified or authorised the whole or any part of the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Bookrunners or their respective affiliates as to the accuracy or the completeness of the information contained in this Offering Circular or any other information provided by the Issuer in connection with the Notes.

No Joint Bookrunner or its respective affiliates accepts any liability in relation to the information contained or incorporated by reference in this Offering Circular or in any other information provided by the Issuer in connection with the offering of the Notes or their distribution.

Neither this Offering Circular nor any other information supplied in connection with the offering of the Notes constitutes an offer of, or an invitation to subscribe for or purchase, any Notes.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of the Notes shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Offering Circular, or that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof, or that any other information supplied in connection with the offering, sale or delivery of Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Joint Bookrunners and their respective affiliates expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Notes nor to advise any investor in the Notes of any information coming to their attention.

Offer Restrictions

The distribution of this Offering Circular and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Joint Bookrunners to inform themselves about and to observe any such restrictions.

For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of this Offering Circular and other offering material relating to the Notes, see "*Subscription and Sale*" and "*Transfer Restrictions*".

MIFID II product governance / Professional investors and ECPs only target market

Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

UK MiFIR product governance / Professional investors and ECPs only target market

Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in UK MiFIR; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFIR is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

Singapore SFA Product Classification

In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (as amended, the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Credit Ratings

Each of S&P and Fitch has assigned a credit rating to the Notes. Such credit ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation or (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the EU CRA Regulation. In general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the UK and registered under the UK CRA Regulation or (1) the rating is provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (2) the rating is provided by a credit rating agency not established in the UK which is certified under the UK CRA Regulation.

Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Offering Circular.

Stabilisation

In connection with the issue of the Notes, Citigroup Global Markets Limited (the "**Stabilisation Manager**") or persons acting on behalf of the Stabilisation Manager may over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over allotment must be conducted by the Stabilisation Manager (or person(s) acting on behalf of the Stabilisation Manager) in accordance with all applicable laws and rules.

Certain Risks

Generally, investment in emerging markets such as Rwanda is only suitable for sophisticated investors who fully appreciate the significance of the risks involved in, and are familiar with, investing in emerging markets. Investors are urged to consult their own legal and financial advisers before making an investment.

Such risks include, but are not limited to, higher volatility and more limited liquidity in respect of the Notes, a narrow export base, budget deficits, lack of adequate infrastructure necessary to accelerate economic growth and changes in the political and economic environment. Emerging markets can also experience more instances of corruption by government officials and misuse of public funds than do more mature markets, which could affect the ability of governments to meet their obligations under issued securities.

Investors should also note that emerging markets such as Rwanda are subject to rapid change and that the information set out in this Offering Circular may become outdated relatively quickly.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Offering Circular or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

General

In this Offering Circular, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area, references to "**U.S.$**", "**US dollars**" or "**dollars**" are to United States dollars, references to "**€**", "**EUR**" or "**euro**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended, references to "**Rwfr**" or "**franc**" are to Rwandan Francs, references to "**£**" or to "**Pound Sterling**" are to Great British Pounds and references to "**RMB**" are to the official currency of the People's Republic of China. References to "**billions**" are to thousands of millions.

The language of the Offering Circular is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

NOTICE TO PROSPECTIVE UNITED STATES INVESTORS

The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission, any state securities commission in the United States or any other regulatory authority in the United States, nor have the foregoing authorities reviewed or passed upon or endorsed the merits of the offering of the Notes or the accuracy or the adequacy of this Offering Circular. Any representation to the contrary is a criminal offence in the United States.

This offering is being made in the United States in reliance upon an exemption from registration under the Securities Act for an offer and sale of the Notes which does not involve a public offering. Each purchaser or holder of interests in the Notes will be deemed, by its acceptance or purchase of any such Notes, to have made certain acknowledgements, representations and agreements as set out in "*Subscription and Sale*" and "*Transfer Restrictions*".

This Offering Circular is being furnished on a confidential basis in the United States to a limited number of QIBs for informational use solely in connection with the consideration of the purchase of the Notes. This Offering Circular is being furnished only (1) to a limited number of investors in the United States only to persons reasonably believed to be QIBs and (2) to investors outside the United States. Any reproduction or distribution of this Offering Circular, in whole or in part, in the United States and any disclosure of their contents or use of any information herein or therein in the United States for any purpose, other than in considering an investment by the recipient in the Notes, is prohibited. Each potential investor in the Notes, by accepting delivery of this Offering Circular agrees to the foregoing.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements contained in this Offering Circular, as well as written and oral statements that the Issuer and its representatives make from time to time in reports, filings, news releases, conferences, teleconferences, web postings or otherwise, are or may be deemed to be forward-looking statements.

Statements that are not historical facts, including, without limitation, statements about the Issuer's beliefs and expectations, are forward-looking statements. These statements are based on current plans, objectives, assumptions, estimates and projections. When used in this Offering Circular, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should" and similar expressions generally identify forward-looking statements but are not the exclusive means of identifying such statements. Therefore, undue reliance should not be placed on them. The Issuer has based these forward-looking statements on its current view with respect to future events and financial results.

Forward-looking statements speak only as of the date on which they are made and the Issuer undertakes no obligation to update publicly any of them in light of new information or future events. Forward-looking statements involve inherent risks and uncertainties. Forward-looking statements include, but are not limited to: (i) plans with respect to the implementation of economic policy, including privatisations, and the pace of economic and legal reforms; (ii) expectations about the behaviour of the economy if certain economic policies are implemented; (iii) the outlook for gross domestic product, inflation, exchange rates, interest rates, foreign investment, trade and fiscal accounts; and (iv) estimates of external debt repayment and debt service.

The Issuer cautions that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. The information contained in this Offering Circular identifies important factors that could cause such differences, including, but not limited, to the following adverse external factors, such as:

- the broader global and regional impact of the COVID-19 pandemic
- changes in international commodity prices, particularly tea, coffee and certain minerals, foreign exchange rates or prevailing interest rates, which could adversely affect Rwanda's balance of payments and external reserves;
- climate changes or drought or other adverse weather conditions;
- a deterioration of global economic conditions which could cause continued volatility in global exchange rates, food and oil prices, reduced net capital inflows and the exposure of Rwandan banks to bad debt; in addition to a decline in tourism levels;
- any deterioration in investor perceptions;
- regional political and military instability, particularly in the Democratic Republic of Congo ("**DRC**"), which could have an effect on regional trade,

and the following adverse domestic factors, such as:

- any failure of the Government to meet its economic growth and reform objectives and any failure or inability to continue to implement economic and fiscal reforms;
- any failure of the Government to continue to reduce poverty, income inequality or address issues relating to infrastructure and the informal sector;
- changes in the economic or other policies of the Government, including monetary and fiscal policy applicable in Rwanda, which could affect inflation, growth rates and/or other aspects of the Rwandan economy;
- any deterioration in political stability; and

- a failure to find solutions to environmental problems, such as deforestation, soil exhaustion and erosion and natural hazards, which could have an adverse effect on the agricultural sector and the economy of Rwanda.

The sections of this Offering Circular entitled "*Risk Factors*", "*The Republic of Rwanda*" and "*The Economy*" contain a more complete discussion of the factors that could adversely affect the Issuer. In light of these risks, uncertainties and assumptions, the forward-looking events described in this Offering Circular may not occur. The Issuer does not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as may be required by law or applicable regulations. All subsequent written and oral forward-looking statements attributable to the Issuer or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Offering Circular.

EXCHANGE RATE HISTORY

The Rwandan Franc has been selected as the functional and presentation currency for the purpose of this Offering Circular, as the majority of Rwanda's operations are denominated, measured, or funded in Rwandan Francs.

The following table sets forth, for the periods indicated, the high, low, average and year end official rates set by the National Bank of Rwanda ("**NBR**"), in each case the official middle exchange rate of the Rwanda Franc expressed per US Dollar, as published by the NBR. These translations should not be construed as representations that Rwandan Franc amounts actually represent such US dollar amounts or could be converted into US dollars at the rate indicated as of any of the dates mentioned in this Offering Circular or at all.

	Period End	**Average**	**High**	**Low**
Month	*(Rwandan Franc/US Dollar)*			
January 2021	975.20	973.86	975.20	972.55
February 2021	976.96	976.31	976.97	975.41
March 2021	979.28	978.11	979.28	976.31
April 2021	982.13	980.98	982.13	979.47
May 2021	984.30	983.06	984.30	982.09
June 2021	987.14	985.84	987.16	984.49

	Period End	**Average**	**High**	**Low**
Year	*(Rwandan Franc/US Dollar)*			
2016	819.79	787.57	819.93	747.71
2017	845.00	831.52	845.00	820.02
2018	879.10	861.34	898.82	845.16
2019	922.52	899.52	922.52	879.27
2020	972.48	943.65	972.48	922.71

Source: NBR

The Rwandan Franc versus US Dollar exchange rate on 5 August 2021 was FRW990.57 per US$1.

PRESENTATION OF ECONOMIC AND OTHER INFORMATION

Annual information presented in this Offering Circular is based upon 1 January to 31 December periods unless specified as information that is for the fiscal year of the Issuer (which runs from 1 July to 30 June) or unless otherwise indicated. Certain figures included in this Offering Circular have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be the sum of the figures which precede them. Statistical information reported herein has been derived from official publications of, and information supplied by, a number of agencies and ministries of the Issuer including the NBR, the Ministry of Finance and Economic Planning (the "**MINECOFIN**") and the National Institute of Statistics of Rwanda ("**NISR**"). Some statistical information has also been derived from information publicly made available by third parties such as the International Monetary Fund (the "**IMF**"), the International Bank for Reconstruction and Development (the "**World Bank**") and other third parties. Where such third party information has been so sourced, the source is stated where it appears in this Offering Circular. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Similar statistics may be obtainable from other sources, but the underlying assumptions, methodology and, consequently, the resulting data may vary from source to source. In addition, statistics and data published by a ministry or an agency of the Issuer may differ from similar statistics and data produced by other agencies or ministries due to differing underlying assumptions or methodology. Certain historical statistical information contained herein is based on estimates that the Issuer and/or its agencies believe to be based on reasonable assumptions. The Issuer's official financial and economic statistics for previous periods are subject to review as part of a regular confirmation process. Accordingly, financial and economic information for previous periods may be subsequently adjusted or revised and may differ from previously published financial and economic information. In particular, estimates of financial and statistical information as at and for the year ended 31 December 2020 in this Offering Circular may be preliminary estimates. While the government of the Republic of Rwanda (the "**Government**") does not expect revisions to be material, no assurance can be given that material changes will not be made.

Exchange rates used for import expenditures referenced in this Offering Circular are based on the relevant monthly average interbank rate as published by the NBR.

Rwanda participates in the IMF's Enhanced General Data Dissemination System ("**e-GDDS**"), which superseded the original GDDS effective 1 July 2015. The e-GDDS is designed to guide all member countries in the dissemination of their economic and financial data to the public. Data covered includes the real, fiscal, financial and the external sectors as well as socio-demographic data. By participating in the e-GDDS Rwanda has undertaken to:

- use the e-GDDS as a framework for statistical development;
- designate a country coordinator; and
- provide metadata to the IMF describing the current practices and plans for short and long-term improvements in these practices.

Participants are requested to update their metadata if and when significant changes in their statistical practices or plans for improvement take place, but at least once a year. A summary of the e-GDDS methodology under which Rwanda prepares its metadata is found on the internet under the IMF's Dissemination Standards Bulletin Board. Rwanda's metadata may be found on the IMF's website at www.imf.org.

Websites included in this Offering Circular and information therein do not form part of this Offering Circular.

ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is a sovereign state. Consequently, it may be difficult for investors to obtain or realise upon judgments of courts in jurisdictions outside Rwanda (including judgments predicated upon civil liability provisions of the securities laws of the United States or any state or territory within the United States) against the Issuer without compliance with the enforcement procedure for foreign judgments in Rwanda. The Issuer will irrevocably appoint the Rwandan High Commissioner in London as its authorised agent on whom process may be served in any action arising out of or based on the Notes in an English court. The Issuer has agreed that any claims or disputes arising in respect of the Notes shall be referred to and finally settled by arbitration in accordance with the rules of the London Court of International Arbitration. The Republic of Rwanda is a party to the United Nations (New York) Convention on the Recognition and Enforcement of Foreign Arbitral Awards.

A judgment by a Rwandan court will ordinarily be awarded in the currency of an underlying contract. When enforcing a foreign judgment awarded in a currency other than Rwandan Francs, a Rwandan court may convert such award into Rwandan Francs in exceptional circumstances. In that event, there may be a discrepancy between the rate of exchange used by the Rwandan court to convert such award into Rwandan Francs, and the rate of exchange which may be obtained in the market to convert such award from Rwandan Francs back into another currency. A Noteholder who is awarded a judgement may therefore incur a loss as a result of such exchange rate differences. A currency indemnity has been included in the terms and conditions (see Condition 18 (*Currency Indemnity*)), however, the cost of enforcement of such condition may nevertheless result in a loss by such Noteholder. Any payment to be made from Rwanda pursuant to any judgment will not require a Rwandan Exchange Control Approval.

To the extent that the Issuer may in any jurisdiction claim or acquire for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgement or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer or its assets or revenues, the Issuer irrevocably agrees for the benefit of the holders of Notes not to claim, and irrevocably waives, such immunity, to the fullest extent permitted by the laws of such jurisdiction. The waiver of immunity will have the fullest scope permitted under the Foreign Sovereign Immunities Act of 1976 of the United States and the State Immunity Act 1978 of the United Kingdom and is intended to be irrevocable for the purposes of such acts, but shall otherwise constitute a limited and specific waiver for the purpose of the Deed of Covenant, the Agency Agreement (as defined herein) and the Notes. The Issuer does not thereby waive such immunity from execution or attachment, or like process, in respect of (a) property, including any bank account, used by a diplomatic or consular mission of the Issuer or its special missions or delegations to international organisations, (b) property of a military character and under the control of a military authority or defence agency of the Issuer or (c) property located in the territory of the Republic of Rwanda of which the ownership vests in the government of the Republic of Rwanda and is dedicated to a public or governmental use (as distinct from property dedicated to a commercial use) and furthermore Rwanda has not consented to service or waived sovereign immunity with respect to actions brought against it under the US federal securities laws or any state securities laws. In the absence of a waiver of immunity by Rwanda with respect to such actions, it may not be possible to obtain a judgment in such an action brought in a US court against Rwanda unless such court were to determine that Rwanda is not entitled under the Foreign Sovereign Immunities Act of 1976 of the United States to sovereign immunity with respect to such action.

Under Law N° 30/2018 of 02/06/2018 determining the jurisdiction of Courts, the enforcement of foreign court judgments in Rwanda is subject to the following conditions:

- whether the foreign judgment does not comprise an element incompatible with public order and Rwandan law principles;
- whether the case was finally heard and determined in accordance with the laws of the country in which the judgment was rendered;

- whether a copy of the judgment is by all means authentic in accordance with the laws of the country in which the judgment was rendered; and
- whether the right of defence was respected.

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OVERVIEW

The following is an overview of certain information contained elsewhere in this Offering Circular. It does not purport to be complete and is qualified in its entirety by the more detailed information appearing elsewhere in this Offering Circular. Prospective investors should also carefully consider the information set forth in "Risk Factors" below prior to making an investment decision. Capitalised terms not otherwise defined in this overview have the same meaning as elsewhere in this Offering Circular. See "The Republic of Rwanda", "The Economy", "Foreign Trade and Balance of Payments", "Public Finance", "Public Debt" and "Monetary System", amongst others, for a more detailed description of the Issuer.

Overview of the Republic of Rwanda

General

The Republic of Rwanda occupies approximately 26,338 square kilometres of landlocked country in Central Africa and is bordered by the DRC to the west, Uganda to the north, Tanzania to the east and Burundi to the south. The capital of Rwanda is Kigali city, which is situated in the Kigali district in the centre of the country. According to NISR, the population of Rwanda in 2020 was approximately 12.7 million, representing an average population growth of 2.38 per cent. between 2015 and 2020. Approximately 40.3 per cent. of the country's population are between 0 and 15 years, 56.3 per cent. are between 15 and 64 years, and 3.4 per cent. are aged 65 years and older.

After its military victory in July 1994, the Rwandan Patriotic Front (the "**RPF**") formed a Government of National Unity headed by President Pasteur Bizimungu, bringing parties that did not participate in the genocide together. In 2000, Paul Kagame became President. In 2003, Rwanda approved a new constitution via a referendum. The constitution is explicit in stating that political organisations cannot be established on the basis of tribal or ethnic identity: "political organizations are prohibited from basing themselves on race, ethnic group, tribe, clan, region, sex, religion or any other division which may give rise to discrimination". The new constitution set the stage for presidential and parliamentary elections later that year.

President Paul Kagame was elected for a 7-year term on 25 August 2003, re-elected for a second term in August 2010, and for a third term in August 2017 with approximately 98.8 per cent. of the vote. The presidential election was peaceful and orderly, with heavy turnout.

Following a transitional period (1994-2003), the first legislature of the Chamber of Deputies commenced in 2003 and ended in 2008, the second legislature commenced in 2008 and ended in 2013. The latest parliamentary elections were held on 3 September 2018. A RPF party coalition won the 2018 elections, taking 40 of 53 directly-elected seats while RPF lost its absolute majority over the total of seats. As provided in the constitution, 24 seats were accorded to women candidates in indirect elections. Women now hold 49 of the 80 seats (61.25 per cent.) in the Chamber of Deputies. The elections were peaceful and orderly. The first legislature of the Senate commenced in 2003 and ended in 2011. The second legislature of the Senate commenced in 2011 and ended in 2019. The third legislature of the Senate commenced in 2018 and will end in 2027. Women hold 9 seats (35 per cent.) in the Senate.

Economy

Rwanda has made substantial progress in stabilising and rehabilitating its economy, laying the foundations for sustained growth through investing in human capital, developing basic infrastructure and expanding access to various services. GDP has since rebounded, with Rwanda recording a sustained period of robust economic expansion, with GDP growths of 6.0 per cent. in 2016, 4.0 per cent. in 2017, 8.6 per cent. in 2018 and 9.5 per cent. in 2019. However, as a result of the economic impact of the global health pandemic caused by the emergence of the coronavirus in early 2020 ("**COVID-19**"), Rwanda entered a technical recession, with real GDP contracting by 3.4 per cent. in 2020.

Rwanda's nominal GDP per capita was US$753 in 2016, US$784 in 2017 (an increase of 4.1 per cent.), US$798 in 2018 (an increase of 1.8 per cent.), US$837 in 2019 (an increase of 4.9 per cent.) and US$816 in 2020 (a decrease of 2.5 per cent.).

In terms of employment, the largest sector in Rwanda is services which according to the NISR, was employing approximately 40.5 per cent. of the employed population as of the end of 2020. Rwanda's service sector is also the country's largest sector by economic output and contributed approximately 46 per cent. of the country's nominal GDP in 2020. Tourism has been one of the fastest growing sectors and the country's leading source of foreign currency in recent years, generating US$498 million in 2019. However, the sector has since been hit by the COVID-19 pandemic.

Rwanda's agriculture sector is also very important, employing approximately 39.1 per cent. of the employed population as of the end of 2020 and providing 26 per cent. of Rwanda's GDP. Rwanda's export agriculture is dominated by traditional export products such as coffee and tea, which together represented approximately 61.7 per cent. of traditional exports earnings and 19.9 per cent. of formal export earnings in 2020. See "*Risk Factors—Risks relating to the Republic of Rwanda—Rwanda's economy is dependent on some volatile sectors of the economy*".

Rwanda has a small industrial sector, which accounted for approximately 19 per cent. of nominal GDP in 2020. Most manufacturing is in agricultural processing, but Rwanda also produces a small range of general consumer goods. Rwanda's mining industry is also an important contributor to exports, generating approximately US$83 million in 2020. Minerals mined include cassiterite, wolframite and coltan, which are used in the manufacture of electronic and communication devices such as mobile phones.

The biggest challenges for the Government still remain the diversification of the economy and the introduction of reforms which will further reduce the costs of doing business in Rwanda, improve the competitiveness of the economy and ensure that the rural economy contributes significantly to overall growth. The Government has established various medium and long term programmes aimed at implementing the country's development goals, including the Vision 2050 and the National Strategy for Transformation 2017 - 2024 ("**NST1**"), which also integrate the United Nations ("**UN**") Sustainable Development Goals ("**SDGs**") into the development framework. These plans have the overall goal of transforming Rwanda into an upper-income country by 2035 and a high-income country by 2050. Rwanda has also put in place structural policies, such as the Made in Rwanda policy, to boost local production and exports.

Overview of Risk Factors Relating to the Republic of Rwanda, the Notes and the Trading Market for the Notes

An investment in the Notes involves significant risks, including (among others):

- investing in securities involving emerging markets such as Rwanda generally involves a higher degree of risk than more developed markets;
- the economic effects of the outbreak of the coronavirus pandemic could continue to have an adverse effect on Rwanda's economy;
- any future borrowing beyond sustainable levels could have a material adverse effect on Rwanda's economy and its ability to service its debt, including the Notes;
- Rwanda has historically been dependent on foreign grants;
- Rwanda's economy is dependent on some volatile sectors of the economy;
- any regional political and military instability or deterioration in relations with neighbouring countries may have an adverse effect on Rwanda's economy;
- failure or inability to continue to implement economic and fiscal reforms may have a negative effect on the performance of the Rwandan economy;
- stability and growth in Rwanda may be threatened if the Government fails to continue reducing poverty, inequality in income and issues relating to inadequate infrastructure and the informal sector;
- Rwanda is vulnerable to the impact of climate change and natural disasters;
- a portion of the Rwandan economy is informal and not necessarily recorded;
- Rwanda is a nascent democracy;

- Rwanda relies exclusively on imported crude oil, refined oil and petroleum products for domestic consumption and is vulnerable to oil price increases and volatility;
- diseases and other health problems present in Rwanda and the wider EAC region, most recently the COVID-19 pandemic, could impact the population creating health challenges and associated costs that adversely affect Rwanda's economy;
- the credit risk in Rwandan banking sector has increased as a result of the outbreak of the COVID-19 pandemic;
- the Rwandan banking sector is subject to operational risks relating to the introduction of and reliance on information technology systems including cybersecurity and privacy risks;
- any significant depreciation of the Rwandan Franc against the US Dollar or other major currencies might have a negative effect on Rwanda's ability to repay its debt denominated in currencies other than the Rwandan Franc, including the amounts due under the Notes;
- Rwanda's natural resources are increasingly under pressure;
- Rwanda's mining sector may create environmental and safety hazards;
- there is no active trading market for the Notes
- the terms of the Notes may be modified, waived or substituted without the consent of all the holders of the Notes;
- definitive Notes not denominated in an integral multiple of US$200,000 or its equivalent may be illiquid and difficult to trade;
- the Notes may not be suitable investment for all prospective investors;
- Rwanda is a sovereign state. Consequently, it may be difficult for investors to obtain or realise judgments of courts in other countries against Rwanda;
- a claimant may not be able to enforce a court judgment against certain assets of Rwanda in certain jurisdictions;
- fluctuations in exchange rates and interest rates may adversely affect the value of the Notes;
- legal investment considerations may restrict certain investments; and
- credit ratings may not reflect all risks.

SUMMARY OF THE TERMS AND CONDITIONS OF THE NOTES

This summary does not purport to be complete and must be read as an introduction to this Offering Circular and any decision to invest in the Notes should be based on a consideration of this Offering Circular as a whole. Words and expressions defined in "Terms and Conditions of the Notes" shall have the same meanings in this summary.

Issuer	The Republic of Rwanda.
Legal Entity Identifier (LEI)	213800DQC28OBRZDYJ87.
Risk Factors	There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Notes. These are set out under "*Risk Factors*" below. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Notes. These are set out under "*Risk Factors*".
Issue Date	9 August 2021 (the "**Issue Date**")
Maturity Date	9 August 2031
Description of Notes	U.S.$620,000,000 5.500 per cent. Notes due 2031, to be issued by the Issuer on the Issue Date.
Joint Bookrunners	Citigroup Global Markets Limited and Deutsche Bank Aktiengesellschaft.
Interest	5.500 per cent., per annum payable semi-annually in arrear on 9 February and 9 August in each year.
Events of Default	Events of default under the Notes include the non-payment of principal within 15 business days of the due date thereof, the non-payment of any interest due in respect of the Notes or any of them for a period of 30 days from the due date for payment thereof, breach of other obligations under the Notes (which breach is not remedied within 45 days) and certain events related to the Issuer. Notes may be declared due and payable, upon an Event of Default, by a Noteholder, holding at least 25 per cent., in aggregate principal amount of the outstanding Note giving notice in writing to the Issuer. (See "*Terms and Conditions of the Notes–Events of Default*").
Negative Pledge	The terms of the Notes contain a negative pledge provision given by the Issuer in respect of Public External Indebtedness as described in Condition 3 (*Negative Pledge*).
Status of the Notes	The Notes are the direct, unconditional and unsecured obligations of the Issuer and rank and will rank *pari passu*, without preference among themselves, with all other unsecured External Indebtedness of the Issuer, from time to time outstanding, *provided, however,* that the Issuer shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other External Indebtedness and, in particular, shall have no obligation to pay other External Indebtedness at the same time or as a condition of paying sums due on the Notes and vice versa.

Meetings of Noteholders................	The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally (see Condition 12 (*Meetings of Noteholders; Written Resolutions*)). These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.
Taxation..	All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of any Rwandan taxes as provided in Condition 7 (*Taxation*).
Listing and admission to trading	Applications have been made for the Notes to be admitted to listing on the Official List of the FCA and to trading on the Main Market of the London Stock Exchange
Governing Law	The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by English law.
Form and Denomination................	The Notes will be issued in registered form in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. See "*The Global Certificates–Form of Notes*".
Credit Ratings................................	The Notes are expected to be assigned on issue a rating of B+ by S&P and B+ by Fitch. The Issuer has been assigned a rating of B+ by S&P and B+ by Fitch. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. See "*Risk Factors–Risks Relating to the Notes–Credit ratings may not reflect all risks*".
Selling Restrictions.........................	The Notes have not been and will not be registered under the Securities Act and are subject to certain restrictions on transfers. See "*Subscription and Sale*" below.
Transfer Restrictions......................	The Notes have not been and will not be registered under the US Securities Act or any US state securities law. Consequently, the Notes may not be offered or sold in the United States except pursuant to an exemption from or in a transaction not subject to the registration requirements of the Securities Act and applicable state securities laws. See "*Transfer Restrictions*". Neither this Offering Circular nor the Notes are required to be registered or cleared under the regulations of the Rwandan CMA.
Use of Proceeds	The net proceeds of the issue of the Notes will be used by the Issuer (i) to fund the tender offer on the Issuer's existing 6.625% 2023 Notes and (ii) to invest in key priority projects for economic recovery in agriculture, such as export promotion, climate change mitigation, and health.
Fiscal Agent, Paying Agent and Transfer Agent...............................	Citibank, N.A., London Branch
Registrar..	Citigroup Global Markets Europe AG

	Unrestricted Global Note	Restricted Global Note
ISIN...	XS2373051320	US78347YAL74

Common Code	237305132	237304616
CUSIP	-	78347Y AL7

RISK FACTORS

Prospective investors should read the entire Offering Circular. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Offering Circular have the same meanings in this section. Investing in the Notes involves certain risks. The Issuer believes that the following factors may affect the Republic of Rwanda's economy and its ability to fulfil its obligations under the Notes. In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below. These factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay principal, interest or other amounts on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding the Notes comprise an exhaustive list of the risks inherent in investing in the Notes, and the Issuer may be unable to pay amounts due on the Notes for reasons not described below. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular prior to making any investment decision.

Risks Relating to the Republic of Rwanda

Investing in securities involving emerging markets such as Rwanda generally involves a higher degree of risk than more developed markets

Investing in the securities of issuers in emerging markets, such as Rwanda, generally involves a higher degree of risk than investments in the securities of corporate or sovereign issuers from more developed countries and carries risks that are not typically associated with investing in more mature markets. These risks include, but are not limited to, higher volatility and more limited liquidity in respect of the Notes, political risk, foreign relations, dependency on foreign aid, instability in neighbouring countries, a narrow export base, budget deficits, lack of adequate infrastructure necessary to accelerate economic growth and changes in the political and economic environment. In particular, the COVID-19 pandemic has particularly affected developing economies, where the ability to address the financial, economic and health consequences is much less than in more developed countries, and this has further compounded the fiscal challenges Rwanda was facing before the emergence of the pandemic.

Generally, investment in securities of issuers in emerging markets, such as Rwanda, is only suitable for sophisticated investors who fully appreciate the significance of risks involved in, and are familiar with, investing in emerging markets and investors are urged to consult their own legal and financial advisers before making an investment.

Investors should also note that emerging markets such as Rwanda are subject to rapid change and that the information set out in this Offering Circular may become outdated relatively quickly.

The economic effects of the outbreak of the coronavirus pandemic could continue to have an adverse effect on Rwanda's economy.

In December 2019, the emergence of a new strain of coronavirus, COVID-19, was reported in Wuhan, Hubei Province, China. This new strain has subsequently spread throughout the world, including to Rwanda. On 11 March 2020, the World Health Organisation (the "**WHO**") declared COVID-19 a pandemic. The COVID-19 pandemic is currently having an adverse impact on the global economy and in Rwanda, particularly in relation to lower external demand, weaker FDI, near cessation of tourism, disruptions in regional supply chains, and domestic supply constraints, which have put additional pressures on public finances and the balance of payments. The extent of the severity and duration of the COVID-19 pandemic is difficult to predict.

On 14 March 2020, Rwanda confirmed its first case of COVID-19. The Government acted swiftly, closing land borders, banning international flights and introducing mandatory institutional quarantine for international returnees to Rwanda to reduce importation of the disease from high-risk countries. On 21 March 2020, Rwanda announced an initial two-week lockdown, which was subsequently extended twice until 30 April 2020. The lockdown included the closure of schools, workplaces and non-essential businesses, bans on religious and social gatherings, cancellation of public events, curfews, restrictions on movement, and the cessation of inter-provincial and international travel. The impact of the COVID-19 pandemic, including the closure of businesses and the restrictions on travel, has adversely impacted the Rwandan economy. Rwanda entered a technical recession, with real GDP contracting by 3.4 per cent. in 2020, compared to previously strong growth of 9.5 per cent. in 2019.

Measures to curb the spread of COVID-19, coupled with lower agriculture production due to adverse weather conditions, also exerted significant pressure on prices. Food inflation increased to 19.9 per cent. in February 2020 (year-on-year), while headline inflation increased up to 9.2 per cent. in July 2020, largely driven by transport prices, as public buses had to reduce capacity to observe social distancing measures. Layoffs resulting from business closures, the loss of income and worsened economic prospects have also reduced household consumption and business investment. Whilst the Government began easing lockdown measures in May 2020, certain restrictions were subsequently reintroduced in January 2021 to combat the rise in the number of COVID-19 cases, including a three-week lockdown instituted in Kigali. In June 2021, the Government introduced a curfew across Rwanda and placed restrictions on inter-district movements and social gatherings in Kigali and other cities. On 15 July, the Government announced a total lockdown in the city of Kigali and eight districts from 17 July to 26 July, with residents unable to leave home except for essential services, and public and private offices and businesses required to close. Movements between Kigali and other provinces and movements between districts across Rwanda are prohibited except for medical reasons and other essential services, as well as domestic tourism with prior authorisation. On 25 July 2021, the Government announced that the lockdown would be extended for a further five days, through to 31 July, to consolidate progress seen in decreasing the number of COVID-19 cases. The lockdown was lifted on 31 July 2021, but curfews and other restrictions remain in place as at the date of this Offering Circular. There can be no assurance when restrictions will be fully lifted, or if lifted, whether they will be re imposed as a result of a resurgence of the virus or other new development, and the ongoing and future effect of COVID 19 on Rwanda's economy is uncertain.

The impact of the COVID-19 pandemic has put further strain on the country's finances. The fiscal deficit widened to 9.1 per cent. of total GDP in the 2019/20 fiscal year, from 6.3 per cent. in 2018/19, 5.1 per cent. in 2017/18 and 5.1 per cent. in 2016/17, as domestic revenue was lower than pre-pandemic projections and total expenditure increased as the Government scaled up health care spending and provided targeted support to those affected by the pandemic. The fiscal deficit is expected to remain at around the same level (9.2 per cent. of GDP) in 2020/21, before slightly reducing to 8.7 per cent. of GDP in 2021/22. The deficit is expected to remain relatively high, owing to the need for increased spending to accommodate the COVID-19 vaccine rollout, hire new teachers in line with the Government's recent investment in the construction of new schools and also to minimise scarring from human capital loss, and provide support to the private sector and state-owned enterprises. With the agreement of the IMF under the country's Policy Coordination Instrument ("**PCI**") programme, the Government has set an objective to reduce its fiscal deficit when the economy recovers and to reduce its level of total public and publicly guaranteed debt ("**PPG debt**") from 71.3 per cent. of GDP in 2020 to less than 65 per cent. of GDP by 2030.

On 3 March 2021, Rwanda received approximately 240,000 doses of the COVID-19 vaccination under the COVID-19 Vaccines Global Access ("**COVAX**") initiative, which is co-led by GAVI, the Vaccine Alliance, the Coalition for Epidemic Preparedness Innovations and the WHO. See "*The Republic of Rwanda—Population, Education, Health and Social Security—Health—COVID-19*". Whilst Rwanda's target is to vaccinate approximately 30 per cent. of the population by the end of 2021, and 60 per cent. by end of June 2022, Rwanda remains exposed to risks stemming from potential delays in efforts to attain and distribute sufficient quantities of COVID-19 vaccines in a timely manner (such as the resurgence of the virus in India in 2021), as well as from any further developments or new strains that could render such vaccines less effective in the future. Any such developments could have a material adverse effect on Rwanda's economy and finances, which could in turn affect Rwanda's ability to perform its payment obligations Notes.

Despite the proactive efforts of the Government to recover the economy and support its citizens through the Economic Recovery Plan ("**ERP**") and the Economic Recovery Fund ("**ERF**") (see "*The Economy—Measures in response to Covid-19—Economic Recovery Plan and Economy Recovery Fund*"), the direct and indirect impacts of the COVID-19 pandemic remains highly uncertain. The health crisis is expected to impact all sectors of Rwanda's economy, and there can be no assurance as to when those sectors that have been adversely impacted will return to pre-COVID-19 levels of activity. In addition, no prediction can be made as to the scope or the scale of the systemic changes to Rwanda's economy that will result from the COVID-19 pandemic. More specifically, the Government cannot determine with certainty what short-term impact the COVID-19 pandemic will have on key macro-economic indicators, including inflation, budget deficit, private consumption, private investment and foreign direct investment ("**FDI**"), or on the Government's existing and future financial or economic targets. However, the Government remains committed to maintaining macroeconomic stability while continuing to support households and businesses during the pandemic.

The emergence of the COVID-19 pandemic poses a new risk to Rwanda's fiscal and economic position and has already led to significant volatility in international financial markets, lower commodity prices, reduced global liquidity and trade, lower activity in tourism, hospitality and export-related industries. The pandemic and its consequences have had, and could have further, material adverse impacts on the global economy and these developments could, in turn, adversely affect Rwanda's fiscal and economic stability, which could further impact its ability to meet its obligations under any outstanding indebtedness, including its payment obligations under the Notes.

Any future borrowing beyond sustainable levels could have a material adverse effect on Rwanda's economy and its ability to service its debt, including the Notes

The COVID-19 pandemic and the various containment and mitigation measures deployed by the Government have adversely impacted the economy and put significant pressure on Rwanda's balance of payments and budget needs.

Rwanda's PPG debt has increased to FRW7.0 billion (including Central Government external debt of FRW4.9 billion and Central Government domestic debt of FRW1.3 billion) as at 30 December 2020. The increase in the debt stock reflects a long-planned comprehensive public investment strategy, including three large projects to support trade and tourism, namely the Kigali Convention Centre, the Bugesera airport and the ongoing expansion of RwandAir. The Bugesera airport project was initially scheduled to be completed by the end of 2021, but faced delays resulting from the COVID-19 pandemic and is now anticipated to be completed in 2023. Any further unanticipated delays to the project could result in rising costs and further increase Rwanda's PPG debt. More recently, the increase in PPG debt also reflects the US$610 million of additional support in the context of COVID-19 since March 2020 to date, in the form of concessional loans, grants and other revenue. Total PPG debt stood at 71.3 per cent. of GDP in 2020, compared to 56.8 per cent. of GDP in 2019.

The Debt Sustainability Analysis published by the IMF and the World Bank in December 2020 ("**IMF / World Bank DSA**") changed Rwanda's risk of debt distress from low to moderate status, mainly attributed to the impact of the COVID-19 pandemic on the economy. The stress tests conducted as part of the IMF / World Bank DSA highlighted that Rwanda is more susceptible to external shocks compared to the pre-pandemic period even after the initial impact of the COVID-19 pandemic dissipates. However, despite the change in status, the IMF / World Bank DSA indicated that Rwanda's PPG debt remain sustainable according to IMF criteria. Given the moderate risk of debt distress, the IMF introduced a limit on new public external debt contracted and guaranteed under the PCI. The ceiling applies to concessional and non-concessional debt contracted or guaranteed for which no value has been received. The ceiling is applicable for the period from 1 January 2021 to 31 December 2021.

The Government debt burden has increased substantially in recent years, limiting fiscal space and exerting pressure on fiscal metrics. Although a high share of concessional debt means debt remains highly affordable, the large share of foreign-currency-denominated debt, accounting for 77.9 per cent. of total debt as at 31 December 2020, makes the debt trajectory susceptible to exchange rate volatility.

If the COVID-19 pandemic persists or the Government faces further challenges, including in the tourism and agricultural sectors, Rwanda may need to raise additional debt or implement additional revenue measures. Any significant future borrowings, including the further issuance of domestic debt to finance Rwanda's widening fiscal deficits or the issuance of external debt on international capital markets, could put pressure of Rwanda's external debt service.

Although Rwanda has never defaulted on its debt obligations in the past, if the Government does not carefully manage its debt strategy, debt levels could rise to an unsustainable level which may have a material adverse effect on Rwanda's ability to make payments under the Notes.

Rwanda has historically been dependent on foreign grants

A portion of Rwanda's budget is funded by foreign grants, which is budgeted in the 2021/22 budget in the total amount of FRW612.2 billion (approximately US$591 million), comprising 16.1 per cent. of total budget receipts and 5.5 per cent. of GDP. Although the country's dependence on foreign grants has decreased significantly from

44.0 per cent. of total revenue in fiscal year 2009/10 to less than 20 per cent. in 2019/20, reliance on foreign donors has since risen again during the COVID-19 crisis. Following the change from low to moderate risk of debt distress, World Bank financing is expected to be made up of 50 per cent. grants.

If the World Bank, the African Development Bank ("**AfDB**") and/or any other foreign donors reduce the amount of grants provided, Rwanda could face significant difficulty in, among other things, repaying public debt (including the Notes), providing social services and subsidies to key industries as well as successfully implementing its reform programmes. Any such reduction in revenues could constrain Government resources and limit public spending on growth-oriented projects or lead to a higher debt burden as the country switches to other external sources of financing and tries to reduce the size of the widening fiscal deficit. This could negatively affect economic growth and have a material adverse effect on Rwanda's ability to make payments under the Notes.

Rwanda's economy is dependent on some volatile sectors of the economy

Rwanda is reliant on its agriculture sector which is estimated to have accounted for 26 per cent. of GDP in 2020 in nominal terms, and its service sector (which includes tourism) which is the largest sector of the economy, contributing approximately 46 per cent. of nominal GDP in 2020.

Tourism is one of Rwanda's fastest-growing sectors in terms of foreign receipts and has been the leading source of foreign currency in recent years, generating US$498 million in 2019. The tourism sector is dependent on the international perception that Rwanda is a safe destination, and is mainly focussed on visitors wishing to see the endangered mountain gorillas in the Volcanoes National Park. Any political instability, or escalating disturbances in neighbouring countries, could cause the level of tourism in Rwanda, among other things, to suffer. Deterioration in global economic conditions may also negatively affect Rwanda's tourism sector. In particular, the emergence of COVID-19 in early 2020 resulted in border closures across the world and brought international travel and tourism to a standstill. From late March 2020 to June 2020, tourism activities, including visitations to the Volcanoes National Park were suspended, as a result of the measures instituted to contain the spread of COVID-19. Meetings, conferences and other events scheduled during this period were also cancelled or rescheduled for later dates. The hotels and restaurants sector contracted by approximately 40 per cent. in 2020, and by approximately 35 per cent. in the three months ended 31 March 2021 (compared to the same period of 2020). If the current significant reduction in tourism is prolonged, it could significantly reduce Rwanda's supply of foreign currency and lower economic growth.

The agriculture sector in Rwanda employed approximately 39.1 per cent. of the employed population as of the end of 2020. Major concerns for Rwandan agriculture remain adverse weather conditions, limited added value, yield levels which are below what would normally be expected and land shortages. An additional major challenge for the Government is to ensure that food production keeps up with population growth. Real agricultural GDP grew by 4 per cent. on average between 2015 and 2020, compared with an overall real GDP growth rate of around 5.6 per cent. and estimated average population growth of 2.3 per cent. for the period.

Although cash crops (tea and coffee) contributed approximately 61.7 per cent. of traditional export of goods earnings in 2020, international coffee prices have been volatile over the last few years, and may continue to be volatile in the future. Additionally, production of tradable tea and coffee is dependent on the performance of the harvest, which is weather dependent and can be unpredictable. See "*—Rwanda is vulnerable to the impact of climate change and natural disasters*". As a result, any significant decrease in the price of tea or coffee, or a period of low agricultural production may have an adverse effect on volumes of foreign exports and Rwanda's economy in general.

Other than tea and coffee, Rwanda's other significant goods export is minerals, in particular cassiterite and coltan. The surge in international prices for such minerals has spurred domestic production in Rwanda and FDI in the sector. As such, the Rwandan mining sector is vulnerable to adverse commodity price fluctuations and any decrease in the price of cassiterite and coltan could have an adverse effect on the volume of mineral exports and the amount of foreign investment in the sector. In addition, while Rwanda has recently started to conduct geological surveys and mineral resource assessments, there has been limited exploration of deposits and extractable reserves to date and therefore the size of Rwanda's mineral reserves are largely unknown. No assurance can be given that the current volume of mineral exports can grow or even be maintained in the future. All of these factors could have a negative impact on the mining sector, the level of foreign exports and a general material adverse effect on Rwanda's economy.

Rwanda has been taking significant measures to diversify its exports, including focussing on the export of services such as meetings and conferences and increasing tourism receipts. Reliance on traditional exports has been declining thanks to the good performance in the other exports category (mainly of horticulture, agro-processing and other manufacturing exports). The share of other exports rose from approximately 11 per cent. of total formal exports in 2010 to 24.2 per cent. in 2020, while that of traditional exports declined to 32.2 per cent. in 2020 from approximately 62 per cent. in 2010. However, a failure to further diversify Rwanda's economy or to improve its infrastructure and the competitiveness of the economy, would impact negatively on the Rwandan economy which may in turn result in a material adverse effect on Rwanda's ability to make payments under the Notes.

Any regional political and military instability or deterioration in relations with neighbouring countries may have an adverse effect on Rwanda's economy

Over the past few years, there has been political and military instability in the east-Africa region, and in particular amongst Rwanda's main trading partners, the DRC and Kenya. Conflict in neighbouring states, such as the DRC and Burundi, has also resulted in an increased number of refugees in Rwanda.

Being a landlocked country, Rwanda's main trading partners remain the DRC and the East African Community ("**EAC**") countries, with total trade value between Rwanda and the EAC countries increasing significantly in recent years, from US$563.8 million in 2017 to US$960.0 million in 2020. Informal cross-border trade, which is becoming a significant factor in Rwanda's total external trade, has been mainly dominated by the DRC, with total informal exports to the DRC amounting to 88 per cent. of total informal cross-border exports in 2019.

Relations between Rwanda and Uganda have been strained on occasion and have recently resulted in border closures between the two neighbouring states since February 2019, which continues to impact local businesses and cross-border trade. A memorandum of understanding was signed between the two countries in August 2019. However, it remains unclear when an agreement to reopen the border and restore bilateral trade will be reached. In addition, Rwanda's relations with Burundi have been contentious at times, though in July 2021 Rwanda's Prime Minister made a visit to Burundi, signalling progressive normalisation. In 2012, certain donor countries and multilateral institutions, including the United Kingdom, the United States, the World Bank and AfDB, temporarily delayed scheduled foreign aid disbursements following allegations of Rwanda's support to an armed militia group in DRC. Between 25 June and 26 June 2021, the Presidents of Rwanda and DRC met in Rubavu, Rwanda and Goma, DRC, marking the significant warming of relations in recent years. Should any foreign donors respond to Rwanda's involvement in regional tensions by suspending aid payments again in the future, it may have a material adverse effect on Rwanda's ability to make payments under the Notes.

Any deterioration in relations with Rwanda's neighbours could materially adversely affect the Rwandan economy and have negative consequences for Rwanda in its international diplomatic and trade relations, and may have a material adverse effect on Rwanda's economy and its ability to service the Notes.

Failure or inability to continue to implement economic and fiscal reforms may have a negative effect on the performance of the Rwandan economy

Although the Government has announced its intention to pursue a series of economic and fiscal reform initiatives, including those set forth in Vision 2050 and the NST1, no assurance can be given that such initiatives will be adequately funded, be fully implemented or prove successful in achieving their objectives. In particular, the COVID-19 pandemic has constrained fiscal resources and diverted funding to other urgent health needs.

Continued pursuit of long-term objectives such as those set forth in Vision 2050 will depend on a number of factors including continued political support at many levels of Rwandan society and across multiple Government administrations, adequate funding, and significant coordination. In light of current fiscal constraints, sufficient funding of these initiatives will require the Government to increase domestic revenue, streamline non-priority spending and prioritise public investment in particular. The significant funding requirements for these plans may prove difficult to meet, and the funding requirements for these initiatives may lead to an increase in Rwanda's outstanding debt. Rwanda currently has relatively low levels of FDI and if this does not improve it could hinder the achievement of its economic growth targets.

The economic and other assumptions underlying the objectives set forth in these long-term plans, including with respect to GDP growth, inflation, external debt and the fiscal deficit may not materialise, which may result in

Rwanda failing to achieve its stated objectives. In particular, the emergence of COVID-19 in early 2020 and the prolonged and ongoing pandemic significantly impacted the country's macroeconomic environment, and may alter the country's projected growth and other assumptions on which the reform plans may be based in the medium-term, with projects and initiatives potentially facing delays as resources and funding may need to be redirected elsewhere. Failure to achieve one or more of the objectives or complete certain public capital projects set forth in these plans may render it difficult to achieve other stated objectives.

If the Government is not able to fund or implement its medium-term objectives contained in the NST1 and other development plans, or to return to expected growth and development rates, the Government may not be able to meet its longer-term strategic objectives set forth in Vision 2050.

Stability and growth in Rwanda may be threatened if the Government fails to continue reducing poverty, inequality in income and issues relating to inadequate infrastructure and the informal sector

Despite Rwanda's strong macroeconomic performance over the past decade, allowing Rwanda to reduce poverty levels from 44.9 per cent. of the population in 2010/11 to 38.2 per cent. in 2016/17, poverty levels remain high, as does the level of income inequality (measured by the Gini coefficient index) which was 0.429 in 2016/17 compared to 0.447 in 2013/14, indicating a narrowing of the income gap according to the Fifth Integrated Household Living Conditions Survey (the "**Fifth Household Living Conditions Survey**"). The NST1, which covers the period from 2017 to 2024, aims to reduce poverty to below 20 per cent. by 2024.

Moreover, Rwanda faces significant challenges in the areas of infrastructure, in particular its transport infrastructure. Remote areas are accessible only along dirt roads. Other challenges include low human capital development with a workforce that is largely unskilled.

Rwanda has a large informal sector engaged primarily in agriculture and approximately 39.1 per cent. of the total workforce comprised agricultural workers as of the end of 2020. Failure to improve agricultural productivity could hinder poverty reduction, which in turn could have adverse consequences on the economy.

The Government has committed to addressing poverty under the NST1 as well as through the SDGs, which call for universal action to end poverty. Projects are underway to improve human development in order to increase employment rates and generate exports. In particular, NST1 is targeting to create 1.5 million decent and productive jobs by 2024. However, if these programmes do not succeed, the challenges presented in these areas could have a material adverse effect on Rwanda's economy.

Rwanda is vulnerable to the impact of climate change and natural disasters

Rwanda is vulnerable to adverse weather and climate change risk given the economy's heavy reliance on agriculture as a share of GDP and employment, as well as other climate sensitive sectors such as tourism and energy. Such exposure may be magnified due to Rwanda's low income levels and small size.

As Rwanda's economy develops, its natural resources (including its tea and coffee crops) are being put under increasing pressure due to deforestation, soil exhaustion, non-sustainable agricultural and farming practices, as well as from disease and natural hazards. The effects of climate change on the tea and coffee plants could impact the quality and volume of the production. Further, growth and development in the extractive sector in Rwanda, including from illegal or unregulated mining may also increase pressure on acquiring and/or developing agricultural land as well as the risk of environmental hazards as a result of processes and chemicals used in the extraction and production methods, compounding potential hazards in the production of Rwanda's tea and coffee crops which are sensitive to environmental changes.

Rwanda has also historically been affected by a variety of natural disasters, including floods, droughts, and landslides. Natural disasters such as floods may lead to casualties, the destruction of crops and livestock, the outbreak of waterborne disease, and the destruction of infrastructure such as roads and bridges. Droughts may negatively affect the supply of agricultural commodities, the food supply in general and the generation of hydroelectric power. In 2016, Rwanda experienced the worst drought in about 60 years, which lasted for 12 months. Approximately 23,488 hectares of crops were lost and 2,417 cattle died. Heavy rains in Rwanda's wet season can trigger floods and landslides. Significant flooding in 2018 resulted in costs estimated at FRW27 billion related to crop loss and repair costs. Flooding more recently in April and May 2021 led to shortages of key vegetables such as beans, putting upward pressure on food inflation. As Rwandan farmers mainly depend on rain-fed production, changes in rainfall in Rwanda may not only adversely impact food production but also farmers' income

The effects and impact of climate change can and are affecting and changing developing countries more acutely than those in the developed world, which can, in turn, severely hamper many developing nations' efforts (including Rwanda) to achieve the SDGs. Existing and future climate change concerns and impacts, including the effect it may have on Rwanda, its ecosystem and natural resources could have a material adverse effect on Rwanda's economy and on its capacity to service its debt, including the Notes.

A portion of the Rwandan economy is informal and not necessarily recorded

A significant portion of the Rwandan economy is comprised of the informal sector, estimated at approximately 53.3 per cent. of GDP as of the end of 2020 (of which 40.7 per cent. is monetised and 12.6 per cent. is non-monetised). The informal economy is not recorded and is only partially taxed, as some entities or activities are not registered for tax, resulting in not only lack of revenue for the Government but also ineffective regulation, unreliability of statistical information (including the possible understatement of GDP and the contribution to GDP of various sectors) and inability to monitor or otherwise regulate a large portion of the economy. While the Government is undertaking reforms to address these issues, failure to bring these sectors of the informal economy into the formal economy may adversely affect the Government's tax revenues, thereby increasing Rwanda's dependence on foreign grants. See "*Public Finance—Taxation*".

Rwanda is a nascent democracy

Rwanda adopted a new constitution on 26 May 2003 which set the stage for presidential and legislative elections. Since then, there have been four parliamentary elections for the Chamber of Deputies and three presidential elections. In 2003, President Paul Kagame was elected President and in August 2010 he was re-elected President with a majority of around 93.1 per cent. of the vote. The RPF, the majority political party of the 2003 elections, remains the majority party, having won the majority of seats in the 2008, 2013 and 2018 elections for the Chamber of Deputies.

A referendum in 2015 approved constitutional amendments that allowed incumbent President Paul Kagame to run for a third term in office in 2017, as well as shortening presidential terms from seven to five years, although the latter change will not come into effect until 2024. In August 2017, President Kagame was re-elected to a third seven-year term with 98.79 per cent. of the vote.

Rwanda has not had to face a Presidential succession or a change in the majority government since the 2003 Constitution. Any significant changes in the political climate in Rwanda, including changes affecting the stability of the Government, may have adverse effects on Rwanda's economy, Government revenues, foreign reserves, or donor support, and, as a result, have a material adverse effect on Rwanda's ability to make payments under the Notes.

Rwanda relies exclusively on imported crude oil, refined oil and petroleum products for domestic consumption and is vulnerable to oil price increases and volatility

Rwanda has no natural domestic crude reserves or refining capacity (although it does maintain strategic fuel reserves to face any oil shortfalls) and is currently dependent on foreign imports of petroleum products, particularly for electricity generation and transportation. As a landlocked country, Rwanda is particularly vulnerable to increases in international oil prices in relation to the trade industry, as imports travel long distances overland.

Oil prices and markets historically have been volatile and such volatility is likely to continue in the future. Prices of oil are subject to wide fluctuations in response to relatively minor changes in the supply of, and demand for, oil, market uncertainty and a variety of additional factors that are beyond the Republic's control. These factors include, but are not limited to, political conditions in the Middle East and other oil producing regions, economic and political decisions of OPEC and other oil producing nations to decrease or increase production of crude oil, domestic and foreign supplies of oil, consumer demand, environmental conditions, weather conditions, domestic and foreign government regulations, transport costs, the price and availability of alternative fuels, global environmental and overall economic conditions. For example, Brent crude oil prices fell below

US$21 per barrel in April 2020 and subsequently rose to above US$76 per barrel by July 2021 due to shifts in global demand and OPEC policy. Rwanda does not have a hedging policy to manage oil price risk.

Prolonged periods of high oil prices will significantly increase Rwanda's cost of imports and could have a material adverse effect on Rwanda's economy.

International oil prices are typically denominated in US Dollars, and so prolonged weakness in the exchange rate of the Rwandan Franc against the US Dollar will increase the local cost of petroleum and other oil based products, even if there is no change in the international price of oil. Should oil prices increase, or prolonged weaknesses in the Rwandan Franc to US Dollar exchange rate occur, such events could have a material adverse effect on Rwanda's economy.

Diseases and other health problems present in Rwanda and the wider EAC region, most recently the COVID-19 pandemic, could impact the population creating health challenges and associated costs that adversely affect Rwanda's economy

In March 2020, Rwanda identified its first COVID-19 case. The health impact of the pandemic has been significant. As of 4 August 2021, Rwanda had a cumulative total of 73,610 confirmed cases of COVID-19, with 850 deaths. In addition, the COVID-19 pandemic has resulted in additional health spending that exceeds the annual budget for health, as the Government directed funds towards the procurement, distribution and administration of vaccines, the purchase of medical equipment, the construction of district hospitals and other facilities, and the recruitment of health professionals. The full impact of the pandemic on the health sector and the economy, for Rwanda and the rest of the world, is yet to be ascertained as the virus continues to evolve with mutations and new variants. See also "*The economic effects of the outbreak of the coronavirus pandemic could continue to have an adverse effect on Rwanda's economy*" for a description of the economic impact of COVID-19.

Malaria, HIV/AIDS, tuberculosis (which is exacerbated in the presence of HIV/AIDS) present major healthcare challenges in Rwanda and other EAC countries. Malaria remains a major public health problem and is among the top leading causes of morbidity in Rwanda, although the incidence per 1,000 people has decreased from 409 in 2016/17 to 198 in 2019/20 as efforts continue to be invested in malaria control and prevention. Deaths due to malaria have also decreased, from 536 in 2016/17 to 167 in 2019/20. Adult HIV/AIDS prevalence among the general population in Rwanda is approximately 3 per cent. The testing, treatment and prevention of diseases imposes substantial costs to individuals and to the Government.

In 2014, an outbreak of Ebola spread rapidly in West Africa, particularly in Guinea, Liberia and Sierra Leone, and there have since been periodic outbreaks in the region. Although no Ebola outbreaks have ever been reported in Rwanda, there is some risk of cross-border spread and the Government issued an Ebola alert in July 2019 following outbreaks of the disease in the Democratic Republic of the Congo and instituted control measures in border areas.

There can be no assurance that the prevalence of COVID-19, malaria, HIV/AIDS, typhoid or other diseases in Rwanda will not have a material adverse effect on Rwanda's economy and on its capacity to service its debt, including the Notes. See "*The Republic of Rwanda—Population, Education, Health and Social Security—Health*".

The credit risk in Rwandan banking sector has increased as a result of the outbreak of the COVID-19 pandemic

Credit risk in the Rwandan banking sector has increased as the COVID-19 pandemic continues to impact on the performance of borrowers, especially in the corporate sector. Asset quality in the Rwandan banking sector has recently deteriorated as reflected by an increase in the level of non-performing loans. Non-performing loans increased to FRW200 billion as at 31 March 2021 from FRW133 billion as at 31 December 2020 and FRW106.3 billion as at 31 December 2019. During the same period, the NPL ratio increased to 6.6 per cent. in March 2021 from 4.5 per cent. in December 2020 and 4.8 per cent. in December 2019. The deterioration of asset quality is mainly reflective of increased impairments in sectors most affected by the COVID-19 pandemic, namely commercial real estate and the hotel sector. Credit risk is likely to remain elevated in transport, commercial real estate, hotels and tourism sectors as the ongoing COVID-19 crisis continues to impede the financial performance of borrowers in these sectors. In particular, the hotel sector is expected to experience a slower recovery with existing containment measures and border restrictions reducing tourism in Rwanda and negatively impacting the hotel sector.

The Rwandan banking sector is subject to operational risks relating to the introduction of and reliance on information technology systems including cybersecurity and privacy risks

Information and communication technology ("**ICT**") has been prioritised by the Government as having a key role in expanding access to financial services and improving the ways of doing business in Rwanda as a whole. See "*Monetary Systems—Financial Reform—Financial Inclusion*". As various ICT products and infrastructure have been implemented throughout the Rwandan banking sector, including the increasing usage of mobile financial services and additional ICT financial products, there has been an inherent operational risk with Rwandan banks' dependency on their ICT systems to process a large number of transactions on an accurate and timely basis, and to store and process business and operating data. The proper functioning of the banks' financial controls, risk management, credit analysis and reporting, accounting, customer service and other ICT functions are critical to the individual banks' business as well as to the overall health of the banking sector. In addition, as various financial products have been leveraged on the new ICT payment platforms, including the provision of Government services to the private sector and the collection of Government payments, the banking sector and other businesses whose performance is linked to these ICT systems remain an important source of corporate tax revenue for the Government. Therefore, any failure or disruption to mobile banking services or other ICT products operated by the banking sector may lead to significant loss of potential Government revenue, customers' deposits and market confidence. Such failures can be caused by a variety of factors, including natural disasters, extended power outages, computer viruses, and/or complications related to the availability and operation of the national fibre optic coverage. The proper functioning of ICT systems also depends on accurate and reliable data and other system inputs, which are subject to human errors.

In addition, information security risks for large financial institutions have increased in recent years, in part because of the proliferation of new technologies, the use of internet and telecommunications technology and the increased sophistication and activities of organised criminals and hackers. Rwandan banks' databases contain personal data of their customers, which may be vulnerable to damage, including telecommunications and network failures, natural disasters and human acts both by individuals external to the banks' business as well as the banks' employees. Although Rwandan banks maintain information security software, their computer systems, software and networks may be vulnerable to unauthorised access, misuse, denial-of-service attacks, phishing attacks (SMS phishing by which individuals or organised groups send SMS or text messages to customers to obtain sensitive information or account credentials), computer viruses or other malicious codes.

Cyber attacks could give rise to the loss of significant amounts of customer data and other sensitive information, as well as significant levels of liquid assets (including cash). In addition, cyber attacks could give rise to the disablement of the banks' ICT systems used to service the banks customers, including the Government. As attempted attacks continue to evolve in scope and sophistication, banks may incur significant costs in their attempts to modify or enhance protective measures against such attacks, or to investigate or remediate any vulnerability or resulting breach.

To ensure the operational resilience of the banking sector, in particular during the ongoing COVID-19 pandemic, the NBR in February 2021 carried out a business continuity management and operational resilience assessment across the banking sector, to assess areas including the board and senior management, business continuity plans, business impact analysis, risks assessment, testing programmes and communication. The NBR requires banks to develop business continuity plans, in order to (i) respond to business disruption in a timely and efficient manner, (ii) undertake rescue operations and minimise losses, (iii) facilitate a fully integrated multidisciplinary approach in event of external disaster and (iv) ensure safety and security of staff and assets. However, the assessment revealed a number of failings in some banks, including in updating business continuity policies, identifying critical functions and prioritising recovery of critical activities, demonstrating third party risk assessment, conducting staff training and having inadequate alternative back-up sites or not having such sites at all. Any such failings may restrict the effectiveness of such bank's continuity management processes and affect their ability to respond appropriately to cyber attacks or other business disruptions.

Any substantial failure of the Rwandan banking sector ICT systems or any failure by Rwandan banks to effectively manage cybersecurity and privacy risks or to respond appropriately to business disruptions, may affect the health of the banking sector as a whole, and therefore have a material adverse effect on Rwanda's economy.

Any significant depreciation of the Rwandan Franc against the US Dollar or other major currencies might have a negative effect on Rwanda's ability to repay its debt denominated in currencies other than the Rwandan franc, including the amounts due under the Notes

The Rwandan Franc weakened against the US Dollar and other major currencies in recent years, depreciating against the US Dollar by 9.7 per cent., 3.1 per cent., 4.0 per cent. and 4.9 per cent. in 2016, 2017, 2018 and 2019, respectively. In the year ended 31 December 2020, the Rwandan Franc weakened against the US Dollar, Euro, pound sterling and South African rand by 5.4 per cent., 15.7 per cent, 9.4 per cent. and 1.2 per cent., respectively.

Although the Rwandan Franc depreciation rates have slowed in the first six months of 2021 and depreciation is expected to stabilise in single digits, reflective of a gradual improvement in foreign inflows despite high demand for foreign exchange to cater for growing imports fuelled by the economic recovery and COVID-19 related imports, further depreciation of the Rwandan Franc against the US Dollar, or any volatility in the exchange rate or a decline in of the level of foreign reserves could materially impair Rwanda's ability to repay its external debt, 25.4 per cent. of which is denominated in US Dollars. When combined with weak commodity prices and low production levels, and because Rwanda pays for its key imports, such as oil in US Dollars, the Rwandan Franc may remain vulnerable to external shocks that could lead to a decline in its value and put pressure on Rwanda's balance of payments. Long term high depreciation of the Rwandan Franc against the US Dollar or other major currencies might have a material adverse effect on Rwanda's ability to repay its debt denominated in currencies other than the Rwandan Franc, including the amounts due under the Notes.

Rwanda's natural resources are increasingly under pressure

Rwanda has a significant agriculture sector and its large rural population depends on natural resources as a basis for farming, energy production and housing. As of the end of 2020, an estimated 79.9 per cent. of energy consumed in Rwanda came from wood, peat and charcoal. Such natural resources are being put under increasing pressure due to deforestation, soil exhaustion and erosion and natural hazards. According to NISR, Rwanda's average population growth was estimated at 2.38 per cent. per year between 2015 and 2020, putting further pressure onto the available natural resources, although the country has engaged in a significant restoration effort, achieving 30 per cent. forest cover as set out in its Vision 2020.

The Government in Rwanda has made a strong commitment towards "greening the economy" by creating legal frameworks, committing to the SDGs and bolstering institutional support for the conservation of the environment, but there can be no guarantee that these policies will be effective and severe environmental pressure will not continue. If natural resources deteriorate, or if any of the environmental policies are not properly implemented, this could have an adverse effect on the agricultural sector, Rwanda's food security and the general economy of Rwanda.

Rwanda's mining sector may create environmental and safety hazards

Rwanda's mining sector has shown significant growth in recent years and is expected to continue to grow in coming years, moving from a regional trading industry to a local extraction and exporting industry. While all mining projects are subject to a statutory approval process with regards to potential environmental impact and ongoing monitoring of environmental regulation compliance, mining activities create and increase the risk of environmental hazards, in particular the silting of rivers due to erosion of mine soil waste, residue minerals washed to the rivers and groundwater contamination.

The Government has issued a mining policy as well as a legal and regulatory framework to ensure mining sector growth using environmental good practices. In addition, the mining sector is supervised by the Rwanda Mines, Petroleum and Gas Board, which imposes an environmental rehabilitation guarantee and corresponding environmental plan (for mining license application) that align well with environmental regulation and enforcement of environmental standards spearheaded by the Rwanda Environment Management Authority under the Ministry of Environment. However, there can be no guarantee that an incident causing significant environmental damage in Rwanda will not occur, which could have an adverse effect on the planned growth of the mining industry Rwanda's economy.

Risks Relating to the Notes

There is no active trading market for the Notes

The Notes are new securities which may not be widely distributed and for which there is currently no active trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although application has been made for the Notes to be admitted to listing on the Official List of the FCA and to trading on the Main Market of the London Stock Exchange, there is no assurance that such application will be accepted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Notes.

The terms of the Notes may be modified, waived or substituted without the consent of all the Holders of the Notes

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. Any such change in the terms of the Notes may adversely affect the trading price of the Notes.

The conditions of the Notes contain a provision permitting the Notes and the conditions of the Notes to be amended without the consent of the Noteholders to correct a manifest error, or if an amendment to the conditions would not be materially prejudicial to the interests of the Noteholders.

Definitive Notes not denominated in an integral multiple of US$200,000 or its equivalent may be illiquid and difficult to trade

The Notes have denominations consisting of a minimum of US$200,000 plus integral multiples of US$1,000 in excess thereof. It is possible that the Notes may be traded in amounts that are not integral multiples of US$200,000. In each, such holder who, as a result of trading such amounts, holds an amount which is less than US$200,000 in his account with the relevant clearing system at the relevant time may not receive a Certificate in respect of such holding (should Certificates be printed) and would need to purchase a principal amount of Notes such that its holding amounts to US$200,000.

If Certificates are issued, holders should be aware that Certificates which have a denomination that is not an integral multiple of US$200,000 may be illiquid and more difficult to trade than Notes denominated in an integral multiple of US$200,000.

The Notes may not be a suitable investment for all prospective investors

Each potential investor in the Notes must determine the suitability of that investment generally in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Offering Circular or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) changes in economic conditions, interest rates and other factors that may affect its investment and its ability to bear applicable risks.

Rwanda is a sovereign state. Consequently, it may be difficult for investors to obtain or realise judgments of courts in other countries against Rwanda

Rwanda is a sovereign State. As a result, it may be difficult for investors to obtain judgments against Rwanda in foreign or Rwandan courts or to enforce foreign judgments, including judgments predicated upon civil liabilities under the securities laws of the United States or any state or territory within the United States against Rwanda. Although Rwanda will consent in the Terms and Conditions of the Notes to the giving of any relief or the issue of any process in connection with proceedings in England arising out of any dispute arising from or connected with the Notes and will agree to waive any immunity it may have in a suit, execution, attachment or other legal process in respect of any such proceedings, the waiver or immunity does not extend to civil liabilities under securities laws or to any other proceedings and excludes from its scope certain diplomatic, military and other government properties situated within the territory of Rwanda. Moreover, the enforcement of foreign judgments is subject to the conditions and limitations described under "*Enforcement of Civil Liabilities*" and such limitations and conditions may make it difficult for investors to obtain or realise judgments of courts outside Rwanda.

A claimant may not be able to enforce a court judgment against certain assets of Rwanda in certain jurisdictions

The Republic of Rwanda is a sovereign state. There is a risk that, notwithstanding the waiver of sovereign immunity by the Republic of Rwanda, a claimant will not be able to enforce a court judgment against certain assets of the Republic of Rwanda in certain jurisdictions (including the imposition of any arrest order or attachment or seizure of such assets and their subsequent sale) without the Republic of Rwanda having specifically consented to such enforcement at the time when the enforcement is sought.

The foreign exchange reserves of the Republic of Rwanda are controlled and administered by the National Bank of Rwanda ("**NBR**"), which under the Law No. 48/2017 of 23/09/2017 ("**NBR Law**") conducts monetary and supervisory activities independently from the Government and acts as banker and fiscal agent to the Republic of Rwanda. Accordingly, such reserves would not be available to satisfy any claim or judgment in respect of the Notes.

A judgment by a Rwanda court will ordinarily be awarded in the currency of an underlying contract. When enforcing a foreign judgment awarded in a currency other than Rwanda franc, a Rwanda court may convert such award into Rwandan francs in exceptional circumstances. In that event, there may be a discrepancy between the rate of exchange used by the Rwanda court to convert such award into Rwandan francs, and the rate of exchange which may be obtained in the market to convert such award from Rwandan francs back into another currency. A Noteholder who is awarded a judgment may therefore incur a loss as a result of such exchange rate differences. A currency indemnity has been included in the terms and conditions (see Condition 18 (*Currency Indemnity*)), however, the cost of enforcement of such condition may nevertheless result in a loss by such Noteholder.

The Rwandan high court has a wide discretion in determining whether or not to enforce a foreign judgement on the grounds of matters of public policy.

Fluctuations in exchange rates and interest rates may adversely affect the value of the Notes

The Issuer will pay principal and interest on the Notes in US Dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than US Dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the US Dollars or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to US Dollars would decrease the Investor's Currency-equivalent yield on the Notes, the Investor's Currency equivalent value of the principal payable on the Notes and the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities (including where the investor is domiciled) may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal. In addition, investment in the

Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent the Notes are legal investments for it, the Notes can be used as collateral for various types of borrowing and other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

Credit ratings may not reflect all risks

Fitch and Standard & Poor's are expected to assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EU credit-rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement or certification, as the case may be, has not been withdrawn or suspended).

TERMS AND CONDITIONS OF THE NOTES

The U.S.$620,000,000 5.500 per cent. Notes due 2031 (the "**Notes**", which expression includes any further notes issued pursuant to Condition 14 (*Further issues*) and forming a single series therewith) of the Republic of Rwanda (the "**Issuer**") are constituted by and subject to, and have the benefit of a deed of covenant dated 9 August 2021 (as amended or supplemented from time to time, the "**Deed of Covenant**") entered into by the Issuer and are the subject of an agency agreement dated 9 August 2021 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer, the National Bank of Rwanda, Citigroup Global Markets Europe AG as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Notes), Citibank, N.A., London Branch as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes), the transfer agents named therein (the "**Transfer Agents**", which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes) and the other paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**"), which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes). References herein to the "**Agents**" are to the Registrar, the Fiscal Agent, the Transfer Agents and the Paying Agents and any reference to an "**Agent**" is to any one of them. Certain provisions of these Conditions are summaries of the Agency Agreement and the Deed of Covenant and subject to their detailed provisions. The Noteholders (as defined below) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Deed of Covenant applicable to them. Copies of the Agency Agreement and the Deed of Covenant are available for inspection by Noteholders during normal business hours at the Specified Offices (as defined in the Agency Agreement) of each of the Agents, the initial Specified Offices of which are set out below.

1. Form, Denomination and Status

(a) *Form and denomination*: The Notes are in registered form in the denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof (each, an "**Authorised Denomination**").

(b) *Status*: The Notes are the direct, unconditional and unsecured obligations of the Issuer and rank and will rank *pari passu*, without preference among themselves, with all other unsecured External Indebtedness of the Issuer, from time to time outstanding, *provided, however,* that the Issuer shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other External Indebtedness and, in particular, shall have no obligation to pay other External Indebtedness at the same time or as a condition of paying sums due on the Notes and vice versa.

2. Register, Title and Transfers

(a) *Register*: The Registrar will maintain a register (the "**Register**") in respect of the Notes in accordance with the provisions of the Agency Agreement. In these Conditions, the "**Holder**" of a Note means the person in whose name such Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "**Noteholder**" shall be construed accordingly. A certificate (each, a "**Note Certificate**") will be issued to each Noteholder in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register.

(b) *Title*: The Holder of each Note shall (except as otherwise required by law) be treated as the absolute owner of such Note for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Note Certificate) and no person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

(c) *Transfers*: Subject to paragraphs (f) (*Closed periods*) and (g) (*Regulations concerning transfers and registration*) below, a Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; provided, however, that a Note may not be transferred unless the principal amount of Notes transferred and (where not all of the Notes held by a Holder are being transferred) the principal amount of the balance of Notes not transferred are Authorised Denominations. Where not all the Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Notes will be issued to the transferor.

(d) *Registration and delivery of Note Certificates*: Within five business days of the surrender of a Note Certificate in accordance with paragraph (c) (*Transfers*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, "**business day**" means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

(e) *No charge*: The transfer of a Note will be effected without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

(f) *Closed periods*: Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Notes.

(g) *Regulations concerning transfers and registration*: All transfers of Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar.

3. Negative Pledge

(a) *Negative Pledge*: So long as any Note remains outstanding (as defined in the Agency Agreement) the Issuer will not, save for the exceptions set out below in Condition 3(c) (*Exceptions*) create, incur, assume or permit to subsist any Security upon the whole or any part of its present or future assets, undertakings or revenues to secure:

(i) any of its Public External Indebtedness;

(ii) any Guarantees in respect of Public External Indebtedness; or

(iii) the Public External Indebtedness of any other person,

without at the same time or prior thereto securing the Notes equally and rateably therewith or providing such other arrangement (whether or not comprising Security) as shall be approved by an Extraordinary Resolution of Noteholders.

(b) *Interpretation:*

In these Conditions:

(a) "**External Indebtedness**" means any Indebtedness expressed or denominated or payable or which, at the option of the relevant creditor may be payable, in any currency other than the lawful currency from time to time of The Republic of Rwanda;

(b) "**Guarantee**" means any obligation of a person to pay the Indebtedness of another person including, without limitation: an obligation to pay or purchase such Indebtedness; an obligation to lend money or to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness; an indemnity against the consequences of a default in the payment of such Indebtedness; or any other agreement to be responsible for such Indebtedness;

(c) "**Indebtedness**" means any obligation (whether present or future) for the payment or repayment of money which has been borrowed or raised (including money raised by acceptances and leasing);

(d) "**person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, trust or other juridical entity, state or agency of a state or other entity, whether or not having a separate legal personality;

(e) "**Public External Indebtedness**" means any External Indebtedness which is in the form of, or is represented by, bonds, notes or other securities with a stated maturity of more than one year from the date of issue which are, or are capable of being, quoted, listed or ordinarily purchased or sold on any stock exchange, automated trading system, over the counter or other securities market; and

(f) "**Security**" means any mortgage, pledge, lien, hypothecation, security interest or other charge or encumbrance including, without limitation, anything analogous to the foregoing under the laws of any jurisdiction.

(c) *Exceptions*: The following exceptions apply to the Issuer's obligations under Condition 3(a) (*Negative Pledge*):

(i) any Security upon property to secure Public External Indebtedness of the Issuer or any Guarantee by the Issuer of Public External Indebtedness of any other person, in each case incurred for the purpose of financing the acquisition or construction of such property and any renewal and extension of such Security which is limited to the original property covered thereby and which (in either case) secures any renewal or extension of the original secured financing;

(ii) any Security securing Public External Indebtedness of the Issuer or any Guarantee by the Issuer of Public External Indebtedness of any other person, in each case incurred for the purpose of financing all or part of the costs of the acquisition, construction or development of a project; provided that (A) the holders of such Public External Indebtedness or Guarantee expressly agree to limit their recourse to the assets and revenues of such project or the proceeds of insurance thereon as the sole source of repayments of such Public External Indebtedness and (B) the property over which such Security is granted consists solely of such assets and revenues; and

(iii) any Security securing the Public External Indebtedness of the Issuer or any Guarantee by the Issuer of Public External Indebtedness of any other person which was in existence on 5 August 2021, provided that the aggregate principal amount of any Public External Indebtedness so secured is not subsequently increased.

4. Interest

The Notes bear interest from 9 August 2021 (the "**Issue Date**") at the rate of 5.500 per cent. per annum, (the "**Rate of Interest**") payable semi-annually in arrear on 9 February and 9 August in each year (each, an "**Interest Payment Date**"), subject as provided in Condition 6 (*Payments*).

Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest at such rate (both before and after judgment) until the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder.

The amount of interest payable on each Interest Payment Date shall be U.S.$5,500 in respect of each Note of U.S.$200,000 denomination and, where Notes are issued in Authorised Denominations in excess thereof, U.S.$27.50 in respect of each Calculation Amount (as defined below). If interest is required to be paid in respect of a Note on any other date, it shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the Authorised Denomination of such Note divided by the Calculation Amount, where "**Calculation Amount**" means U.S.$1,000 and "**Day Count Fraction**" means, in respect of any period, the number of days in the relevant period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months).

5. Redemption and Purchase

(a) *Scheduled Redemption*: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 9 August 2031, subject as provided in Condition 6 (*Payments*).

(b) *Purchase*: The Issuer may at any time purchase Notes in the open market or otherwise and at any price, provided that such purchase is made in accordance with the United States Securities Act of 1933, as amended (the "**Securities Act**") and any other applicable securities laws.

(c) *Cancellation*: Any Notes so purchased by the Issuer may be cancelled or held and resold (provided that any resales in the United States must be in accordance with an effective registration statement or in a transaction exempt from or not subject to the registration requirements of the Securities Act). Any Notes so purchased, while held by or on behalf of the Issuer shall not entitle the holder to vote at any meeting of Noteholders and shall not be deemed to be outstanding for the purposes of such meetings. Any Notes so cancelled will not be reissued.

6. Payments

(a) *Principal*: Payments of principal shall be made by US dollar cheque drawn on, or, upon application by a Holder of a Note to the Specified Office of any Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to a US dollar account maintained by the payee with, a bank that processes payments in US Dollars and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

(b) *Interest*: Payments of interest shall be made by US dollar cheque drawn on, or upon application by a Holder of a Note to the Specified Office of any Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to a US dollar account maintained by the payee with, a bank in New York City and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

(c) *Payments subject to fiscal laws*: All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*). No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(d) *Payments on business days*: Where payment is to be made by transfer to a US dollar account, payment instructions (for value the due date, or, if the due date is not a business day, for value the next succeeding business day) will be initiated and, where payment is to be made by US dollar cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of any Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a business day, (B) if the Noteholder is late in surrendering its Certificate (if required to do so) or (C) a cheque mailed in accordance with this Condition 6 (*Payments*) arriving after the due date for payment or being lost in the mail. In this paragraph, "**business day**" means any day on which banks are open for general business (including dealings in foreign currencies) in New York City, London and Kigali and, in the case of surrender (or, in the case of part payment only, endorsement) of a Note Certificate, in the place in which the Note Certificate is surrendered (or, as the case may be, endorsed).

(e) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Note, the Registrar shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.

(f) *Record date*: Each payment in respect of a Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**"). Where payment in respect of a Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

7. Taxation

The Issuer agrees that no taxes shall be payable or deductions made in respect of payments under the Notes. All payments of principal and interest in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Issuer shall pay such additional amounts as will result in receipt by the Noteholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note:

(i) held by a Holder or beneficial owner which is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of its having some connection with the Relevant Jurisdiction other than the mere holding of the Note or the receipt of any payment in respect of such Note; or

(ii) held by a Holder who would have been able to avoid such withholding or deduction by arranging to receive the relevant payment through another Paying Agent in a member state of the European Union; or

(iii) where (in the case of a payment of principal or interest on redemption) the relevant Note Certificate is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant Holder would have been entitled to such additional amounts if it had surrendered the relevant Note Certificate on the last day of such period of 30 days.

In these Conditions:

(a) "**Relevant Date**" means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received by the Principal Paying Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 15 (*Notices*);

(b) Any reference to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 7 (*Taxation*); and

(c) "**Relevant Jurisdiction**" means the Republic of Rwanda or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Republic of Rwanda becomes subject in respect of payments made by it of principal and interest on the Notes.

8. Events of Default

If any of the following events occurs and is continuing:

(a) *Non-payment*: the Issuer fails to pay any amount of principal in respect of the Notes within 15 business days of the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within 30 days of the due date for payment thereof; or

(b) *Breach of other obligations*: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes or the Deed of Covenant and such default remains unremedied for 45 days after written notice thereof, addressed to the Issuer by any Noteholder, has been delivered to the Issuer or to the Specified Office of any Paying Agent; or

(c) *Cross-default of Issuer*:

(i) any External Indebtedness of the Issuer is not paid when due or (as the case may be) within any originally applicable grace period;

(ii) any such External Indebtedness becomes due and payable prior to its stated maturity otherwise than at the option of the Issuer or (provided that no event of default, howsoever described, has occurred) any person entitled to such External Indebtedness; or

(iii) the Issuer fails to pay when due any amount payable by it under any Guarantee of any External Indebtedness within any originally applicable grace period,

provided that (x) the amount of External Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any Guarantee referred to in sub-paragraph (iii) above, individually or in the aggregate, exceeds U.S.$20 million (or its equivalent in any other currency or currencies); or

(d) *IMF*: the Issuer ceases to be a member of the International Monetary Fund (the "**IMF**"), or ceases to be eligible to use the general resources of the IMF; or

(e) *Moratorium*: a moratorium on the payment of principal of, or interest on, the External Indebtedness of the Issuer shall be declared by the Issuer; or

(f) *Validity*:

(i) the validity of the Notes shall be contested by the Issuer or any political subdivision thereof or any authority acting on behalf of the Issuer; or

(ii) the Issuer shall deny any of its obligations under the Notes (whether by a general suspension of payments or a moratorium on the payment of debt or otherwise); or

(iii) it shall be or become unlawful for the Issuer to perform or comply with all or any of its obligations set out in the Notes or the Agency Agreement, including, without limitation, the payment of interest on the Notes, as a result of any change in law or regulation in The Republic of Rwanda or any ruling of any court in The Republic of Rwanda whose decision is final and unappealable or for any reason such obligations cease to be in full force and effect; or

(g) *Consents*: if any authorisation, consent of, or filing or registration with, any governmental authority necessary for the performance of any payment obligation of the Issuer under the Notes, when due, ceases to be in full force and effect or remain valid and subsisting,

then the holders of at least 25 per cent. in aggregate principal amount of the outstanding Notes may, by notice in writing to the Issuer (with a copy to the Fiscal Agent), declare all the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality. Notice of any such declaration shall promptly be given to all other Noteholders by the Issuer. No delay or omission of any Noteholder or any party to the Agency Agreement to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or other breach of the Issuer's obligations under the Agency Agreement.

If the Issuer receives notice in writing from holders of at least 50 per cent. in aggregate principal amount of the outstanding Notes (as defined in the Agency Agreement) to the effect that the Event of Default or Events of Default giving rise to any above-mentioned declaration of acceleration is or are cured following any such declaration and that such holders wish the relevant declaration to be withdrawn, the Issuer shall, give notice thereof to the Noteholders (with a copy to the Fiscal Agent), whereupon the relevant declaration shall be withdrawn and shall have no further effect but without prejudice to any rights or obligations which may have arisen before the Issuer gives such notice (whether pursuant to these Conditions or otherwise). No such withdrawal shall affect any other or any subsequent Event of Default or any right of any Noteholder in relation thereto.

9. Prescription

Claims for principal and interest on redemption shall become void unless the relevant Note Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

10. Replacement of Note Certificates

If any Note Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Note Certificates must be surrendered before replacements will be issued.

11. Agents

In acting under the Agency Agreement and in connection with the Notes, the Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders, save as expressly provided therein.

The initial Agents and their initial Specified Offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor registrar, fiscal agent and additional or successor paying agents and transfer agents; provided, however, that the Issuer shall at all times maintain (a) a fiscal agent and (b) a paying agent, a transfer agent and a registrar in any major European city.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders.

12. Meetings of Noteholders; Written Resolutions

(a) *Meetings*

(i) The Issuer may convene a meeting of the Noteholders at any time in respect of the Notes in accordance with the Agency Agreement. The Issuer will determine the time and place of the meeting. The Issuer will notify the Noteholders of the time, place and purpose of the meeting not less than 21 and not more than 45 days before the meeting.

(ii) The Issuer or the Fiscal Agent will convene a meeting of Noteholders if the holders of at least 10 per cent. in principal amount of the outstanding Notes (as defined in the Agency Agreement) have delivered a written request to the Issuer or the Fiscal Agent (with a copy to the Issuer) setting out the purpose of the meeting. The Fiscal Agent will agree the time and place of the meeting with the Issuer promptly. The Issuer or the Fiscal Agent, as the case may be, will notify the Noteholders within 10 days of receipt of such written request of the time and place of the meeting, which shall take place not less than 21 and not more than 45 days after the date on which such notification is given.

(iii) The Issuer (with the agreement of the Fiscal Agent) will set the procedures governing the conduct of any meeting in accordance with the Agency Agreement. If the Agency Agreement does not include such procedures, or additional procedures are required, the Issuer and the Fiscal Agent will agree such procedures as are customary in the market and in such a manner as to facilitate any multiple series aggregation, if in relation to a Reserved Matter the Issuer proposes any modification to the terms and conditions of, or action with respect to, two or more series of debt securities issued by it.

(iv) The notice convening any meeting will specify, *inter alia*:

(A) the date, time and location of the meeting;

(B) the agenda and the text of any Extraordinary Resolution to be proposedfor adoption at the meeting;

(C) the record date for the meeting, which shall be no more than five business days before the date of the meeting;

(D) the documentation required to be produced by a Noteholder in order to be entitled to participate at the meeting or to appoint a proxy to act on the Noteholder's behalf at the meeting;

(E) any time deadline and procedures required by any relevant international and/or domestic clearing systems or similar through which the Notes are traded and/or held by Noteholders;

(F) whether paragraph (b) (*Modification of this Series of Notes only*), or paragraph (c) (*Multiple Series Aggregation – Single limb voting*), or paragraph (d) *Multiple Series Aggregation – Two limb voting*) shall apply and, if relevant, in relation to which other series of debt securities it applies;

(G) if the proposed modification or action relates to two or more series of debt securities issued by the Issuer and contemplates such series of debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group of debt securities;

(H) such information that is required to be provided by the Issuer in accordance with paragraph (f) (*Information*);

(I) the identity of the Aggregation Agent (as defined in Condition 13) and the Calculation Agent (as defined in this Condition 12), if any, for any proposed modification or action to be voted on at the meeting, and the details of any applicable methodology referred to in paragraph (g) (*Claims Valuation*); and

(J) any additional procedures which may be necessary and, if applicable, the conditions under which a multiple series aggregation will be deemed to have been satisfied if it is approved as to some but not all of the affected series of debt securities.

(v) All information to be provided pursuant to paragraph (a)(iv) (*Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions*) shall also be provided, *mutatis mutandis*, in respect of Written Resolutions and Electronic Consents (as defined in paragraph (l)).

(vi) A "**record date**" in relation to any proposed modification or action means the date fixed by the Issuer for determining the Noteholders and, in the case of a multiple series aggregation, the holders of debt securities of each other affected series that are entitled to vote on a Multiple Series Single Limb Extraordinary Resolution or a Multiple Series Two Limb Extraordinary Resolution, or to sign a Multiple Series Single Limb Written Resolution or a Multiple Series Two Limb Written Resolution.

(vii) An "**Extraordinary Resolution**" means any of a Single Series Extraordinary Resolution, a Multiple Series Single Limb Extraordinary Resolution and/or a Multiple Series Two Limb Extraordinary Resolution, as the case may be.

(viii) A "**Written Resolution**" means any of a Single Series Written Resolution, a Multiple Series Single Limb Written Resolution and/or a Multiple Series Two Limb Written Resolution, as the case may be.

(ix) Any reference to "**debt securities**" means any notes (including the Notes), bonds, debentures or other debt securities issued by the Issuer in one or more series with an original stated maturity of more than one year.

(x) "**Debt Securities Capable of Aggregation**" means those debt securities which include or incorporate by reference this Condition 12 (*Meetings of Noteholders; Written Resolutions*) and Condition 13 (*Aggregation Agent; Aggregation Procedures*) or provisions substantially in these terms which provide for the debt securities which include such provisions to be capable of being aggregated for voting purposes with other series of debt securities.

(b) *Modification of this Series of Notes only*

(i) Any modification of any provision of, or any action in respect of, these Conditions or the Agency Agreement in respect of the Notes may be made or taken if approved by a Single Series Ordinary Resolution, a Single Series Extraordinary Resolution or a Single Series Written Resolution as set out below.

(ii) For the purposes of a meeting of Noteholders convened in respect of this series of Notes only and for the purposes of passing a Single Series Ordinary Resolution and/or a Single Series Extraordinary Resolution (each as defined below) (a "**Single Series Meeting**"), at any such Single Series Meeting any one or more persons present in person holding Notes or proxies or representatives and holding or representing in the aggregate not less than 50 per cent. in principal amount of the Notes for the time being outstanding (or, in the case of an adjourned meeting, one or more persons present in person holding Notes or being proxies or representatives (whatever the principal amount of Notes so held or represented)) shall (except for the purposes of passing a Single Series Extraordinary Resolution) form a quorum for the transaction of business and no business (other than the choosing of a chairman) shall be transacted at any such Single Series Meeting unless the requisite quorum be present at the commencement of business. The quorum at any such Single Series Meeting convened for the purpose of passing a Single Series Extraordinary Resolution shall be one or more persons present in person holding Notes or being proxies or representatives and holding or representing in the aggregate not less than $66^{2}/_{3}$ per cent. of the principal amount of the Notes for the time being outstanding, (or, in the case of an adjourned meeting, one or more persons so present in person holding Notes or being proxies or representatives and holding or representing in the aggregate not less than $33^{1}/_{3}$ per cent. in the principal amount of Notes for the time being outstanding).

(iii) A "**Single Series Ordinary Resolution**" means a resolution passed at a Single Series Meeting duly convened and held in accordance with the procedures prescribed by the Issuer and the Fiscal Agent pursuant to paragraphs (a) (*Meetings*) and (b)(ii) in respect of any matter other than a Reserved Matter, by a majority of at least 50 per cent. of the votes cast.

(iv) A "**Single Series Extraordinary Resolution**" means a resolution passed at a Single Series Meeting duly convened and held in accordance with the procedures prescribed by the Issuer and the Fiscal Agent pursuant to paragraph (a) (*Meetings*) and (b)(ii) in respect of a Reserved Matter by a majority of at least 75 per cent. of the votes cast.

(v) A "**Single Series Written Resolution**" means a resolution in writing signed or confirmed in writing by or on behalf of the holders of:

(A) in the case of a Reserved Matter, at least 75 per cent. of the aggregate principal amount of the outstanding Notes; or

(B) in the case of a matter other than a Reserved Matter more than 50 per cent. of the aggregate principal amount of the outstanding Notes.

Any Single Series Written Resolution may be contained in one document or several documents in the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders.

(vi) Any Single Series Ordinary Resolution, Single Series Extraordinary Resolution duly passed or Single Series Written Resolution approved shall be binding on all Noteholders, whether or not they attended such Single Series Meeting, whether or not they voted in favour thereof and whether or not they signed or confirmed in writing any such Single Series Written Resolution, as the case may be.

(c) *Multiple Series Aggregation – Single limb voting*

(i) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Single Limb Extraordinary Resolution or by a Multiple Series Single Limb Written Resolution as set out below, provided that the Uniformly Applicable condition is satisfied.

(ii) A "**Multiple Series Single Limb Extraordinary Resolution**" means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer and the Fiscal Agent pursuant to paragraph (a) (*Meetings*), as supplemented if necessary, which is passed by a majority of at least 75 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate).

(iii) A "**Multiple Series Single Limb Written Resolution**" means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of at least 75 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate). Any Multiple Series Single Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.

(iv) Any Multiple Series Single Limb Extraordinary Resolution duly passed or Multiple Series Single Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Single Limb Written Resolution, as the case may be, and on all Noteholders and noteholders of each other affected series of Debt Securities Capable of Aggregation.

(v) The "Uniformly Applicable" condition will be satisfied if:

(A) the holders of all affected series of Debt Securities Capable of Aggregation are invited to exchange, convert, or substitute their debt securities, on the same terms, for (i) the same new instrument or other consideration or (ii) a new instrument, new instruments or other consideration from an identical menu of instruments or other consideration; or

(B) the amendments proposed to the terms and conditions of each affected series of Debt Securities Capable of Aggregation would, following implementation of such amendments, result in the amended instruments having identical provisions (other than provisions which are necessarily different, having regard to any different currency of issuance).

(vi) Any modification or action proposed under paragraph (c)(i) may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this paragraph (c) may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

(d) *Multiple Series Aggregation – Two limb voting*

(i) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Two Limb Extraordinary Resolution or by a Multiple Series Two Limb Written Resolution as set out below.

(ii) A "**Multiple Series Two Limb Extraordinary Resolution**" means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer and the Fiscal Agent pursuant to paragraph (a) (*Meetings*), as supplemented if necessary, which is passed by a majority of:

(A) at least $66^2/_3$ per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate); and

(B) more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).

(iii) A "**Multiple Series Two Limb Written Resolution**" means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of:

(A) at least $66^2/_3$ per cent. of the aggregate principal amount of the outstanding debt securities of all the affected series of Debt Securities Capable of Aggregation (taken in aggregate); and

(B) more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).

Any Multiple Series Two Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.

(iv) Any Multiple Series Two Limb Extraordinary Resolution duly passed or Multiple Series Two Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Two Limb Written Resolution, as the case may be, and on all Noteholders and noteholders of each other affected series of Debt Securities Capable of Aggregation.

(v) Any modification or action proposed under paragraph (d)(i) may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this paragraph (d) may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

(e) *Reserved Matters*

In these Conditions, "**Reserved Matter**" means any proposal:

(i) to change the dates, or the method of determining the dates, for payment of principal, interest or any other amount in respect of the Notes, to reduce or cancel the amount of principal, interest or any other amount payable on any date in respect of the Notes or to change the method of calculating the amount of principal, interest or any other amount payable in respect of the Notes on any date;

(ii) to change the currency in which any amount due in respect of the Notes is payable or the place in which any payment is to be made;

(iii) to change the majority or quorum required to pass a Single Series Ordinary Resolution, an Extraordinary Resolution, a Written Resolution, an Electronic Consent or any other resolution of Noteholders or the number or percentage of votes required to be cast, or the number or percentage of Notes required to be held, in connection with the taking of any decision or action by or on behalf of the Noteholders or any of them;

(iv) to change this definition, or the definition of "Extraordinary Resolution", "Single Series Ordinary Resolution", "Single Series Extraordinary Resolution", "Multiple Series Single Limb Extraordinary Resolution", "Multiple Series Two Limb Extraordinary Resolution", "Electronic Consent", "Written Resolution", "Single Series Written Resolution", "Multiple Series Single Limb Written Resolution" or "Multiple Series Two Limb Written Resolution";

(v) to change the definition of "debt securities" or "Debt Securities Capable of Aggregation";

(vi) to change the definition of "Uniformly Applicable";

(vii) to change the definition of "outstanding" or to modify the provisions of paragraph (i) (*Notes controlled by the Issuer*);

(viii) to change the legal ranking of the Notes;

(ix) to change any provision of the Notes describing circumstances in which Notes may be declared due and payable prior to their scheduled maturity date, set out in Condition 8 (*Events of Default*);

(x) to change the law governing the Notes, the courts to the jurisdiction of which the Issuer has submitted in the Notes, any of the arrangements specified in the Notes to enable proceedings to be taken or the Issuer's waiver of immunity, in respect of actions or proceedings brought by any Noteholder, set out in Condition 17 (*Governing Law and Jurisdiction*);

(xi) to impose any condition on or otherwise change the Issuer's obligation to make payments of principal, interest or any other amount in respect of the Notes, including by way of the addition of a call option;

(xii) to modify the provisions of this paragraph (e);

(xiii) except as permitted by any related guarantee or security agreement, to release any agreement guaranteeing or securing payments under the Notes or to change the terms of any such guarantee or security; or

(xiv) to exchange or substitute all the Notes for, or convert all the Notes into, other obligations or securities of the Issuer or any other person, or to modify any provision of these Conditions in connection with any exchange or substitution of the Notes for, or the conversion of the Notes into, any other obligations or securities of the Issuer or any other person, which would result in the Conditions as so modified being less favourable to the Noteholders which are subject to the Conditions as so modified than:

(A) the provisions of the other obligations or debt securities of the Issuer or any other person resulting from the relevant exchange or substitution or conversion; or

(B) if more than one series of other obligations or debt securities results from the relevant exchange or substitution or conversion, the provisions of the resulting series of debt securities having the largest aggregate principal amount.

(f) *Information*

Prior to or on the date that the Issuer proposes any Extraordinary Resolution or Written Resolution pursuant to paragraph (b) (*Modification of this Series of Notes only)*, paragraph (c) (*Multiple Series Aggregation – Single limb voting*) or paragraph (d) (*Multiple Series Aggregation – Two limb voting*), the Issuer shall publish in accordance with Condition 13 (*Aggregation Agent; Aggregation Procedures*), and provide the Fiscal Agent with the following information:

(i) a description of the Issuer's economic and financial circumstances which are, in the Issuer's opinion, relevant to the request for any potential modification or action, a description of the Issuer's existing debts and a description of its broad policy reform programme and provisional macroeconomic outlook;

(ii) if the Issuer shall at the time have entered into an arrangement for financial assistance with multilateral and/or other major creditors or creditor groups and/or an agreement with any such creditors regarding debt relief, a description of any such arrangement or agreement;

(iii) a description of the Issuer's proposed treatment of external debt securities that fall outside the scope of any multiple series aggregation and its intentions with respect to any other debt securities and its other major creditor groups; and

(iv) if any proposed modification or action contemplates debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group, as required for a notice convening a meeting of the Noteholders in paragraph (a)(iv)(G).

(g) *Claims Valuation*

For the purpose of calculating the par value of the Notes and any affected series of debt securities which are to be aggregated with the Notes in accordance with paragraph (c) (*Multiple Series Aggregation – Single limb voting*) and paragraph (d) (*Multiple Series Aggregation – Two limb voting*), the Issuer may appoint a calculation agent (the "**Calculation Agent**"). The Issuer shall, with the approval of the Aggregation Agent and any appointed Calculation Agent, promulgate the methodology in accordance with which the Calculation Agent will calculate the par value of the Notes and such affected series of debt securities. In any such case where a Calculation Agent is appointed, the same person will be appointed as the Calculation Agent for the Notes and each other affected series of debt securities for these purposes, and the same methodology will be promulgated for each affected series of debt securities.

(h) *Manifest error, etc.*

The Notes, these Conditions, the Deed of Covenant and the provisions of the Agency Agreement may be amended without the consent of the Noteholders either (i) for the purpose of curing any ambiguity or of curing, correcting or supplementing any manifest or proven error or any other defective provision contained herein or therein or (ii) in any other manner which is, in the sole opinion of the Issuer, not materially prejudicial to the interests of the Noteholders. Any such modification shall be binding on the Noteholders and shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 15 (*Notices*).

(i) *Notes controlled by the Issuer*

For the purposes of (i) determining the right to attend and vote at any meeting of Noteholders, the right to give an Electronic Consent or the right to sign or confirm in writing, or authorise the signature of, any Written Resolution and (ii) this Condition 12 and (iii) Condition 8 (*Events of Default)*, any Notes which are for the time being held by or on behalf of the Issuer or by or on behalf of any person which is owned or controlled directly or indirectly by the Issuer or by any public sector instrumentality of the Issuer shall be disregarded and be deemed not to remain outstanding, where:

(i) "**public sector instrumentality**" means the National Bank of Rwanda, any department, ministry or agency of the government of Rwanda or any corporation, trust, financial institution or other entity owned or controlled by the government of Rwanda or any of the foregoing; and

(ii) "**control**" means the power, directly or indirectly, through the ownership of voting securities or other ownership interests or through contractual control or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of, or in addition to, the board of directors of a corporation, trust, financial institution or other entity.

A Note will also be deemed to be not outstanding if the Note has previously been cancelled or delivered for cancellation or held for reissuance but not reissued, or, where relevant, the Note has previously been called for redemption in accordance with its terms or previously become due and payable at maturity or otherwise and the Issuer has previously satisfied its obligations to make all payments due in respect of the Note in accordance with its terms.

In advance of any meeting of Noteholders, or in connection with any Electronic Consent or Written Resolution, the Issuer shall provide to the Fiscal Agent a copy of the certificate prepared pursuant to paragraph (d) (Certificate) of Condition 13 (*Aggregation Agent; Aggregation Procedures*), which includes information on the total number of Notes which are for the time being held by or on behalf of the Issuer or by or on behalf of any person which is owned or controlled directly or indirectly by the Issuer or by any public sector instrumentality of the Issuer and, as such, such Notes shall be disregarded and deemed not to remain outstanding for the purposes of ascertaining the right to attend and vote at any meeting of Noteholders or the right to sign, or authorise the signature of, any Written Resolution in respect of any such meeting. The Fiscal Agent shall make any such certificate available for inspection during normal business hours at its Specified Office and, upon reasonable request, will allow copies of such certificate to be taken.

(j) *Publication*

The Issuer shall publish all Extraordinary Resolutions and Written Resolutions which have been determined by the Aggregation Agent to have been duly passed in accordance with paragraph (g) (*Manner of publication*) of Condition 13 (*Aggregation Agent; Aggregation Procedures*).

(k) *Exchange and Conversion*

Any Extraordinary Resolutions or Written Resolutions which have been duly passed and which modify any provision of, or action in respect of, the Conditions may be implemented at the Issuer's option by way of a mandatory exchange or conversion of the Notes and each other affected series of debt securities, as the case may be, into new debt securities containing the modified terms and conditions if the proposed mandatory exchange or conversion of the Notes is notified to Noteholders at the time notification is given to the Noteholders as to the proposed modification or action. Any such exchange or conversion shall be binding on all Noteholders.

(l) *Written Resolutions and Electronic Consents*

A Written Resolution may be contained in one document or in several documents in like form, each signed by or on behalf of one or more of the Noteholders.

For so long as any Notes are in the form of a global Note held on behalf of one or more of Euroclear Bank SA/NV ("**Euroclear**"), Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), The

Depository Trust Company ("**DTC**") or any other clearing system (the "**relevant clearing system(s)**"), then:

(i) Approval of a resolution proposed by the Issuer given by way of electronic consent communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures (i) by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders or (ii) (where such holders have been given at least 21 days' notice of such resolution) by or on behalf of:

(A) in respect of a proposal that falls within sub-paragraphs (iii), (iv) and (v) of Condition 12(b), the persons holding at least 75 per cent. of the aggregate principal amount of the Notes then outstanding in the case of a Reserved Matter or at least 66.67 per cent. of the aggregate principal amount of the Notes then outstanding, in the case of a matter other than a Reserved Matter;

(B) in respect of a proposal that falls within paragraphs (ii) and (iii) of Condition 12(c), the persons holding at least 75 per cent. of the aggregate principal amount of the debt securities then outstanding of all affected series of Debt Securities Capable of Aggregation (taken in aggregate);

(C) in respect of a proposal that falls within paragraphs (ii) and (iii) of Condition 12(d), (x) the persons holding at least $66^{2}/_{3}$ per cent. of the aggregate principal amount of the debt securities then outstanding of all affected series of Debt Securities Capable of Aggregation (taken in aggregate); and (y) the persons holding more than 50 per cent. of the aggregate principal amount of the debt securities then outstanding in each affected series of Debt Securities Capable of Aggregation (taken individually),

(in the case of (A), (B) and (C), each an "**Electronic Consent**") shall, for all purposes (including Reserved Matters) take effect as (i) a Single Series Extraordinary Resolution (in the case of (A) above), (ii) a Multiple Series Single Limb Extraordinary Resolution (in the case of (B) above) or (iii) a Multiple Series Two Limb Extraordinary Resolution (in the case of (C) above), as applicable.

The notice given to Noteholders shall specify, in sufficient detail to enable Noteholders to give their consents in relation to the proposed resolution, the method by which their consents may be given (including, where applicable, blocking of their accounts in the relevant clearing system(s)) and the time and date (the "**Relevant Date**") by which they must be received in order for such consents to be validly given, in each case subject to and in accordance with the operating rules and procedures of the relevant clearing system(s).

If, on the Relevant Date on which the consents in respect of an Electronic Consent are first counted, such consents do not represent the required proportion for approval, the resolution shall, if the party proposing such resolution (the "**Proposer**") so determines, be deemed to be defeated. Alternatively, the Proposer may give a further notice to Noteholders that the resolution will be proposed again on such date and for such period as shall be agreed with the Issuer (unless the Issuer is the Proposer). Such notice must inform Noteholders that insufficient consents were received in relation to the original resolution and the information specified in the previous paragraph. For the purpose of such further notice, references to "**Relevant Date**" shall be construed accordingly.

An Electronic Consent may only be used in relation to a resolution proposed by the Issuer which is not then the subject of a meeting that has been validly convened above, unless that meeting is or shall be cancelled or dissolved.

(b) Where Electronic Consent has not been sought, for the purposes of determining whether a Written Resolution has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer (a) by accountholders in the relevant clearing system(s) with entitlements to any global Note and/or (b) where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, the relevant clearing system(s) and, in the case of (b) above, the relevant clearing system(s) and the accountholder identified by the relevant clearing system(s). Any such certificate or other document (i) shall be conclusive and binding for all purposes and (ii) may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

All information to be provided pursuant to sub-paragraph (iv) of Condition 12(a) shall also be provided, mutatis mutandis, in respect of Written Resolutions and Electronic Consents.

A Written Resolution and/or Electronic Consent (i) shall take effect as an Extraordinary Resolution and (ii) will be binding on all Noteholders, whether or not they participated in such Written Resolution and/or Electronic Consent, even if the relevant consent or instruction proves to be defective.

13. Aggregation Agent; Aggregation Procedures

(a) *Appointment*

The Issuer will appoint an aggregation agent (the "**Aggregation Agent**") to calculate whether a proposed modification or action has been approved by the required principal amount outstanding of Notes, and, in the case of a multiple series aggregation, by the required principal amount of outstanding debt securities of each affected series of debt securities. In the case of a multiple series aggregation, the same person will be appointed as the Aggregation Agent for the proposed modification of any provision of, or any action in respect of, these Conditions or the Agency Agreement in respect of the Notes and in respect of the terms and conditions or Agency Agreement in respect of each other affected series of debt securities. The Aggregation Agent shall be independent of the Issuer.

(b) *Extraordinary Resolutions*

If an Extraordinary Resolution has been proposed at a duly convened meeting of Noteholders to modify any provision of, or action in respect of, these Conditions and other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as practicable after the time the vote is cast, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have voted in favour of the Extraordinary Resolution such that the Extraordinary Resolution is passed. If so, the Aggregation Agent will determine that the Extraordinary Resolution has been duly passed.

(c) *Written Resolutions*

If a Written Resolution has been proposed under the terms of these Conditions to modify any provision of, or action in respect of, these Conditions and the terms and conditions of other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as reasonably practicable after the relevant Written Resolution has been signed or confirmed in writing, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have signed or confirmed in writing in favour of the Written Resolution such that the Written Resolution is passed. If so, the Aggregation Agent will determine that the Written Resolution has been duly passed.

(d) *Electronic Consents*

If approval of a resolution proposed under the terms of these Conditions to modify any provision of, or action in respect of, these Conditions and the terms and conditions of other affected series of debt securities, as the case may be, is proposed to be given by way of Electronic Consent, the Aggregation Agent will, as soon as reasonably practicable after the relevant Electronic Consent has been given, calculate whether holders of a sufficient portion of the aggregate principal amount of the Notes then outstanding and, where relevant, each other affected series of debt securities, have consented to the resolution by way of Electronic Consent such that the resolution is approved. If so, the Aggregation Agent will determine that the resolution has been duly approved.

(e) *Certificate*

For the purposes of paragraph (b) (*Extraordinary Resolutions*), paragraph (c) (*Written Resolutions*) and paragraph (d) (*Electronic Consents*), the Issuer will provide a certificate to the Aggregation Agent up to three days prior to, and in any case no later than, with respect to an Extraordinary Resolution, the date of the meeting referred to in paragraph (b) (*Modification of this Series of Notes only*), paragraph (c) (*Multiple Series Aggregation – Single limb voting*) or paragraph (d) (*Multiple Series Aggregation – Two limb voting*) of Condition 12 (*Meetings of Noteholders; Written Resolutions*), as applicable, and, with respect to a Written Resolution, the date arranged for the signing of the Written Resolution.

The certificate shall:

(i) list the total principal amount of Notes outstanding and, in the case of a multiple series aggregation, the total principal amount of each other affected series of debt securities outstanding on the record date; and

(ii) clearly indicate the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities which shall be disregarded and deemed not to remain outstanding as a consequence of paragraph (i) (Notes controlled by the Issuer) of Condition 12 (*Meetings of Noteholders; Written Resolutions*) on the record date identifying the holders of the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities.

The Aggregation Agent may rely upon the terms of any certificate, notice, communication or other document believed by it to be genuine.

(e) *Notification*

The Aggregation Agent will cause each determination made by it for the purposes of this Condition 13 to be notified to the Fiscal Agent and the Issuer as soon as practicable after such determination. Notice thereof shall also promptly be given to the Noteholders.

(f) *Binding nature of determinations; no liability*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 13 by the Aggregation Agent and any appointed Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Fiscal Agent and the Noteholders and (subject as aforesaid) no liability to any such person will attach to the Aggregation Agent or the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(g) *Manner of publication*

The Issuer will publish all notices and other matters required to be published pursuant to the Agency Agreement including any matters required to be published pursuant to Condition 12 (*Meetings of Noteholders; Written Resolutions*), this Condition 13 and Condition 8 (*Events of Default*) through

Euroclear Bank, Clearstream, Luxembourg and DTC and in such other places and in such other manner as may be required by applicable law or regulation.

14. Further Issues

The Issuer may from time to time, without the consent of the Noteholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes, provided that either (i) such additional notes, for purposes of US federal income taxation (regardless of whether any holders of such notes are subject to the US federal income tax laws), are not treated as issued with original issue discount (or are issued with a de minimis amount of original issue discount as defined in US Treasury Regulation 1.1273-1(d)), or (ii) such additional securities are issued in a "**qualified reopening**" for US federal income tax purposes).

15. Notices

Notices to the Noteholders will be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register. Any notice shall be deemed to have been given on the fourth business day after the date of mailing.

16. Currency Indemnity

If any sum due from the Issuer in respect of the Notes or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

17. Governing Law and Jurisdiction

(a) *Governing law*

The Notes, including any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant or the Notes, are governed by, and shall be construed in accordance with, English law.

(b) *English courts*

The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes (including any non-contractual obligation arising out of or in connection with the Notes).

(c) *Appropriate forum*

The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

(d) *Rights of the Noteholders to take proceedings outside England*

Condition 17(b) (*English courts*) is for the benefit of the Noteholders only. As a result, nothing in this Condition 17 (*Governing law and jurisdiction*) prevents any Noteholder from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.

(e) *Service of Process*

The Issuer agrees that the process by which any Proceedings are commenced in England pursuant to Condition 17(b) (*Jurisdiction*) may be served on it by being delivered to the Rwandan High Commission in London at 120-122 Seymour Place, London W1H 1NR. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall, on the written demand of the Noteholders, appoint a further person in England to accept service of process on its behalf and, failing such appointment within 14 days, the Noteholders shall be entitled to appoint such a person by written notice to the Issuer. Nothing in this paragraph shall affect the right of the Noteholders to serve process in any other manner permitted by law.

(f) *Consent to enforcement etc.*

The Issuer consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation but subject as provided in Condition 17(g) (*Sovereign immunity*) below) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which is made or given in such Proceedings.

(g) *Sovereign immunity*

To the extent that the Issuer may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer or its assets or revenues, the Issuer agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction (and consents generally for the purposes of the State Immunity Act 1978 to the giving of any relief or the issue of any process in connection with any proceedings). The Issuer does not hereby waive such immunity from execution or attachment, or like process, in respect of (a) property, including any bank account, used by a diplomatic or consular mission of the Issuer or its special missions or delegations to international organisations, (b) property of a military character and under the control of a military authority or defence agency of the Issuer or (c) property located in the territory of the Republic of Rwanda of which the ownership vests in the government of the Republic of Rwanda and is dedicated to a public or governmental use (as distinct from property dedicated to a commercial use). The Issuer reserves the right to plead sovereign immunity under the US Foreign Sovereign Immunities Act of 1976 with respect to actions brought against it in any court of or in the United States of America under any United States federal or State securities law.

THE GLOBAL CERTIFICATES

The Global Certificates contain the following provisions which apply to the Notes in respect of which they are issued whilst they are represented by the Global Certificates, some of which modify the effect of the Conditions. Terms defined in the Conditions have the same meaning in paragraphs 1 to 7 below.

1. **Form of the Notes**

The Notes sold in reliance on Regulation S under the Securities Act will be represented on issue by the Unrestricted Global Certificate, which will be deposited with, and registered in the name of a nominee for the common depositary for, Euroclear and Clearstream, Luxembourg. Beneficial interests in an Unrestricted Global Certificate may be held only through Euroclear or Clearstream, Luxembourg or their participants at any time. By acquisition of a beneficial interest in the Unrestricted Global Certificate, the purchaser thereof will be deemed to represent, among other things, that it acquired such beneficial interest in accordance with Regulation S and that it will only offer, sell, pledge or otherwise transfer such beneficial interest in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S. See "*Subscription and Sale*" and "*Transfer Restrictions*".

The Notes sold in reliance on Rule 144A will be represented on issue by the Restricted Global Certificate, which will be deposited with a custodian for, and registered in the name of a nominee of, DTC. Beneficial interests in a Restricted Global Certificate may only be held through DTC or its participants at any time.

Beneficial interests in a Restricted Global Certificate may only be held by persons who are QIBs, holding their interests for their own account or for the account of one or more QIBs. By acquisition of a beneficial interest in a Restricted Global Certificate, the purchaser thereof will be deemed to represent, among other things, that it is a QIB and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest in accordance with the procedures and restrictions contained in the Restricted Global Certificate. See "*Subscription and Sale*".

Beneficial interests in Global Certificates will be subject to certain restrictions on transfer set out therein and under "*Transfer Restrictions*" and in the Agency Agreement and such Global Certificates will bear a legend as set out under "*Transfer Restrictions*".

No beneficial interest in an Unrestricted Global Certificate may be transferred to a person who takes delivery in the form of a beneficial interest in a Restricted Global Certificate unless (i) the transfer is to a person that is a QIB, (ii) such transfer is made in reliance on Rule 144A, and (iii) the transferor provides the Registrar with a written certification substantially in the form set out in the Agency Agreement to the effect that the transferor reasonably believes that the transferee is a QIB, that the transfer is being made in a transaction meeting the requirements of Rule 144A and that such transaction is in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. No beneficial interest in the Restricted Global Certificate may be transferred to a person who takes delivery in the form of a beneficial interest in an Unrestricted Global Certificate unless the transfer is to a non-US person in an offshore transaction in reliance on Regulation S and the transferor provides the Registrar with a written certification substantially in the form set out in the Agency Agreement to the effect that the transfer is being made to a person who is a non-US person in accordance with Regulation S.

Any beneficial interest in an Unrestricted Global Certificate that is transferred to a person who takes delivery in the form of an interest in a Restricted Global Certificate will, upon transfer, cease to be an interest in such Unrestricted Global Certificate and become an interest in the Restricted Global Certificate, and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in a Restricted Global Certificate for as long as it remains such an interest. Any beneficial interest in a Restricted Global Certificate that is transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Certificate will, upon transfer, cease to be an interest in each Restricted Global Certificate and become an interest in the Unrestricted Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in an Unrestricted Global Certificate for so long as it remains such an interest. No service charge will be made for any registration of transfer or exchange of Notes, but the

Issuer may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Except in the limited circumstances described below, owners of beneficial interests in the Global Certificates will not be entitled to receive physical delivery of Notes.

2. **Accountholders**

For so long as any of the Notes are represented by the Global Certificates, each person (other than another clearing system) who is for the time being shown in the records of DTC or Euroclear or Clearstream, Luxembourg (as the case may be) as the holder of a particular aggregate principal amount of such Notes (each an "Accountholder") (in which regard any certificate or other document issued by DTC or Euroclear or Clearstream, Luxembourg (as the case may be) as to the aggregate principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes) shall be treated as the holder of such aggregate principal amount of such Notes (and the expression "Noteholders" and references to "holding of Notes" and to "holder of Notes" shall be construed accordingly) for all purposes other than with respect to payments on such Notes, the right to which shall be vested, as against the Issuer solely in the nominee for the relevant clearing system (the "**Relevant Nominee**") in accordance with and subject to the terms of the Global Certificates. Each Accountholder must look solely to DTC or Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the Relevant Nominee.

3. **Cancellation**

Cancellation of any Note following its redemption or purchase by the Issuer will be effected by reduction in the aggregate principal amount of the Notes in the Register and by the annotation of the appropriate schedule to the relevant Global Certificate.

4. **Payments**

Payments of principal and interest in respect of Notes represented by a Global Certificate will be made upon presentation or, if no further payment falls to be made in respect of the Notes, against presentation and surrender of such Global Certificate to or to the order of the Fiscal Agent or such other Agent as shall have been notified to the holders of the Global Certificates for such purpose.

Distributions of amounts with respect to book-entry interests in the Regulation S Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by any Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

Holders of book-entry interests in the Rule 144A Notes holding through DTC will receive, to the extent received by any Paying Agent, all distribution of amounts with respect to book-entry interests in such Notes from any Paying Agent through DTC. Distributions in the United States will be subject to relevant US tax laws and regulations.

A record of each payment made will be endorsed on the appropriate schedule to the relevant Global Certificate by or on behalf of the Fiscal Agent and shall be prima facie evidence that payment has been made.

5. **Notices**

So long as the Notes are represented by a Global Certificate and such Global Certificate is held on behalf of a clearing system, notices to Noteholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled Accountholders in substitution for notification as required by Condition 15 (*Notices*). Any such notice shall be deemed to have been given to the Noteholders on the second day after the day on which such notice is delivered to DTC, Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

Whilst any of the Notes held by a Noteholder are represented by a Global Certificate, notices to be given by such Noteholder may be given by such Noteholder (where applicable) through DTC, Euroclear and/or Clearstream, Luxembourg and otherwise in such manner as the Administrative Agent and DTC, Euroclear and Clearstream, Luxembourg may approve for this purpose.

6. **Registration of Title**

The Registrar will not register title to the Notes in a name other than that of the Relevant Nominee after the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for any payment of principal, or interest in respect of the Notes, where "**Clearing System Business Day**" means a day on which each clearing system for which the Global Note Certificate is being held is open for business.

7. **Exchange for Certificates**

(a) ***Exchange***

Each Restricted Global Certificate will be exchangeable, free of charge to the holder, in whole but not in part, for Restricted Certificates and each Unrestricted Global Certificate will be exchangeable, free of charge to the holder, in whole but not in part, for Unrestricted Certificates upon the occurrence of an Exchange Event.

For these purposes an "**Exchange Event**" means that:

(i) circumstances described in Condition 8 (*Events of Default*) have occurred;

(ii) in the case of an Unrestricted Global Certificate only, if Euroclear and/or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces that it is permanently to cease business or does in fact do so and no successor or alternative clearing system is available; or

(iii) in the case of a Restricted Global Certificate only, if DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the relevant Global Certificate or DTC ceases to be a "**clearing agency**" registered under the US Securities Exchange Act of 1934, as amended (the "**Exchange Act**") or is at any time no longer eligible to act as such and no qualified successor clearing system has been identified within 90 days of receipt of such notice from DTC.

In exchange for the relevant Global Certificate, as provided in the Agency Agreement, the Registrar will deliver or procure the delivery of an equal aggregate principal amount of duly executed Certificates in or substantially in the form set out in the Agency Agreement.

(b) ***Delivery***

In such circumstances, the relevant Global Certificate shall be exchanged in full for Certificates and the Issuer will, at the cost of the Issuer (but against such indemnity as the Registrar or Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Certificates to be executed and delivered to the Registrar for completion and dispatch to the relevant Noteholders. A person having an interest in a Global Certificate must provide the Registrar with (a) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Certificates and (b) in the case of the Restricted Global Certificate only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A to a purchaser that the transferor reasonably believes to be a QIB. Certificates issued in exchange for a beneficial interest in the Restricted Global Certificate shall bear the legend applicable to transfers pursuant to Rule 144A, as set out under "*Transfer Restrictions*".

(c) ***Legends and transfers***

The holder of a Certificate may transfer the Notes represented thereby in whole or in part in the applicable denomination by surrendering it at the specified office of any Transfer Agent, together with the completed form of transfer thereon. Upon the transfer, exchange or replacement of a Certificate bearing the legend referred to under "*Subscription and Sale*", or upon specific request for removal of the legend on a Certificate, the Issuer will deliver only Certificates that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer and the Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set out therein are required to ensure compliance with the provisions of the Securities Act. Restricted Certificates will bear the same legend as the legend for the Restricted Global Certificates set out under "*Transfer Restrictions*". The Restricted Certificates may not at any time be held by or on behalf of US persons that are not QIBs. Before any Unrestricted Certificate may be offered, resold, pledged or otherwise transferred to a person who takes delivery in the form of a Restricted Certificate, the transferor and/or transferee, as applicable, will be required to provide the Registrar with a written certification substantially in the form set out in the Agency Agreement to the effect that the transferor reasonably believes that the transfer is (i) to a person that is a QIB and (ii) such transfer is made in reliance on Rule 144A. Unrestricted Certificates will bear the same legend as the legend for the Unrestricted Global Certificates set out under "*Transfer Restrictions*". Before any Restricted Certificates may be offered, resold, pledged or otherwise transferred to a person who takes delivery in the form of an Unrestricted Certificate, the transferor and/or transferee, as applicable, will be required to provide the relevant Registrar with a written certification substantially in the form set out in the Agency Agreement to the effect that the transfer is being made to a person who is a non-US person in accordance with Regulation S.

(d) ***Deed of Covenant***

If:

(i) individual Certificates have not been issued and delivered by 5.00 p.m. (London time) on the thirtieth day after the date on which the same are due to be issued and delivered in accordance with the terms of the relevant Global Certificate; or

(ii) any of the Notes evidenced by the relevant Global Certificate has become due and payable in accordance with the Conditions or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the Holder of the Global Certificate on the due date for payment in accordance with the terms of the Global Certificate,

then, at 5.00 p.m. (London time) on such thirtieth day (in the case of (i) above) or at 5.00 p.m. (London time) on such due date (in the case of (ii) above) each Accountholder shall acquire under the deed of covenant dated 9 August 2021 (the "**Deed of Covenant**") rights of enforcement against the Issuer ("**Direct Rights**") to compel the Issuer to perform its obligations to the Holder of the relevant Global Certificate in respect of the Notes represented by the relevant Global Certificate, including the obligation of the Issuer to make all payments when due at any time in respect of such Notes in accordance with the Conditions as if such Notes had (where required by the Conditions) been duly presented and surrendered on the due date in accordance with the Conditions.

The Direct Rights shall be without prejudice to the rights which the Holder of the relevant Global Certificate may have under such Global Certificate or otherwise. Payment to the Holder of the relevant Global Certificate in respect of any Notes represented by that Global Certificate shall constitute a discharge of the Issuer's obligations under the Notes and the Deed of Covenant to the extent of any such payment and nothing in the Deed of Covenant shall oblige the Issuer to make any payment under the Notes to or to the order of any person other than the Holder of the relevant Global Certificate.

As a condition of any exercise of Direct Rights by an Accountholder, such Accountholder shall, as soon as practicable, give notice of such exercise to the Noteholders in the manner provided for in the Conditions or the relevant Global Certificate for notices to be given by the Issuer to Noteholders.

USE OF PROCEEDS

The proceeds of the issue of the Notes, amounting to US$620,000,000 prior to the deduction of the combined management and underwriting commission and the expenses incurred in connection with the issue of the Notes, will be used by the Issuer (i) to fund an any-and-all tender offer on the Issuer's existing 6.625 per cent. 2023 Notes and (ii) to invest in key priority projects for economic recovery in agriculture, such as export promotion, climate change mitigation, and health.

THE REPUBLIC OF RWANDA

Location and Geography

Rwanda is a landlocked country in Central Africa. Rwanda occupies approximately 26,338 square kilometres and is bordered by the DRC to the west, Uganda to the north, Tanzania to the east and Burundi to the south.

Rwanda's countryside is covered by grasslands and small farms extending over steep hills and deep valleys, with areas of rugged mountains that extend southeast from a chain of volcanoes in the northwest. The divide between the Congo and Nile drainage systems extends from north to south through western Rwanda at an average elevation of almost 9,000 feet. On the western slopes of this ridgeline, the land slopes abruptly toward Lake Kivu and the Rusizi River valley, which form the western boundary with the DRC and constitute part of the Great Rift Valley. The eastern slopes are more moderate, with steep hills extending across central uplands at gradually reducing altitudes, to the plains, swamps, and lakes of the eastern border region.

Although located only two degrees south of the Equator, Rwanda's high elevation makes the climate temperate. The average daily temperature near Lake Kivu, at an altitude of 4,800 feet (1,463 metres) is 73°F (23°C). There are two rainy seasons (February-May and September-December) with annual rainfall averaging 80 centimetres (31 in.) but rain is generally heavier in the western and north-western mountains than in the eastern savannas.

Rwanda's natural resources include cassiterite (tin ore), wolframite (tungsten ore), gold, methane, hydropower and arable land.

The capital of Rwanda is Kigali city, which is situated in the Kigali district in the centre of the country. The image below shows a map of the 30 districts in Rwanda, by province.

History

For centuries, Rwanda existed as a centralised monarchy under a succession of kings from one clan. In 1899, Rwanda became a German colony and, in 1919, the system of indirect rule continued with Rwanda as a mandate territory of the League of Nations, under Belgium. From 1959, Tutsi were targeted for persecution, with many killed or fleeing into exile. A June 1962 UN General Assembly resolution terminated the Belgian trusteeship and granted full independence to Rwanda (and Burundi) effective 1 July 1962. The first republic, under

President Gregoire Kayibanda, and the second, under President Juvenal Habyarimana, institutionalised discrimination against Tutsi and subjected them to periodic killings.

In 1987, the RPF was founded to mobilise against the existing government. On 1 October 1990, the RPF launched an armed liberation, composed primarily of exiled Rwandans. A peace agreement was later signed, but on 6 April 1994, the airplane carrying President Habyarimana and the President of Burundi was shot down as it prepared to land at Kigali. Both presidents were killed. Almost immediately thereafter, military and militia groups began a planned genocide against the Tutsi which claimed more than 1 million victims. Numerous Hutu opposition politicians were also killed. The RPF took control of Kigali on 4 July 1994, putting a stop to the genocide.

In 2001, the Government began implementing a grassroots village-level justice system, known as *gacaca*, to address the enormous backlog of genocide cases. Many convicted were sentenced to public service rather than prison, but because of the continuing high numbers of prisoners, the Government periodically arranged prison releases, including the January 2006 release of approximately 7,000 prisoners. In June 2012, Rwanda formally closed the *gacaca* community courts. Nearly two million suspects were tried, approximately a quarter of the cases resulted in acquittal.

After its military victory in July 1994, the RPF formed a Government of National Unity headed by President Pasteur Bizimungu, bringing parties that did not participate in the genocide together. In 2000, Paul Kagame became President.

In 2003, Rwanda approved a new constitution via a referendum. The constitution is explicit in stating that political organisations cannot be established on the basis of tribal or ethnic identity: "political organizations are prohibited from basing themselves on race, ethnic group, tribe, clan, region, sex, religion or any other division which may give rise to discrimination". The new constitution set the stage for presidential and parliamentary elections later that year. President Paul Kagame was subsequently elected with a large majority to serve a term of seven years, and re-elected in 2010 and 2017. A constitutional referendum held in Rwanda on 18 December 2015 allowed President Paul Kagame to run for a third term in office in 2017 and shortened presidential terms from 7 years to 5 years (with such change due to come into effect in 2024).

Rwanda joined the Commonwealth in November 2009, becoming only the second country which was not formerly a British colony to be admitted to the group

Population, Education, Health and Social Security

Population

According to NISR, the population of Rwanda in 2020 was approximately 12.7 million, representing an average population growth of 2.38 per cent. between 2015 and 2020. Approximately 40.3 per cent. of the country's population are between 0 and 15 years, 56.3 per cent. are between 15 and 64 years, and 3.4 per cent. are aged 65 years and older.

The official languages in Rwanda are Kinyarwanda (universal Bantu), French and English. Kiswahili (Swahili) is also used in commercial centres.

Education

Until 1994, educational opportunities for Rwandans were extremely limited. After the genocide, most primary schools and more than half of the pre-war secondary schools reopened, though no more than 5.0 per cent. of the adult population received secondary education through 1996. Although educational quality remains an issue, access to education has since expanded dramatically and the Government of Rwanda's Nine-Year Basic Education policy, implemented in 2010, contributed to an increase of the primary school completion rate from 52.4 per cent. in 2008 to 72.2 per cent. in 2018/19. Free basic education was extended from 9 years of school education to 12 years of school education in 2012. The curriculum has undergone a major reform, with a new competence-based curriculum phased in since January 2016.

The Education Sector Strategic Plan 2018/19 to 2023/24 (the "**ESSP**") guides the development of the education during the period. The plan focuses on addressing existing challenges in the education sector to improve access, quality and relevance of education, aimed at providing the young generation with the skills and competencies required to become productive members of society and to support Rwanda's aspirations for transformation from a predominantly agrarian-based, low-income economy to an industrial upper middle-income nation by 2035. The ESSP outlines three goals: (i) promoting access to education at all levels, (ii) improving the quality of education and training and (iii) strengthening the relevance of education and training. The ESSP provides the overarching framework for a holistic sector-wide approach to the development and delivery of education services in Rwanda, and is structured around nine strategic priorities:

(1) Enhanced quality of learning outcomes that are relevant to Rwanda's social and economic development.

(2) Strengthened Continuous Professional Development and Management of teachers across all levels of education in Rwanda.

(3) Strengthened Science, Technology, Engineering and Mathematics (STEM) across all levels of education in Rwanda to increase the relevance of education for urban and rural markets.

(4) Enhanced use of ICT to transform teaching and learning and support the improvement of quality across all levels of education in Rwanda.

(5) Increased access to education programmes, especially at Nursery (pre-primary), Primary, secondary, TVET and Higher education levels in Rwanda.

(6) Strengthened modern school infrastructure and facilities across all levels of education in Rwanda.

(7) Equitable opportunities for all Rwandan children and young people at all levels of education.

(8) More innovative and responsive research and development in relation to community challenges.

(9) Strengthened governance and accountability across all levels of education in Rwanda.

Having achieved significant success against the education Millennium Development Goals, achieving the goal of universal primary education, Rwanda is committed to the SDGs (see "—*Sustainable Development Goals*" below). SDG 4, which states 'Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all', is central to the ambition of the ESSP.

According to the Fifth Household Living Conditions Survey, the literacy rate in Rwanda for people aged 15 and above was 73.2 per cent. in 2017, with a disparity between women (69.4 per cent.) and men (77.5 per cent.). The literacy rate for youth (ages 15-24) was better, amounting to 86.5 per cent. (88.5 per cent. among women and 84.3 per cent. among men).

According to the Ministry of Education of Rwanda statistics, in 2019 there were 282,428 students enrolled in pre-primary education (ages 4-6), up from 226,706 in 2018, 2,512,465 students enrolled in primary education (ages 7-12), up from 2,503,705 in 2018, 732,104 students enrolled in secondary education (ages 13-18), up from 658,285 in 2018 and 86,206 enrolled in tertiary education (a decrease from 89,160 in 2018). As of the end of 2019, there were 57 students per teacher in the primary education system and 24 students per teacher in the secondary education level.

There are 30 higher education institutions in Rwanda, of which 2 are public institutions and 28 are private. In 2019, 26,345 people enrolled to the public higher education institutions, compared 28,929 at the end of 2018, and 45,783 were enrolled to the private institutions, compared 46,784 at the end of 2018. The main universities in Rwanda include the l University of Rwanda, Mount Kenya University, University of Kigali and the Université Libre de Kigali. A number of international universities have also opened campuses in Rwanda, including Carnegie Mellon University, Oklahoma Christian University and African Leadership University. Rwanda also maintains a vocational training education system, providing youth and the unemployed with the skills to gain productive employment, as well as skills enhancement programmes for the employed, focusing on entrepreneurship and self-employment skills. The Government of Rwanda has been putting significant efforts in recent years into developing educational policies which will not just increase the number of enrolled students, but also the quality of education. In order to achieve the goals and aspirations articulated in the ESSP, the Government anticipates that an increase in the education budget will be required, that will bring it into line with international benchmarks.

On 22 February 2019, the Government launched Rwanda's first coding academy that aims to produce a pool of experts in the field of software engineering to address the current shortage of software developers in the Rwandan market. Located in Nyabihu District, Western Province, the Rwanda Coding Academy attracts students who have completed the lower secondary level to undertake a three years graduation software engineering course, specifically in the field of software programming, embedded programming and cyber-security. The school opened with 60 students. Under the NST1, the Government embarked on building a knowledge-based economy, through promoting science and technology. The Rwanda Coding Academy is responsive to the recommendations of the "Rwanda Digital Talent Policy" as approved by the Cabinet in April 2018. The policy calls for initiatives to strengthen a framework of ICT training and qualification in Rwanda, placing emphasis on hands-on and market oriented ICT skills, specifically introducing software programming to learners at elementary level.

Health

According to the Rwanda 2019/20 Final Demographic and Health Survey published in 2020 ("**DHS**"), maternal health has shown consistent improvement in recent years, as the percentage of deliveries assisted by a skilled provider has increased from 91 per cent. in 2014/15 to 94 per cent. in 2019/20 and deliveries in health facilities increased from 91 per cent. in 2014/15 to 93 per cent. in 2019/20. According to the 2020 Statistical Yearbook (the "**2020 Yearbook**") published by the NISR, the maternal mortality ratio has decreased from 210 deaths per 100,000 live births in 2014/15 to 203 in 2019/20. However, the infant mortality rate has increased from 32 deaths per 1,000 live births in 2014/2015 to 33 deaths per 1,000 live births in 2019/20. According to the DHS, 8 per cent. of children under the age of 5 are underweight and 1 per cent. are severely underweight, although the child mortality rate has dropped from 50 deaths per 100,000 live births in 2014/15 to 45 in 2019/20. The percentage of children aged 12-23 months who have received all basic vaccinations has increased from 93 per cent. in 2014/15 to 96 per cent. in 2019/20.

Over the last 15 years, HIV prevalence among the general population in Rwanda has been stabilised and maintained at 3 per cent., according to the Ministry of Health's report. HIV prevention and testing has been a cornerstone of the national response.

Significant progress has also been achieved providing malaria treatments and interventions, with malaria ceasing to be the leading cause of child mortality in Rwanda in 2005 and ranking 3rd in 2016. The number of deaths due to malaria decreased by 39 per cent. from 536 deaths in 2016/17 to 167 deaths in 2019/20. Community support and local healthcare volunteers contribute to the provision of fast and efficient treatment, allowing malaria patients to receive treatment in the local communities and villages without the need to travel to remote health centres

According to the DHS, contraceptives were used by 64.1 per cent. of married women and 49.9 per cent. of sexually active unmarried women between the ages 15-49 in 2019/20. According to World Bank estimates, as of the end of 2019, the life expectancy at birth in Rwanda is 69 years, compared to 62 years in 2009. Rwanda achieved the 2015 UN Millennium Development Goals targets for both HIV and malaria, as well as for child and maternal mortality, although the national targets are set at even lower rates, encouraging further progress.

On 18 July 2012, the Butaro Cancer Centre, part of the Butaro Hospital located in the Burera District of northern Rwanda was inaugurated, being the first comprehensive cancer referral facility in rural east Africa. In 2016, the Government and Zipline entered an agreement to build the first drone port in the Southern Province in a bid to improve accessibility to blood and emergency medical supplies to remote areas of the country.

In February 2020, the Rwanda Cancer Centre, a new radiotherapy cancer centre, was inaugurated. Future plans include gradually adding further diagnostic and inpatient services to provide comprehensive cancer treatment and palliative care. In addition, specialists are being trained to provide the necessary skill level and staff are currently undergoing training with the support of the International Atomic Energy Agency.

<u>COVID-19</u>

Following the emergence of COVID-19 in Asia, Rwanda implemented initial control measures in January 2020, including temperature screening and symptom assessment of travellers at all national points of entry.

After Rwanda reported its first case of COVID-19 on 14 March 2020, the Ministry of Health announced the closure of all schools until September 2020, as well as places of worship, and nightclubs, and the postponement of weddings and sporting events. Guidelines for controlling the quality and price for masks, sanitisers, and food were released, and all arriving and departing commercial flights were ceased for an initial period of 30 days, while mandatory 14-day quarantines were implemented for recent travellers. The Ministry of Health also released utilised a toll-free Whatsapp number for citizens to report suspected COVID-19 symptoms. Due to the continued rise of cases, on 21 March 2020, the Office of the Prime Minister issued infection control measures to promote social distancing through various measures, including restrictions on non-essential travel between cities and public transportation, border closures, and non-essential business closures. These lockdown measures were extended through 3 May, with enforcement provided by police officers regulating circulation within and between districts. Government-coordinated relief efforts began in late March, implementing several measures to support vulnerable households during the pandemic, including a food distribution programme, offering cash transfers to casual workers, subsidising agricultural inputs, and implementing measures to ensure poor households' access to health and education services. On 18 April, the Ministry of Health announced that masks would be compulsory in public, following changes in mask recommendations from the WHO. Following the discovery that cross-border truck drivers delivering essential goods were contributing to a sharp increase in cases on 24 April, protocols for prevention and testing for cargo transport workers at the borders were developed. Rwanda’s proactive approach to contain the initial outbreak of COVID-19 was praised by the WHO.

From May to July 2020, Rwanda gradually eased lockdown restrictions, with full lockdown replaced by a curfew. In June, travel between provinces resumed and Rwanda’s national parks reopened for tourism. In July, Rwanda was one of four African countries to be allowed entry into the Schengen area as a result of lifting of restrictions on non-essential travel. International flights resumed in August 2020, and schools began to reopen in September. However, much like the rest of the world, Rwanda experienced a second wave and certain restrictions were subsequently reintroduced in January 2021 to combat the rise in the number of COVID-19 cases, including a three-week lockdown instituted in Kigali. In June 2021, the Government introduced a curfew across Rwanda and placed restrictions on inter-district movements and social gatherings in Kigali and other cities. On 15 July, the Government announced a total lockdown in the city of Kigali and eight districts from 17 July to 26 July, with residents unable to leave home except for essential services, and public and private offices and businesses required to close. Movements between Kigali and other provinces and movements between districts across Rwanda are prohibited except for medical reasons and other essential services, as well as domestic tourism with prior authorisation. On 25 July 2021, the Government announced that the lockdown would be extended for a further five days, through to 31 July, to consolidate progress seen in decreasing the number of COVID-19 cases. The lockdown was lifted on 31 July 2021, but curfews and other restrictions remain in place as at the date of this Offering Circular.

The Ministry of Health rapidly implemented additional public health strategies to respond to the pandemic, including creating guidelines and forming expert teams to coordinate and organise the response plan; providing accurate, timely, and thorough information to the public; enforcing national prevention guidelines; and establishing designated treatment centres for COVID-19 patients. The Rwanda Biomedical Centre and the Ministry of Health collaborated to develop a six-month National COVID-19 Preparedness and Response Plan, detailing protocols for early testing, contact tracing, community health workers outreach, strengthening communication with the public, screening of travellers at ports of entry, and identifying and assessing countries’ hot spots. Much of Rwanda’s pandemic response leveraged existing infrastructure from Ebola preparedness efforts in 2018 to 2019, for example strategies for developing a National Preparedness Plan, training health workers and equipping health facilities, establishing dedicated treatment centres, conducting simulation exercises, educating the public, and screening extensively at national points of entry.

As of 4 August 2021, Rwanda had a cumulative total of 73,610 confirmed cases and 850 deaths from COVID-19.

On 3 March 2021, Rwanda received 240,000 doses of the AstraZeneca vaccines through the COVAX initiative, a platform co-led by the Coalition for Epidemic Preparedness Innovations, Gavi, the Vaccine Alliance, and WHO in partnership with UNICEF. Rwanda also expects an additional 500,000 doses procured from India. On 5 March 2021, Rwanda began its vaccination programme, prioritising vulnerable and high-risk population groups and health workers. Rwanda intends to vaccinate 30 per cent. of the population by the end of 2021 and 60 per cent. by the end of June 2022. The Government budgeted FRW107.7 billion in the 2021/22 budget to facilitate access to COVID-19 vaccines. As at 4 August 2021, 520,367 people had been fully vaccinated.

Rwanda is one of the few countries in Africa currently working on acquiring mRNA vaccine manufacturing capabilities to serve the African continent. The mRNA technology also provides a cost and sustainability advantage due to the versatility of the mRNA manufacturing platforms, which can be used in the future for the synthesis of other nucleic acid vaccines and therapeutics and can quickly be adapted to produce booster doses for variants. mRNA technology can also be used in agriculture. The Government is considering a voluntary technology transfer partnership with BioNTech, with possible technical support from Univercells Group, to provide support to the local vaccine manufacturing capacity by establishing local competencies through training and supporting technology transfer. To enhance the attractiveness of Rwanda for investments in vaccine manufacturing, the Rwanda Food and Drugs Authority is working on attaining "Maturity Level 3" certification from the WHO. In June 2021, the European Union (the "**EU**") and the RDB signed a FRW3.6 billion agreement to promote the Rwandan tourism and health sectors and provide funds to support the achievement of Maturity Level 3. The Government is also in discussions with key partners including the International Finance Corporation and European Investment Bank to provide financial support and the structuring of the project. The goal is to create a regional vaccine manufacturing hub in Rwanda, as well as in South Africa, Senegal and Nigeria, to avoid over-centralisation of vaccine production capacity and facilitate equitable access to vaccinations in Africa.

On 2 April 2020, the IMF made a disbursement to Rwanda of about US$109.4 million under the Rapid Credit Facility ("**RCF**"). A second disbursement under the RCF was made on 11 June 2020, bringing the total IMF COVID-19 emergency support to Rwanda to US$220.46 million to help balance of payment needs stemming from the pandemic. The RCF funds provided a backstop to the decline in international reserves for Rwanda and financing to the budget for increased spending aimed at containing the spread of COVID-19 and mitigating its economic impact.

In February 2021, the Government announced a revised budget for fiscal year 2020/21, with an additional 6.7 per cent. in spending relative to the original budget to augment measures already in place.

In total, the Government received US$610 million additional support in the context of COVID-19 since March 2020 to date, in the form of concessional loans, grants and other revenue. This support mainly came from the IMF, World Bank, AfDB, Agence Française de Développement, the Global Fund to Fight AIDS, Tuberculosis and Malaria, the EU, the Global Partnership for Education and US Agency for International Development ("**USAID**").

Social Security

Rwanda Social Security Board ("**RSSB**"), established in 2011 as a result of the merger between the Social Security Fund of Rwanda ("**SSFR**") and the Rwanda Medical Insurance ("**RAMA**"), is the official administrator of social security in the country and manages the national pension scheme, occupational risks, and health insurance. RSSB's activities are overseen by the MoF, and as a financial institution it is also supervised by the NBR. As part of its ongoing activities, the RSSB collects and manages contributions, pays social security benefits to beneficiaries, manages the health insurance services and the contributions fund, engages in investments and advises the Government on matters relating to social security and the development of social security policies. In February 2021, Law No. 009/2021 of 16/02/2021 Establishing Rwanda Social Security Board came into force, amending the original law establishing the RSSB. Under the new law, the RSSB is expected to have more independence from Government, making RSSB autonomous in the recruitment of staff, public tender, and procurement, as well as making investment decisions, among other things.

Members of RSSB pension scheme are currently primarily individuals employed in the formal sector, representing approximately 9.1 per cent of the total working population. Members of the pension scheme are eligible for pension benefits from the ages of 60–65, provided a member has at least 15 years of previous contributions and has ceased working. Law No. 05-2015 Governing the Organisation of Pension Schemes raised the minimum retirement age from 55 to 60 years, while maintaining the statutory maximum retirement age of 65 years, and set new caps with respect to the pension benefits under the RSSB pension scheme. The pension contribution is shared between the employer and the employee at the total rate of 6.0 per cent of the employee's remuneration, split equally between the employer and the employee, while the occupational hazards contribution is solely made by the employer, at the rate of 2.0 per cent of the employee's remuneration. In the 2019/20 financial year, FRW102.1 billion was contributed to the pension scheme, and FRW30.5 billion was paid out in benefits.

RSSB net assets amounted to FRW 1,361.7 billion, including FRW1,052.3 billion for the pension scheme alone, as of the end of the 2019/20 financial year, compared to FRW 1,120.1 billion (including FRW847.9 billion for the pension scheme) at the end of the 2018/19 financial year. Investments are mainly spread between treasury bills, stocks, and financial institutions in Rwanda. The fund also invests outside of Rwanda, mainly in the US and Kenya. The pension fund's investment policies are reviewed periodically.

Beside the pension and occupational hazards schemes that are mandatory, RSSB also manages other social security schemes including the voluntary Pension scheme (also known as Ejo Heza Scheme). Created in 2017, the Ejo Heza scheme was primarily conceived for workers in the informal sector. Members make voluntary contributions to the scheme and there is a maximum matching contribution of FRW 18,000 from the Government as an incentive to members who fulfil set criteria. As of June 2021, the Ejo Heza scheme registered 1,135,063 savers who had contributed over FRW13.0 billion in savings.

Other schemes managed by RSSB include the Maternity Leave Benefits scheme and two medical insurance schemes, namely the workers' medical insurance scheme and the Community-Based Health Insurance scheme. Medical insurance for RSSB members is provided to the public and private sectors, and the Ministry of Health in collaboration with the RSSB, has set a list of medical treatments and drugs to be refunded by the insurance scheme. Each RSSB member is entitled to have access to any medical care refundable by RSSB provided by any health facility that has signed an agreement with RSSB. Members of RSSB medical scheme are also entitled to the same benefits, regardless of their relative contribution or seniority. The contribution paid to RSSB's medical insurance scheme represents 15.0 per cent of the employee's basic salary and it is paid by both the employer and the employee at the rate of 7.5 per cent each. There were 184,343 contributors (affiliates) to the scheme and 390,552 dependents as of end June 2021. The Community-Based Health Insurance ("**CBHI**") Scheme (*Mutuelle de Santé*) covers informal sector population and is funded by members themselves and government subsidies. The scheme's benefits package includes medical services and medicines from primary healthcare to tertiary level of care. The rate of enrolment to the scheme increased from 78.5 per cent in 2018/2019 to over 79.6 per cent in 2019/2020 and then to 85.9 per cent of target population in 2020/2021. The target population for CBHI scheme being equivalent to national population minus those who subscribe to other insurances.

In June 2019, the RSSB accused 15 medical facilities, including hospitals, clinics, and pharmacies, in an alleged insurance fraud case. The RSSB claimed that over the three years leading up to 2019, the 15 facilities in partnership with medical insurance subscribers of RAMA conducted medical fraud, ranging from false claims on procedures that were not done to double billing. Investigations into the abuse of public funds by some players in the healthcare sector are ongoing and the RSSB is looking to implement stringent measures such as sanctions to curb the rise in the abuse of public funds. Nine more health facilities have been convicted of fraud since June 2019.

Employment and Labour

According to the Labour Force Survey Annual Report 2020, Rwanda's working age population (aged 16 years and above) was estimated at 7.5 million, of which 56.4 per cent. were in the labour force, compared to 53.4 per cent. in 2019. This increase is partially attributable to the presence of students in the labour market while schools were closed due to preventive measures against COVID-19 from March to October 2020.

Of those in the labour force, 82.1 per cent. were employed. Of those outside the labour force, 55.3 per cent. were engaged wholly or mostly in subsistence food production, which is not classified as employment.

The unemployment rate had been on a downward trend in recent years, decreasing from 17.3 per cent. in 2017 to 15.2 per cent. in 2019. However, unemployment increased to 17.9 per cent. in 2020 due to the effects of the COVID-19 pandemic on the labour market, compared to 15.2 per cent. in 2019 and 15.1 per cent in 2018.

Employment has largely kept pace with the growth of the population by a combination of job creation and investing in the education and skills creation of young adults, with the employed population in Rwanda increasing by 15.8 per cent. between 2017 and 2020. The majority of those employed (approximately 40.5 per cent.) in 2020 were in the services sector, followed by the agriculture sector (39.1 per cent.). Despite the COVID-19 pandemic, 2020 shows an increase of 186,939 employed persons. This was mainly due to the higher employment observed in the construction sector.

A significant portion of the Rwandan economy is comprised of the informal sector, estimated at approximately 53.3 per cent. of GDP as of the end of 2020 (of which 40.7 per cent. is monetised and 12.6 per cent. is non-monetised). According to Rwanda's 2017 Establishment Census, 92.5 per cent. of Rwandan enterprises operate in the informal sector. The informal sector is dominated by wholesale and retail trade (52.9 per cent.) and accommodation and food services (29.7 per cent.). In terms of the distribution of employment across economic activity, wholesale and retail trade accounts for 23.0 per cent. of employment, educational activities for 15.5 per cent. and accommodation and food service activities for 15.2 per cent. In terms of formal industry sectors, wholesale and retail trade is the largest employer (employing 25,564 employees, comprising 52.6 per cent. of total employment), followed by accommodation and food services (21,650 employees comprising 28.6 per cent.). The manufacturing and agriculture, forestry and fishing sectors total 7.8 per cent. of all establishments. The human health and social work activities sector is the only sector to employ more women than men (55.5 per cent.).

The Government of Rwanda has been taking significant measures in order to incentivise businesses to formalise and be included as part of the formal sector. Some of those measures include easier registration process and reduced registration fees (with no charges for online registration), a simplified tax regime for SMEs and construction of selling points and cross border market infrastructure.

There is no official national minimum wage in Rwanda and wages for workers are low compared to neighbouring countries and the developed world, and salaries differ greatly across the economic sectors in Rwanda. The average monthly salary from paid employment was FRW57,306 in 2020, compared to FRW57,878 in 2019. The highest wages are in the services sector, with an average monthly salary of FRW104,749 in 2020, compared to FRW61,547 in the industry sector and FRW20,813 in the agricultural sector.

As part of its efforts to improve real wages in the public sector, the Government developed a "pay and retention" policy in 2012, to enhance its capacity to attract, retain and adequately motivate personnel with requisite skills to the public sector, with an aim to improve service delivery at the national and local levels. The policy aims to narrow the disparity among public servants and increase employees' salary based on the Government's financial means. In line with the policy, in 2016, the Cabinet approved a 16 per cent. salary increase for public servants and 20 per cent. for heads of divisions in public institutions and agencies (not including permanent secretaries and ministers). Teachers also received a 13 per cent. salary increase in 2016, and FRW13 billion was earmarked in the 2020/21 budget to cater for a further 10 per cent. increase in wages for public primary school teachers.

Sustainable Development Goals

The SDGs were adopted by all UN member states, including Rwanda, in 2015 as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030. Rwanda has integrated the African Union's Africa Agenda 2063 and the SDGs into its national development agenda through the Vision 2050, the NST1 and related strategies at different levels.

The three SDGs dimensions – Economic, Social and Environmental – are comprehensively integrated in the NST1 pillars, namely "Economic Transformation", "Social Transformation" and "Transformational Governance".

- Economic Transformation (SDGs 1, 4, 7, 8, 9, 15, 17) – The priorities are to create 1,500,000 decent and productive jobs, accelerate sustainable urbanisation from 18.4 per cent. (2016/17) to 35 per cent. by 2024, establish Rwanda as a competitive knowledge-based economy, promote industrialisation and attain a structural shift in the export base to high-value goods and services with the aim of growing exports by 17 per cent. annually, increase domestic savings and position Rwanda as a hub for financial services to promote investment, modernise and increase the productivity of agriculture and livestock and promote sustainable management of the environment and natural resources to transition Rwanda towards a green economy.

- Social Transformation (SDGs 1, 2, 3, 4, 6, 7, 10, 11) – The priorities are to promote resilience to shocks and enhance graduation from poverty and extreme poverty through improving and scaling up core and complementary social protection programs, eradicate malnutrition through enhanced prevention and management of all forms of malnutrition, enhance the demographic dividend through ensuring access to quality health for all. Focus will be on improving health care services at all levels, strengthening financial sustainability of the health sector, and enhancing capacity of health workforce, enhance the demographic dividend through improved access to quality education and move towards a modern Rwandan household through ensuring universal access to affordable and adequate infrastructure and services.

- Transformational Governance (SDGs 16, 17) – The priorities are to reinforce Rwandan culture and values as a foundation for peace and unity, ensure safety and security of citizens and property, strengthen diplomatic and international cooperation to accelerate Rwanda and Africa's development, strengthen justice, law and order, strengthen capacity, service delivery and accountability of public institutions, and increase citizens' participation and engagement in development.

In June 2019, Rwanda published the Voluntary National Review ("**VNR**") Report, which provides an in-depth analysis of seven SDGs (SDG 2, 4, 8, 10, 13, 16 and 17) along the following five thematic areas:

Human Capital Development: In line with SDG 4 of focusing on quality of education and learning, the Education Strategic Plan is hinged on: (i) scaling up pre-primary enrolment (ii) improving learning outcomes (iii) improving relevance of curricula (v) promoting science, technology and innovation and (vi) access for all including those with special needs. As at the date of the VNR, progress on nutrition had been made especially regarding wasting and underweight, however stunting remained a challenge despite falling from 51 per cent. in 2005 to 38 per cent. in 2015. The Government put in place a multi-sectoral programme and strategy, the National Early Childhood Development Programme, to eradicate malnutrition.

Inclusive Economic Growth: Economic growth is expected to reduce both income and multidimensional poverty. With a share of 43.5 per cent. of the population in the labour force, youth is regarded as a key driver of growth, requiring the economy to accelerate job creation. NST1 is targeting to create 1.5 million decent and productive jobs by 2024 supported by the National Employment Programme.

Environment and Climate Change: Rwanda targets to become a green, climate resilient and low carbon economy by 2050. A green fund (FONERWA) has been in place since 2012 to mobilise resources. The National Disaster Management Policy has been revised in line with the Sendai Framework, a shift towards more integrated and anticipatory disaster risk management system in Rwanda.

Good Governance and Access to Justice: Citizen participation and home-grown solutions such as Imihigo (performance contracts) and Umuganda (communities come together to perform activities of public interest) have been key to Rwanda's development. Innovations like the Rwanda Governance Scorecard and the Citizen Report Card have further enhanced citizens' participation and demand for accountability. Rwanda has also operationalised a decentralised civil registration system and reformed its judicial system to further enhance access to quality justice.

Strengthening the Means of Implementation, Global Partnership and Data for SDGs: More efforts are put into domestic resource mobilisation, prudent debt management and macroeconomic stability. Attracting private investments in key development sectors through Public Private Partnerships will be key to achieve SDGs. The National Strategy for the Development of Statistics and the Data Revolution have been adopted to strengthen statistical capacity in monitoring SDGs. Rwanda is also hosting the SDGs Centre for Africa.

Leaving No One Behind: As at the date of the VNR, women, youth and people with disabilities were represented at all levels of decision making with highest women representation in Parliament (61.3 per cent.) and equal number of women and men in Cabinet. The extremely poor are supported through social protection programmes. Rwanda is also piloting the comprehensive refugees' response framework for their socio-economic inclusion.

The VNR findings underscore the commitment of the Government to implement the SDGs taking into account key principles such as leaving no one behind and gender mainstreaming. The VNR also suggested that sustained inclusive economic growth and human development were at the centre of the Government's interventions aiming at accelerating the implementation of SDGs. However, the Government noted that more efforts are needed to strengthen coordination, monitoring and evaluation system for SDGs and in addressing the prevailing data gaps across sectors. In addition, addressing child malnutrition, poverty eradication and provision of decent and productive jobs particularly for youth and women will continue to be the focus of NST1.

The Political System

Following the end of the genocide in July 1994, a coalition government known as the Government of National Unity was established, based on a combination of the June 1991 constitution, the Arusha Accords and political declarations by the parties.

On 26 May 2003, Rwanda adopted a new constitution that set the stage for presidential and legislative elections in August and September 2003. It featured the principle of the separation of powers, a bi-cameral parliament in a semi-presidential system, human and civil rights, party pluralism with balances and controls, including a range of institutions established to promoting the process of national unity and reconciliation. On 24 December 2015, Rwanda revised article 101 of its constitution reducing the presidential term from seven years to five years term (the latter being applicable in 2024).

The Executive Branch

Executive power is vested in the President of the Republic and the Cabinet. The President is the head of state and is elected by universal suffrage through a direct and confidential ballot with a simple majority of the votes cast. The President is elected for a term of seven years and eligible for a single second term, though from 2024 the term of office will be reduced to five years.

The Cabinet is comprised of the Prime Minister and Ministers and other members who may be determined, if necessary, by the President. The Prime Minister is appointed and removed from office by the President. Other members of Cabinet are appointed and removed from office by the President upon the proposal of the Prime Minister. The Cabinet implements national policy agreed upon by the President and the Cabinet.

President Paul Kagame was elected for a 7-year term on 25 August 2003, re-elected for a second term in August 2010, and for a third term in August 2017 with approximately 98.8 per cent. of the vote. The presidential election was peaceful and orderly, with heavy turnout.

Prime Minister Eduard Ngirente was appointed as Prime Minister on 30 August 2017. The next presidential elections will be held in 2024.

In the spring of 2006, the Government conducted local non-partisan elections for district mayors and for sector executive committees, which took place again in 2011 and 2016. The latest local elections were postponed indefinitely by Ministerial Order 01/07.01 of 10 February 2021 due to force majeure as a result of the COVID-19 pandemic. The existing officials will remain in office until the elections are held.

The Legislative Branch

The Rwanda Parliament began its activities on 10 October 2003. The Parliament has two chambers, the Chamber of Deputies and the Senate. The Chamber of Deputies is composed of 80 members that include 53 elected in direct national elections, 24 women elected by specific councils in accordance with the administrative entities, 2 deputies elected by the National Youth Council, and 1 deputy elected by the National Council of Persons with Disabilities. The Chamber of Deputies has two missions: legislation and Government oversight. The members of the Chamber of Deputies, who are elected in direct national elections, are elected for a five-year term by direct universal suffrage through a confidential ballot using a system of proportional representation. For election purposes, the President dissolves the Chamber of Deputies within 90 days of the parliamentary term and new elections take place within 90 days of the date of the dissolution.

The Senate of Rwanda has 26 members including 12 members elected by the specific councils in accordance with the administrative entities, 8 members appointed by the President, 4 members designated by the National Consultative Forum of Political Organisations (an institution established under the Constitution and comprising of all 11 political parties currently registered and active in Rwanda), 1 lecturer or researcher from public universities, and 1 lecturer or researcher from private universities. The Senate has four main missions: to legislate, to oversee Government action, to approve high public officials and to supervise the application of the fundamental principles of the Constitution stipulated in Articles 10 and the previsions of article 56 & 57 of the Constitution. Members of the Senate serve for a single term of five years. The Senate cannot be dissolved.

Each Chamber of Parliament is fully entitled to make all investigations necessary to effectively carry out its mandate and review the actions of the Government.

Following a transitional period (1994-2003), the first legislature of the Chamber of Deputies commenced in 2003 and ended in 2008, the second legislature commenced in 2008 and ended in 2013. The latest parliamentary elections were held on 3 September 2018. A RPF party coalition won the 2018 elections, taking 40 of 53 directly-elected seats while RPF lost its absolute majority over the total of seats. As provided in the constitution, 24 seats were accorded to women candidates in indirect elections. Women now hold 49 of the 80 seats (61.25 per cent.) in the Chamber of Deputies. The elections were peaceful and orderly. The first legislature of the Senate commenced in 2003 and ended in 2011. The second legislature of the Senate commenced in 2011 and ended in 2019. The third legislature of the Senate commenced in 2018 and will end in 2027. Women hold 9 seats (35 per cent.) in the Senate.

Out of the 11 political parties currently registered and active in Rwanda, all of the parties are represented in Parliament. As required by the Constitution, the presidency of both chambers of the Parliament is held by members of the non-ruling party.

The Judicial Branch

The judicial system in Rwanda comprises of ordinary and specialised courts. Ordinary courts include the Supreme Court, the Court of Appeal, the High Court, the Intermediate Courts and the primary courts, while specialised Courts include the Military Courts and the Commercial Courts. The Court of Appeal, the High Court, the Intermediate Courts and the primary courts have a Public Prosecutor's Office. According to the Constitution, the Judiciary system in Rwanda is independent and separate from the legislative and executive branches of Government.

The Supreme Court directs and coordinates the activities of the lower courts and tribunals in Rwanda. It is the highest court in the country, and is the guarantor of the independence of the judiciary. It also ensures that the professional code of ethics of the legal profession is upheld. The Supreme Court ensures the constitutionality of laws and statutory orders before promulgation into laws.

The Supreme Court has jurisdiction over applications for review of judgements rendered at last instance on grounds of their being vitiated by injustice upon approval by the President of the Supreme Court. The Supreme Court comprises of the Supreme Court Judges, Inspectorate General of Courts and the General Secretariat.

The Court of Appeal has jurisdiction to hear at the first level of appeal cases tried at first instance by the High Court, the Commercial High Court and the Military High Court.

The Court of Appeal has also jurisdiction to try at the second level of appeal cases tried by the High Court, the Commercial High Court and Military High Court, in some cases.

Legal Framework

The Parliament exercises the legislative power jointly with the Government. The right to introduce bills belongs to the Government and to the members of the Chamber of Deputies. Bills introduced by the Government or Deputies are reproduced and distributed to members of Parliament in a plenary sitting. After adoption, a report is produced and handed, together with the bill, to the appropriate committee for further discussions.

In the committee, any member of Parliament is allowed to suggest amendments or further articles to the bills. These are voted together with the original text. After a more comprehensive review of the bill, the committee produces a report to be submitted to the plenary sitting. The plenary sitting votes article by article and adopts the bill through a nominative vote. Amendments are not allowed in the plenary session.

The adopted bill is submitted to the Senate, if it is in its competences, or to the Government, for promulgation and publication. In the event that the Senate does not approve a bill submitted to it or amendments proposed by the Senate are not acceptable to the Chamber of Deputies, both the Senate and the Chamber of Deputies set up a joint commission, composed of an equal number of Deputies and Senators, which further discusses the matters still being debated and finally notifies the Senate and Chamber the compromise reached. In the event that the commission’s decision is not adopted by both the Senate and Chamber, the bill is returned to the initiator.

Each law comes into force on the date of its promulgation and is published in the Official Gazette of the Republic of Rwanda.

Since its establishment in 2003 and its revision in 2015, no major changes have been implemented into the Constitution except the change of presidential terms.

Armed Forces

The Rwanda Defence Force ("**RDF**") is comprised of the Army, the Air Force and the Reserve Force. The RDF is commanded by the Chief of Defence Staff and assisted by Chiefs of Staff for each branch. The RDF is managed and supervised by the Ministry of Defence and the President is the Commander-in-Chief of the Rwanda Defence Force.

The RDF has undergone continuous professionalisation and restructuring. The small, effective and disciplined force of the RDF is currently involved in various UN peacekeeping missions, mainly in the Darfur region of Sudan and South Sudan, and in the Central African Republic. In July 2021, members of the RDF and officers of the Rwanda National Police ("**RNP**") were deployed to Cabo Delgado, Mozambique in response to a request from the Government of Mozambique to combat terrorism and insecurity. In addition, the RDF participates in regional security efforts, particularly under the East African Community Defence Protocol and the East African Standby Force.

The RNP was established in June 2000. The RNP established cooperation with the UK Bramshill Police College, developing police professionalisation and training, and joined the Eastern Africa Police Chiefs Cooperation Organisation in June 2001. Rwanda has ratified all 14 United Nations antiterrorism instruments. It has also embraced the United Nations Global Counter-Terrorism Strategy and its action plan.

Foreign Relations

Rwanda plays a growing role in international affairs, including important contributions to international peacekeeping missions. Rwanda has been training peacekeeping battalions since 2006 and as of 30 April 2021, Rwanda had approximately 5,604 peacekeeping officers serving in UN missions. According to UN peacekeeping statistics, Rwanda was ranked the 4th largest world troop contributor in April 2021.

Over the past 25 years, Rwanda has evolved from a country heavily reliant on international donors to an energetic and independent country with diversified external resources. In 2004, Rwanda was home to 19 foreign diplomatic missions. Today, there are 39 countries with Embassies in Kigali and 10 countries with an Honorary Consulate. During that same period, Rwanda increased its number of diplomatic missions abroad from 20 to 39. In addition, Rwanda has 39 Honorary Consuls representing its strategic interest in 17 countries.

Regional Relations

Rwanda's membership of several regional agreements provides a strong multilateral basis for Rwanda to engage in intra-African trade.

Rwanda joined the EAC in 2007. The EAC is the regional intergovernmental organisation of the Republic of Kenya, Uganda, the United Republic of Tanzania, Republic of Rwanda, the Republic of South Sudan and Republic of Burundi with its headquarters in Arusha, Tanzania. The Treaty for Establishment of the EAC was signed on 30 November 1999 and entered into force on 7 July 2000 following its ratification by the original three partner states – Kenya, Uganda and Tanzania. The Republic of Rwanda and the Republic of Burundi acceded to the EAC Treaty on 18 June 2007 and became full members of the EAC with effect from 1 July 2007.

As a member of the EAC, Rwanda enjoys preferential tariff, duty, and customs trade with neighbouring Tanzania, Uganda, Burundi, Kenya and South Sudan. Rwanda joined the Common Market for Eastern and South Africa ("**COMESA**") on 1 January 2004, through which it benefits from reduced tariff and non-tariff barriers and the elimination of customs duties with the 21 COMESA states. In July 2019, Rwanda ratified the 2015 Tripartite Free Trade Area ("**TFTA**"). TFTA brings together country members of COMESA, EAC and the Southern African Development Community ("**SADC**"), with the aim of removing barriers to trade and to ease the movement of people between its signatory nations.

In 2015, Rwanda was re-admitted as a full member of the Economic Community of the Central African States ("**ECCAS**"). Rwanda was one of the founding members of ECCAS in 1983. The primary objectives of the body include championing the process of economic cooperation and integration of Central African states. Furthermore, in 2019, Rwanda was admitted as a member of the Organization for Economic Co-operation and

Development ("**OECD**") Development Centre, becoming the first East African country to join the Development Centre. Founded in 1961, the OECD Development Centre is an independent platform that enables developed economies to interact, share knowledge and have policy dialogues with developing economies.

The African Continental Free Trade Area ("**AfCFTA**") was launched on 1 January 2021 after being delayed by the Covid-19 Pandemic and aims to work towards creating a single liberalised market across the 54 participating African States. Currently, the AfCFTA is in Phase 1 and provides for reductions on tariffs for 90 per cent. of goods as well as other trade facilitation and liberalisation measures.

Rwanda is also a member of the International Conference on the Great Lakes Region ("**ICGLR**"), an inter-governmental organisation of the countries in the African Great Lakes Region.

Conflict in neighbouring states, such as the DRC and Burundi, has resulted in an increased number of refugees in Rwanda. Bilateral relations with Uganda and Burundi continue to be strained, though gradually improving. Relations between Rwanda and Uganda have also been strained on occasion and recently resulted in border closures between the two neighbouring states since February 2019, which continues to impact local businesses and cross border trade, although a memorandum of understanding was signed between the two countries in August 2019. In addition, in July 2021, Rwanda's Prime Minister made a visit to Burundi, signalling progressive normalisation.

Meanwhile, Rwanda's relationship with DRC, while previously strained under the rule of Joseph Kabila, has improved since Congolese President Félix Tshisekedi was elected in 2018. In January 2021, Tshisekedi, met with the then Rwandan trade minister, Soraya Hakuziyaremye, to discuss the increase of economic and trade links. President Tshisekedi has made improving security in Eastern DRC a priority, which may reduce domestic security and external risks for Rwanda. President Tshisekedi and President Kagame held bilateral meetings in Rubavu, Rwanda and Goma, DRC, on 25-26 June 2021. See "*Risk Factors—Risks relating to the Republic of Rwanda—Regional political and military instability may have an adverse effect on Rwanda's economy*".

Rest of the World

United Nations

Rwanda has been a member of the UN since 18 September 1962. In October 2012, Rwanda was elected to a two-year seat on the UN Security Council. Rwanda received 148 votes out of 193 in the General Assembly and took the seat previously filled by South Africa on 1 January 2013. On 1 April 2013, Rwanda assumed the rotating presidency of the UN Security Council for the month of April.

Rwanda has committed to the UN's SDGs. See "*—Sustainable Development Goals*."

European Union

Rwanda has good relations with the EU. The European Development Fund ("**EDF**") is the EU's main vehicle for development cooperation in African, Caribbean and Pacific states such as Rwanda, focusing on economic growth and reduction of poverty. The eleventh EDF from 2014 to 2020 focused on energy and infrastructure, rural development and food security, and governance, civil society and human rights as priority sectors. According to the European Commission, the total allocation for Rwanda under the eleventh EDF funding amounts to €460 million, of which €420 million had been disbursed to Rwanda as of July 2021.

In June 2021, the EU and the RDB signed a FRW3.6 billion agreement to promote the Rwandan tourism and health sectors and provide funds to support the achievement of Maturity Level 3 certification with the WHO, to enhance the attractiveness of Rwanda for investments in vaccine manufacturing. The goal is to create a regional vaccine manufacturing hub in Rwanda, as well as in South Africa, Senegal and Nigeria, to avoid over-centralisation of vaccine production capacity and facilitate equitable access to vaccinations in Africa. See " -*Population, Education, Health and Social Security – Health – COVID-19*".

United Kingdom

The United Kingdom supports Rwanda mainly in the areas of economic growth, trade facilitation, financial sector development and agriculture.

Between 2014 and 2019, the United Kingdom and the World Bank invested £4.8 million in improving the business climate in Rwanda, through the Department for International Development's Rwanda Investment Climate Reform Programme. The programme supported the deepening of reforms aimed at improving the transparency, predictability and certainty of Rwanda's investment climate, attracting investment and creating competitiveness.

In addition, the British-funded Access to Finance Rwanda programme promotes financial inclusion by improving access to financial services for the rural poor.

United States

The US provides economic and technical assistance that is managed by the Department of State, in cooperation with the USAID, the President's Emergency Plan for AIDS Relief ("**PEPFAR**") and the World Food Program. The Centres for Disease Control and Prevention, the Department of Defence and the Peace Corps are also represented in Kigali.

Rwanda is a beneficiary of the African Growth and Opportunity Act, a United States Trade Act that enhances US market access for 40 Sub-Saharan African countries. Rwanda is not a major trading partner of the US and trade is dominated by US imports into Rwanda, whereas exports to the US from Rwanda are relatively low. US imports into Rwanda include aircraft, pharmaceutical and scientific products, machinery, optical and medical instruments, construction equipment, and agricultural products. Exports from Rwanda to the US include coffee and other agricultural products, tantalum and tungsten ores, basketwork, handbags, and apparel. In 2019, an American Chamber of Commerce was established in Rwanda.

United States economic assistance (spent funding) to Rwanda was US$124.5 million in 2016/17, US$126.3 million in 2017/18, US$177.9 million in 2018/19 and US$156.6 million in 2019/20. The United States government economic assistance to Rwanda is mainly provided through USAID pursuant to the Strategic Objective Grant Agreement that is renewed every year for additional resources.

China

China and Rwanda formally established diplomatic relations on 12 November 1971, a decade after Rwanda's independence. The two countries have been parties to numerous economic cooperation agreements.

The seventh meeting of the Forum of China and Africa Cooperation (the "**FOCAC**"), of which Rwanda is a member, took place in Beijing in September 2018. The seventh meeting addressed took stock of the partnership between China and Africa in the preceding years, and proposed wide-ranging areas of cooperation, from economic and political sectors to tourism and environment. China committed to support African exports to China, in particular non-mineral products. China also committed to extend US$60 billion to Africa in the form of grants, loans and special funds, with Chinese companies encouraged to make at least US$10 billion worth of investments in Africa by the end of 2021. The eighth meeting of the FOCAC will be held in Senegal in 2021.

In February 2021, China and Rwanda signed an Agreement on Economic and Technical Cooperation for a RMB 400 million grant (approximately US$60 million), as well as a debt cancellation agreement worth RMB 40 million (approximately US$6 million). The grant will be used for certain priority projects in Rwanda.

Country Ratings

The Republic of Rwanda has been assigned sovereign ratings of B+ (long term) and B (short term) with a negative outlook by S&P and B+ with a negative outlook by Fitch.

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. As of the date of this Offering Circular, each of S&P and Fitch is established in the European Economic Area and is registered under the EU CRA Regulation.

THE ECONOMY

Overview

The 1994 genocide against the Tutsi decimated Rwanda's economic base, with widespread loss of life, failure to maintain the infrastructure, looting and neglect of important cash crops. This caused a large drop in GDP and temporarily stalled the country's ability to attract private and external investment. However, Rwanda has made substantial progress in stabilising and rehabilitating its economy, laying the foundations for sustained growth through investing in human capital, developing basic infrastructure and expanding access to various services. GDP has since rebounded, with Rwanda recording a sustained period of robust economic expansion, with GDP growths of 6.0 per cent. in 2016, 4.0 per cent. in 2017, 8.6 per cent. in 2018 and 9.5 per cent. in 2019. However, as a result of the economic impact of the COVID-19 pandemic, Rwanda entered a technical recession, with real GDP contracting by 3.4 per cent. in 2020.

In terms of employment, the largest sector in Rwanda is services which according to the NISR, was employing approximately 40.5 per cent. of the employed population as of the end of 2020. Rwanda's service sector is also the country's largest sector by economic output and contributed approximately 46 per cent. of the country's nominal GDP in 2020. Key tertiary contributors include wholesale and retail trade, transport services, real estate activities and public administration and defence; compulsory social security. Tourism is a key focus for the Rwandan economy, with the hotel and restaurants sector growing by approximately 10 per cent. in 2019. However, the COVID-19 pandemic resulted in significantly reduced international travel and the closure of hotel and hospitality venues, as well as the closure of Rwanda's national parks, which saw the hotels and restaurants sector contract by approximately 40 per cent. in 2020.

Rwanda's agriculture sector is also very important, employing approximately 39.1 per cent. of the employed population as of the end of 2020 and providing 26 per cent. of Rwanda's GDP. Rwanda's export agriculture is dominated by traditional export products such as coffee and tea, which together represented approximately 61.7 per cent. of traditional exports earnings and 19.9 per cent. of formal export earnings in 2020. A significant portion of the Rwandan economy is comprised of the informal sector, estimated at approximately 53.3 per cent. of GDP as of the end of 2020 (of which 40.7 per cent. is monetised and 12.6 per cent. is non-monetised).

Rwanda has a small industrial sector, which accounts for approximately 19 per cent. of nominal GDP in 2020. Most manufacturing is in agricultural processing, but Rwanda also produces a small range of general consumer goods. Rwanda's mining industry is also an important contributor to exports, with mineral exports generating approximately US$83 million in 2020. Minerals mined include cassiterite (tin ore), columbo-tantalite (coltan) and wolfram, which are used in the manufacture of electronic and communication devices such as mobile phones, as well as gold and coloured gemstones.

The private sector in Rwanda has had a key role in recent years in accelerating growth and reducing poverty. The Government is constantly looking for innovative ways to finance development of the private sector, and has accordingly been undertaking reforms to improve the business environment and to reduce the cost of doing business in Rwanda. Private borrowing is currently dominated by the air transportation, telecommunication, construction and general trade sectors. See "*Foreign Trade and Balance of Payments—Foreign Direct Investment*".

For the fiscal year 2021/22, the Government decided to maintain a high level of capital expenditures, allocating FRW1,195 billion, or 10.8 per cent. of GDP, in line with recent years' average. The focus will be on improving Rwanda's infrastructure. See "*Public Finance*".

A significant portion of Rwanda's budget is funded by foreign grants, which is budgeted in the 2021/22 budget in the total amount of FRW612.2 billion (approximately US$591 million), comprising 16.1 per cent. of total budget receipts and 5.5 per cent. of GDP. See "*Risk Factors—Risks relating to the Republic of Rwanda—Rwanda has historically been dependent on foreign grants*".

The biggest challenges for the Government still remain the diversification of the economy and the introduction of reforms which will further reduce the costs of doing business in Rwanda, improve the competitiveness of the economy and ensure that the rural economy contributes significantly to overall growth. The Government has established various medium and long term programmes aimed at implementing the country's development goals, including the Vision 2050 and the NST1, which also integrate the SDGs into the development framework.

These plans have the overall goal of transforming Rwanda into an upper-income country by 2035 and a high-income country by 2050. Rwanda has also put in place structural policies, such as the Made in Rwanda policy, to boost local production and exports.

Economic Policies

Vision 2020

President Kagame launched Rwanda's Vision 2020 in 2000. Vision 2020 was a set of long-term policy goals designed to attain desirable socio-economic indicators by 2020, in line with the Rwandan people's aspiration to become a prosperous middle income nation by 2020.

Some of the major objectives of Vision 2020 were to:

- deepen reforms, including in the business environment in order to adhere to the principles of good governance;
- invest in major infrastructure (power, transport, and ICT);
- increase agricultural productivity;
- invest in human resources and skills development needed for economic modernisation; and
- seek regional and international economic integration.

Different national strategies were developed to achieve the Vision 2020 (including the Poverty Reduction Strategy Paper 2002-2006 and Economic Development and Poverty Reduction Strategy 2008-2012), and the latest was the EDPRS II (2013-2018). The strategies aimed to accelerate progress to achieving middle-income status by 2020 through sustained economic growth (to an 11.5 per cent. average), reducing poverty to below 30 per cent., and restructuring the economy towards services and industry. Its main targets related to: strategic infrastructure investment for exports; more private sector financing to increase exports; urbanisation; and a green economy approach to sustainability.

Vision 2050

Rwanda's long-term development goals are embedded in its Vision 2050, namely economic growth and prosperity, which entails becoming an upper-middle income country by 2035, and a high-income country by 2050, and high quality and standards of life for the Rwandan people. Vision 2050, which was adopted in 2015, is anchored around the following five pillars:

- ***Human development***: integrated approach that ensures that decline in fertility is backed up by essential investments in human capital development and economic reforms to ensure a healthy, well-educated and highly skilled Rwandan labour force;
- ***Competitiveness and integration***: key aspects include economic competitiveness underpinned by modern technology, innovation, research, quality infrastructure, favourable cost of doing business and other factors such as increased firm and labour productivity;
- ***Agriculture for wealth creation***: key aspects include professional farmers and commercialised value chains;
- ***Urbanisation and agglomeration***: identifying and creating synergies between the critical elements of urbanisation that create agglomeration and enhance the social and economic benefits of urbanisation; and
- ***Accountable and capable state institutions***: adapting Rwanda's institutions and governance to the changing environment in order to remain innovative, accountable to citizens and rooted in the rule of law.

A mid-term review of Vision 2050 is planned for 2035, as well as regular reviews every 5 years to inform necessary policy improvements.

National Strategy for Transformation (NST1)

The NST1 is a seven year government programme covering the period 2017 to 2024. It is the successor programme to EDPRS II and the first programme implementing Vision 2050.

The NST1 is built on three pillars, each with an overarching goal and specific priorities:

- Economic Transformation Pillar: The overarching goal of this pillar is to accelerate inclusive economic growth and development founded on the private sector, knowledge and Rwanda's natural resources, with the following priorities:
    - create 1,500,000 (214,000 annually) decent and productive jobs;
    - accelerate sustainable urbanisation from 18.4 per cent. (2016/17) to 35 per cent. by 2024;
    - establish Rwanda as a globally competitive knowledge-based economy;
    - promote industrialisation and attain a structural shift in the export base to high-value goods and services with the aim of growing exports by 17 per cent. annually;
    - increase domestic savings and position Rwanda as a hub for financial services to promote investments;
    - modernise and increase the productivity of agriculture and livestock; and
    - promote sustainable management of the environment and natural resources to transition Rwanda towards a "green economy".
- Social Transformation Pillar: the overarching goal of this pillar is to develop Rwandans into a capable and skilled people with quality standards of living and a stable and secure society, with the following priorities:
    - promote resilience to shocks and enhance graduation from poverty and extreme poverty through improving and scaling up core and complementary social protection programs;
    - eradicate malnutrition through enhanced prevention and management of all forms of malnutrition;
    - enhance the "demographic dividend" through ensuring access to quality health for all. Focus will be on improving health care services at all levels, strengthening financial sustainability of the health sector, and enhancing capacity of health workforce;
    - enhance the demographic dividend through improved access to quality education. Focus will be on strategic investments in all levels of education (pre-primary, basic and tertiary), and improved teachers' welfare; and
    - move towards a modern Rwandan household through ensuring universal access to affordable and adequate infrastructure and services.
- Transformational Governance Pillar: the overarching goal of this pillar is to consolidate good governance and justice as building blocks for equitable and sustainable national development, with the following priorities:
    - reinforce Rwandan culture and values as a foundation for peace and unity;
    - ensure safety and security of citizens and property;
    - strengthen diplomatic and international cooperation to accelerate Rwanda and Africa's development;
    - strengthen justice, law and order;

- strengthen capacity, service delivery and accountability of public institutions; and
- increase citizens' participation and engagement in development.

NST1 builds on lessons learned, successes and challenges encountered in previous medium term development strategies, involving interventions to enable the transformation towards achieving the aspirations under Vision 2050. The macroeconomic framework for NST1 requires an average GDP growth of 9.1 per cent. over the NST1 period for the country to remain on its path of economic transformation. This will require considerable efforts in boosting private and public investment financed by domestic savings and capital inflows, improvements in education, achieving significant increases in land efficiency and innovative capacity and sustained efforts to boost production of tradable goods and services.

Measures in response to COVID-19

The Economic Recovery Plan and the Economic Recovery Fund

In 2020, the Government adopted the ERP to mitigate the economic and social impact of the COVID-19 pandemic and outline a pathway for jobs-led recovery. The ERP identified a set of measures that focus on, containing the pandemic and strengthening the health system (infrastructure, HRH, and IT systems), mitigating the impact of the COVID-19 economic crisis on households' income by scaling up social protection, ensuring food self-sufficiency by increasing agriculture production, supporting businesses and protecting jobs and ensuring a coordinated multi-sectoral response of Government to quick start and boost economic activity.

ERP measures were costed at approximately 4.4 per cent. of GDP over 2019/20 to December 2021, but as the recovery from COVID-19 in expected to be gradual in line with uncertainties faced domestically and across the world, the cost of the response to the impact of COVID-19 was revised to 9.6 per cent. of GDP per year over the 5 fiscal year period from 2019/20 to 2023/24.

Alongside the ERP, the ERF was established to support businesses (microbusinesses, SMEs and large corporates) severely impacted by the pandemic.

For the fiscal year 2020/21, disbursements for the ERF are estimated at more than 95 per cent. of FRW102 billion (US$104.8 million) have been allocated for the first phase. Disbursements to date were used to provide support to the hospitality sector which was heavily impact by the COVID-19 pandemic as well as to support microbusinesses, SMEs and large companies to resume operations after the first lockdown and to protect jobs. The ERF is financed through external concessional borrowing from the World Bank and borrowings under the IMF's RCF and AIIB (see "*Public Debt - Relationships with International Financial Institutions*"), as well as the Government's rationalisation of some categories of expenditure to allocate sufficient funds to ERF, and other COVID related-spending.

As at 31 May 2020, the ERF had been allocated approximately FRW102 billion (US$104.8 million) under the first phase of the ERF, of which, approximately:

- FRW50 billion was allocated for hotel refinancing;
- FRW30 billion was allocated for large corporations as working capital.
- FRW15 billion was allocated for SMEs as working capital;
- FRW3 billion was allocated for the SME Guarantee Scheme;
- FRW2 billion was allocated to micro businesses (SACCOs) as working capital; and
- FRW1 billion was allocated to micro businesses (MFIs) as working capital.

In March 2021, the Government expanded the ERF by an additional FRW274 billion (US$250 million), to continue to alleviate financing constraints faced by the private sector. Starting from September 2021, the ERF additional funds will be accessible, with 60 per. cent. of the additional funds will be allocated to the new investment window under the ERF, to finance the scale-up of existing, expansion-ready businesses and new ventures to exploit idle business opportunities. The focus of the support will go to the manufacturing sector: agro-processing, light manufacturing, textiles, production of construction material and related value chains. The objective of this second phase of the ERF is to support investments for recovery by helping businesses to resume investments, become more resilient and agile and increase Rwanda's competitiveness.

Under the terms of the ERF, loans are deployed to the final client at 8 per cent. interest rates (compared to 16 per cent. average interest rates on the market) with an interest payment grace period up to 3 years and longer maturities (up to 15 year under the new investment window) than would be available in the market.

For the first phase of the ERF, NBR was appointed as Fund Manager for financing going to large companies and SMEs, while the Business Development Fund ("**BDF**") managed support to microbusinesses. For the second phase, the RDB together with the BDF will manage the ERF. To ensure that funds are used appropriately to achieve the desired impact, the ERF Technical Steering Committee (the "**ERF Committee**") has been established to govern the ERF. The ERF Committee's main responsibility is to review the performance of the ERF on a monthly basis and report to the ERF High Level Steering Committee of Ministers, the Governor of the NBR, the RDB and the Private Sector Federation. The ERF Committee is composed of the MINECOFIN, the Ministry of Trade and Industry, RDB, NBR, Private Sector Federation, Rwanda Bankers' Association, Association of Microfinance Institutions of Rwanda, the BDF and the Rwanda Development Bank.

The total cost of the ERF is estimated at FRW 376 billion (US$ 355 million) over the four fiscal years between 2020/21 and 2023/24, equivalent to approximately 3.2 per cent. of GDP per year.

In December 2020, the Manufacturing and Build to Recover Programme (the "**MBRP**") was approved by the Cabinet. This programme is aimed at fast tracking private investment to boost economic recovery efforts with specific incentives for the manufacturing, agro-processing, construction and real estate development sectors. The programme aims to reduce set up and operation costs for both new companies as well as existing companies. The incentives comprise of VAT and import duty incentives and pay as you earn ("**PAYE**") tax exemptions.

Further measures introduced to support the recovery of businesses consist of fast-tracking payments for private sector, fast-track and frontloading key infrastructure projects, easing of loan repayment conditions to borrowers, and establishing a treasury bonds buy back window by the NBR. See "*Public Finance—Taxation—Recent Tax Initiatives*" and "*Monetary System—COVID-19*". The Government has also provided response in the areas of health, social protection and support to households, such as food distribution initiatives, cash transfers and public transport subsidies.

Gross Domestic Product

GDP is a measure of the total value of final products and services produced in a country in a specific year. Nominal GDP measures the total value of final production in current prices. Real GDP measures the total value of final production in constant prices of a particular year, thus allowing historical GDP comparisons that exclude the effect of inflation. Real GDP figures presented in this section are based on constant 2017 prices.

According to the NISR, real GDP growth averaged 7.0 per cent. from 2016 through 2019. However, real GDP contracted by 3.4 per cent. in 2020. Real GDP growth is projected to amount to approximately 5.1 per cent. in 2021 and 7.0 per cent. in 2022, mainly led by projected growth in the industry sector.

Rwanda's nominal GDP per capita was US$753 in 2016, US$784 in 2017 (an increase of 4.1 per cent.), US$798 in 2018 (an increase of 1.8 per cent.), US$837 in 2019 (an increase of 4.9 per cent.) and US$816 in 2020 (a decrease of 2.5 per cent.).

The following table sets out Rwanda's nominal GDP by sector for the periods indicated (based on current prices):

	For the year ended 31 December					For the three months ended 31 March	
	2016	**2017**	**2018**	**2019**	**2020**	**2020**	**2021**
				(FRW billions)			
Agriculture, Forestry & Fishing	**1,722**	**2,027**	**2,044**	**2,193**	**2,559**	**624**	**690**
Food crops	1,065	1,297	1,156	1,245	1,513	373	411
Export crops	105	138	138	115	126	27	28
Livestock & livestock products	166	186	212	254	312	71	83
Forestry	360	378	504	545	576	145	158

Fisheries	26	29	33	34	31	9	9
Industry	**1,151**	**1,330**	**1,440**	**1,758**	**1,884**	**434**	**508**
Mining and Quarrying	110	165	185	135	123	31	43
Total Manufacturing	458	591	632	780	877	200	243
Food	123	210	185	257	305	70	91
Beverages and tobacco	140	159	176	190	209	51	57
Textiles, clothing & leather goods	25	34	60	72	84	18	22
Wood & paper; printing	29	26	27	34	32	7	9
Chemicals, rubber & plastic products	31	34	38	55	70	15	18
Non-metallic mineral products	30	34	34	44	48	11	10
Metal products, machinery & equipment	29	32	40	47	51	9	12
Furniture & other manufacturing	52	61	72	80	78	20	24
Electricity	77	84	87	90	95	22	23
Water & waste management	32	32	33	55	59	14	15
Construction	474	458	502	698	729	167	183
Services	**3,372**	**3,684**	**4,127**	**4,575**	**4,524**	**1,155**	**1,187**
Trade & Transport	897	992	1,219	1,411	1,402	362	370
Maintenance and repair of motor vehicles	37	40	45	50	57	13	16
Wholesale & retail trade	559	597	706	789	789	207	204
Transport services	300	355	468	572	556	142	150
Other Services	2,475	2,692	2,908	3,164	3,121	793	817
Hotels & restaurants	154	140	158	172	98	37	24
Information & communication	138	134	144	186	208	36	41
Financial services	164	191	206	225	220	57	63
Real estate activities	488	560	607	648	645	157	164
Professional, scientific and technical activities	144	163	181	204	221	52	58
Administrative and support service activities	253	277	291	313	315	80	79
Public administration and defence; compulsory social security	418	446	488	523	562	141	141
Education	220	231	240	258	173	67	79
Human health and social work activities	136	160	155	157	190	51	43
Cultural, domestic & other services	361	391	437	478	490	115	126
Taxes less subsidies on products	**597**	**654**	**692**	**789**	**780**	**197**	**194**
Total GDP	**6,842**	**7,694**	**8,302**	**9,315**	**9,746**	**2,410**	**2,579**

Source: NISR

The table below sets out the shares of each sector to Rwanda's total nominal GDP for the periods indicated (based on current prices)

	For the year ended 31 December					For the three months ended 31 March	
	2016	**2017**	**2018**	**2019**	**2020**	**2020**	**2021**
				(percentages)			
Agriculture, Forestry & Fishing	**25**	**26**	**25**	**24**	**26**	**26**	**27**
Food crops	16	17	14	13	16	16	16
Export crops	2	2	2	1	1	1	1
Livestock & livestock products	2	2	3	3	3	3	3
Forestry	5	5	6	6	6	6	6
Fisheries	0	0	0	0	0	0	0
Industry	**17**	**17**	**17**	**19**	**19**	**18**	**20**
Mining and Quarrying	2	2	2	1	1	1	2
Total Manufacturing	7	8	8	8	9	8	9
Food	2	3	2	3	3	3	4
Beverages and tobacco	2	2	2	2	2	2	2
Textiles, clothing & leather goods	0	0	1	1	1	1	1
Wood & paper; printing	0	0	0	0	0	0	0
Chemicals, rubber & plastic products	0	0	1	1	1	1	1
Non-metallic mineral products	0	0	0	1	1	0	0
Metal products, machinery & equipment	0	0	1	1	1	0	1
Furniture & other manufacturing	1	1	1	1	1	1	1

Electricity	1	1	1	1	1	1	1
Water & waste management	1	0	0	1	1	1	1
Construction	7	6	6	8	8	7	7
Services	**49**	**48**	**50**	**49**	**46**	**48**	**46**
Trade & Transport	13	13	15	15	14	15	14
Maintenance and repair of motor vehicles	1	1	1	1	1	1	1
Wholesale & retail trade	8	8	9	8	8	9	8
Transport services	4	5	6	6	6	6	6
Other Services	36	35	35	34	32	33	32
Hotels & restaurants	2	2	2	2	1	2	1
Information & communication	2	2	2	2	2	2	2
Financial services	2	3	3	2	2	2	3
Real estate activities	7	7	7	7	7	7	6
Professional, scientific and technical activities	2	2	2	2	2	2	2
Administrative and support service activities	4	4	4	3	3	3	3
Public administration and defence; compulsory social security	6	6	6	6	6	6	6
Education	3	3	3	3	2	3	3
Human health and social work activities	2	2	2	2	2	2	2
Cultural, domestic & other services	5	5	5	5	5	5	5
Taxes less Subsidies on Products	**9**	**8**	**8**	**8**	**8**	**8**	**8**
Total GDP	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: NISR

The following table sets out certain information about Rwanda's real GDP by sector for the periods indicated (based on constant 2017 prices):

	Year ended 31 December					Three months ended 31 March	
	2016	**2017**	**2018**	**2019**	**2020**	**2020**	**2021**
				(FRW billions)			
Agriculture, Forestry & Fishing	**1,935**	**2,027**	**2,151**	**2,259**	**2,278**	**565**	**603**
Food crops	1,235	1,297	1,373	1,428	1,433	365	391
Export crops	136	138	147	154	140	27	28
Livestock & livestock products	170	186	206	229	247	59	65
Forestry	367	378	395	417	432	106	112
Fisheries	27	29	30	31	26	8	8
Industry	**1,310**	**1,330**	**1,446**	**1,686**	**1,614**	**395**	**433**
Mining and Quarrying	137	165	170	170	117	30	31
Total Manufacturing	555	591	671	746	762	183	198
Food	188	210	237	248	265	68	73
Beverages and tobacco	174	159	166	184	186	44	46
Textiles, clothing & leather goods	24	34	54	64	61	15	15
Wood & paper; printing	28	26	29	37	34	8	9
Chemicals, rubber & plastic products	26	34	40	53	54	12	14
Non-metallic mineral products	31	34	37	44	44	10	9
Metal products, machinery & equipment	29	32	39	47	51	10	12
Furniture & other manufacturing	55	61	68	69	67	17	20
Electricity	77	84	92	98	100	24	*25*
Water & waste management	32	32	33	33	34	8	9
Construction	509	458	480	638	602	149	170
Services	**3,487**	**3,684**	**4,043**	**4,377**	**4,136**	**1,083**	**1,079**
Trade & Transport	929	992	1,173	1,339	1,198	322	310
Maintenance and repair of motor vehicles	38	40	43	46	45	11	14
Wholesale & retail trade	583	597	705	816	789	203	202
Transport services	308	355	424	477	364	108	93
Other Services	2,558	2,692	2,870	3,038	2,938	761	770
Hotels & restaurants	130	140	150	165	98	40	26
Information & communication	121	134	153	167	216	47	55
Financial services	179	191	210	228	222	52	58

Real estate activities	523	560	586	609	611	151	155
Professional, scientific and technical activities	151	163	179	197	195	47	52
Administrative and support service activities	266	277	288	302	281	73	70
Public administration and defence; compulsory social security	437	446	478	500	514	130	128
Education	226	231	239	244	153	59	63
Human health and social work activities	153	160	160	165	192	52	45
Cultural, domestic & other services	372	391	427	462	456	110	117
Taxes less subsidies on products	**668**	**654**	**715**	**823**	**809**	**207**	**213**
Total GDP	**7,400**	**7,694**	**8,354**	**9,145**	**8,838**	**2,249**	**2,329**

Source: NISR

The table below shows the growth rates (year-on-year change) of Rwanda's real GDP by sector for the periods indicated (based on constant 2017 prices):

	Year ended 31 December					**Three months ended 31 March**	
	2016	**2017**	**2018**	**2019**	**2020**	**2020**	**2021**
	(percentage change from previous year)						
Agriculture, Forestry & Fishing	**4**	**5**	**6**	**5**	**1**	**(1)**	**7**
Food crops	3	5	6	4	0	(2)	7
Export crops	2	2	7	5	(9)	(16)	7
Livestock & livestock products	10	9	11	11	8	8	9
Forestry	4	3	4	6	4	4	5
Fisheries	3	5	5	4	(16)	5	1
Industry	**7**	**2**	**9**	**17**	**(4)**	**2**	**10**
Mining and Quarrying	10	20	3	0	(31)	(26)	3
Total Manufacturing	7	7	14	11	2	(6)	8
Food	8	12	13	4	7	11	7
Beverages and tobacco	3	(8)	4	11	1	6	4
Textiles, clothing & leather goods	10	40	60	18	(4)	11	(2)
Wood & paper; printing	11	(8)	13	27	(9)	(11)	17
Chemicals, rubber & plastic products	5	33	19	31	1	5	20
Non-metallic mineral products	21	8	10	19	(1)	(6)	(3)
Metal products, machinery & equipment	16	11	23	20	8	(2)	29
Furniture & other manufacturing	(10)	11	11	3	(4)	0	16
Electricity	14	8	10	7	2	4	2
Water & waste management	5	2	2	2	2	2	3
Construction	5	(10)	5	33	(6)	5	14
Services	**7**	**6**	**10**	**8**	**(6)**	**6**	**0**
Trade & Transport	7	7	18	14	(11)	7	(4)
Maintenance and repair of motor vehicles	7	6	7	7	(3)	1	29
Wholesale & retail trade	6	2	18	16	(3)	11	0
Transport services	8	15	20	12	(24)	0	(14)
Other Services	7	5	7	6	(3)	5	1
Hotels & restaurants	11	7	7	10	(40)	3	(34)
Information & communication	9	11	14	9	29	34	18
Financial services	3	7	10	8	(2)	(5)	10
Real estate activities	6	7	5	4	0	0	3
Professional, scientific and technical activities	6	8	10	10	(1)	(1)	10
Administrative and support service activities	10	4	4	5	(7)	1	(4)
Public administration and defence; compulsory social security	11	2	7	5	3	14	(2)
Education	4	2	4	2	(38)	(3)	5
Human health and social work activities	6	5	0	3	16	32	(12)
Cultural, domestic & other services	7	5	9	8	(1)	(1)	6
Taxes less Subsidies on Products	**5**	**(2)**	**9**	**15**	**(2)**	**9**	**3**
Total GDP	**6.0**	**4.0**	**8.6**	**9.5**	**(3.4)**	**3.7**	**3.5**

Source: NISR

Principal Sectors of the Economy

Services and Tourism

Since 2010, the services sector has been the country's largest sector by economic output and contributed approximately 46 per cent. of nominal GDP in 2020. Key tertiary contributors include wholesale and retail trade, transport services, real estate activities and public administration and defence; compulsory social security. The services sector growth has largely been driven by wholesale and retail trade, transport services, hotels and restaurants, professional, scientific and technical activities and information and communication. However, the COVID-19 pandemic resulted in contractions in most services subsectors in 2020, with the exceptions of information and communication, human health and social work activities and public administration and defence; compulsory social security. Notably, the information and communications grew by approximately 29 per cent. in 2020, the strongest growth across all subsectors, as people changed the way they communicated in 2020 as a result of the COVID-19 pandemic, with increased use of digital platforms, such as e-learning, virtual meetings, phone calls and WhatsApp videos, in response to restrictions on mass public gatherings and lockdown orders.

Tourism

Tourism is one of Rwanda's fastest-growing sectors in terms of foreign receipts and has been the leading source of foreign currency in recent years, generating US$498 million in 2019, an increase of 17 per cent. compared to US$425 in 2018. However, the tourism sector saw revenues decline by 76 per cent. as a result of the COVID-19 pandemic, from US$498 million in 2019 to US$121 million in 2020. The Government has provided support to restart the tourism sector, with approximately 50 per cent. of the FRW102 billion ERF having been dedicated to the tourism and hospitality sector. By June 2021, over FRW46.1 billion had been disbursed under the ERF. Rwanda also received support worth US$13.9 million from the Howard G. Buffett Foundation to cover revenue shortfalls caused by COVID-19 in the tourism and conservation sector. The funds are being used to support conservation activities and communities living around the country's national parks by covering salaries of park rangers and funding projects under Rwanda's Tourism Revenue Share programme.

Tourism has been Rwanda's largest foreign exchange earner for over a decade. Given the regional and domestic dynamics of the sector, Rwanda has positioned itself as a low-volume, high-end tourist destination for some products including mountain gorillas. This strategy has begun to yield results, with the entry of several big brand players in the luxury hospitality sector such as the Radisson, Marriott, Hilton, One & Only, Singita and Wilderness Safaris. Rwanda has also invested in sport and entertainment facilities including the Kigali Arena (a 10,000 indoor capacity facility), a brand new cricket stadium and a PGA level golf course which is in the final phase of completion.

Rwanda recently received the world's first-ever global safety and hygiene stamp by the World Travel and Tourism Council, affirming that Rwanda fulfils global standardised health and hygiene protocols in the face of a global pandemic.

According to the RDB tourism department, Rwanda welcomed 493,734 international visitors in 2020 (a decrease of 67.8 per cent. from 1,531,286 visitors in 2019). Approximately 36,000 visitors visited Rwanda's national parks in 2020, bringing in US$7 million in park revenues, compared to 110,000 visitors bringing in US$29 million in 2019. Rwanda also launched a domestic tourism campaign to encourage local tourism. While domestic park visits significantly declined in 2020, from 43,000 to 16,000, domestic park revenues reduced only marginally, from US$719,000 in 2019 to US$568,000 in 2020, as a result of increases in permit and ticket prices.

Rwanda is one of only three countries in which mountain gorillas can be visited safely. More than half of Rwanda's gorillas live in the Volcanoes National Park. Gorilla tracking in the Volcanoes National Park attracts thousands of visitors per year, who are prepared to pay high prices for permits (currently each permit costs US$1,500). As the main contributor to tourism receipts, the permits fees are channelled towards the park's conservation as well as towards the development of a more diversified tourism package that does not solely rely on gorillas- based tourism, but rather on an increased length of stay in the country. Some of these alternative destinations are the Nyungwe National Park, home to chimpanzees, Ruwenzori colobus and other primates; Akagera National Park, which is a savannah reserve and home of the "big 5", resorts across Lake Kivu, Akagera, and other eco-tourism reserves such as Gishwati and Mukura. Rwanda has also launched history tourism and cycling trails to further diversify its tourism offering.

One of the Government's key targets is to turn Rwanda into a regional conference destination, generating a sustainable and consistent revenue stream from regional and international business travellers. Construction of the US$300 million Kigali Convention Centre was completed in 2016. The complex includes 18 venues with space for over 5,000 guests, as well as onsite accommodation through the Radisson Blu hotel and other international hotel chains in Kigali. Conference visitors generated revenue of US$43 million in 2019, although this decreased to US$4 million in 2020, as visitors and revenues fell due to the COVID-19 pandemic and related travel restrictions. Rwanda was due to host the Commonwealth Heads of Government Meeting in Kigali in 2020, but this event has been postponed twice due to the COVID-19 pandemic.

In order to maintain the sustainable growth in the tourism sector, the Government established a comprehensive tourism policy in 2011. Some of the policy key focus areas are: (i) product development and diversification in order to meet the needs of international, regional and domestic visitors, (ii) marketing and branding, clearly distancing Rwanda as a wildlife, eco-tourism, cultural and conference destination, (iii) high quality training in order to establish skilled workforce in tourism and hospitality, (iv) efficient and easy access, allowing international tourists hassle-free journey in terms of air and land access, visas and other entry requirements, (v) environmental sustainability in order to ensure that the tourism will continue to grow and benefit future generations of Rwandans, with focus on sustainability of resource use, the protection of wildlife and the environment, and (vi) developing incentives and financial framework to support further investments in the tourism industry.

In March 2020, Rwanda facilitated international tourism to Rwanda by implementing a policy under which travellers, irrespective of nationality, are provided with a visa upon arrival without prior application. Entry visa fees to citizens of member states of the African Union, the Commonwealth and Francophone countries were waived to foster the implementation of Rwanda's openness policy.

Agriculture

The agricultural sector is considered as one of the pillars of Rwanda's envisaged economic transformation and its contribution to economic growth remains significant. The agriculture sector represented approximately 26 per cent. of GDP in nominal terms in 2020, compared with 24 per cent. of GDP in 2019, 25 per cent. of GDP in 2018, 26 per cent. of GDP in 2017 and 25 per cent. of GDP in 2016, and accounted for approximately 39.1 per cent. of total employment in Rwanda (formal and informal) in 2020.

The agriculture sector's growth remained positive but modest in 2020, despite the COVID-19 outbreak, recorded a growth of 1 per cent. in 2020 compared to 5 per cent. in 2019, largely as a result of a 0 per cent. change in food crops, the main contributor in the sector, from 4 per cent. growth in the previous year. In addition, the sector experienced a 16 per cent. decline in fishing, 9 per cent. drop in export crops, 8 per cent. increase in livestock and livestock products and 4 per cent. growth in forestry. Tubers and roots accounted for 44 per cent. of the food harvest, followed by bananas and cereals 28 and 12 per cent., respectively. The major concerns for Rwandan agriculture are adverse weather conditions, climate change and land shortage, as the average size of smallholdings is little more than half a hectare.

The key policy in the agriculture sector is the National Agricultural Policy 2017-2030 (the "**NAP**"), which responds to the changes facing agriculture and the food system nationally, regionally and globally and envisages a shift in the role of the Government from making direct interventions in the sector to a market enabler, thereby promoting enhanced farmer cooperation and private-sector-led development of the agri-food economy. To implement the NAP, the Government launched the fourth Strategic Plan for Agriculture Transformation (the "**PSTA4**") in 2018, covering the 2018 to 2024 period. The PSTA4 targets making agriculture a central driver for Rwanda's economic transformation and is structured around four priority areas; (1) Innovation and Extension, which focuses on improving agronomic knowledge and technology in terms of basic research and innovation, development of efficient proximity extension services, as well as promoting knowledge and skills in the value chain, (2) Productivity and Resilience, which focuses on promoting sustainable and resilient production systems for crops and animal resources, (3) Inclusive Markets and Value Addition, which seeks to improve markets and linkages between production and processing and (4) Enabling Environment and Responsive Institutions, which provides the regulatory framework and defines and coordinates public sector involvement. The PSTA4 recognises in particular the central role of youth and women in the development of the agriculture sector.

A major challenge for the Government is to ensure that food production keeps up with population growth. Real agricultural GDP grew by 4 per cent. on average between 2015 and 2020, compared with an overall real GDP growth rate of around 5.6 per cent. and estimated population growth of 2.3 per cent. for the period. To meet the challenge, an important component of the NST1, as stipulated in the various programmes and strategies implemented by the Government, is rural development, including new infrastructure in rural areas, and boosting fertiliser and quality seed use and weather resilience in order to increase agricultural yields. One of the key programmes initiated by the Government in order to improve agriculture production yields has been the Government's sponsored Crop Intensification Programme, which is mainly targeted at providing fertilisers and improved seeds to farmers, partially subsidised by a Government subsidies programme which is reviewed on an annual basis. As part of the programme, farmers will also receive post-harvest support and training (from storage to processing), encouraging additional investments from the private sector. Food crop production has increased by an average of 6.3 per cent. between 2015 and 2019.

In 2019, the Government, represented by RDB, entered into a joint venture with Netafim, an Israeli irrigation technology firm, for the development of the Gabiro Agribusiness Hub Project ("**GAHP**"), aimed at increasing agriculture products and exports. GAHP is a commercial-oriented joint venture farming project, with the Government owning 90 per cent. of the shares. The first phase of GAHP, covering 5,600 hectares, requires a total investment of approximately US$76.9 million, which includes Netafim's contribution. A total of approximately 1,400 households are expected to benefit from GAHP through lease fees and allocation of irrigated land and GAHP's business model forecasts the generation of 4,000 additional jobs, with 2,000 to be allocated to the local community.

Rwanda's export agriculture is dominated by tea and coffee. The production of tradable coffee decreased by 31.5 per cent. in 2020, from 23.4 thousand tonnes in 2019 to 16.0 thousand tonnes in 2020, mainly due to climate related shocks and aging trees. Tea production increased by 5.7 per cent., from 31.0 thousand tonnes in 2019 to 32.7 thousand tonnes in 2020. Coffee has been Rwanda's main export crop since colonial times, and despite volatile international prices for coffee over the last few years, the country's best arabica is in strong demand and attracts a premium price on the international market. As the Government committed to further liberalising the sector, the country's main coffee exporter, Rwandex, was privatised in 2006. Privatisation of seven tea factories in Rwanda has been completed to date.

The Government's target is to increase acreage under tea plantations by an additional 6000 hectares by 2024 and add two new tea factories by 2028. In 2017, Rwanda commenced the first phase of the Nyaruguru tea project, in conjunction with Unilever Tea Rwanda and The Wood Foundation Africa. The project consists of a 3,400-hectare smallholder catchment, plus an 800-hectare commercial tea plantation with one tea processing factory. In December 2020, the Government signed an agreement for a second phase of project, expanding the catchment area to 6,400 hectares and a second tea processing factory to be operated by Unilever Tea Rwanda, who provide a direct route to international markets. The Nyaruguru tea project is expected to positively impact the livelihood of farmers by increasing their income and will further contribute to the growth of tea exports. Also in 2017, the Government launched the Rugabano tea development, a joint venture between Luxmi Tea and The Wood Foundation Africa. The Rugabano tea processing factory opened in 2019. More than 10,000 smallholder tea farmers supply the factory from 4,000 hectares. The processing factory also includes a 400 hectare industrial block. The factory is expected to eventually produce 6,000 to 8,000 tonnes of made tea per year. The Government is also looking at tea diversification (green, orthodox and other type of teas), better fertilizer application and plucking training, as well as the development of a tea policy and regulations, and strengthening marketing and branding.

Aside from traditional exports, Rwanda is focussing on scaling up production of high-value export crops, such as chili, French beans, flowers, grapes, macadamia nuts, mushrooms, and passion fruit, but increasing the area planted and providing advice and logistics support to farmers, as well as identifying new destination markets and organising more investment for cross border trade and promoting private investment.

Manufacturing

Approximately 58.6 per cent. of Rwanda's manufacturing by value is generated from food processing and brewing. Rwanda's domestic manufacturing industry was protected by a wide range of tariffs prior to 1994, but the Government has since then dismantled nearly all of them. Domestic manufacturers have struggled to adapt and are currently facing even stronger competition from foreign producers following the country's entry into the EAC. Another challenge for this sector is the high cost of electricity, due to the increased reliance on diesel generators by both manufacturers and Rwanda's Energy Utility Corporation Limited ("**EUCL**").

In 2020, the manufacturing sector grew at a rate of 2 per cent., largely driven by growths of 7 per cent. and 8 per cent. in the food and metal products, machinery & equipment sub-sectors, respectively, as a result of eased restrictions from May 2020 and the Government's Made in Rwanda policy. However, other areas of manufacturing such as textiles, clothing & leather goods, wood & paper; printing, and furniture and other manufacturing contracted substantially during 2020, mainly due to reduced local production following business closures and containment measures introduced as a result of the COVID-19 pandemic.

In 2017, Rwanda implemented the Made in Rwanda Policy, aimed at increasing economic competitiveness by enhancing Rwanda's domestic market through value chain development. The policy focuses on five guiding principals: (i) safeguarding competition, (ii) competitiveness is necessary for long-term development, (iii) meaningful public-private partnership, (iv) the Government will facilitate economic transformation and (v) ensuring quality.

In September 2019, Mara Phones Rwanda, a US$50 million plant assembling 10,000 phones daily, was the first manufacturing facility in Africa to fully manufacture a mobile phone. Mara Phones Rwanda employs approximately 200 people, 90 per cent. of whom are local employees and 60 per cent. are women.

Mining

Rwanda has large deposits of cassiterite (tin ore), columbo-tantalite (coltan) and wolfram. In addition, gold and coloured gemstones such as sapphires, tourmalines beryls, amethysts and other quartz are mined artisanally in large quantities. The largest mineral deposits in volume terms is cassiterite. Due to the increasing application of cassiterite and tin (which is chiefly found in cassiterite) in a range of high-tech products, global interest in the metals has significantly increased since the turn of the century, leading to steep annual increases in international prices. Rwanda's growing mineral revenue also comes from gold and the coloured gemstones.

Rwanda is now home to two refineries of gold and tin, both of which have the capacity to process large amounts of minerals from within the country and the region, to add value to minerals before export. A third refinery is under construction, for processing tantalum and niobium from the large coltan mineral ores.

During 2020, the mining and quarrying sub-sector contributed 1 per cent. of Rwanda's GDP and contracted by 31 per cent., compared to previous growths of 0 per cent. in 2019, 3 per cent. in 2018, 20 per cent. in 2017 and 10 per cent. in 2016. This contraction in 2020 can be attributed to the COVID-19 related restrictions in place during the year.

Mining is the second largest export sector in the Rwandan economy after tourism. Under NST1, Rwanda set an ambitious target of generating US$1.5 billion in mineral export revenues by 2024. However, due to interruptions caused by the COVID-19 pandemic in 2020, in volume terms, coltan, cassiterite and wolfram exports decreased by 24.0 per cent., 26.9 per cent., and 4.0 per cent., respectively. In 2020, coltan and cassiterite exports decreased in value by 25.4 per cent. and 17.3 per cent., and wolfram export value increased by 5.7 per cent.

Rwanda's Government is initiating policies that are intended to encourage investments in the exploration and development of the mining sector and increase productivity. The Rwanda Mining, Gas and Petroleum Board was established in 2017 to coordinate government efforts in these sectors. In December 2019, FOCAC announced China's support in a geological survey and mineral resource assessment project for Rwanda in the next three years. The project includes geological interpretation of satellite remote sensing and geochemical mapping across Rwanda, national resource potential quantitative assessment, geological survey and mineral resource assessment and technical training in geological survey technology. The project will assist Rwanda in understanding the size of the country's mineral reserves and how to leverage them for transforming economy, and is also expected to attract Chinese investors to invest in Rwanda's mining sector.

The Government of Rwanda has consistently been trying to put in place appropriate mechanisms in order to mitigate risks associated with regional minerals conflicts, notably in the eastern Kivu region across the border in DRC. The Government implemented a nationwide tagging system in collaboration with the International Tin

Research Institute's Tin Supply Chain Initiative, to ensure that the origins of the minerals can be traced in order to avoid conflict financing, human rights abuses, or other malpractices such as bribery in mineral supply chains. The Rwanda Mining Code was enacted in 2018, to improve extractives sector governance, accountability, safety, and environmental protection. The law abolished the issuance of artisanal miners' licences, making it mandatory for all licensed mining companies to file annual financial statements with the Government and Rwanda Revenue Authority, and provide an environmental restoration plan with related budgets and an environmental rehabilitation guarantee. The new financial reporting standard is seen as tightening loopholes for money laundering, illegal flows, and ensuring the country and communities in mineral-rich areas benefit fully from these resources. See "*Risk Factors—Risks relating to the Republic of Rwanda—Rwanda's economy is largely dependent on a small number of volatile sectors of the economy*".

In September 2013, Law Nº55/2013 of 02/08/2013 on Minerals Tax was enacted, establishing royalties on mineral exports ranging between 4.0 and 6.0 per cent., depending on the type of mineral:

- 4.0 per cent. of the net value of base metals and other mineral and substances of that kind,
- 6.0 per cent. of the net value of gold and other precious metals of that kind, and
- 6.0 per cent. of the gross value of diamonds and other precious stones of that kind.

Construction

The construction industry has boomed in recent years, particularly in the capital Kigali, driven by the impact of rapid population growth, which has led to major infrastructure projects, new residential housing, and an increasing number of new commercial and administrative buildings. The Government's commitment to investing in infrastructure has aided the sector's performance with capital spending estimated at around 12.6 per cent. of GDP in the fiscal year 2020/21.

According to the NISR, the construction sector has recorded strong growth in recent years, with 5 per cent. growth in 2016, 10 per cent. contraction in 2017, 5 per cent. growth in 2018 and 33 per cent. growth in 2019. However, following this very high base, the sector contracted by 6 per cent. in 2020, as a result of delays or stoppages to non-essential construction projects in light of the COVID-19 pandemic, with only critical services in the industry are being undertaken.

According to a Housing Market study conducted by research institute International Growth Centre in Kigali in 2019, around 373,000 additional households will need to be accommodated in at least 310,000 houses from 2017-2032. The Government initiated the Affordable Housing program to find the solutions of housing challenges to low and middle income communities across the country. In June 2019, the Government launched the construction of 2,000 affordable housing units for average income earners.

In order to facilitate and encourage continuous growth in the construction sector, a 'one-stop' centre for construction permits was established in Kigali, facilitating efficient issuance of permits by handling all utilities applications and inspections (water, electricity and telephone) in one space, as well as reducing application fees by 30.0 per cent. (for deed plans and construction permits). To further encourage investment, the Government introduced reforms in April 2019 aimed at easing the process of securing construction permits. The amended process reduces the number of procedures required to obtain a construction permit from 15 to nine, while the number of days fell from 113 to 57.

In 2012, the EAC decided, on the Government of Rwanda's request, to increase the uniform tax rate applicable to imported construction materials (for investment projects of US$1.8 million and above) from 5.0 per cent. to 10.0 per cent., which has helped to generate higher tax revenues from the construction sector.

Environment

Rwanda has large forests covering approximately 30.4 per cent. of Rwanda's land area in 2019. Between 2009 and 2019, deforestation resulted in a 15.7 per cent. decrease in forest cover, but new planting efforts over the period increased the forest cover by 20.7 per cent., meaning that Rwanda reached its goal under Vision 2020 of increasing forest cover to 30 per cent. of total land area in 2019, one year ahead of plan despite continuing population and land pressures. A National Forest Policy, with the ambition of making forestry one of the bedrocks of the economy and ensure a national ecological balance with sustainable benefits for all segments of society, was implemented in 2004 and most recently updated in 2018. Rwanda is now aiming to fulfil its Bonn Challenge commitment to restore 2 million hectares of land by 2030.

The Government prioritised funding of water supply development during the 2000s. This funding, along with donor support, caused a rapid increase in access to safe water. According to the Fifth Household Living Conditions Survey, 87.1 per cent. of the population had access to improved drinking water in 2017, up from about 84.8 per cent. in 2015. In rural areas, approximately 85.2 per cent. of the population have access to improved drinking water, compared to 95.8 per cent. in urban areas. According to the Fifth Household Living Conditions Survey, access to improved drinking water sources is highest in Kigali (95.4 per cent.) and the Southern Province (87.8 per cent.), with the lowest rate of households with improved drinking water access found in the Eastern Province (82.2 per cent.). Approximately 9.0 per cent. of the population has water piped directly into their home.

The Ministry of Infrastructure plans to continue investing in the construction of water treatment plants and supply systems in urban and rural areas of the country. An amount of US$282 million will be invested in water infrastructure in urban areas, while USS139 million will be spent in rural areas, over the period 2019 to 2022. Under the plan, eight new water treatment plants will be built in two phases, increasing the reliability and availability of water to businesses operating in the country. In January 2019, the AfDB signed financing agreements with the Government worth €115 million to support the Rwanda Sustainable Water Supply and Sanitation Programme. The funding, which comprises €114.27 million from the AfDB window and €0.8 million from the Rural Water Supply and Sanitation Initiative Trust Fund, augments the original AfDB financing of €104 million and the €43 million Africa Growing Together Fund loan provided in 2017.

Rwanda's economy and its largely rural population are dependent on natural resources that are increasingly under pressure due to population growth, deforestation, soil erosion, pressure on natural resources and pollution. The effects of environmental degradation in Rwanda are particularly acute with respect to the living conditions of rural areas and the urban poor. Rural households strongly rely on natural resources as a basis for farming, energy production and housing. Additionally, environment degradation has historically been severely exacerbated by conflict, repeated population displacement and the clearing of natural areas for the resettlement of refugees from surrounding states since 1994. Air pollution is increasing due to the use of fossil fuels and increased use and production of chemicals. A goal of the NST1 is to halve the number of households depending on firewood as an energy source from 79.9 per cent. in 2017 to 42 per cent. by 2024. In order to mitigate the wood deficit due to biomass and wood fuel use, significant numbers of high yielding and drought resistant trees are planned to be planted on a large land scale, with tree species oriented towards commercially viable ones to support development of the wood industry and agroforestry.

The Government has made a strong commitment towards "greening the economy" by creating legal frameworks and bolstering institutional support for the conservation of the environment. In 2011, Rwanda released its Green Growth and Climate Resilience Strategy (the "**GGCRS**"). The GGCRS sets a framework for mainstreaming climate change and the green growth approach in national socio-economic planning. It also provides for mechanisms to mobilise funding to finance programs identified in the process. Building on the Vision 2020, the GGCRS includes a long-term vision for Rwanda to be a developed, climate-resilient, low-carbon economy by 2050. A key component of the GGCRS is the Environment and Climate Change Fund (the "**Rwanda Green Fund**"), launched in 2013 with financing from the UK Aid Department for International Development. The Rwanda Green Fund invests in public and private projects that have the potential for transformative change and that align with Rwanda's commitment to building a strong green economy. The Rwanda Green Fund has helped to create more than 150,000 green jobs and connect over 79,000 families to off-grid clean energy, with over US$200 million of climate finance mobilised from various sources.

Rwanda has banned plastic bags since 2008, and in 2019 prohibited the manufacturing, importation, use and sale of all single-use plastics, hoping to become the world's first plastic-free country

The key challenges faced by Rwanda include high population density, water, air and soil pollution, land degradation, fossil-fuel dependency, high-carbon transport systems, irrational exploitation of natural ecosystems, limited low-carbon materials for housing and green infrastructure development, inadequate waste treatment for both solid and liquid waste, increase of electronic, hazardous chemicals and materials waste, among others.

Nevertheless, considerable efforts have put into addressing the above mentioned challenges. In June 2019, Rwanda introduced the National Environment and Climate Change Policy, which provides strategic direction and responses to the emerging issues and critical challenges in environmental management and climate change adaptation and mitigation. The overall policy goal is for "Rwanda to have a clean and healthy environment resilient to climate variability and change that supports a high quality of life for its society". The seven objectives of the policy are (1) greening economic transformation, (2) enhancing functional natural ecosystems and managing biosafety, (3) strengthening meteorological and early warning services, (4) promoting climate change adaptation, mitigation and response, (5) improving environmental well-being for Rwandans, (6) strengthening environment and climate change governance, and (7) promoting green foreign and domestic direct investment and other capital inflows.

In addition, an electronic waste policy and regulations have been put in place, and an e-waste dismantling and recycling facility has been established. The Government is working on electric mobility transition, as the Vision 2050 envisions a carbon-neutral and climate resilient economy.

Rwanda's Nationally Determined Contributions ("**NDCs**") ambitions are to join global efforts towards curbing global temperature rise well below 2°C by 2030, with an aspirational target of 1.5°C. Priority is given to agriculture, forestry, tourism, water, land use, disaster management, climate data and projections, energy, transport, industry and waste. The Government estimates that the financial requirement for Rwanda's NDCs implementation will be US$11 billion by 2030, made up of US$5.7 billion for climate change mitigation and US$5.3 billion for climate change adaptation. It is expected this funding will come from domestic and external sources across all sectors.

The National Environment and Climate Change Policy and NDCs are designed within the context of Vision 2050, NST1, the GGCRS, the SDGs and the Africa Agenda 2063.

Infrastructure

Transport

The transport system in Rwanda consists primarily of its road network, with paved roads between the capital, Kigali and most other major cities and towns in the country. Rwanda is also linked by road with other countries in East Africa, via which the majority of the country's imports and exports are made. Current planned key transportation infrastructure projects include the road linking between Kigali and Dar es Salaam, the Kigali-Gatuna Road, the Kivu Belt road, Kitabi to Crete Congo Nil road and the Rusizi-Ntendezi-Mwityazo road. There is also a plan to create a fast bus transportation corridor to Kigali. The investment is mainly targeted at key corridors connecting between Rwanda's major tourism and business travel destinations, in accordance with the Government's strategy to turn the country into a conference destination hub. There are currently no railways in Rwanda.

Rwanda understands the importance of infrastructure in the development of a competitive private sector and the Government continues to invest heavily in infrastructure, with approximately 7.4 per cent. of the 2020/21 budget allocated to the transport sector under the Economic Transformation pillar of NST1, with the intent of dramatically reducing the cost of transport to businesses and individuals.

Roads

As a land-locked country, nearly all of Rwanda's imports and exports travel over 1,500 km by road through Uganda to or from the port of Mombasa in Kenya, or by road and rail to and from Dar es Salaam in Tanzania, generating high transport costs for traders. Rwanda's arterial roads already compare well with those in neighbouring countries, especially as they are being increasingly well maintained, as part of infrastructural spending under the IMF-World Bank poverty reduction strategy paper. The national total road network is 37,898 km of which 4.9 per cent. is paved. Currently, 97.6 per cent. and 52.7 per cent. of the national paved and unpaved road network, respectively, is in good condition.

In order to provide an enabling environment for doing business, the Government, through the Rwanda Transport Development Agency (the "**RTDA**"), has focused on maintaining existing roads to keep the riding quality, increasing connectivity by rehabilitating and upgrading major roads linking regional corridors. In fiscal year 2019/20, Rwanda upgraded 1,425.5km of unpaved national roads and rehabilitated 78.7km. To improve on rural connectivity, 3,248km of feeder roads were upgraded and rehabilitated to gravel roads. The NST1 includes a number of interventions to upgrade and rehabilitate national, urban and feeder roads in Rwanda by 2023/24.

There are several projects in the pipeline to expand road network access (especially for several agricultural regions), upgrade roads with regional links and redevelop several inland road networks:

Huye-Kibeho-Ngoma Upgrade: In October 2018, the Export-Import Bank of China provided a US$77.9 million loan for upgrading works on the 66km Huye-Kibeho-Ngoma road.

- Ngoma-Ramiro Road Upgrade: In July 2018, the Japan International Cooperation Agency ("**JICA**") signed a JPY7.7 billion (US$73.1 million) concessional loan agreement with the Government to pave and widen a 53km section of the Ngoma-Ramiro road. The section is part of National Road 6, a major link of the logistics network in Rwanda, connecting Kigali to the central corridor and extending to the Dar es Salaam port in Tanzania. The project is scheduled for completion in 2021 and will ease road freight delays and costs for businesses in the region.

- Base-Butaro-Kidaho Road Project: In May 2018, the Governments of Rwanda and India signed a concessional loan agreement worth US$66.6 million for the construction of the Base-Butaro-Kidaho road, through the India Export-Import Bank. The 63km road will connect the emerging touristic centre of Burera, Ruhondo lakes and key infrastructure such as the University of Global Health Equity, Cancer Reference Hospital of Butaro, as well as link the country to Uganda through Cyanika border, this facilitating tourism and boosting economic activity. However, construction on the Base-Butaro-Kidaho road has not yet started. The Government is seeking additional financing and has requested approximately US$200 million from AfDB, which is expected to be signed by the end of 2021.

- Kagitumba-Kayonza-Rusumo Road Project: In 2016, the AfDB and JICA provided loans of US$93.1 million and US$56.3 million, respectively, in partnership with the EU to rehabilitate and widen the 208km Kagitumba-Kayonza-Rusumo road, which is connection Rwanda to Tanzania and Uganda.

- Uganda- Rwanda Busega-Mpigi Express Highway Project: AfDB also provided a US$151 million loan for the project in December 2016, to finance the construction of a 23.7 km four-lane express highway.

- Nyagatare-Byumba Base Road Project: Jointly funded through a partnership between Rwanda, AfDB and the Arab Funds, the US$163.5 million road, with a total length of approximately 124.8 km, is located in the central-eastern region of Rwanda, near Kigali.

- Lake Victoria transport program (Ngoma-Nyanza): JICA and AfDB provided US$170 million to improve the efficient and safe movement of goods and people along the 120 km regional corridor from the border crossing at Rusumo to the border crossing at Nemba and Rusizi. The Ngoma-Nyanza road will create a link to the following transport corridors to promote regional trade: (i) south-west corridor to DRC via Huye-Rusizi Road and Ruhwa one stop border post ("**OSBP**"); (ii)south corridor to Burundi via Nyanza – Akanyaru Road and Akanyaru OSBPs; (iii) south-east to Tanzania via Kayonza-Rusumo Road and Rusumo OSBP; and (iv) north-east to Uganda via Kayonza-Kagitumba Road and Kagitumba OSBP.

In June 2018, the Government, Volkswagen and Siemens unveiled the first electric cars on the African continent, which have a charging station at the Volkswagen facility.

Public Transportation

There are several daily coach services from Rwanda to destinations in East Africa. In addition, the national express share taxi services to Gisenyi and Cyangugu often cross the DRC border to carry passengers to Goma and Bukavu, respectively. In addition to the share taxis, Rwanda Inter-Link Transport Company ("**Ritco Ltd**"), a public-private partnership transport company, was established to improve public transport services in Rwanda. Its fleet runs between Kigali and the major towns two or three times per day. Ritco Ltd buses also serve some remote areas along dirt roads not otherwise accessible by public transport.

The RTDA is aiming to double the number of public transport commuters' in the coming couple of years to reduce traffic congestion, especially in the Central Business District. A recent study has proposed a number of interventions to help improve and increase the use of public transport and related traffic management measures, including road development for bus lanes, optimisation of traffic lights function, improving bus schedules and fare structures and conducting a bus operations efficiency and financial assessment.

In November 2019, the financing agreement between the Government and development partners was signed to revamp transport on Lake Kivu. The port facilities are jointly financed by the Government, TMEA and Netherlands (RVO).

Air

Rwanda's main air gateway is Kigali International Airport, which is located at Kanombe, a suburb approximately 10 km from Kigali city centre. The airport has international flights to Lagos, Brazzaville, Dubai, Nairobi, Entebbe, Addis Ababa, Bujumbura, Johannesburg, Amsterdam and Brussels and is the main airport for the national carrier RwandAir. In May 2020, Rwanda Airports Company began upgrade works at Kigali International Airport. The works involve expanding the arrival terminal, which will have an extra passenger processing area; extending the runway strip to 3.1km; and expanding the aircraft parking capacity to accommodate at least 18 aircraft at a time.

Rwanda has also invested in the development of a new airport, Bugesera International Airport, 25km outside of Kigali. The US$1.5 billion airport , currently under construction, will have a capacity of 8.2 million passengers per year for the first 10 years of operation, with future plans to expand capacity to 14 million passengers in future periods. In 2019, the Government concluded an investment partnership with the government of Qatar for Bugesera International Airport, for the design, construction, and operation of the airport. Qatar has agreed to take a 60 per cent. stake in the project. The new airport is expected to be a regional hub for both passengers and cargo. Both governments of Rwanda and Qatar are also in negotiations for a partnership in RwandAir, aimed at expanding its fleet size, number of destinations as well as improving the efficiency of the airline.

The only other international airport in the country with passenger service is Kamembe Airport, which is in the city of Rusizi.

RwandAir began operations on 1 December 2002 as the new national carrier under the name Rwandair Express and became "RwandAir" in March 2009, which is the current operating name. The airline has a young fleet of four Boeing 737-800NG aircrafts, two Boeing 737-700NG aircrafts, two Bombardier CRJ-900 NextGens, two Bombardier Q-400 Next Gens, one Airbus A330-200 and one Airbus A330-300. RwandAir serves local destinations and most of the EAC capital cities, as well as international destinations such as Johannesburg, Dubai, Mumbai, Tel Aviv, Brussels and London (although some routes are not currently operational due to COVID-19). RwandAir is seeking approval from the US Transportation Department to open a route to New York, via Ghana, by the end of 2021.

Telecommunications

Rwanda continues to be one of the fastest growing African countries in ICT. The 2016 World Economic Forum's Networked Readiness Index rated Rwanda 1st among East African Nations in terms of its readiness to exploit ICT and Rwanda ranked among Africa's top 10 performers in the UN's 2020 E-Government Development Index.

Currently, Rwanda has two mobile network operators, MTN Rwanda Ltd and Airtel Rwanda Ltd; twenty-four Internet Service Providers (ISPs), two network capacity resellers, one 4G Wholesaler Network Service Provider, two Network Facility Providers, 27)postal and courier service providers, 29 FM broadcasters, 19 Content broadcasters, 12 Print Media, three Pay TV providers and one signal distributors.

The leading mobile services provider is MTN Rwanda Ltd, with around 6.87 million subscribers and a 62.9 per cent. market share as at 30 June 2021, while Airtel Rwanda Ltd had around 4.04 million subscribers and a 37.1 per cent. market share. As at 30 June 2021, mobile-cellular subscriptions were 84.34 per cent, while for fixed telephone subscriptions were 0.0930 per 100 people.

The following table sets out the number of mobile-cellular and fixed telephone service subscribers per telecom operator as at 30 June 2021:

	As at 30 June 2021	
	Mobile-cellular telephone	Fixed telephone
MTN Rwanda Ltd	6,878,349	190
Airtel Rwanda Ltd.	4,048,629	9,521
Liquid Telecom Ltd.	-	813
BSC Ltd	-	1,260
Total	10,926,978	11,784

Source: Rwanda Utilities Regulatory Agency

Internet penetration in Rwanda is low, but rising rapidly. As at 31 March 2021, the penetration rate was 63.6 per cent. compared to 62.3 per cent. in 2020. Rwanda has installed over 5,000 kilometres of fibre optic cable throughout the country, with regional links to neighbouring countries. It is one of the few countries in Africa to have built a national high-speed 4G LTE wireless broadband network. In December 2019, Korea Telecoms Rwanda Networks announced its intention to invest US$10 million to improve the 4G network quality and coverage in Rwanda and to make the network 5G-ready.

In a bid to ensure the access to connectivity for all, particularly remote and rural parts of Rwanda, and to ensure access to affordable Internet services to the public and private institutions, the Rwanda Utilities Regulatory Agency through the Universal Access Fund has adopted a scheme of subsidising the Internet bandwidth acquisition to rural communities in underserved remote areas of Rwanda whilst deploying funds to closing connectivity gaps in rural areas. So far, 193 sites from public and private institutions have benefited from this initiative. In addition, the Government of Rwanda through the Ministry of ICT and Innovation is investing in four areas to drive adoption and usage of the deployed infrastructure, notably: (1) Device financing schemes to unlock affordability of smart devices; (2) Digital literacy programs for citizens, workforce and students as part of the educational curriculum; (3) Local content development through increased service digitization and building content in the local language; and (4) Affordable last-mile connectivity solutions.

In 2016, the Government embarked on a flagship project, the Kigali Innovation City, designed to accelerate the development of Rwanda's ICT sector, positioning Rwanda as a pan-African innovation hub. Within this holistic ecosystem a critical mass of talent, research and business-led innovation will be established to spur Rwanda's innovation economy.

Kigali Innovation City is a mixed-use facility which will house various facilities including research and development centres, ICT training centres, a Science and Technology museum, residential housing facilities, software build and test labs, specialised institutions of higher learning, a business incubation centre and retail facilities. Kigali Innovation City already has five anchor tenants – one pharmaceutical company and four world-class learning institutions with graduate and undergraduate education programs in engineering, artificial intelligence, e-health, biomedical sciences entrepreneurship and leadership. Two of the anchor universities, Carnegie Mellon University Africa, a satellite campus of the American research university, and the Africa Leadership University inaugurated their campuses in 2019 and 2020, respectively, and two remaining institutions are under construction or about to launch construction. In 2019, the Government of Rwanda partnered with Africa 50, a pan-African infrastructure investor to develop the rest of Kigali Innovation City into a mixed-use development that will integrate world-class universities, technology companies, research institutions in a smart and environmentally conscious manner, with initial phases planned to be completed by 2024. Masterplan designs of the City have been completed, with Kigali Innovation City is expected to be completed in 2026.

Kigali Innovation City is at the core of Rwanda's strategy to transition to a knowledge-based economy, building on Rwanda's proven value proposition as a proof-of-concept destination to domestic and foreign startups and technology companies with continental aspirations, by providing an attractive investment climate, pan-African STEM talent pool, flexible visa policy and willingness to be a first-mover in technology adoption. Key priority sectors include FinTech, AgTech, HealthTech and Smart Cities.

In May 2019, the Government entered into a five-year agreement with Motorola Solutions, a global leader in mission-critical communications, to build local ICT capacity as the country aims to become a continental ICT hub. Under this agreement, Motorola Solutions will establish a service centre, a training centre, a Supervisory Control and Data Acquisition ("**SCADA**") centre and Internet of Things centre in Rwanda.

Energy

As of the end of 2020, an estimated 79.9 per cent. of energy consumed in Rwanda came from wood, peat and charcoal, while 16.1 per cent. came from petrol products and the remaining 4 per cent. from electricity. According to the Fifth Household Living Conditions Survey, the most common fuel in 2017 was firewood, used on average by 79.9 per cent. of households. In rural areas, the use of firewood is as high as 92.7 per cent. A different pattern can be found in Kigali and, to a lesser degree, other urban areas, where charcoal is the preferred fuel for cooking (68.1 per cent. in Kigali).

Electricity

Rwanda's electricity supply was, until the early 2000s, generated almost entirely from hydroelectric sources. A combination of below average rainfall and human activity, including the draining of the Rugezi wetlands for cultivation and grazing, caused the two lakes' water levels to fall, leading to a sharp drop in output from the power stations. This, coupled with increased demand as the economy grew, precipitated a shortfall in 2004 and widespread loadshedding. As an emergency measure, the Government installed diesel generators north of Kigali. By 2006, these were providing 56.0 per cent. of the country's electricity, but were very costly to operate. In line with economic growth, demand for electricity has grown and the addition of low-cost generation sources has not been able to keep up with the rising levels of consumption. The Government enacted a number of measures to alleviate this problem, and reduce the country's dependency on imported diesel in order to power its generation facilities. These measures include rehabilitating the Rugezi wetlands, which supply water to Lakes Burera and Ruhondo and would thereby increase the productivity of the hydroelectric power stations there, and investing in the extraction of methane gas from Lake Kivu to be used to fuel the Nyabarongo power plant.

The Government's target is to reach electricity universal access by 2024. To that end, during 2019/20, the number of national grid connections increased by 14.8 per cent. Installed capacity increased by 1.2 per cent. to reach 228.102MW, due to commissioning of the Nyirantaruko and Kigasa Hydropower plants, as well as the rehabilitation of the Agatobwe hydropower plant, and the annual peak demand increased by 7.4 per cent. to 151.0 MW. Electrical energy generated (kWh) increased by 2.2 per cent. The majority of Rwanda's electricity is generated from hydropower resources (52.3 per cent.), while 24.5 per cent. is generated using methane gas and 15.6 per cent. using fuel oil. Overall, 54.3 per cent. of Rwanda's electricity was generated from renewable sources in 2020.

The AfDB has committed approximately US$450 million to develop joint power initiatives between Rwanda and its neighbours. The 80MW Rusumo Falls Hydropower Plant is a hydropower project under the joint development of Rwanda, Burundi and Tanzania through a commonly-owned Rusumo Power Company ("**RPCL**"). In 2013, the World Bank approved US$340 million and the AfDB approved US$128 million for the 80MW Rusumo Falls Hydropower Plant, which will work across Rwanda, Burundi and Tanzania, improving power supply, reliability and cross-country integration. In 2018, AfDB also approved US$123 million to Tanzania to complement the 220 kV Rusumo-Nyakanazi regional transmission line, which includes the Rusumo Falls Hydropower Plant. The Rusumo Falls Hydropower Plant is 80 per cent. complete and expected to start production, initially worth 27MW, in early 2022. In addition, the 147MW Rusizi III Hydropower Plant, which will share power equally between Rwanda, Burundi and the DRC, is expected to be completed by 2024.

In February 2021, the governments or Rwanda and Burundi initiated the mobilisation of funds for the US$190 million Akanyaru Multipurpose Dam Project on the Akanyaru River. The reservoir is expected to store 333 million cubic metres of water and supply water for drinking and irrigation of 124.7sq km of land in both countries . The project will also produce 14.5MW of power. The Nile Equatorial Lakes Subsidiary Action Program Coordination Unit will design, prepare tender documents, assess environmental and social impact, and prepare a resettlement action plan for the project.

In February 2021, the Government approved a US$147.5 million (EUR 121.5 million) loan from AfDB for a multipurpose water project in Nyagatare. The project, to be executed by the Rwanda Water Resources Management Board, will include the construction of a dam on Muvumba River with a daily production capacity of 24,000 cubic metres of water and 35 million cubic metres of water storage. The objective of the project is to improve water, energy, food and nutrition security by harnessing water resources for irrigation, domestic, livestock use and hydropower generation, while ensuring sustainability of the resources and building resilience against climate change and variability. The project will also include the construction of a power plant generating

740kW of electricity. The plant, expected to be completed in early 2022, will supply water to the Tabagwe, Gatunda, Karama, Rukomo, Nyagatare, Rwempasha, Musheri and Rwimiyaga sectors.

The Government has also invested in the extraction of methane gas to boost Rwanda's energy production. Lake Kivu, which lies on the border between Rwanda and DRC, is estimated to hold approximately 60 billion cubic metres of methane gas. In 2011, Rwanda began construction works for the first phase of the KivuWatt Power Plant, a 26.4 MW methane gas-fired power plant owned by Contour Global. The Government signed a 25-year gas concession and power purchase agreement with Contour Global to extract methane from the waters of Lake Kivu and process the methane for power generation. The start-up and commissioning of the KivuWatt Power Plant were initiated in June 2015, initially generating 25 MW of electricity for the local grid and expected to generate an additional 75 MW of power in Phase 2. The KivuWatt Power Project will develop methane resources contained in Lake Kivu while at the same time reducing the risk of a potentially serious environmental incident known as a limnic eruption, caused by a naturally occurring explosive release of large quantities of these gases. Several development banks extended debt financing to the project, including AfDB, the Emerging Africa Infrastructure Fund, the Netherlands Development Finance Company and the Belgian Investment Company for Developing Countries.

In February 2019, the Government signed a US$400 million seven-year deal with Gasmeth Energy to extract methane gas from Lake Kivu to produce bottled gas, helping to reduce local reliance on wood and charcoal.

In addition to hydro and methane resources, Rwanda also has significant supplies of peat which can be burned to generate electricity. In April 2017, Rwanda celebrated the opening of its first peat-fired power plant at Gishoma. In 2016, the Government signed a US$350 million financing agreement with YUMN Ltd for the construction of a larger 80MW peat plant in Gisagara under a build, operate, own and transfer basis with a 26-year Power Purchase Agreement. The Gisagara Peat Power Plant was recently completed and is expected to be commissioned in 2021. The Gisagara Peat Power Plant is expected to increase Rwanda's power generation capacity by 40 per cent.

The end-user tariff for grid-connected customers was recently revised by Rwanda Utilities Regulatory Authority ("**RURA**"), with the new approved tariff became effective in January 2020. The new rates depend on the type of customer. Tariffs for residential customers using below 15kWh per month remained at FRW89/kWh, while tariffs for residential customers using 15-50kWh per month and using above 50kWh per month were increased by 16.5 per cent. and 18.6 per cent., respectively. The tariff review was mainly driven by the need to ensure financial sustainability of the Electric Utility. In addition, in line with the country's goal of ensuring access to modern and affordable infrastructure and services, and quality health for all, as per the NST1, the electricity end user tariff for health facilities and commercial data centres were reduced by 3.1 per cent. and 19.4 per cent., respectively.

Petroleum

Rwanda has no domestic crude reserves or refining capacity is currently dependent on foreign imports of petroleum products, particularly for electricity generation and transportation. While the requirement to import petroleum products for electricity generation is expected to decrease as planned alternative fuel electricity generation using extracted methane gas come on line, Rwanda will still be required to import petroleum for transportation use, in particular road and air transport.

The Kenya-Uganda-Rwanda Products Pipeline Project (Eldoret-Kampala-Kigali) is currently in the planning stage and is sponsored by the governments of Rwanda, Kenya and Uganda. The project involves a 784km gas pipeline connecting Kenya, Uganda and Rwanda, to be developed in two phases. Phase I includes construction of a 350km stretch between Eldoret and Kampala and phase II includes 434km pipeline linking Kampala to Kigali. The project also includes the construction of storage terminals in Kampala, Mbarara and Kigali.

Privatisation

Since 1995, the Government of Rwanda has put in place a series of economic mechanisms aimed at reviving the national economy and preventing the deterioration of public enterprises. In 1996, the Privatisation and Public Investment Law was enacted, followed by the establishment of a designated privatisation unit at the MINECOFIN during the same year. The privatisation unit was later transferred to the Rwanda Development Board in 2008. Privatisation activities commenced in 1998, and, according to the Rwanda Development Board, to date, a total of 96 state-owned enterprises have been sold to the private sector. These enterprises operated in all sectors of the economy, including agriculture, hospital companies, telecommunication, mining, and transport.

Since 2012, 36 companies have been privatized, comprising seven tea factories, four rice mills, six other agricultural/ animal husbandry related companies, 17 energy companies (Micro Hydro Power Plants) and two other companies. Currently, six enterprises are due for privatization in 2021/2022.

In September 2020, Cabinet approved a Privatisation Policy and Strategy. The policy includes clear parametres to identify state-owned enterprises for privatisation, taking into account qualities such as companies operating in sectors where there is substantial private-sector competition in existence as well as companies that are neither generating revenues nor holding national interest to the Government. Others characteristics of companies to be privatised include firms operating in sectors which private sector entities can successfully demonstrate more efficient management.

FOREIGN TRADE AND BALANCE OF PAYMENTS

Foreign Trade

Rwanda has a highly open trade regime with trade liberalisation being an integral part of the Government's reform efforts. The Ministry of Trade and Industry is responsible for trade policy formulation, implementation and negotiations. Other ministries are involved as much as possible in trade-related activities, including, inter alia, the Ministries of Finance and Economic Planning, Agriculture, Infrastructure, Lands, Environment, Forestry, Water and Mines, and government institutions like the Rwanda Revenue Authority, the Rwanda Development Board and the NBR. The Government is fully responsible for decisions on all trade negotiations and the final establishment of international treaties. The Government also makes rigorous efforts to involve non-state actors in trade matters, especially from the private sector.

Trade Policy

Rwanda is a signatory to regional and multilateral agreements as well as bilateral agreements. It is a member of the COMESA and the EAC, as well as of the World Trade Organisation. It has bilateral agreements with the United States under the Africa Growth Opportunities Act and has access to the EU's Everything But Arms, which grant preferential market access to the least developed countries. In addition, it has bilateral agreements with other individual countries to which it exports to including China, Malaysia, South Africa and Thailand.

Rwanda accessed the EAC Customs Union in July 2009 and subsequently adopted the EAC Common External Tariff. Under the EAC Customs Union, goods originating in the EAC territory attract zero tariffs (zero import duty) once traded among EAC partner states. Tariff rates for imports sourced from outside the EAC have been set at 25 per cent. for finished goods, 10 per cent. for intermediate goods, and 0 per cent. for raw materials and capital goods. In July 2019, Rwanda ratified the 2015 TFTA, which brings together country members of COMESA, EAC and the Southern African Development Community, with the aim of removing barriers to trade and to ease the movement of people between its signatory nations.

Rwanda's trade policy emphasises the development of competitive domestic production capacity supported by a vibrant private sector. Participation in regional and international trade has allowed for more integration, leading to development gains in terms of job creation, welfare improvement and poverty reduction, moving Rwanda towards the goal of transformation of the economy from an agrarian to a knowledge-based economy.

Rwanda was ranked 38 out of 190 countries and 2nd in Africa in the World Bank's Doing Business Report of 2020, as measured through key variables benchmarked against regional and high income economy averages. In particular, Rwanda was recognised for making improvements in starting a business by exempting newly formed small and medium-size enterprises from paying the trading license tax for their first two years of operation, faster granting of construction permits and improved building quality control, improved reliability of the power supply by upgrading the power grid infrastructure and updated employment regulations pertaining to weekly rest, working hours, severance payments and reemployment priority rules after redundancy dismissals. These business reforms are part of the Government's efforts to promote Rwanda as an attractive business and investment destination, in order to drive the growth of the private sector and generate wealth. Rwanda (jointly with Slovenia) established the best regulatory performance in the cost for doing business (as a percentage of income per capita).

Rwanda's performance is also consistent with the 2019 World Economic Forum Global Competitiveness Index ("**GCI**"), where Rwanda was ranked in the 100th place, moving up 8 places since 2018. The GCI is based on 12 indicators that include, among others, the strength of the economy, education and social welfare and innovation.

Imports and Exports

In 2020, total exports earnings increased by 14 per cent. compared to 2019, mainly driven by an increase in gold exports which compensated for the 15 per cent. decline in traditional and formal exports due to negative effects caused by the COVID-19 pandemic as shown in the table below. The increase in gold exports in 2020 is reflective of the gold refinery acquired by Rwanda in 2019, which substantially increased the import of non-processed gold and the export of refined gold. Total imports expenditure rose by 9.0 per cent. during 2020. Total exports (fob) covered approximately 46 per cent. of total imports (fob) in 2020. The coverage ratio is estimated at 54 per cent. when services are included.

The following table sets out certain information regarding export earnings and expenditure on imports for the periods indicated:

	Year ended 31 December				
	2016	2017	2018	2019	2020
			(US$ millions)		
Exports(1)					
Coffee	58.5	64.1	69.6	69.8	53.9
Tea	63.4	84.3	90.5	86.3	90.3
Tin (Cassiterite)	34.8	50.2	49.9	37.9	31.4
Coltan	39.7	60.9	71.6	45.6	34.0
Wolfram	11.9	12.6	21.5	16.8	17.8
Hides and Skins	7.4	7.5	3.1	2.5	1.5
Pyrethrum	3.4	3.2	4.7	6.2	5.0
Total Traditional Exports	**219.1**	**282.7**	**310.9**	**265.0**	**233.9**
Other exports	155.3	298.1	298.6	237.5	176.0
Re-exports	224.3	267.3	313.4	351.9	314.8
Total Formal Exports	**598.7**	**938.7**	**922.9**	**854.4**	**724.7**
Adjustments					
Informal cross border trade	132.7	98.4	125.3	110.0	36.6
Refined Gold	-	90.5	73.6	276.4	646.2
Total Exports	**731.4**	**1,037.1**	**1,121.8**	**1,240.7**	**1,407.5**
Imports(2)					
Consumer Goods	723.0	656.9	690.0	714.6	771.0
Capital Goods	707.9	504.1	583.7	692.5	660.0
Intermediary Goods	566.0	563.6	628.5	730.6	761.9
Energy Goods	226.4	487.1	562.3	521.5	348.7
Total Formal Imports	**2,223.3**	**2,211.8**	**2,464.4**	**2,659.3**	**2,541.7**
Adjustments					
Gold(3)	-	-	-	239.3	626.8
Imports for re-exports	-	113.5	151.5	183.8	202.5
Informal imports	30.6	23.3	20.3	11.9	2.5
Other	212.2	2.4	-	-	-
Total Imports	**2,253.9**	**2,348.6**	**2,636.**	**3,094.3**	**3,373.5**

Source: NBR

Notes:

(1) Exports data is presented as free on board (FOB)

(2) Imports data is presented as cost, insurance and freight (CIF)

(3) In the year ended 31 December 2016, gold exports were included in minerals exports

The following table sets out certain information regarding the volume of formal exports and imports for the periods indicated:

	Year ended 31 December				
	2016	2017	2018	2019	2020
			(tonnes)		
Exports					
Coffee	18,641.0	18,670.7	21,313.3	23,399.4	16,030.1
Tea	24,414.9	26,242.7	30,903.4	30,971.4	32,720.5
Tin (Cassiterite)	3,549.9	4,759.6	4,779.9	3,860.5	2,820.2
Coltan	1,269.9	1,697.0	1,643.5	1,353.8	1,028.4
Wolfram	1,716.0	1,523.7	1,966.0	1,883.9	1,808.8
Hides and Skins	6,194.3	6,955.1	5,484.6	3,876.7	2,768.8
Pyrethrum	17.8	65.7	86.9	95.6	33.6
Total Traditional Exports	**55,803.9**	**59,914.6**	**66,177.6**	**65,431.3**	**57,210.5**
Other exports	179,855.9	264,205.4	298,395.8	329,392.6	303,801.5
Re-exports	230,366.6	299,455.5	350,760.6	412,242.7	395,839.2
Total Formal Exports	**466,026.5**	**634,575.5**	**715,334.0**	**807,066.7**	**756,851.2**

Imports					
Consumer Goods	763,238.6	793,893.6	843,586.1	715,239.5	821,308.6
Capital Goods	69,110.9	60,208.0	67,879.4	87,990.3	84,243.8
Intermediary Goods	821,856.5	914,329.0	1,023,885.9	1,175,053.6	1,427,951.2
Energy Goods	310,958.2	782,426.3	881,783.3	902,291.8	691,413.9
Total Formal Imports	**1,965,164.3**	**2,550,857.0**	**2,817,134.8**	**2,880,575.3**	**3,024,917.5**

Source: NBR

Non-traditional exports, in particular horticulture, are also an important sector in the Rwandan economy. Horticulture contributes about 15 per cent. of non-traditional exports in 2020, exported to markets such as Burundi, DRC and South Sudan, as well as global destinations such as the EU and the US. Rwanda's horticultural exports increased from US$5 million in 2005 to US$26.5 million in 2020. The types of horticultural products grown include vegetables, fruits, nuts, spices and flowers. Processed horticulture and value-added horticulture exports have also increased in recent years, with products including fruit juices, dried and canned vegetables, pastes and jams.

The share of non-traditional exports to total merchandise exports is expected to rise due to the Made In Rwanda program which is expected to increase and diversify domestic production base.

Exports

In 2020, due to global trade disruptions caused by the COVID-19 pandemic, Rwanda's merchandise trade reduced significantly, in particular in the first half of the year. Exports rebounded in the second half of 2020 after the Government eased some containment measures and global demand improved. The recovery continued in 2021, where formal exports increased significantly by 40.6 percent in the five months ended 30 May 2021 compared to the same period in 2020, according to the NBR. However, performance has not yet recovered to pre-pandemic levels.

Total exports receipts increased by 13 per cent. in 2020, mainly driven by an increase in gold exports which compensated for the 15 per cent. decline in formal exports due to negative effects caused by the COVID-19 pandemic.

Re-export products decreased in value by 11 per cent. between 2019 and 2020, mainly as a result of a decrease in re-exported petroleum products. Rwanda re-export products in 2020 mainly included petroleum products, food products, machines, engines and vehicles.

Composition of Exports

Exports of goods are dominated by traditional export products such as coffee, tea and minerals. Traditional exports together represented 32.3 per cent. of total formal export earnings in 2020. The value of major mineral (cassiterite, coltan and wolfram) exports was US$83.2 million in 2020, representing 35.6 per cent. of total traditional export earnings, while coffee and tea amounted to US$144.2 million, representing 61.7 per cent. of total traditional export earnings.

Coffee exports have historically performed strongly, with export volumes and earnings increasing by 25.5 per cent. and 19.3 per cent., respectively, between 2016 and 2019. However, the volume of coffee exported decreased by 31.5 per cent. in 2020, due to lower production and restrictions on trade as a result of the COVID-19 pandemic. Export earnings from coffee also decreased by 22.7 per cent. in 2020. However, tea exports have continued to perform well in 2020, despite the pandemic, with exports of tea increasing by 4.6 per cent. in value and 5.7 per cent. by volume compared to 2019. The performance of tea exports in 2020 is due to continued demand for Rwandan tea at the Mombassa auction, which continued its operation during the COVID-19 pandemic.

Exports of cassiterite, coltan and wolfram decreased in both value and volume in 2020, resulting in the total minerals value and volume decreasing by 16.1 per cent. and 20.1 per cent., respectively. Mineral prices were mixed with prices of cassiterite and wolfram performing well, rising by 13 per cent. and 10 per cent., respectively, while the price of coltan dropped by 2 per cent. Mineral export receipts declined in 2019 as well, as their prices fell partly driven by the impact of the trade war between the US and China on global metal prices.

Destination of Exports

During recent years, Rwandan export destinations have diversified and shifted away from Europe. The share of exports to Europe has decreased from 31.2 per cent. of total exported volume in 2018 to only 11.9 per cent. in 2020. The share of exports to EAC countries (mainly Kenya) increased from 10 per cent. in 2018 to 12.1 per cent. in 2019, before declining to 4.3 per cent. in 2020. The share of exports to Asia has significantly increased from 41.1 per cent. in 2018 to 71.9 per cent. in 2020.

The table below sets out certain information regarding the destination of Rwanda's exports for the periods indicated, as a percentage of the value of total exports (excluding re-exports):

	Year ended 31 December			
	2017[(1)]	**2018**	**2019**	**2020**
		(%)		
Europe	29.3	31.2	16.5	11.9
Africa	22.5	23.8	22.1	14.2
Of which, EAC	11.1	10.0	12.1	4.3
Asia	44.2	41.1	59.5	71.9
America	3.8	3.6	1.7	1.8
Oceania	0.2	0.2	0.2	0.2
Total	**100.0**	**100.0**	**100.0**	**100.0**

Source: National Institute of Statistics
Notes:
(1) In 2017, all data series were revised. Major revisions include the destination of tea and coffee domestic exports.

The top five export destinations in 2020 were the United Arab Emirates, DRC, Pakistan, the United Kingdom and Uganda.

Imports

Rwanda's primary imports in 2020 included intermediary goods (47.2 per cent. of the total volume of formal imports), consumer goods (27.2 per cent.), energy products (22.9 per cent.) and capital goods (2.8 per cent.). Total formal imports in value decreased by 5.6 per cent., mainly due to lower demand for energy and capital goods, despite an increase in imports of consumer goods and intermediary goods.

Composition of Imports

In 2020, intermediary goods imports increased by 4.3 per cent. in value, while their volume rose by 21.5 per cent on higher demand of construction materials mainly cement following government classroom construction programme. Imports of energy goods decreased by 33.1 per cent. by value and by 23.4 per cent. by volume in 2020, as a result of decreased global oil prices and different measures put in place in order to reduce the movement of people in order to reduce the spread of COVID-19.

The import value of consumer goods increased by 7.9 per cent. in 2020, while volume increased by 14.8 per cent., due principally to higher demand for imported food products following Government initiatives to provide food relief to hardest hit household during the lockdown in March 2020. Non-food products represented the largest share with 55.2 per cent. of the total value of consumer goods in 2020. Non-food products are mainly comprised of domestic articles, clothing, health care, pharmaceutical and perfume products.

Destination of Imports

The table below sets out certain information regarding the destination of Rwanda's imports for the periods indicated, as a percentage of the value of total imports:

	Year ended 31 December			
	2017[(1)]	**2018**	**2019**	**2020**
		(%)		
Europe	14.8	17.4	16.9	13.4
Africa	24.8	25.4	28.9	39.5
Of which, EAC	17.3	19.5	18.6	25.7
Asia	56.3	54.6	51.6	44.4
America	3.9	2.3	2.5	2.6
Oceania	0.1	0.2	0.1	0.1
Total	**100.0**	**100.0**	**100.0**	**100.0**

Source: National Institute of Statistics

Notes:
(1) In 2017, all data series were revised. Major revisions include the destination of tea and coffee domestic exports.

The top five countries importing into Rwanda in 2020 were China, Tanzania, Kenya, India and the United Arab Emirates.

Trading with EAC Countries

Rwanda's total trade with EAC partner states has continued to improve in recent years for both exports and imports. The increase in trade with the EAC moderated in 2019 due to low trade with Uganda and in 2020 due to disruptions caused by the COVID-19 pandemic, which resulted in a significant decline in exports to the EAC. The country's trade balance with the EAC remains in deficit.

The table below sets out certain information regarding Rwanda's trade with EAC countries for the periods indicated:

	Year ended 31 December			
	2017[(1)]	**2018**	**2019**	**2020**
	(US$ millions)			
Exports to EAC	76.0	69.5	94.8	46.9
Imports from EAC	466.0	556.3	589.3	905.6
Re-exports to EAC	21.8	52.0	45.8	7.5
Total trade	563.8	677.8	730.0	960.0
Trade balance	(368.2)	(434.7)	(448.7)	(851.2)

Source: National Institute of Statistics
Notes:
(1) In 2017, all data series were revised. Major revisions include the destination of tea and coffee domestic exports.

Informal Cross-Border Trade

Informal cross-border trade is becoming a significant factor in Rwanda's external trade. Informal exports in 2019 amounted to US$110 million (8.9 per cent. of total exports) in 2019, although this decreased to US$36.6 million (2.6 per cent. of total exports) in 2020 as a result of border closures implemented to stop the spread of COVID-19. Informal imports dropped by 79.2 per cent. from US$11.9 million in 2019 to US$2.5 million in 2020, leading to an improvement in Rwanda's positive trade balance with neighbouring countries. These informal cross border exports and imports are dominated by crop products and livestock. The main exports trading partner is the DRC (88 per cent. of total cross border exports at the end of 2019) and the main import partner is Uganda (40 percent of total cross border imports in 2019).

Balance of Payments

In September 2020, Rwanda made a statistical revision to its balance of payments following the recommendation under the balance of payments and international investment position manual, the sixth edition of which was introduced in 2016 ("**BPM6**"). After the statistical revision, (i) gold exports and imports are explicitly covered in the trade statistics, and (ii) non-fuel imports that go to warehouses and are later re-exported without entering the domestic market are added to imports. An inclusion of non-fuel re-exporting items in imports results in a higher current account deficit. Following the revision, the current account deficit was US$700.1 million, US$756.2 million and US$934.5 million in 2017, 2018 and 2019, respectively, compared to US$875.4 million, US$974.8 million and US$1,230.9 million in 2017, 2018 and 2019, respectively, after the revision.

After a narrowing current account deficit and strong reserves level in 2019, subdued global demand and lower export prices due to the COVID-19 pandemic significantly weakened trade, tourism receipts, remittances and FDI in 2020. The current account deficit rose slightly by 0.3 per cent. in 2020, largely driven by higher trade deficit despite higher current transfers from budgetary grants and remittances. The overall balance of payments showed a deficit of US$1,696.5 million in 2020, compared to US$1,482.5 million in 2019. The continued deterioration in the trade balance is a result of an increase in the goods trade deficit, as a result of imports expenditure double that of exports revenue, largely due to the higher-value nature of the products Rwanda imports compared to the lower-value products it sells abroad. However, the services balance has been reducing and turned to a surplus, of US$1.4 million, in 2020, compared to deficits historically, reflecting strong demand for cargo and passenger services with RwandAir's new routes. The overall balance of payments showed a surplus of US$332.7 million in 2020, compared to US$111.8 million in 2019, driven by resilient remittances and higher inflows from Government grants and budget loans amid lower demand for merchandise imports, due to subdued domestic economic activities as a result of the COVID-19 pandemic. In 2020, Rwanda recorded a capital account surplus of US$312.5 million and a financial account surplus of US$1,073.5 million.

Remittances inflows received in Rwanda were US$167.3 million (1.9 per cent. of nominal GDP), US$207.6 million (2.2 per cent. of nominal GDP), US$253.4 million (2.6 per cent. of nominal GDP), US$252.0 million (2.4 per cent. of nominal GDP) and US$274.3 million (2.7 per cent. of nominal GDP) in 2016, 2017, 2018, 2019 and 2020, respectively.

The tables below show the balance of payments account for the periods indicated:

	Year ended 31 December				
	2016	**2017**	**2018**	**2019**	**2020**
			(US$ millions)		
A. Current account	**(1,330.8)**	**(875.4)**	**(974.8)**	**(1,230.9)**	**(1,234.7)**
As a % of nominal GDP	***15.3%***	***9.5%***	***10.1%***	***11.9%***	***11.9%***
Balance on Goods and Services	**(1,539.6)**	**(1,166.7)**	**(1,298.1)**	**(1,482.5)**	**(1,648.5)**
Goods (Trade Balance)	**(1,294.1)**	**(973.9)**	**(1,154.5)**	**(1,464.9)**	**(1,696.5)**
Exports	726.6	1,040.5	1,129.6	1,239.7	1,407.9
Imports	2,020.8	2,014.4	2,284.1	2,704.6	3,373.5
Services (net)	**(245.5)**	**(192.8)**	**(143.6)**	**(17.6)**	**1.4**
Services: credit	790.0	863.4	913.6	1,015.0	520.6
Services: debit	1,035.5	1,056.2	1,057.2	1,032.5	519.2
Primary Income(net)	**(315.4)**	**(291.1)**	**(344.2)**	**(329.8)**	**(206.7)**
Secondary Income(net)	**524.2**	**582.5**	**667.5**	**581.4**	**620.7**
B. Capital Account	**190.0**	**189.7**	**244.5**	**260.2**	**312.5**
C. Financial account	**(892.1)**	**(686.9)**	**(810.6)**	**(925.7)**	**(1,073.5)**

Source: NBR

On 11 June 2020, the Executive Board of the IMF approved a loan of SDR80.1 million (approximately US$111.1 million using applicable exchange rates at the time) as additional emergency financing under the RCF in the amount of SDR80.1 million to support the country's balance of payments.

Gross International Reserves

Rwanda's gross international reserves increased by 23.6 per cent. to US$1,780.0 million (6.0 months of prospective imports of goods and services) in 2020, from US$1,440.4 million (5.9 months of prospective imports of goods and services) in 2019.

The tables below show the gross international reserves and imports cover information for the periods indicated:

	Year ended 31 December				
	2016	**2017**	**2018**	**2019**	**2020**
Gross International Reserves (*US$ million*)	1,001.5	1,165.6	1,319.1	1,440.4	1,780.0
Imports cover (*months*)	3.9	4.2	4.5	5.9	6.0

Source: NBR

Foreign Direct Investment

FDI is composed of equity investments from non-residents with a shareholding of at least 10 per cent. of the company's total capital, reinvested earnings and debts from affiliated investors.

Rwanda's status as a landlocked country, translating to high freight transport costs, as well as its limited infrastructure, has historically deterred foreign investors, encouraging companies to establish operations in other East African countries. However, the Government has been actively working to attract FDI and create an investment climate which will make it easier for foreign investors to start business activities in the country and invest in the private sector, as well as making significant investments into improving infrastructure and transport. The RDB offers fiscal incentives to investors (provided a fiscal certificate has been issued), as well as non-fiscal incentives such as free initial work permits and visas for investors or foreign workers, facilitation of actions such as land acquisition, mining concessions and environmental impact assessments. RDB also offers a wide range of investor services, including business registration, business and investment facilitation, issuance of investment certificates, notary services to newly registered investors, access to information on location factors and business opportunities and immigration services.

FDI into Rwanda increased from US$342.2 million in 2016 to US$356.4 million in 2017 and US$381.9 million in 2018, before decreasing to US$353.8 million in 2019, mainly driven by decreased flows in the electricity sector which was partially offset by higher inflows into financial and ICT sectors.

As a percentage of GDP, FDI inflows was 3.9 per cent. in 2016, 3.9 per cent. in 2017, 4.0 per cent. in 2018 and 3.4 per cent. in 2019.

The following table sets out certain information regarding the origin of FDI inflows into Rwanda for the periods indicated:

Year ended 31 December								
2017			**2018**			**2019**		
	(US$ millions)	*(% share)*		*(US$ millions)*	*(% share)*		*(US$ millions)*	*(% share)*
Mauritius	109.4	30.7	Mauritius	197.4	51.7	Mauritius	168.8	47.7
India	33.1	9.3	Netherlands	66.6	17.5	Kenya	62.9	17.8
UK	25.8	7.2	Kenya	26.5	6.9	Nigeria	23.3	6.6
Kenya	16.9	4.7	US	20.9	5.5	Belgium	21.8	6.2
US	6.0	1.7	Belgium	12.3	3.2	South Korea	15.3	4.3
Belgium	5.0	1.4	UK	6.4	1.7	UAE	10.6	3.0
Netherlands	0.9	0.3	India	4.5	1.2	India	6.5	1.8
Others	161.1	45.2	Others	47.4	12.4	Others	44.7	12.6
Total	**356.4**	**100.0**	**Total**	**381.9**	**100.0**	**Total**	**353.8**	**100.0**

Source: NBR, Foreign Private Capital 2020 Census

The following table sets out certain information regarding the sector of activities of FDI inflows into Rwanda for the periods indicated:

	Year ended 31 December					
	2017		**2018**		**2019**	
	(US$ millions)	*(% share)*	*(US$ millions)*	*(% share)*	*(US$ millions)*	*(% share)*
ICT	50.2	14.1	81.4	21.3	120.4	34.0
Financial	36.0	10.1	72.0	18.9	108.3	30.6
Electricity	45.8	12.9	144.8	37.9	46.7	13.2
Wholesale	42.0	11.8	15.9	4.2	27.7	7.8
Agriculture	15.5	4.3	15.2	4.0	17.9	5.1
Manufacturing	106.9	30.0	28.4	7.4	13.0	3.7
Transportation	3.2	0.9	8.7	2.3	8.6	2.4
Others	56.8	15.9	15.4	4.0	11.2	3.2
Total	**356.4**	**100.0**	**381.9**	**100.0**	**353.8**	**100.0**

Source: NBR, Foreign Private Capital 2020 Census

In 2019, the majority of FDI was in the ICT sector (34.0 per cent. of the total inflows), followed by the financial sector (30.6 per cent.) and electricity (13.2 per cent.). In 2018, the electricity sector received the largest share of FDI (37.9 per cent.), while in 2017 it was the manufacturing sector (30.0 per cent.).

The Government has been taking significant measures to increase net capital inflows into the country.

On 8 February 2021, Rwanda enacted new Law No. 006/2021 of 05/02/2021 On Investment Promotion and Facilitation (the "**New Investment Law**") repealing the law that had been in force since 2015. The New Investment Law created a set of new investment incentives mainly geared toward enhancing Rwanda's competitiveness and attracting cross-border investments, new businesses and financial institutions to operate across the African continent and internationally, through the Kigali International Financial Centre ("**KIFC**"). The New Investment Code sets out new priority economic sectors, such as mining, transport and logistics, horticulture and cultivation of high-value plants, the film industry and skills development. The New Investment Code also introduces certain tax incentives, including a preferential corporate income tax rate of 3 per cent. for holding companies and investment SPVs, a preferential withholding tax rate of 5 per cent. on dividends and interest paid on securities listed on the Rwanda Stock Exchange ("**RSE**") and a capital gains tax exemption for angel investors investing a maximum of US$500,000 in a start-up.

Retail payments infrastructure has also improved considerably in the last decade, facilitating investment. The number of ATMs and Points of Sale ("**POS**") in Rwanda has increased significantly from 167 ATMs and 227 POS at the end of 2011 to 334 ATMs and 4,335 POS at the end of 2020, partly due to efforts to increase financial inclusion.

The Kigali International Financial Centre

The KIFC is a concentration of financial services rather than a physical place. It is made up of institutions such as banks, law firms and accounting firms and other providers of corporate services, private investors and family offices, financial sector regulators and the registrar of businesses in Rwanda, among other stakeholders. The KIFC is designed to provide a conducive ecosystem for financial actors to operate and invest in Rwanda as a gateway to the rest of Africa. KIFC's legal framework is intended to nurture domestic and foreign talent, support leading technologies that drive value and build trust amongst investors, regulators and other stakeholders.

In 2020, the Government incorporated Rwanda Finance Limited, a government-owned company to promote and develop Rwanda as a business and financial centre of excellence by fostering cross-border trade and investments. Rwanda Finance Limited is working with key stakeholders to develop and promote the KIFC through investment promotion, policy advocacy and skills development. It is also working to establish the legal and regulatory framework necessary for the KIFC to become a leading international financial centre. Rwanda grants investors a range of benefits, including no foreign exchange control, no restrictions on foreign ownership or assets, 100 per cent. repatriation of profits and tax incentives for investors structuring their investments through the KIFC. Investors under the KIFC are also granted a preferential corporate income rate and exemption from withholding tax on dividends, interest and royalty payments.

In June 2020, CDC Group, the UK's development finance institution, signed a partnership agreement with Rwanda Finance Limited to support the development of the KIFC. The CDC Group will provide expertise to help shape a strong legal and regulatory framework designed to attract institutional investors seeking to finance African businesses.

PUBLIC FINANCE

Overview

Rwanda's fiscal performance has been improving during the last decade with GDP rebounding to an average annual growth of 7.4 per cent. from 2015 to 2019, before declining in 2020 to a growth of 3.4 per cent. Although Rwanda's economy continued to show improvement in recent years, a significant portion of Rwanda's budget is funded by foreign grants, which are budgeted in the 2021/22 budget at FRW612.2 billion (approximately US$591 million), comprising 16.1 per cent. of total budget receipts and 5.5 per cent. of GDP. See "*Risk Factors— Risks relating to the Republic of Rwanda—Rwanda has historically been dependent on foreign grants*".

The fiscal deficit widened to 9.1 per cent. of total GDP in the 2019/20 fiscal year, from 6.3 per cent. in 2018/19, 5.1 per cent. in 2017/18 and 5.1 per cent. in 2016/17, as domestic revenue was lower than pre-pandemic projections and total expenditure increased as the Government scaled up health care spending and provided targeted support to those affected by the COVID-19 pandemic. The overall budget deficit is estimated to reach 9.2 per cent. of total GDP in the fiscal year 2020/21, before reducing to 8.7 per cent. of GDP in fiscal year 2021/22 and to 7.5 per cent. of GDP in 2022/23. The temporary higher deficit in the pandemic period reflects the need for increased spending to accommodate the COVID-19 vaccine rollout, hire new teachers in line with the Government's recent investment in the construction of new schools and also to minimise scarring from human capital loss, and provide support to the private sector and state-owned enterprises.

Rwanda has both an ordinary budget for recurrent operations and a development budget for controlling development projects. In the 1960s and 1970s, prudent public finance management and generous foreign aid helped keep deficits and inflation low. With the fall of coffee prices during the 1980s, however, the Government increased its control over the economy and raised annual budget deficits to the equivalent of 11.0 per cent. of GDP by 1990.

As a developing country, Rwanda faces certain structural economic challenges. These challenges include widening the tax base, diversification of the economy, high capital spending needs, agriculture subsidies, skills shortages, poverty, income inequalities, inadequate infrastructure and limited access to affordable finance. As a result, the Government is focused on sustaining macroeconomic stability and enhancing the efficiency of the economy. The Government is committed to prioritising economic diversification, tackling the high poverty levels and creating jobs under the NST1 and Vision 2050. See "*The Economy—Vision 2050*".

The Government of Rwanda is in the process of carrying out a comprehensive reform programme of the public financial management system, including legal and regulatory reform, capacity and institutional building, restructuring of the Office of the Accountant General and adoption of Public Finance Management ("**PFM**") Reform Strategy and its implementation framework. To this end, in November 2018, the Government signed a US$20 million credit agreement with the World Bank, in order to improve budget reliability and control of funds for service delivery and enhance budget transparency. This project has four components: (i), the IT Systems Roll Out, which aims to help stabilise the IT systems, expand their functionality and support the roll out of the Financial Management Information System ("**FMIS**") to service delivery units by enhancing functionality and stability of the FMIS, (ii) accounting and financial reporting, which aims to finance activities related to the initial stage of implementation of public sector accounting reforms, (iii) Performance-Based Budgeting and Medium-term Budgeting, which aims to help the Government strengthen its multi-year perspective of the budgeting and support implementation of performance-based budgeting methodology, including strengthening of the links between budgeting and sector strategic plans, in three line ministries, and (iv) Professionalization of PFM Staff – PFM Capacity Development, which aims to fund a mass scale professionalisation program for the public finance officials in the areas of accounting and audit, budgeting, procurement.

The Budget Process

Rwanda's public financial management system is established by the 2003 Constitution as a three-tier legislative framework. The Constitution provides for the Organic Budget Law and Ordinary Laws (the annual finance law). The Organic Budget Law was adopted in 2006, establishing the principles of planning, budgeting and monitoring of state resources and management of state budget. The Government also issued financial regulations (the "**Financial Regulations**") in 2007 to accompany the Organic Budget Law. The Financial

Regulations provide further ministerial instructions regarding the budget calendar, expenditure categorisation, reallocations and accounting standards. Following Rwanda's decision to join the EAC, Rwanda adopted the fiscal year model, running between June and July, instead of the calendar year model. The last calendar budget was issued for the calendar year 2008 and the first fiscal year budget was issued for the fiscal year 2009/10.

The Constitution does not provide details on budget preparation. With respect to timing, the Constitution does not specify that the Chamber of Deputies must adopt the budget before the beginning of the fiscal year. However, in the event that the budget is not voted and promulgated before the commencement of a financial year, the Prime Minister authorises a monthly expenditure on a provisional basis of an amount equal to one twelfth of the budget of the preceding year. This provision prevents a Government shutdown should the budget not be adopted in a timely manner.

The National Budget Department ("**NBD**") in the MINECOFIN is responsible for issuing guidance for the preparation of budget proposals and consolidating these into a Budget Framework Paper ("**BFP**") for discussion by the Cabinet. It is also responsible for the preparation of the recurrent and development budgets, in coordination and consultation with the Ministries and districts units, in order to guarantee full sectorial coverage. In addition to drafting, negotiating and delivering a comprehensive Rwandan budget consistent with macro-fiscal targets and aligned with the Governments' economic and social objectives, the NBD is responsible for overseeing the process of budget approvals in consultation with the Cash Management Unit in order to implement a viable cash plan.

The key dates in the budget preparation calendar are specified in the Financial Regulations. The budget preparation process is guided by a Budget Call Circular ("**BCC**") prepared by the MINECOFIN. This sets out preliminary expenditure ceilings and allocations for negotiation with spending agencies that are based on a medium-term macroeconomic framework issued in August each year. Attached to the BCC is a set of guidelines on the budgeting process for spending agencies that includes requests for information based on macroeconomic projections and a review of the budget outturn for the previous year. Under the Financial Regulations, the deadline for the MINECOFIN to issue the final BCC for the budget for the following year is the second week of December.

The following stages describe the budget planning and execution process as set out in the Financial Regulations:

(1) During October – a preliminary BCC is issued.

(2) Between October and December – Joint sector reviews are prepared by the Ministries and district expenditure reviews are prepared at the districts level. The Cabinet approves the annual reports (Annual Financial Statements).

(3) January to March – the MINECOFIN prepares the revised budget which is then submitted and approved by Cabinet and Parliament. Ministries and districts finalise budget estimates and submit all budget data through an online electronic system.

(4) January to March - Consultations are held by the Ministries and the districts in order to assess sectors, Ministries and districts' priorities for budget considerations. The MINECOFIN issues the second BCC.

(5) During April – MINECOFIN prepares and submits the BFP to Parliament no later than April 30. Sectorial consultation meetings on the districts budgets are finalised and budget scrutiny discussions commence by the Parliament in collaboration with the Ministries.

(6) May to June – Parliament discusses the BFP and budget estimates. The MINECOFIN prepares the draft Finance Law and submits it to Parliament by June 15. The Parliament debates and approves the budget for the following year. Once the Finance Law has been approved by Parliament, it is published in the Gazette by 1 July.

(7) Every quarter of the new fiscal year – Budget execution and reporting.

Medium-term Fiscal Policies

Fiscal policies in the medium term will continue to be largely influenced by the COVID-19 pandemic, its impact on the economy (through increases in spending and declines in revenues and output growth) and the

Government's responsive measures to support the recovery. As a result of the COVID-19 pandemic, the Government is facing large fiscal deficits and increasing levels of debt and intends to pursue fiscal consolidation starting from fiscal year 2022/23 to avoid debt accumulation in the future that can lead to debt becoming unsustainable. Under the PCI with the IMF, the Government has set an objective to reduce its fiscal deficit when the economy recovers and to reduce its level of PPG debt from 71.3 per cent. of GDP in 2020 to less than 65 per cent. of GDP by 2030. Fiscal consolidation measures already being implemented include strengthening efforts to rationalise spending, with a focus on making some of the temporary savings in current spending, such as those related to official travel and conferences, permanent by increasing reliance on virtual meetings and other remote working practices developed during the pandemic.

The Government will continue to maximise concessional borrowing, with non-concessional borrowing limited to cases where grants or concessional resources are unavailable.

Fiscal deficits will be carefully managed to ensure the maintenance of public debt at sustainable levels in the medium term. In fiscal year 2021/22, the fiscal deficit is projected at 8.7 per cent. of GDP and is expected to decline to 7.5 per cent. of GDP in 2022/23.

Revenue and Expenditure

The tables below set out certain information regarding Government operations for the periods indicated:

	Fiscal Year ended 30 June(1)				
	2016/17	**2017/18**	**2018/19**	**2019/20**	**2020/21(2)**
			(FRW billions)		
Revenue	**1,571.1**	**1,820.5**	**2,065.0**	**2,193.0**	**2,524.8**
Taxes	**1,035.0**	**1,201.4**	**1,378.8**	**1,475.6**	**1,593.5**
Taxes on income, profits, and capital gains	403.7	484.0	588.8	641.5	677.8
Taxes on payroll & workforce	0.0	0.0	0.0	0.0	0.0
Taxes on property	0.6	1.1	0.4	4.6	21.7
Taxes on goods & services	530.0	621.3	677.7	712.2	768.8
Taxes on international trade & transactions	80.7	95.0	111.9	117.3	125.1
Other taxes	20.0	0.0	0.0	0.0	0.0
Social contributions	0.0	0.0	0.0	0.0	0.0
Grants	**330.2**	**358.9**	**394.8**	**437.6**	**571.7**
Current	184.2	190.2	161.7	177.7	276.4
Capital	146.0	168.7	233.1	259.8	295.4
Other revenue	205.9	260.1	291.5	279.8	359.6
Property income	7.6	27.1	18.1	20.3	11.7
Sales of goods and services	163.3	221.8	257.9	239.5	297.4
Fines, penalties, and forfeits	35.1	11.3	15.5	20.0	22.8
Transfers not elsewhere classified	0.0	0.0	0.0	0.0	27.6
Miscellaneous and unidentified revenue	0.0	0.0	0.0	0.0	0.0
Expense	**1,278.8**	**1,437.0**	**1,666.9**	**1,901.1**	**2,054.3**
Compensation of employees	237.0	251.7	241.9	266.3	301.7
Use of goods & services	427.2	442.5	482.1	572.3	621.4
Consumption of fixed capital	0.0	0.0	0.0	0.0	0.0
Interest	72.2	91.6	102.5	139.1	163.5
To non-residents	36.9	36.9	47.9	60.8	59.8
To residents other than general government	35.3	35.3	54.6	78.3	103.6
Subsidies	86.2	99.5	172.0	251.9	263.9
Grants	345.0	418.7	471.9	500.4	527.7
Social benefits	23.7	25.2	25.8	26.7	46.4
Other expense	87.5	107.8	170.6	144.3	129.8
Gross operating balance	292.3	383.5	398.2	291.8	470.5
Net operating balance	292.3	383.5	398.2	291.8	470.5
Net investment in nonfinancial assets	**641.4**	**728.8**	**914.7**	**1,033.1**	**1,271.3**
Foreign financed	341.3	387.1	448.0	547.8	708.0
Domestically financed	300.1	341.7	466.7	485.3	563.4
Net lending / borrowing	**(349.1)**	**(345.)3**	**(516.5)**	**(741.3)**	**(800.8)**
Net acquisition of financial assets	26.5	114.9	83.2	422.6	307.0
Monetary gold and SDRs	0.0	0.0	0.0	0.0	0.0
Currency and deposits	8.8	48.3	53.3	309.0	180.7
Debt Securities	0.0	0.0	0.0	0.0	0.0
Loans	26.4	57.0	30.0	103.6	119.1

Equity and investment fund shares	(8.8)	9.6	0.0	10.0	7.2
Statistical discrepancy	13.6	11.9	43.5	(3.9)	0.0
Fiscal Balance (as defined in the IMF PCI Programme)	(367)	(411)	(546)	(855)	(927)

Source: MINECOFIN
Notes:
(1) Fiscal year runs from July to June.
(2) Projected

The table below shows certain Government revenue and expenditure information as a percentage of fiscal year GDP for the periods indicated:

	Fiscal Year ended 30 June(1)				
	2016/17	**2017/18**	**2018/19**	**2019/20**	**2020/21(2)**
			(% of fiscal year GDP)		
Revenue	**21.7**	**22.7**	**23.7**	**23.3**	**25.0**
Taxes	14.3	15.0	15.8	15.7	15.8
Grants	**4.6**	**4.5**	**4.5**	**4.7**	**5.7**
Expense	**17.7**	**17.9**	**19.1**	**20.2**	**20.4**
Compensation of employees	3.3	3.1	2.8	2.8	3.0
Net investment in non-financial assets	**8.9**	**9.1**	**10.5**	**11.0**	**12.6**
Net lending/borrowing	**(4.8)**	**(4.3)**	**(5.9)**	**7.9**	**7.9**
Net acquisition of Financial assets	0.4	1.4	0.8	4.5	3.0
Net incurrence of liabilities	5.0	5.6	6.4	12.3	11.0
Fiscal Balance (as defined in the IMF PCI Programme)	**(5.1)**	**(5.1)**	**(6.3)**	**(9.1)**	**(9.2)**
Fiscal year GDP (at current prices, in FRW billions)	7,237	8,014	8,713	9,399	10,092

Source: MINECOFIN
Notes:
(1) Fiscal year runs from July to June.
(2) Projected

The table below shows certain Government expenditure information for the periods indicated:

	Fiscal Year ended 30 June(1)				
	2016/17	**2017/18**	**2018/19**	**2019/20**	**2020/21(2)**
			(FRW billions)		
Expenditure	1,938	2,232	2,612	3,048	3,451
Expense	1,279	1,437	1,667	1,901	2,054
Net acquisition of non-financial assets (Capital Expenditure)	641	729	915	1,033	1,271
Loans	26	57	30	104	119
Equity	9	10	-	10	7

Source: MINECOFIN
Notes:
(1) Fiscal year runs from July to June.
(2) Projected

The 2021/22 Budget

The Ministry of Finance presented the budget for the fiscal year 2021/22 to Parliament on 22 June 2021.The 2021/22 budget is based on the theme of "*Economic Recovery through industrialisation and inclusive growth*".

As Rwanda is still dealing with the fallout from the COVID-19 pandemic, the Government will continue to accommodate COVID-19 spending and the cost of the vaccination rollout program core for economic recovery. Fiscal policies in the medium term will continue to be largely influenced by the COVID-19 pandemic through the impact on the economy (increases in spending, declines in revenues and in output growth) and the Government's measures to support the country's recovery.

Overall real GDP contracted by 3.4 per cent. in 2020, compared to a growth of 9.5 per cent. recorded in 2019. Inflation increased during the nine-month period ended 31 September 2020, driven by the cost of public transport and the low performance of the agriculture season, before declining in the last quarter of 2020. Annual average inflation was 7.7 per cent. in 2020, compared to 2.4 per cent. in 2019. The overall balance of payment recorded a surplus of US$332.7 million as at 31 December 2020, mainly as a result of the emergency financing from the IMF under the RCF in the amount of SDR80.1 million to support the country's balance of payments.

The Government's expenditure policies in fiscal year 2021/22 are guided by the priorities and objectives under the NST1. FRW2,234 billion are allocated to the Economic Transformation pillar, amounting to 59 per cent. of the total budget. Social Transformation will take up FRW1,034 billion (27 per cent.) while Transformational Governance is allocated FRW538 billion representing 14.0 per cent. of the total budget.

In the budget presentation, the total resources estimated for the fiscal year 2021/22 will amount to FRW3,807.0 billion, of which domestic revenues amount to FRW1,993.0 billion comprising of FRW1,717.2 billion from tax revenue and FRW275.8 billion from other revenue collection. External grants are estimated at FRW612.2 billion whilst external loans of FRW651.5 billion are estimated to accrue to the Treasury.

Total expenditure in the fiscal year 2021/22 is projected at FRW3,807 billion, including recurrent spending of FRW1,542.3 billion (representing 40.5 per cent.) and capital spending of FRW1,393.3 billion (representing 36.6 per cent.).

The following table sets forth a summary of the budget presentation for the fiscal year 2021/22:

	Fiscal year ended 30 June 2022
	(FRW billions)
Resources	**3,807.0**
Revenue	**1,993.0**
Taxes	**1,717.2**
Taxes on income, profits and capital gains	728.7
Tax on property	4.7
Taxes on goods and services	838.9
Taxes on international trade and transactions	144.8
Other taxes	0.0
Other Revenue	**275.8**
Acquisition of Financial Assets	**550.3**
Currency and deposits	**458.6**
Decrease in deposit	5.7
Debt Securities (non-bank)	**67.4**
External Grants Support	**612.2**
Current	274.0
Capital	338.2
Foreign Incurrence of Liabilities	**651.5**
Current	248.0
Capital	403.5
Disposal Sales from Strategic Reserves	**275.8**
Total Expenditure	**3,807.0**
Expenses	**2,413.7**
Compensation of employees	622.8
Recurrent non-wage	1,542.3
o/w public debt servicing	423.6
Capital Spending	**1,393.3**
Foreign financed	648.5
Domestically financed	739.1
Inventories	**5.7**
Equity and investment fund shares	**43.8**
Loans	**134.9**
Other accounts payable	40.0
Increase in deposits	30.0

Source: MINECOFIN

Taxation

Personal Income Tax

Personal income tax rates in Rwanda are progressive to 30.0 per cent. Residents are taxed on worldwide income while non-residents are taxed only on Rwandan-source income. Foreign-source income derived by residents is subject to personal income tax in the same way as Rwandan-source income. Capital gains are taxable at 5 per cent. applicable on the gain. Income accruing to registered collective investment schemes and employees' shares scheme within a company are exempted from income tax.

Corporate Income Tax

The corporate tax rate in Rwanda is 30.0 per cent of taxable income with some discounts for registered investors based on the number of employees and the amount of income derived from the export of goods and services. Foreign-source income derived by residents is subject to corporation tax in the same way as Rwandan-source income. Corporation tax is imposed on a company's total income after deduction of normal business expenses.

Newly listed companies on the Rwanda capital market are entitled to a special tax incentive during the first five years of listing, and are taxed according to the following rates:

- 20.0 per cent. if the company sells at least 40.0 per cent of its shares to the public;
- 25.0 per cent. if the company sells at least 30.0 per cent of its shares to the public; and
- 28.0 per cent. if the company sells at least 20.0 per cent of its shares to the public.

Venture capital companies registered with the Rwandan CMA benefit from a corporate income tax of zero per cent. for a period of five years.

Dividends received by a Rwandan-resident company from another Rwandan company are exempt from corporation tax, other dividends are subject to a withholding tax of 15.0 per cent. Withholding tax on dividends and interest income on securities listed on capital markets and interest arising from investments in listed bonds with a maturity of three years and above have been reduced from 15.0 per cent to 5.0 per cent for EAC citizens. Foreign owners of debt securities will still be subject to a 15.0 per cent withholding tax on interest accruing on debt instruments.

Capital gains are taxable at 5.0 per cent. applicable on the gain, however, capital gains on secondary market transaction with respect to listed securities are exempted from capital gains tax.

Turnover tax for Small and Medium Enterprises (SMEs)

The taxation system for SMEs supports and promotes small and medium businesses in Rwanda by simplifying the tax law, mainly for the purposes of: (i) lowering both compliance costs and administrative costs, (ii) reducing uncertainty faced by taxpayers, and (iii) improving the level of voluntary compliance.

The turnover tax, which is used as proxy for corporation tax for those businesses that do not maintain tax accounting records, is 3.0 per cent. for small enterprises whose turnover is between FRW12,000,001 and FRW50,000,000. Micro-enterprises with a turnover equal to or lower than FRW12,000,000 pay a fixed amount in lieu of all other taxes.

On 14 December 2020, MINECOFIN published a Ministerial Order establishing general rules on Transfer Pricing.

VAT

VAT applies to the supply of goods and services by taxable persons in Rwanda and on the import of goods and services into the country. VAT is payable at the rate of 18.0 per cent. of the value of the goods supplied or imported. Certain items are eligible for a zero per cent. rate, including goods and services for health related purposes, education materials, services and equipment, transfer of shares, capital market transactions for listed securities, precious metals, energy supply equipment, agricultural and livestock products except processed ones, mobile telephones and ICT equipment.

All public institutions are obliged to record VAT on public tenders at the time of payment and declare it to the RRA within 15 days after collecting it.

In September 2019, the Rwanda Revenue Authority ("**RRA**") announced a VAT exemption on imports of machinery, capital goods and raw materials for use in processing or assembling to produce goods for sale.

Recent Tax Initiatives

The RRA has continued to implement several administrative measures to increase tax revenue mobilisation and strengthen taxpayer services and compliance, including strengthening data analytics, disseminating more user-friendly electronic billing machine ("**EBM**") software to provide real time information on VAT transactions, and building capacity to address transfer pricing, base erosion and profit shifting**.**

Tax relief in response to COVID-19

The Government introduced a number of temporary tax relief measures to ease the burden on business in the wake of the COVID-19 pandemic, including (i) the suspension of tax audits; (ii) the extension of deadlines for filing and paying corporate income tax (CIT); (iii) a waiver for PAYE taxes for the hospitality sector and private schools; and (iv) VAT exemption for face masks and other essential medical equipment.

Sovereign Wealth Fund

The Agaciro Development Fund ("**AGDF**"), Rwanda's sovereign wealth fund was initiated and launched officially in August 2012. AGDF was set up to build up public savings to achieve self-reliance, maintain stability in times of national economic shocks and accelerate Rwanda's socio-economic development goals. AGDF's assets are allocated across two main categories: Fixed Income Investment, which represents 26 per cent. of asset allocation, and Equity Investment, which represents 74 per cent. of asset allocation. On 26 September 2018, AGDF gained full membership of the International Forum of Sovereign Wealth Funds. The total assets of AGDF as at 31 December 2020 stood at FRW199.3 billion. As of the date of this Offering Circular, AGDF was a shareholder in 33 companies active in several areas of business activities such as banking and financial services, ICT, agribusiness, mining and renewable energy and transport.

Governance, Transparency and Doing Business

Despite Rwanda's political instability following the 1994 genocide against the Tutsi, the Government, with assistance from the World Bank and the UN, has worked towards deepening its democratic institutions, adopting a wide array of reforms and policies to transform the social fabric of the country, including increasing the accessibility of education, health care, housing, water resources, and other social services for the majority of population that were previously excluded.

The Government anticipates that it will continue to play a role in the region through EAC and COMESA and continue to co-operate with the IMF, World Bank and the UN.

According to the 2019 GCI produced by the World Economic Forum, Rwanda ranked 100 out of 141 countries, significantly ahead of its neighbouring countries and other EAC members (Uganda 115th, Tanzania 117th, Zambia 120th, Burundi 135th and DRC 139th), and ranked 7th in Sub-Saharan Africa.

In 2020, Rwanda ranked 11th out of all 54 African nations for overall governance in the Ibrahim Index of African Governance, which measures the delivery of public goods and services to African citizens by government and non-state actors using indicators across four main categories: security and rule of law, participation, rights and inclusion, foundations for economic opportunity and human development. The World Bank's Doing Business report of 2020 ranks Rwanda 38 out of 190 countries. The World Bank's Global Innovation Index of 2020 ranks Rwanda 2nd out of all low income countries and the World Bank's Economic Indicators 2019 ranked Rwanda's Government Effectiveness in the 70.7th percentile. The World Justice Project Rule of Law Index 2020 ranked Rwanda 1st in Africa and 22nd in the world for order and security.

Rwanda's Office of Ombudsman established in 2003 by the Constitution is the country's authority against corruption. Since the 2003 Constitution was enacted, the Government has put in place various rules and regulations targeted at monitoring and eliminating corruption and financial crimes, including the Law on fighting against Corruption and the Law on Money Laundering and Financing Terrorism. There is also a law relating to the protection of whistle-blowers and on asset recovery from crime and corruption related offences. As part as the aggressive anti-corruption and transparency policy, the Government is now making public the list of outstanding anti-corruption cases. This policy serves the purpose of national corruption prevention as well as regional awareness to the strict anti-corruption standards set by the Government.

In 2020, the Financial Intelligence Centre was established and mandated with the mission of conducting financial intelligence in order to counter money laundering, the financing of terrorism and the financing of proliferation of weapons of mass destruction and related crimes.

The Office of Ombudsman has been mandated to lead the Government's efforts to combat and prevent corruption through law enforcement, educating the public and enlisting their support against corruption, and providing advisory services. In the fiscal year 2019/20, the Office of Ombudsman received 11 complaints on corruption related cases, and at the end of the fiscal year 2019/20, the Office of Ombudsman investigations resulted in 7 convictions, compared to 16 in the fiscal year 2018/19. On Transparency International's Corruption Perceptions Index 2020, Rwanda ranked 4th in Africa and at 49th place globally, well ahead of Ghana (75th), Burkina Faso (86th), Zambia (117th), Mozambique (149th), Uganda (142nd), Kenya (124th) and Cameroon (149th). Rwanda's score is higher than a number of European countries, including Italy.

Rwanda has ratified the UN Convention against Corruption in October 2006. In July 2018, Rwanda ratified the country's official membership of the Eastern and Southern Africa Anti-Money Laundering Group, which acts like a regional Financial Action Task Force, to provide better regional integration and information sharing on issues related to the transfer of funds over international borders. Rwanda's accounting regulations are harmonised with international accounting regulations. All private entities are required to prepare financial statements in accordance with the IFRS and all Rwandan public entities are required to prepare their financial reports in accordance with International Public Sector Accounting Standards. This improves consistency and reduces the risk of fraudulent reporting. However, the IMF's latest report on 'Anti-Money Laundering and Combating the Financing of Terrorism' in Rwanda, states that further action is needed to bolster the legal framework in the country.

Rwanda established the National Cyber Security Authority, a body assigned with strengthening cybersecurity in the country, and the Government installed a US$3 million cybersecurity system to curb online crimes. Rwanda has a National Cybersecurity Policy, which is aimed at protecting public and private infrastructure from cyber attacks and safeguarding personal information of web users. The country has made efforts to raise awareness among the community such as the 'Stay Safe Online' campaign aimed at raising public and organisational awareness on current cybersecurity threats and ways of preventing them.

PUBLIC DEBT

Overview

The Government's debt policy is anchored in the principles established in its comprehensive public debt management strategy. The objectives of debt management in Rwanda is (i) to ensure that the Government's financing needs and settling of obligations meet the medium term objective of low borrowing costs, (ii) to keep a prudent risk exposure and (iii) to promote an active domestic debt market.

The medium term debt strategy lays out a three-year strategy that will guide the Government's debt management to be able to achieve its desired debt composition. The 2021/22 – 2023/24 medium-term debt strategy (the "**2023 - 2024 MTDS**"), the country's most recent, focuses on increasing the share of concessional borrowing in the medium term and on developing the Government's domestic securities market through the issuance of long term domestic debt securities (Treasury bonds) as a proportion of the net domestic debt financing. The 2023-2024 MTDS identified the desired debt strategy for Rwanda as maximising external bilateral creditors and deepening the domestic capital market, due to feasibility and lower cost implications. It assumes a higher external debt share to finance the deficit with emphasis on non-traditional bilateral creditors, which will result in a high external average time to maturity by end June 2024. Taking into account the financial constraints brought by the COVID-19 pandemic, the 2023-2024 MTDS has been designed to suit the current borrowing needs challenges for Rwanda. The focus will remain on minimising the risk exposure embedded in the debt portfolio, particularly the variations in the cost of debt servicing and its impact on the budget and the size of the debt. Going forward, the Government's priority is to remain prudent and effective in its borrowing decisions. The main focus of the Rwanda borrowing strategy will be concessional terms, while taking into account the currency denomination and the effective cost of funds.

The Government has set clear limits for loans and guarantees that are consistent with the provisions in the Organic Budget Law. The Government conducts annual debt sustainability analyses ("**DSAs**") without external assistance, using the IMF-World Bank Debt Sustainability Framework for Low Income Countries. The DSA results are used to develop the BFP, the Medium Term Debt Strategies and the annual Borrowing Plan.

Similar to the IMF / World Bank DSA published in December 2020, the DSA conducted by the country (the "**Government's DSA**") shows a shift in Rwanda's risk of debt distress from low to moderate status, mainly attributed to the impact of the COVID 19 pandemic on the economy. The stress tests highlighted that Rwanda is more susceptible to external shocks compared to the pre-pandemic period even after the initial impact of the COVID-19 dissipates. However, despite the change in the risk status, the Government's DSA indicated that Rwanda's PPG debt remain sustainable. The latest Government's DSA results published in the 2023-2024 MTDS reveal that Rwanda's risk of debt distress remains moderate, as the country recovers from the impact of COVID-19. The present value of external debt-to-GDP is expected to reach 37.4 per cent. at the end of 2021, against a threshold of 55 per cent., which represents an increase of 4.7 per cent. compared to the end of 2020. The results of the Government's DSA also show that the main risk associated with Rwanda's debt portfolio is the approaching repayment of the US$400,000,000 6.625 per cent. Notes due 2023 issued by Rwanda on 2 May 2013 (the "**2023 Notes**"). The Government is proactively managing the upcoming liability in respect of the 2023 Notes by way of a tender offer. The Issuer will use a portion of the net proceeds of the issue of the Notes to fund the tender offer on the 2023 Notes. See "*Use of Proceeds*".

The table below sets out the projected Debt Sustainability Indicators as per the Government's DSA included in the 2023-2024 MTDS.

	2020	2021	2022	2023	2024	Threshold
			(%)			
PV External Debt to GDP	32.7	37.4	40.4	42.7	43.9	<55%
PV External Debt to Exports.........	175.3	167.5	156.9	153.9	148.6	<240%
PV External Debt service to Exports..	5.0	25.6	6.5	11.0	6.9	<21%
PV External Debt service to Revenues.......................................	5.0	30.1	8.9	15.9	10.8	<23%

Source: MINECOFIN

In 2021, there is a temporary breach of the thresholds expected for the present values of external debt service to exports and external debt service to revenue, which are expected to reach 25.6 per cent. and 30.1 per cent., respectively. This breach reflects the Government's strategy to even out its future repayment profile by buying back some of the 2023 Notes prior to maturity pursuant to the tender offer and refinancing other high cost debts, in accordance with the Government's DSA.

Public and Publicly Guaranteed Debt ("PPG Debt")

Rwanda's PPG debt comprises Central Government debt, guaranteed and non-guaranteed state-owned enterprises debt and public financial corporations debt (such as debt contracted by the NBR from the IMF for balance of payment purposes). As at 31 December 2020, Rwanda's PPG debt amounted to FRW7.0 billion (including Central Government external debt of FRW4.9 billion, Central Government domestic debt of FRW1.3 billion, guaranteed debt amounting to FRW499 million and NBR contracted debt of FRW207 million), representing 71.3 per cent. of nominal GDP, compared to FRW5.3 billion, representing 56.8 per cent. of nominal GDP, as of the end of 2019, and FRW4.3 billion, representing 52.3 per cent. of nominal GDP, at the end of 2018.

Central Government Debt

The following table sets out certain information regarding Rwanda's Central Government debt as at the dates indicated:

	As at 31 December									
	2016		2017		2018		2019		2020	
		(% of Total Central Government Debt)		*(% of Total Central Government Debt)*		*(% of Total Central Government Debt)*		*(% of Total Central Government Debt)*		*(% of Total Central Government Debt)*
Total Central Government Debt										
In US$ millions	**3,051.1**	**100**	**3,630.8**	**100**	**4,113.4**	**100**	**4,932.6**	**100**	**6,423.0**	**100**
In FRW billions..............	**2,501.2**	**100**	**3,068.0**	**100**	**3,616.1**	**100**	**4,550.4**	**100**	**6,246.2**	**100**
% of nominal GDP	**36.6**		**39.9**		**43.6**		**48.9**		**64.1**	
Central Government External Debt										
In US$ millions	2,354.8	77.2	2,830.8	78.0	3,261.4	79.3	3,885.8	78.8	5,046.3	78.6
In FRW billions..............	1,930.5	77.2	2,392.0	78.0	2,867.1	79.3	3,584.7	78.8	4,907.4	78.6
% of nominal GDP	28.2		31.1		34.5		38.5		50.4	
Central Government Domestic Debt										
In US$ millions	696.3	22.8	800.0	22.0	852.0	20.7	1,046.8	21.2	1,376.7	21.4
In FRW billions..............	570.8	22.8	676.0	22.0	749.0	20.7	965.7	21.2	1,338.8	21.4
% of nominal GDP	8.3		8.8		9.0		10.4		13.7	
Nominal GDP (FRW billions)	**6,842**	-	**7,694**	-	**8,302**	-	**9,315**	-	**9,746**	-

Source: MINECOFIN

The table below sets out the maturity profile of Rwanda's outstanding Central Government debt as of 31 December 2020, through to 2040.

	Central Government External Debt	Central Government Domestic Debt
	(*US$ millions*)	
2021	59.8	605.0
2022	72.4	46.6
2023	485.0	81.9
2024	105.5	71.8
2025	142.9	37.5
2026	191.5	76.1
2027	206.2	16.9
2028	205.5	27.7
2029	205.6	2.2
2030	182.5	22.0
2031	159.3	6.7
2032	160.7	0.0
2033	153.4	25.3
2034	155.9	0.0
2035	154.1	32.8
2036	152.7	0.0
2037	159.6	0.0
2038	150.0	0.0
2039	144.7	15.9
2040	142.0	20.6

Source: MINECOFIN

Domestic Debt

Rwanda's Central Government domestic debt was US$1,376.6 million (13.7 per cent. of nominal GDP) at the end of 2020, compared to US$1,046.8 million (10.4 per cent. of nominal GDP) at the end of 2019, and US$852 million (9.0 per cent. of nominal GDP) at the end of 2018. The increase in domestic financing was a result of the support of Government projects in line with NST1 and the development of the domestic capital market.

Domestic debt consists of treasury bills and treasury bonds, and is mostly short and medium-term. Out of total Central Government domestic debt, 42.3 per cent. was short-term and 57.7 per cent. was medium- and long-term as at 31 December 2020.

The table below sets out a breakdown of Rwanda's domestic debt by maturity as at the dates indicated.

	As at 31 December				
	2016	2017	2018	2019	2020
			(*FRW billions*)		
Short-term	309.5	405.7	428.7	492.5	566.1
Medium- and long-term	261.3	270.3	320.3	473.2	772.7
Total Domestic Debt	**570.8**	**676.0**	**749.0**	**965.7**	**1,338.8**

Source: MINECOFIN

The table below sets out a breakdown of Rwanda's domestic debt securities by instrument type, and by category of investor as at the dates indicated.

	As at 31 December				
	2016	2017	2018	2019	2020
			(*FRW billions*)		
Loans	**164.3**	**177.3**	**177.0**	**175.6**	**200.8**
Debt Securities	**406.5**	**498.7**	**572.0**	**790.1**	**1,138.0**
Banks	234.8	309.4	292.0	453.,1	618.6
Non-bank financial institutions	143.78	147.11	220.70	252.77	394.73
Insurance companies	22.08	30.15	33.66	47.77	56.34
Private companies	0.58	1.33	2.75	3.90	7.80
Other investors	5.20	10.64	22.86	32.51	60.54
Total Domestic Debt	**570.78**	**675.99**	**749.02**	**965.71**	**1,338.77**

Source: MINECOFIN

Approximately 54.4 per cent. of domestic debt securities was held by the banking sector as at 31 December 2020, while 34.7 per cent. was held by non-bank financial institutions, 5.0 per cent. was held by insurance companies, 0.7 per cent. was held by private companies and 5.3 per cent. was held by other investors.

The table below sets out details of Rwanda's yield curve for treasury bills and treasury bonds as at 30 June 2021.

	As at 30 June 2021
	(%)
364-day T-bills	8.725
3-year T-bonds	10.650
5-year T-bonds	11.000
7-year T-bonds	11.430
10-year T-bonds	11.950
15-year T-bonds	12.500
20-year T-bonds	13.050

Source: MINECOFIN

External Debt

Rwanda's Central Government external debt was US$5,046.3 million (50.4 per cent. of nominal GDP) at the end of 2020, compared to US$3,885.8 million (38.5 per cent. of nominal GDP) at the end of 2019, and US$3,261.4 million (34.5 per cent. of nominal GDP) at the end of 2018. The increase in external debt was mainly attributable to support for NST1, funding COVID-19 related expenses, the depreciation of the Rwandan Franc against foreign currencies and lower than projected nominal GDP growth.

The table below sets out Rwanda's outstanding external debt by creditor as at the dates indicated.

	As at 31 December				
	2016	**2017**	**2018**	**2019**	**2020**
			(US$ millions)		
Bilateral	**309.4**	**354.3**	**381.7**	**485.9**	**640.3**
AFD	-	-	-	-	49.2
Exim China	129.4	159.9	159.8	194.7	258.0
Exim India	74.5	72.3	73.3	71.6	61.9
Exim Korea	1.1	1.8	9.6	13.7	15.8
ADFD	2.9	2.8	2.7	2.6	2.4
KFAED	54.5	57.2	60.0	63.2	65.6
SFD	46.6	52.2	56.2	64.6	74.0
JICA	-	7.8	19.7	75.2	113.1
LIBYA	0.3	0.3	0.3	0.3	0.3
Multilateral	**1,645.5**	**2,076.6**	**2,479.7**	**2,999.8**	**4,006.0**
ADB	15.1	23.2	88.5	230.6	307.6
BADEA	48.0	49.8	58.1	71.5	76.0
CEE	6.9	6.8	5.6	4.6	4.1
ADF	350.3	400.4	514.0	570.4	709.7
IFAD	108.0	126.1	128.2	142.4	162.0
IMF	-	-	-	-	230.7
IDA	1,048.9	1,400.1	1,615.4	1,903.7	2,437.1
NFD	12.7	14.1	13.3	12.7	13.6
OPEC	55.5	56.0	56.8	64.0	65.2
Bondholders	**400.0**	**400.0**	**400.0**	**400.0**	**400.0**
Total External Debt	**2,354.8**	**2,830.8**	**3,261.4**	**3,885.8**	**5,046.3**

Source: MINECOFIN

Central Government external debt amounted to 80.0 per cent. of total Central Government debt at the end of 2020, with 79.4 per cent. of external debt owed to multilateral creditors. The majority of external debt, 48.3 per cent., is held by the International Development Association ("**IDA**").

The following table sets out certain information regarding the currency composition of Rwanda's outstanding external Central Government debt as at the dates indicated:

	As at 31 December									
	2016		2017		2018		2019		2020	
	(US$ million)	*(%)*	*(US$ million)*	*(%)*	*(US$ million)*	*(%)*	*(US$ million)*	*(%)*	*(US$ million)*	*(%)*
Total External Debt	**2,354.8**	**100**	**2,830.8**	**100**	**3,261.4**	**100**	**3,885.8**	**100**	**5,046.3**	**100**
UAE Dirham	2.9	0.1	2.8	0.1	2.7	0.1	2.6	0.1	2.4	0.0
CNY	129.4	5.5	157.9	5.6	159.8	4.9	194.7	5.0	258.0	5.1
Euro..........................	86.6	3.7	95.7	3.4	161.1	4.9	278.0	7.2	534.9	10.6
British Pound............	4.4	0.2	4.7	0.2	4.4	0.1	4.5	0.1	4.7	0.1
Japanese Yen............	39.5	1.7	48.7	1.7	60.6	1.9	115.9	3.0	155.5	3.1
Korean Won	1.1	0.0	1.8	0.1	9.6	0.3	13.7	0.4	15.8	0.3
Kuwaiti Dinar...........	54.5	2.3	57.2	2.0	60.0	1.8	63.2	1.6	65.6	1.3
Libyan Dinar	0.3	0.0	0.3	0.0	0.3	0.0	0.3	0.0	0.3	0.0
Saudi Riyal...............	46.1	2.0	52.2	1.8	56.5	1.7	64.6	1.7	74.0	1.5
Special Drawing Rights.......................	1,157.5	49.2	1,528.1	54.0	1,732.6	53.1	2,024.0	52.1	2,652.5	52.6
US Dollar	832.5	35.4	881.4	31.1	1,013.8	31.1	1,124.4	28.9	1,282.6	25.4

Source: MINECOFIN

Approximately 52.6 per cent. of Central Government external debt was in special drawing rights as at the end of 2020, while 25.4 per cent. of Central Government external debt was denominated in US Dollars and 10.6 per cent. in Euros.

Debt Service

In 2020, debt service on Central Government external debt rose by 30.3 per cent. to US$114.4 million from US$87.8 million in 2019, mostly explained by grace periods ending for some loans which started repaying principal. Principal payments amounted to US$52.5 million and interest payments amounted to US$58.6 million. In 2019, debt service on Central Government external debt rose by 8.0 per cent. to US$87.8 million from US$81.3 million in 2018. Principal payments amounted to US$31.7 million and interest payments amounted to US$51.8 million in 2019.

The following table sets out certain information regarding Rwanda's external debt service for the periods indicated:

	Year ended 31 December				
	2016	2017	2018	2019	2020
			(US$ million)		
Principal	23.3	27.7	29.6	31.7	52.5
Interest	41.0	44.8	48.1	51.8	58.6
Other charges	1.9	1.7	3.4	4.3	3.0
Total	**66.1**	**74.3**	**81.3**	**87.8**	**114.4**

Source: MINECOFIN

In 2020, debt service on Central Government domestic debt rose by 14.5 per cent. to FRW126.4 billion from FRW110.4 billion in 2019, FRW69.7 billion in 2018, FRW51.9 billion in 2017 and FRW33.0 billion in 2016.

Relationships with International Financial Institutions

Over the last five fiscal years between 2015/16 and 2019/20, the same development partners have contributed the majority of the funding to the public sector. In fiscal year 2019/20, support also came from the IMF, which contributed 16.9 per cent. in the form of IMF support under the RCF. In the fiscal year ended 2019/20, the World Bank provided a share of 16.6 per cent., AfDB provided a share of 16.1 per cent., USA provided a share of 12.4 per cent., the EU provided a share of 7.6 per cent. and the Global Fund provided a share of 5.1 per cent. Combined, these development partners provided 74.7 per cent. of total support to Rwanda's public sector.

IMF

Rwanda became a member of the IMF on 30 September 1963 and is on the IMF's standard 12 month Article IV consultation cycle. Rwanda's first post-war programme with the IMF started in June 1998 and was mainly targeted at reconstruction and stabilisation. During the next decade, Rwanda successfully completed three IMF

Poverty Reduction and Growth Facilities ("**PRGF**") and has been upgraded to the IMF Policy Support Instrument Programme ("**PSI**") which was approved by the IMF Executive Board in June 2010.

The PCI

On 28 June 2019, the Executive Board of the IMF (the "**Executive Board**") concluded its Article IV consultation and approved a new three-year PCI with Rwanda, which replaced the PSI programme. The PCI is designed to further NST1 implementation, including through an eased fiscal policy stance and additional domestic resource mobilisation, whilst maintaining macro-economic stability. The PCI consists of four main pillars: (i) recalibrating fiscal objectives and the medium-term fiscal stance; (ii) bolstering domestic revenues over the medium term; (ii) improving public financial management, notably fiscal risk management and transparency; and (i) supporting the new monetary policy framework, including through financial sector development.

The IMF review of the PCI takes place twice a year, providing donors and the private sector timely information to assess their financing and investment decisions. On 16 December 2020, the Executive Board concluded its third review of Rwanda's PCI programme, which involved discussions on economic developments and policies underpinning the IMF arrangement under the PCI. In particular, the Executive Board recognised that the Government acted swiftly and imposed well-designed measures to address the health and economic impact of the COVID-19 pandemic. The Executive Board also noted that, whilst immediate policy priorities have shifted to supporting the economy through the crisis, the objectives of the PCI, which expires in June 2022, remain appropriate.

On 1 July 2021, the Executive Board completed the fourth review of the PCI programme and approved a one-year extension of the PCI to June 2023, to allow the authorities to make progress on ongoing reforms and policies to support the economic recovery and meet their fiscal consolidation and debt objectives.

RCF and SCF

In June 2016, the Executive Board approved an 18-month arrangement under the IMF's Standby Credit Facility ("**SCF**") for SDR144.2 (approximately US$204 million or 90 per cent. of Rwanda's quota under the SCF) to complement the Government's efforts in addressing external imbalances, by boosting reserves, along with an extension of the existing PSI for Rwanda until 31 December 2017. The SCF aimed at complementing the authorities' efforts to address growing external imbalances caused by the global commodity crisis in 2015, by boosting reserves. Both near and medium term adjustment policies to position Rwanda's external position on a sustainable basis were part of an overall strategy to support growth, support poverty reduction and improve the country's resilience to future uncertainties in the global economy.

On 26 March 2020, the Government requested emergency financing from the IMF under the RCF in the amount of SDR80.1 million, the equivalent of 50 per cent. of Rwanda's quota under the RCF, to help ease the pressure on the country's fiscal resources and official foreign reserves as a result of the COVID-19 pandemic. Consequently, on 2 April 2020, the Executive Board approved the Government's request, disbursing SDR80.1 million (approximately US$109.4 million using applicable exchange rates at the time) as direct budget support to the MINECOFIN's account held with the NBR. The Government and NBR have signed a MoU on their respective responsibilities for servicing Rwanda's financial obligations to the IMF.

In April 2020, the Executive Board doubled the annual access limit under the RCF's exogenous shock window to 100 per cent. of the quota (SDR160.2 million). Against this background, on 4 June 2020, the Government requested additional emergency financing from the IMF under the RCF in the amount of SDR80.1 million to support the country's budget. On 11 June 2020, the Executive Board approved SDR80.1 million (approximately US$111.1 million using applicable exchange rates at the time) to Rwanda, bringing the total IMF COVID-19 support to approximately US$220.46 million.

As of 31 May 2021, according to the IMF, Rwanda has outstanding purchases and loans in the amount of SDR 160.2 million under the IMF's RCF and SDR110.4 million under the SCF.

World Bank

Rwanda commenced its cooperation with the World Bank in 1998. The World Bank has been supporting Rwanda's development projects, mainly in the energy, agriculture and transport sectors. The World Bank provides one general budget support tranche each year and US$129.5 million is planned for the fiscal year 2021/22. The Rwanda Country Partnership Framework ("**CPF**") 2021-2026 will guide the World Bank's work in supporting the Government's strategic priorities as detailed in the NST1. The CPF includes the following themes of central importance to Rwanda, which are also corporate priorities for the World Bank: (i) governance and institutions (ii) gender and development (iii) supporting people with disabilities and (iv) supporting Rwanda's recovery from the negative public health and socio-economic impacts of the COVID-19 pandemic.

During every three-year cycle with the IDA, Rwanda receives IDA financing estimated at US$900 million. The current IDA cycle funding, which was planned to end by June 2023, amounts indicatively to US$912 million. Due to the on-going discussions about IDA-20 frontloading/early replenishment, the current cycle may end in 2022.

According to World Bank's statistics, the World Bank's portfolio in Rwanda included 21 national projects with a total net commitment of US$2,109.97 million (as of 19 March 2021, excluding projects or financings entered into after that date). Project objectives include, among others, providing access to basic infrastructure and enhancing urban management, strengthening the social protection system, and improving access to electricity.

On 1 August 2019, the World Bank and the Government signed a US$200 million financing agreement to improve teacher competency and student retention and learning in basic education in Rwanda.

On 20 January 2020, the World Bank issued its first bond denominated in Rwandan Francs. The bonds are listed on the London Stock Exchange.

On 1 May 2020, the World Bank approved a US$100 million IDA supplemental financing for the Third Rwanda Energy Sector Development Policy Operation ("**DPO**"), in the form of budget support to enable the Government in preparing a timely fiscal response to the economic shocks caused by the COVID-19 pandemic, setting up platforms for policy development, and safeguarding the reform agenda supported by the budget support series. The First Rwanda Energy Sector DPO was approved by the Board on 29 August 2019. The Third Rwanda Energy Sector DPO is the last of a US$375 million series, with the first series having been approved in December 2017. These series are aimed at supporting Rwanda's energy sector objectives under the NST1, while balancing trade-offs with fiscal and financial sustainability. Further, on 17 September 2020, the World Bank approved US$150 million in financing for the Rwanda Energy Access and Quality Improvement Project ("**EAQIP**"), which has the objective of improving access to modern energy for households, enterprises, and public institutions and enhance the efficiency of electricity services in Rwanda. The EAQIP is part of the Rwanda Universal Energy Access Program ("**RUEAP**"), which coordinates the efforts of energy sector development partners in achieving the targets set out in NST1.

On 30 October 2020, the World Bank approved US$150 million in IDA financing for the Second Rwanda Urban Development Project ("**RUDP II**"), which aims to improve access to sustainable infrastructure and services, and strengthen urban management and resilience in low income areas in Kigali and Rwanda's six Secondary Cities

On 16 December 2020, the World Bank approved US$150 million in IDA financing for the First Programmatic Human Capital for Inclusive Growth Development Policy Financing (the "**Human Capital Programme**"), which consists of a US$75 million grant and a US$75 million loan. The Human Capital Programme, the first of a series of three operations taking place between 2020 and 2022, will support the Government in strengthening the residence of families, improving the learning environment, promoting access to health services and enhancing the delivery of social protection benefits.

On 14 June 2021, the World Bank approved US$150 million of IDA financing to help the Government increase access to finance and support the recovery of businesses affected by the COVID-19 pandemic through the Access to Finance for Recovery and Resilience ("**AFIRR**") project, which is co-financed in the amount of US$100 million by the Asian Infrastructure Bank ("**AIIB**"), marking AIIB's first investment in Rwanda. On 16 April 2021, the World Bank approved US$30 million in additional financing for the acquisition and deployment of COVID-19 vaccines, this being the second financing for the COVID-19 Emergency Response Project. On 6 April 2020, the World Bank approved Rwanda's COVID-19 Emergency Response Project, which aims to prevent, detect and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness in Rwanda. On 7 April 2020, the World Bank approved approximately US$14.3 million IDA credit in immediate funding to support Rwanda's COVID-19 Emergency Response Project. The World

Bank has also mobilised a US$15 million grant from the Global Financing Facility, which, has been approved and will help fund Rwanda's COVID-19 response.

For the remainder of 2021, the Government and the World Bank the key projects under negotiation are the Human Capital DPO Two (US$150 million), the Commercialisation and De-risking for Agricultural Transformation Project (US$300 million) and the Rwanda Digital Acceleration Project (US$100 million, to be cofounded with an additional US$100 million from the Asian Infrastructure Development Bank).

AfDB

Rwanda is a member of the AfDB. The overarching objective of the AfDB is to encourage sustainable economic development and social progress in its regional member countries, thus contributing to poverty reduction.

As of the date of this Offering Circular, AfDB's portfolio of approved and on-going projects and programmes in Rwanda consisted of 19 projects, with a total commitment of Units of Account ("**UA**") 774.8 million (US$1,101.8 million). These projects include, among others, programmes to improve electricity and water supply, support transport, energy and infrastructure projects, and support Rwanda's COVID-19 response.

On 24 November 2017, the Board of Directors of AfDB (the "**Board**") approved a US$84.3 million loan to finance a Skills and Business Development Programme in Rwanda, with the objective of promoting reforms and increasing domestic production.

On 24 July 2020, the Board approved, under AfDB's COVID-19 Response Facility, a concessional loan of US$97.7 million to Rwanda for the country's multi-sector COVID-19 response. Further, in 2020, AfDB approved a UA71 million loan for the Crisis Response Budget Support Programme, which includes the adoption by the Government of new procurement regulations and standard bidding documents to ensure competition and transparency in the execution of COVID-19 responses.

On 17 March 2021, the Government received a loan from AfDB to finance Phase 1 of the Mvumba Multipurpose Water Resources Development Programme (the "**Mvumba Programme**"). In 2020, the Board approved a EUR121.5 million loan to the Government to finance the Mvumba Programme. On 17 January 2019, AfDB signed financing agreements of EUR115 million with the Government to support Rwanda's Sustainable Water Supply and Sanitation Programme. The funding supplements the original financing of AfDB's EUR104 million loan and Africa Growing Together Fund's EUR43 million loan approved by the Board in 2017. On 17 November 2017, the Board approved two loans totalling US$171 million to finance Rwanda's Sustainable Water Supply and Sanitation Programme, which aims to ensure equitable provision of adequate and reliable water and sanitations services in targeted cities of Rwanda.

On 31 May 2021, the Board approved financing of US$84.2 million, comprising of a US$36.8 million loan and a US$47.5 million grant, to electrify approximately 80,000 rural households in south Rwanda, through the Transmission System Reinforcement and Last Mile Connectivity project, which is part of RUEAP. On 17 October 2018, AfDB signed a EUR229.2 million funding agreement with the Government to support the Rwanda's program to improve electricity supply and expand access to electricity under the Scaling Up Electricity Access Program Phase II ("**SEAP II**"). SEAP II is built on the successful implementation of the Scaling Up Electricity Access Program ("**SEAP**") approved by the Bank in 2013 with financing of EUR 39.8 million. SEAP II involves a EUR165.6 million loan from AfDB and EUR63.6 million from the African Development Fund, the concessional arm of AfDB.

AfDB has also approved various grants to Rwanda, including a US$1 million for artificial intelligence enabled systems to process complaints on in Rwanda, Ghana and Zambia, and US$1.1 million for the implementation of Rwanda's Meat Value Chain Trade Competitiveness Project.

The G20 Debt Service Suspension Initiative

In April 2020, the G20 nations announced a debt service suspension initiative ("**DSSI**") in response to a COVID-19 "call to action" from the World Bank and the IMF. The DSSI supports a net present value-neutral, time-bound suspension of principal and interest payments for eligible countries that make a formal request for debt relief from their official bilateral creditors, and it encourages private creditors to participate on comparable terms. The details of the initiative allowed a grace period of one year for the suspension of bilateral debt service payments and a repayment period of 3 years. Subsequently, in November 2020, the G20 and the Paris Club agreed on the Common Framework for debt treatments beyond the DSSI, extending the repayment period to 5 years.

While it is eligible to participate, to date Rwanda has not taken the decision to participate in the DSSI and currently has no plans to do so. Rwanda has not decided to participate in DSSI due to the composition of its debt portfolio, of which the largest share is concessional and held by multilateral creditors.

MONETARY SYSTEM

Monetary Policy

The NBR is the central bank of Rwanda and responsible for the formulation and implementation of monetary policy. The NBR's responsibilities include those usually performed by a central bank, such as issuing currency, managing the efficient operation of the foreign exchange system, acting as fiscal agent of the government and regulating commercial banks.

The NBR is governed by Law No. 48/2017 of 23/09/2017 ("**NBR Law**"), which authorises the NBR to conduct monetary and supervisory activities independently of the Government. According to the NBR Law, the main missions of the NBR are to ensure and maintain price stability, to enhance and maintain a stable and competitive financial system without any exclusion and to support Government's general economic policies. In order for the NBR to achieve its missions, the NBR has the following functions:

- Defining and implementing the monetary policy;
- Organising, supervising and regulating the foreign exchange market;
- Supervising and regulating the activities of financial institutions notably banks, micro finance institutions, non-deposit taking lending institutions, finance-lease institutions, insurance companies, social security institutions, pension funds/schemes institutions, discount houses and other financial services providers that are not supervised by any other institution under specific laws;
- Supervising and regulating payment systems;
- Conducting a financial stability assessment for sustaining economic growth and development;
- Formulating and implementing policies to promote the establishment of regulations and the supervision of efficient and effective clearing and settlement payment systems;
- Issuing and managing currency;
- Holding and managing official foreign exchange reserves;
- Acting as State cashier;
- Collecting, compiling, disseminating monetary and related financial statistics on a timely basis;
- Following up and promoting the soundness of financial institutions and their compliance with governing laws including law on preventing and penalising the crime of money laundering and financing terrorism;
- Ensuring the adoption by financial institutions of policies and procedures designed to control and manage risks effectively;
- Adopting policies to safeguard the rights and interests of customers, depositors and creditors of financial institutions, having regard to the need for financial institutions to compete effectively in the market and take reasonable risks; and
- Carrying out any other task that the NBR Law or any another law may assign to it.

The currency of Rwanda is the Rwandan Franc. The NBR operates a managed floating exchange rate regime, whereby the official reference exchange rate is determined from market transactions between banks and customers. The NBR is responsible for the management and organisation of the foreign exchange market, ensuring the application of foreign exchange regulations and revising them, in case necessary, in order to improve the functioning and efficiency of the foreign exchange market. However, when necessary, the NBR may intervene in the foreign exchange market to cushion volatilities from speculative tendencies.

The primary objective of the NBR's monetary policy is to ensure price stability, contributing to sustained macroeconomic stability. Prior to 2019, the NBR conducted its monetary policy by targeting the quantity of money to achieve that objective. The economic transformation in both the real and financial sectors started to pose challenges that weakened the link between inflation and broad monetary aggregates, as economic actors tended to increasingly focus on interest rates in their consumption and saving decisions, resulting in the surge in term deposits as well as investments in government securities by retail and institutional investors. Under those circumstances, a more forward-looking monetary policy that uses interest rate as an operating target to guide market expectations became the most relevant framework. Thus, in January 2019, the NBR shifted from the quantity-based monetary policy framework, to a price based approach, after five years of preparations.

In accordance with the current monetary policy framework, the NBR uses various instruments at its disposal to achieve the targets set in the price-based monetary policy programme. These instruments include open market operations, refinancing facilities and changes in reserve requirements ratio.

The table below sets out the central bank rate ("**CBR**") and other monetary rates as at the dates indicated.

	As at 30 June / 31 December										
	2016		2017		2018		2019		2020		2021
	June	Dec	June	Dec	June	Dec	June	Dec	June	Dec	June
						(%)					
CBR	6.500	6.250	6.000	5.500	5.500	5.500	5.000	5.000	4.500	4.500	4.500
Deposit rate	7.944	8.014	7.920	8.697	8.326	7.738	7.758	8.478	7.604	7.562	N/A
Lending rate	16.950	17.210	16.760	17.190	17.030	16.140	16.540	16.470	15.700	16.520	15.820
Repo	3.617	5.023	4.421	4.211	4.379	4.350	4.099	4.895	4.460	4.500	4.500
Reverse Repo	-	-	-	-	-	-	-	5.404	5.025	4.500	4.500
Overnight Deposit Facility	4.500	4.250	5.000	4.500	4.500	4.500	3.000	3.000	2.500	3.500	3.500
Standing Lending Facility	8.500	8.250	7.000	6.500	6.500	6.500	6.000	6.000	5.500	5.500	5.500
Refinancing Facility	10.500	10.250	10.000	9.500	9.500	9.500	9.000	9.000	8.500	6.500	6.500
Interbank rate	5.928	6.613	6.402	5.849	5.579	5.673	5.369	5.517	5.291	5.236	5.185
Reserve Requirement	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	4.000	4.000	4.000
T-Bill Market											
28 days	5.456	8.154	7.328	5.357	4.958	5.554	5.202	5.498	6.022	5.227	6.463
91 days	6.172	8.965	8.800	6.682	5.387	5.879	5.207	5.969	6.568	6.342	6.429
182 days	6.563	9.183	9.317	7.910	6.383	7.280	7.381	6.830	6.964	7.148	7.449
364 days	8.850	9.654	9.666	8.341	6.947	7.853	8.275	7.546	8.208	7.997	8.640
Average	7.293	9.020	8.778	7.072	5.919	6.642	6.516	6.461	6.940	6.679	7.245

Source: NBR

On 29 April 2020, the Monetary Policy Committee ("**MPC**") revised down the CBR from 5.0 per cent. to 4.5 per cent., in order to continue supporting the economy during the COVID-19 pandemic. This historically low rate was maintained in the August 2020, November 2020, February 2021 and May 2021 MPC meetings. The reverse repo and repo rates, which are the main monetary instruments, were set at 4.5 per cent., in July 2020 and will be equal to the CBR going forward.

COVID-19

To mitigate the impact of COVID-19 on the economy, the NBR, in addition to lowering the CBR, deployed a number of liquidity and regulatory measures to shore up the financial sector and boost activity, including:

- reducing the reserve requirement ratio from 5 per cent. to 4 per cent.;
- introducing a FRW 50 billion lending facility at the CBR, to support banks facing liquidity shortfalls. This fund was initially designed to run for six months until October 2020, but was later extended;
- revising the Treasury Bonds rediscounting window mechanism;
- offering bonds discounting window at the prevailing market rate and at the same time reduced the waiting period if one fails to sell the bond on the secondary market from 30 days to 15 days;
- requiring banks and insurers to suspend dividend distribution for 2019 payable in 2020 in order to conserve capital and liquidity and increase loss absorbance capacity;
- providing regulatory relief to financial institutions to enable them to continue supporting the economy.

The NBR also issued guidance to banks and microfinance institutions ("**MFIs**") regarding the treatment of relief measures extended to borrowers, especially with regard to loan payment deferrals. Banks and MFIs were allowed to exceptionally restructure loans of borrowers facing temporary cash flow challenges arising from the COVID-19 pandemic. These measures were implemented along with several other measures by the

Government, including the establishment of the ERF to cushion businesses affected by the COVID-19 pandemic.

Inflation

Rwanda has had a good track record of containing inflation since 1994. As with many African countries, the consumer price index ("**CPI**") is heavily weighted toward basic foodstuffs, so fluctuations in food prices due to changes in seasonal weather conditions and agricultural production (both in the domestic and international economies) underlie pressures on inflation. Increases in domestic production cost (especially transport costs) because of high international oil prices and rising energy costs due to shortages in charcoal and firewood production have also historically pushed inflation upwards. However, despite these exogenous factors, sound and well-coordinated policies have resulted into a low and stable inflation, averaging 4.3 per cent. for the last ten years.

Overall inflation in Rwanda had been on a downward trajectory, declining from an average annual rate of 5.7 per cent. in 2016 to 2.4 per cent. in 2019, largely due to good agricultural production during this period. Since then, the economy recorded an uptick in overall inflation. The rise was mostly driven by food inflation, on the back of an increase in international food prices following the emergence of COVID-19 and poor performance of agricultural production as a result of unfavourable weather conditions. Other pressures resulted from the upward revision of public transport fares that took effect in May 2020, given that buses were required to respect social distancing, by operating at half the normal passenger capacity. These pressures, however, have been progressively dissipating through 2021, following better seasonal weather conditions.

The NBR aims at maintaining the inflation rate within the target band of 5 per cent. +/- 3 per cent. Significant risks to meeting inflation targets are increases in international oil and food prices. The NBR continues to closely monitor and analyse the underlying factors of inflation in order to timely adjust its monetary policy stance to limit the effects of these supply side restrains.

The table below sets out information regarding the average year-on-year rates for overall inflation and food inflation for the periods indicated:

	Twelve months average[(1)]		**Year-on-Year[(2)]**	
	Overall inflation	**Food inflation**	**Overall inflation**	**Food inflation**
		(%)		
2016	5.7	10.7	7.3	16.4
2017	4.9	9.8	0.7	(3.0)
2018	1.4	(2.6)	1.1	(4.1)
2019	2.4	2.7	6.7	14.9
2020	7.7	12.1	3.7	4.2
January 2021	7.4	11.0	2.8	2.0
February 2021	6.8	9.2	1.6	(1.8)
March 2021	6.2	7.5	2.0	(1.4)
April 2021	5.8	6.3	2.4	1.2
May 2021	5.0	5.3	(0.1)	0.3
June 2021	4.2	4.4	(0.2)	0.2

Source: NBR
Notes:
(1) Twelve months average inflation, as at the end of the period
(2) Year-on-year change, as at the end of the period.

Foreign Assets

As at 31 December 2019, gross international reserves increased to US$1,432.8 million from US$1,319.1 million in December 2018 due to continued external financial budget support and good performance in the external sector. This translated into approximately 4.6 months of import of goods cover at the end of 2019 compared to 4.2 months at the end of 2018.

As at 31 December 2020, official reserves had increased to US$1,778.9 million, representing 5.9 months of imports of goods. The increase was mainly due to external financing from the IMF and the World Bank to deal with the negative impacts of the COVID-19 pandemic. The support helped the Government to deal with unexpected COVID-19 related expenditures and to improve the balance of payments.

In 2019, the NBR strengthened the existing Reserve Management Framework by adding the credit risk management framework.

Foreign Exchange

The Rwandan franc lost against major currencies, depreciating by 5.4 per cent. against the US Dollar in 2020 from FRW 922.52/US$ at the end of 2019 to FRW 972.48/US$ at the end of 2020. With regard to the Euro and the Pound Sterling, the Rwandan franc depreciated by 15.7 per cent. and 9.4 per cent, respectively, from FRW 1,033.09/€ at the end of December 2019 to FRW 1,195.37/€ at the end of December 2020, and from FRW 1,209.97/£ at the end of December 2019 to FRW1,323.98/£ at the end of December 2020. The Rwandan franc depreciated by 1.2 per cent. against the South African Rand to FRW 66.41/ZAR at the end of December 2020 from FRW 65.61/ZAR at the end of 2019. The NBR remains committed to keeping the exchange rate fundamentally market driven, depending on the demand and supply of foreign exchange in the domestic market.

Compared to end December 2020, the FRW depreciated by 1.51 per cent. against the US Dollar in June 2021, standing at FRW 978.14/US$, a slower depreciation than 1.58 per cent. in the same period of the year 2020. This reflects the gradual improvement in foreign inflows despite high demand for foreign exchange to cater for growing imports needs. The FRW depreciated by 3.26 per cent. and 3.67 per cent. against the Pound Sterling and the South African Rand, respectively, equivalent to FRW 1,367.19/£ and FRW 68.85/ZAR after respective gains of 4.74 per cent. and 17.25 per cent. in June 2020. Conversely, the Rwandan Franc appreciated by 1.73 per cent. against the Euro, standing at FRW 1,174.75/€, compared to a depreciation of 1.94 per cent. in the corresponding period of 2020.

In order to respond to the overall increasing demand for foreign exchange, by the end of 2020, the NBR sold US$381.1 million to commercial banks, compared to only US$282.5 million during 2019. The NBR continued to maintain a flexible exchange rate policy while intervening from time to time on the domestic foreign exchange market by selling foreign exchange to banks in order to smooth Rwanda franc exchange rate volatility.

The Banking Sector

As at April 2021, the banking sector in Rwanda is comprised of 11 commercial banks, one development bank, three microfinance banks and one cooperative bank, all supervised under Law No. 47/2017 of 23/09/2017 Governing the Organisation of Banking (the "**Banking Law**"). Key players in the banking sector entail the private sector, that holds the majority of deposits of banks, while non-bank financial institutions (microfinance sector, insurance sector and pension sector) hold 21.3 per cent. of total deposits of banks. The banking sector is largely private owned. Out of 16 banks operating on the Rwandan market, 11 banks are foreign owned, accounting for 47.1 per cent. of total assets of banks, while three are domestic private banks, representing 16.5 per cent. of total assets of banks. The Government has the majority ownership in two banks, with a stake of 36.4 per cent. of total assets of banks.

The banking sector continues to dominate Rwanda's financial sector, controlling approximately 68.0 per cent. of the total assets as at December 2020. The banking sector showed significant growth during 2020, with total assets amounting to FRW4,310.3 billion at the end of December 2020 compared to FRW3,476.3 billion at the end of December 2019, an increase of 24.0 per cent. The increase of the asset base was mainly attributable to improved growth of deposits and shareholders' funds. Commercial banks held 82.2 per cent. of the total banking sector assets at the end of 2020, while the remainder was held by the specialised banks.

The main drivers of the banking sector asset base at the end of December 2020 included gross loans and overdrafts (55.3 per cent.), placements in local banks (6.9 per cent.), placements in foreign banks (5.1 per cent.) and investments in both Government securities and others (18.1 per cent.). The banking institutions' participation in resources mobilisation and reallocation to the private sector was positive. At the end of December 2020, commercial banks controlled 84.4 per cent. and 81.6 per cent., respectively, of the total sector deposits and gross loans. At the end of December 2020, 112.4 per cent. of deposits were utilised to finance the credit to the private sector.

The banking sector's loans are concentrated on the severely affected sectors of the economy. Banks' share of loans to severely affected sectors (mortgage; restaurants and hotels; transport; mining) stood at 51.2 per cent. of the banking sector loan book as at the end of December 2020.

According to the NBR's assessments and stress tests in April 2021, the Rwandan banking sector is still resilient to adverse shocks, including the effects of the COVID-19 pandemic on loan portfolios. According to the stress test results, the banking sector has enough capital buffer to absorb adverse shocks and maintain their overall capital ratio sufficiently above the regulatory threshold of 15 per cent., even under a severe scenario. Based on COVID-19 restructured loans that remain under moratorium, the stress test indicated that seven banks would become undercapitalised under a baseline scenario, while nine banks would become undercapitalised under a severe scenario.

The following tables set out details of the Rwandan banking sector's balance sheet and related ratios as at the dates indicated:

	As at 31 December				
	2016	2017	2018	2019	2020
			(FRW billions)		
Total Assets (net)	**2,379.5**	**2,685.5**	**3,090.7**	**3,476.3**	**4,310.3**
Cash (domestic notes and coins)	65.3	66.1	73.5	90.8	99.8
BNR with Balances	121.6	146.6	175.2	203.2	269.2
Due from banks in Rwanda	122.0	167.4	195.8	206.2	298.4
Due from with Banks Abroad	215.5	169.2	263.6	197.6	217.8
Government Securities and others	271.6	382.1	414.3	542.9	779.2
Loans & Overdrafts (gross)	1,457.4	1,646.1	1,870.6	2,084.0	2,524.8
Less: Provisions	54.3	66.9	92.3	88.8	141.4
Loans & Overdrafts (Net)	1,403.1	1,579.2	1,778.3	1,995.2	2,383.4
Fixed Assets (net)	115.7	123.6	130.4	166.7	173.3
Other Assets	54.7	51.2	59.8	73.7	89.3
Total Liabilities	**1,938.3**	**2,226.8**	**2,576.3**	**2,856.4**	**3,596.3**
Due to banks in Rwanda	312.7	396.2	423.1	445.7	707.3
Borrowings from BNR	-	-	-	-	22.0
Deposits	1,530.3	1,722.6	1,965.2	2,189.9	2,647.3
Due to Banks Abroad	7.7	7.3	26.0	68.5	26.7
Bills Payable	1.1	0.1	4.8	3.3	–
Other Liabilities	86.4	100.6	157.2	149.0	192.9
Capital					
Paid-up-Capital	189.7	209.6	284.9	312.6	364.1
Share Premium	36.6	37.3	37.1	141.1	147.0
Retained Reserves	33.2	20.0	(2.2)	7.9	6.5
Other Reserves/Subordinated Debt	144.1	163.2	138.1	82.5	114.6
Profit/loss	37.7	28.5	56.6	75.7	81.9
Total Shareholders' funds	**441.3**	**458.6**	**514.4**	**619.9**	**714.1**
Total equity and liabilities	**2,379.5**	**2,685.5**	**3,090.7**	**3,476.3**	**4,310.3**

	As at 31 December				
	2016	2017	2018	2019	2020
Balance Sheet ratios			*(%)*		
Loans to Assets	59.0	58.8	57.5	57.4	55.3
Loans to Deposits	109.1	108.9	107.2	101.7	112.4

Source: NBR

The following table sets out information regarding selected monetary and liquidity indicators for Rwanda as at the dates indicated:

	As at 31 December				
	2016	2017	2018	2019	2020
			(FRW millions)		
Net Foreign Assets	**7,002.6**	**8,278.5**	**9,835.2**	**11,020.9**	**15,529.1**
Claims on Non-residents	10,382.0	13,021.1	15,057.2	16,474.9	21,692.4
Liabilities to Non-residents	3,379.4	4,742.6	5,221.9	5,454.1	6,163.3
Net Domestic Assets of which:	**11,265.7**	**12,221.0**	**13,355.7**	**15,321.6**	**15,718.9**
Domestic claims	16,315.3	18,552.1	20,861.2	24,232.7	26,448.4
Net Claims on Central Government	842.5	1,405.1	1,943.5	1,780.0	578.1
Claims on Other sectors	3,522.9	0.0	0.0	0.0	0.0
Other items (net)	(5,049.5)	(6,331.1)	(7,505.5)	(8,911.1)	(10,729.5)
Broad Money Liabilities (M3)	**18,268.4**	**20,499.6**	**23,190.9**	**26,342.5**	**31,248.0**
Money (M2)	14,836.8	16,025.5	17,715.8	20,418.0	24,234.4
Narrow Money (M1)	8,754.9	9,268.0	10,346.4	12,092.8	14,102.7

	As at 31 December				
	2016	2017	2018	2019	2020
			(*FRW millions*)		
Currency Outside Depository Corporations	1,658.1	1,785.8	2,007.5	2,260.4	2,637.3
Demand deposits	7,957.8	18,713.8	21,183.3	24,082.1	28,610.8
Quasi Money	9,513.4	11,231.6	12,844.5	14,249.7	17,145.3
Time and savings deposits	6,081.8	6,757.5	7,369.4	8,325.2	10,131.7
Foreign currency deposits	3,431.6	4,474.1	5,475.1	5,924.5	7,013.6

Source: NBR

Net foreign assets in the banking system have increased by 18.2 per cent. in 2017, 18.8 per cent. in 2018, 12.1 per cent. in 2019 and 41.0 per cent. in 2020, largely due to increases in claims on non-residents in the same periods.

Broad money supply recorded an annual increase of 18.6 per cent. by the end of 2020, mainly attributed to increases in credit to the private sector (16.7 per cent.) and net foreign assets (16.3 per cent). Narrow money supply recorded an annual increase of 16.6 per cent. by the end of 2020.

Domestic credit grew by 21.2 per cent. in 2020 to FRW2,525 billion, compared to FRW2,084 billion in 2019, driven by new lending and non-payment of existing loans and interest capitalised due to loans restructuring. In 2020, financial institutions continued to mobilise more savings and deposits, from which more loans have been granted. Bank deposits increased by 21.2 per cent. in 2020, attributed to all categories of deposits, with demand deposits, time and foreign currency deposits increasing by 25.3 per cent., 15.0 per cent. and 24.1 per cent., respectively.

The table below sets out the Rwandan banking sector profitability measures for the periods indicated.

	For the year ended 31 December				
	2016	2017	2018	2019	2020
Net profit after tax (FRW billion)	**38**	**28**	**56**	**75.7**	**81.7**
Return on average assets (%)	1.7	1.1	1.9	2.2	2.0
Return on average equity (%)	8.8	6.2	11.2	12.5	11.8

Profitability levels have increased, with the sector's net profit after tax increasing by 8.0 per cent. to FRW 81.7 billion for 2020, compared to FRW 75.7 billion in 2019. The banking sector's profitability, as measured by the return on assets and return on equity (measured on a 12 month moving average), decreased slightly in 2020, standing at 2.0 cent. and 11.8 per cent., respectively, in 2020, compared to 2.2 per cent. and 12.5 per cent. in 2019. However, as at 31 March 2021, return on assets and return on equity had increased to 2.4 per cent. and 14.5 per cent., respectively.

The banking sector's liquidity coverage ratio stood at 254.7 per cent. as of the end of December 2020, compared to 191.8 per cent. as of the end of December 2019. Similarly, the banking sector remains liquid as evidenced by the liquid asset to total deposits ratio of 39.5 per cent. for the end of 2020, well above the 20.0 per cent. regulatory requirement.

Non-performing Loans

Through close supervision and monitoring of banks, the quality of assets remains stable as measured by the non-performing loans to total gross loans ("**NPL ratio**").

The table below sets out the gross loans, non-performing loans and NPL ratio as at the dates indicated.

	As at 31 December				
	2016	2017	2018	2019	2020
		(*FRW billions, except where indicated*)			
Gross Loans	1,669	1,875	2,107	2,221	2,975
Gross NPLs	127	143	135	106	133
NPLs / Gross Loans (%)	7.6	7.6	6.4	4.8	4.5

The NPL ratio had increased to 6.6 per cent. as at the end of March 2021, compared to 4.5 per cent. at the end of December 2020 and 4.8 per cent. at the end of December 2019. The increase as at March 2021 was due to the impact of the COVID-19 pandemic on borrowers, especially on the corporate sector, that started to materialise following the expiration of credit relief measures which banks provided to affected customers.

Regulation

The legal and regulatory framework relating to regulation and supervision of banks in Rwanda is mainly provided for under Banking Law together with its supporting Regulations and Instructions, as well as the NBR Law. Other supporting legislation includes the Law on Money Laundering and Financing Terrorism and the Law Establishing the Organisation of Micro Finance Activities. In addition, the NBR has also issued Capital Adequacy Requirements Regulations, Credit Concentration and Large Exposure Regulations and Corporate Governance Regulations to provide minimum standards to be observed by commercial banks in the area of risk management and corporate governance. The NBR has continued to revise these frameworks on an on-going basis to ensure that they address current challenges in the sector.

According to the Regulations on Capital Adequacy Requirements, the minimum capital requirement for banks has been set at FRW20 billion (increased from FRW5 billion in December 2018). The table below sets out the two main capital adequacy ratios for the Rwandan banking sector. At the end of March 2021, capitalisation levels, as measured by core capital to risk weighted assets and total (qualifying) capital to risk weighted assets, had increased to 21.1 per cent. and 22.3 per cent., respectively, well above the minimum regulatory ratios of 12.5 per cent. and 15.0 per cent., respectively.

	As at 31 December				
	2016	**2017**	**2018**	**2019**	**2020**
			(%)		
Core Capital to Risk Weighted Assets	20.0	20.0	23.8	22.6	20.3
Total (Qualifying) Capital to Risk Weighted Assets	21.9	21.4	25.5	24.1	21.5

In June 2004, the Basel Committee on Banking Supervision (the "**Basel Committee**") published a report entitled "International Convergence of Capital Measurement and Capital Standards: a Revised Framework," which set out a new capital adequacy framework (commonly referred to as "**Basel II**") to replace the Basel Capital Accord issued in 1988. The Basel Committee has also issued a final comprehensive framework which adopted further revisions to the new regulatory regime for capital and liquidity standards for banks ("**Basel III**") in December 2010. The implementation of Basel II/III became fully effective in January 2018. Banks fully comply with Basel II/III standards including the computation of capital adequacy based on credit, market and operational risks and the liquidity based on Liquidity Coverage Ratio and Net Stable Funding Ratio.

Financial Reform

Financial Sector Development Programme

Vision 2020 sets the stage for the financial sector reform process in Rwanda. The Financial Sector Development Programme ("**FSDP**") was launched in 2006, with the second seven-year phase ("**FSDP II**") adopted in 2013. The overarching goal of the FSDP II was to develop a stable and sound financial sector, sufficiently deep and broad and capable of efficiently mobilising and allocating resources to address the development needs of the economy and reduce poverty. The FSDP II comprised four main programs including: financial inclusion; developing financial institutions, markets and the supporting infrastructure; investment and savings to transform the economy; protecting consumers and maintaining financial stability.

FSDP II came to an end in 2020 and the Government is developing the third phase ("**FSDP III**"), which will be implemented between 2021 and 2025.

Initially, the focus of the Government's financial reform was on the development of a stronger and more effective banking system, and the mobilisation of the Rwandan population to save money through the formal financial system. The Umurenge Savings and Credit Cooperatives initiative ("**SACCO**") was launched in 2009 and targeted at those parts of the population that were inaccessible or unattractive to the formal banking system.

As at 31 March 2021, Rwanda had 416 SACCOs spread throughout all geographically defined sectors countrywide. The establishment of the SACCOs proved to be successful in bringing formal financial services to the Rwandan population who was previously excluded from the formal financial system. The percentage of Rwandan adults (18 years or over) using formal financial services increased from 21 per cent. in 2008 to 77 per cent. in 2020, according to the FinScope Financial Inclusion Surveys. SACCOs played a significant role in expanding the boundaries of formal financial access for farmers, farm workers and other individuals who are part of the informal employment sector.

Financial Inclusion

Improving access to financial services while safeguarding financial stability remains a key objective for Rwanda throughout the implementation of its financial reform. The ultimate aim of policies and strategies for financial inclusion is increased access to formal financial institutions and increased uptake and usage of formal financial products and services.

The Government has introduced a number of initiatives to promote financial inclusion, including the implementation of the National Financial Inclusion Strategy for the 2019 to 2024 period (the "**NFIS**"). The NFIS comprises the following action items:

1. Resilience and money management for households – This pillar speaks to need for the financial services to support individuals or households to build resilience to shocks and pursue opportunities and dreams;

2. SME access to finance for investment – Expand productive credit to benefit small firms who would normally struggle to mobilise finances for operations, expansion or even starting up a business;

3. Access to finance for investment and resilience for farmers - Agriculture is critical to Rwanda's economy, contributing nearly a third of the national GDP, employing more than three-fourths of the workforce, and generating more than half of the country's export revenues. Agriculture finance and financial inclusion in the sector is therefore a national priority;

4. Expansion of digital finances - The broad goal envisaged by the NST1 is for a cashless society by encouraging the use of electronic payments by all residents of Rwanda. Rwanda can be a country in which citizens use DFS well beyond the currently prevalent person-to-person and cash in and out transactions, by encompassing ecosystems where citizens receive income digitally, and spend it digitally including at merchant points, schools, health providers and government payments, as well as eventually e-commerce;

5. Responsible finances - The financial capability is of importance in Rwanda, its purpose being to provide consumers with the knowledge to safeguard themselves against unfair or exploitative practices, as well as to improve decision making regarding financial products and services that are appropriate to their needs. Consumer protection and financial literacy (financial capability) ensure there is trust in the financial sector, and uptake and usage of financial services are optimised; and

6. Cross-cutting actions - Regular collaboration between the policy makers, regulators and stakeholders in the sector to ensure that the overall objectives are being achieved.

The Government's target under the NST1 is to increase the proportion of formally included adults to 100 per cent. by 2024.

According to FinScope Financial Inclusion Survey 2020, 93 per cent. of Rwanda's adult population are financially included (including both formal and informal financial products and services) (compared to 89 per cent. in 2016) out of which 77 per cent. used products or services from a formal financial institution (compared to 68 per cent in 2016). The increase in formal inclusion in the financial system was primarily driven by an increase in bank account holders (from 1.1 million in 2016 to 2.6 million in 2020), increased uptake of mobile money (from 2.3 million in 2016 to 4.4 million in 2020) due to increased penetration of mobile phones, with 87 per cent. of adults having access to a mobile phone in 2020; U-SACCOs (from 2 million account holders in 2016 to 2.4 million in 2020); more insured adults (from 0.5 million in 2016 to 1.2 million in 2020) and increased account holders in other MFIs (from 0.3 million in 2016 to 0.7 million in 2020). In 2020, the difference between male and female inclusion was 1 per cent.

Approximately 36 per cent. of Rwandan adults had bank accounts in 2020 (compared to only 26 per cent. in 2016), 76 per cent. of adults borrowed money (including all forms of borrowing) and 71 per cent. of adults had strategies in place to balance their income and expenses. This increase was mainly due to penetration and adoption of digital platforms and agency banking. The bank branch network decreased from 549 branches and outlets in 2016 to 470 in 2020. Significant progress has been achieved in means of retail electronic payment systems for both card based and mobile based financial services. Retail payments infrastructure has also improved considerably in the last decade. As at December 2020, the number of ATMs and POS in Rwanda was 334 and 4,335, respectively, compared to 167 ATMs and 227 POS at the end of 2011.

Mobile banking services in Rwanda are considered financial services and as such, they are regulated and supervised by the NBR. Mobile financial services are provided by financial institutions (banks) and non-financial institutions (mobile operators). Currently, both mobile network operators are authorised to provide payment services, while 11 commercial banks provide mobile banking services.

As an important means of providing financial services to Rwandans who do not have access to formal financial institutions, mobile financial services showed significant growth during the last couple of years. The number of mobile banking subscribers increased from 980,671 at the end of 2016 to 1,854,424 million at the end of 2020, the number of mobile banking transactions increased from 3,906,642 million in 2016 to 5,649,459 million in 2020 and the value of mobile payments and mobile banking transactions increased from FRW37,164 million in 2016 to FRW277,078 million for at 31 December 2020.

The emergence of COVID-19 has made the need for digitising payments more critical. Digital payments surged during the lockdown as banks and mobile network operators removed charges on mobile money transfers for three months. Fees were eliminated three days before the March 2020 lockdown came into effect in a bid to promote social distancing in line with government guidelines and contain the transmission of COVID-19 through cash. Transaction limits were also raised.

Non-bank Financial Sector

The NBR regulates non-bank financial institutions, through the Department of Supervision of Insurance and Pension sectors. The non-bank financial sector in Rwanda mainly consists of the insurance and pension sectors, however, there are other non-bank financial institutions such as foreign currency dealers and remittance companies and lending-only institutions. It is the role of the NBR to ensure that all these non- bank financial institutions are financially sound and stable.

As at 31 December 2020, the insurance sector was composed of 12 private, two public insurers and one micro-insurance company. Additionally, there were 14 insurance brokers, 18 loss adjusters, one reinsurance broker and 914 insurance agents in the country. As at 31 December 2020, the pension sector was mainly comprised of one public pension scheme, 12 voluntary pension schemes and over 50 pension service providers.

During 2020, the insurance sector performance improved. The total assets of the Rwandan insurance sector as of the end of 2020 increased by 16.1 per cent., reaching FRW 591.7 billion, compared to FRW509.7 billion as of the end of 2019. Gross premiums also increased by 10 per cent. from FRW153.4 billion in 2019 to FRW169.3 billion in 2020. This performance was primarily attributable to new businesses in agriculture, properties/buildings and public infrastructure projects insurance covers.

A new Insurance Law was passed by the Parliament in January 2021 and is under publication. This new insurance law aims at strengthening the legal and regulatory framework in place to align it with the international supervision practice as well as responding to the insurance market dynamics.

The pension sector assets (excluding private pension schemes) also continued to grow, reaching FRW986 billion at the end of 2020, compared to FRW891 billion at the end of 2019, an increase of 11 per cent.

Law No. 05-2015 governing the Organisation of Pension Schemes raised the minimum retirement age from 55 to 60, while maintaining the statutory maximum retirement age of 65, and set new caps with respect to the pension benefits under the RSSB pension scheme. The pension contribution is shared between the employer and the employee at the total rate of 6.0 per cent. of the employee’s remunerations, split equally between the employer and the employee, while the occupational hazards contribution is solely made by the employer, at the rate of 2.0 per cent. of the employee’s remuneration.

Capital Markets

In 2008 the Capital Markets Advisory Council was established to advise the Government on how best to establish the capital markets in Rwanda. The CMA was established in June 2011 pursuant to the Law No. 11/2011 of 18/05/2011 (as amended). The CMA is mandated to develop and regulate the capital markets industry in Rwanda, including the licensing and approval of all relevant market players.

In June 2018, the Cabinet approved the Capital Markets Master Plan (the "**CMMP**"), a 10-year strategic plan (2018 – 2028) with policy actions cutting across policy, regulatory and market development aspects. The CMMP sets out the actions needed to achieve these goals and to broaden and expand the financing base of the economy. The CMMP sets out steps to be taken to bring to the stock exchange those companies close to being ready for listing and to develop a pipeline of firms which will access the different forms of capital market finance at different stages in their development. To achieve this requires multiple actions to improve corporate financial reporting, business planning and corporate governance, based on education and training for business leaders. In parallel, the CMMP sets out actions to develop the capacity of domestic institutional investors to invest in a wider range of capital market products and to mobilise small savers to invest, with sufficient education and appropriate protections, in capital market products.

The first phase of the CMMP focuses on capacity building across the Rwandan capital market industry, putting in place the necessary legislative changes and building capacity within the private sector. It is envisaged that the important elements of the first phase can be put in place within the first three years of the plan. The second phase aims to enable the emergence of facilitators in the private sector to enable the creation of a pipeline of capital market issuers and the development of investors by the sixth year of the plan. As capacity develops, the final phase aims to enable a wider range of borrowers and investors as well as competitive specialisation within the EAC over the final three years of the plan.

Legal and regulatory framework

The CMA aims to facilitate market development while fostering investor protection. The existing legal and regulatory framework accommodates a diverse set of products (equity and debt securities, including asset backed securities, Real Estate Investment Trusts and derivatives on securities and commodities traded on exchanges) and licenses and monitors different types of capital market intermediaries.

The legal framework regulating the Rwandan capital markets includes the Law no. 01/2011 of 10/02/2011 Regulating the Capital Market Business in Rwanda, the Law no. 40/2011 of 15/11/2011 Regulating the Collective Investment Schemes in Rwanda, the Law no. 20/2013 of 24/06/2013 Regulating the Creation of Trusts and Trustees and the Law no. 26/2010 governing the Holding and Circulation of Securities. The legal and regulatory framework in place was developed according to the objectives and principles of securities regulation published by the International Organisation of Securities Commissions (the "**IOSCO**"), in which Rwanda holds an associate membership.

Capital markets intermediaries currently licensed by the CMA include stock brokerage firms, investment/fund managers, credit rating agencies, investment advisors and custodians (primarily financial institutions licensed to provide banking services in the Rwandan financial sector). A securities exchange (the RSE) and a commodities exchange (the East Africa Exchange) are also operational, with the commodities exchange currently doing spot trading and planning to process futures trading in the near future. With the demand for more diverse capital market expertise and capital markets product diversification in Rwanda, the CMA is expected to on-board more capital market intermediaries including investment banks, international custodians and equities and bond trading analysts.

Market development

All capital market instruments (equity or debt) issued by the Government and private sector to date have been oversubscribed, including recent re-openings of Treasury bonds by the Government in 2021, indicating investors' appetite for more and diverse products. Since inception to date, the Rwandan capital market has facilitated capital raising of US$1,161.1 million (FRW 1,168.8 billion), with US$210.9 million (FRW 212.3 billion) of equity (initial public offerings and rights issues), US$927.4 million (FRW933.5 billion) of bonds (both corporate and Treasury bonds) and US$22.8 million (FRW 23 billion) of unit trust funds established under the collective investment schemes framework. The corporate bonds include a 5-year local currency bond (which has already matured) issued by the International Finance Corporation of the World Bank, to finance local private sector investments in Rwanda.

Regional and international integration

Rwanda continues to implement the Protocol on the Establishment of the EAC Common Market in order to integrate the Rwandan capital markets into the East African capital markets.

Rwanda's position within the EAC offers the potential for local businesses to access wider sources of finance, potentially at lower cost and with increased liquidity. In collaboration with other EAC partner states (Kenya, Tanzania, Uganda and Burundi), Rwanda has issued directives integrating EAC positions as domestic laws regulating the securities markets. Fourteen directives have been developed and published aimed at easing free movement of capital, services and labour within the regional capital markets. The integration of the legal and regulatory framework at the EAC level remains an ongoing activity, and infrastructure integration is also ongoing to facilitate trading, payment and settlements within regional stock exchanges. The CMA continues to be an active member of the East African Securities Regulatory Association, a regional forum through which market development, regulatory framework and investor protection best practices are discussed with a view to develop and deepen capital markets industries within the EAC region.

At the international level, Rwanda, through the CMA, has secured an associate membership in IOSCO, confirming Rwanda's compliance with IOSCO's objectives and principles of securities regulation. The CMA is currently undertaking legal reforms aimed at enabling Rwanda to secure an IOSCO full membership in line with Rwanda's commitment to continue deepening its compliance with international regulatory standards for securities markets.

Rwanda Stock Exchange

The RSE was incorporated on 7 October 2005 as a company limited by shares. The RSE is 60 per cent. owned by members, 20 per cent. by the Government of Rwanda and 20 per cent. by institutional investors. The official trading days are Monday to Friday and the settlement cycle from 9:00 to 12:00 through open outcry sessions and OTC trading sessions which take place at the close of formal trading sessions until the following open outcry session. The settlement cycle is T+2 for equities and T+1 for bonds. The clearing and settlement system is supported by a Central Securities Depository under the NBR which is automatically linked to the central bank's payment systems and all secondary market transactions are settled in central bank money. The exchange is also a member of the East African Securities Exchanges Association, the African Securities Exchanges Association, and the Sustainable Stock Exchanges Initiative of the UN.

As at 30 June 2021, the total market capitalisation was US$3.8 billion, and the value of bonds listed was US$824.93 million. There are no restrictions on the number or percentage of shares that may be held by foreign investors in companies listed on the RSE.

The RSE domestic equities market was activated on 31 January 2011 and as at 30 June 30 2021, the equity market recorded a total turnover of FRW244.94 billion (approximately US$278.34 million) from 1,128.5 million shares traded. Domestic shares accounted for more than 99.9 per cent. of the total turnover and volume.

There are currently five domestic listings on the RSE equities market: Bank of Kigali Group PlcS.A., I&M Bank (Rwanda) Plc, Bralirwa Plc, Cimerwa plc and MTN Rwandacell Plc.

In addition, there are five international listed securities: RH Bophelo Ltd, Equity Group Holdings Plc, Kenya Commercial Bank Group Plc, Nation Media Group Plc and Uchumi Super Market Ltd.

The RSE has embarked on a number of new projects, including the East Africa Capital Market Infrastructure project, which links the Exchange with the rest of the stock exchanges in the region, and the Investment Clinic project, which supports SMEs and other corporates to use the capital market ecosystem for their investor readiness and fundraising. The first cohort of 12 companies has reached the final stage of the program.

The Government expects more initial public offerings for state-owned companies during the next three years in an effort to deepen financial markets and bolster the new RSE.

TAXATION

The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective purchasers of Notes should consult their tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of the Republic of Rwanda of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes. This summary is based upon the law in effect on the date of this Offering Circular and is subject to any change in law that may take effect after such date.

The Republic of Rwanda

Pursuant to article 60 of Law no. 016/2018 of 13/04/2018 establishing income tax, a withholding tax of fifteen (15) per cent. is normally levied on interest payments made by resident entities. The withholding agent is required to file a tax declaration and transmit the tax withheld to the Tax Administration within fifteen (15) working days after the tax is withheld. However, pursuant to a letter issued by the Minister of Finance and Economic Planning of Rwanda on 25 July 2021, a special waiver has been granted providing that all payments made by the Issuer of interest and principal under the Notes shall be made free of withholding or deduction of any taxes of whatsoever nature imposed, levied, withheld or assessed by Rwanda or any political subdivision or taxing authority thereof or therein.

United States of America

The following is a summary of certain U.S. federal income tax considerations relevant to U.S. Holders (as defined below) acquiring, holding and disposing of Notes. This summary addresses only the U.S. federal income tax considerations for initial purchasers of Notes at their issue price (as defined below) that will hold the Notes as capital assets (generally, property held for investment). This summary is based on the U.S. Internal Revenue Code of 1986 (the "**Code**"), final, temporary and proposed U.S. Treasury regulations, administrative and judicial interpretations each as in effect on the date hereof. All of which are subject to change, possibly with retroactive effect. The "**issue price**" of a note is generally equal to the first price at which a substantial amount of notes are sold for money to investors (excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers).

This summary does not discuss all aspects of U.S. federal income taxation that may be relevant to investors in light of their particular circumstances, such as investors subject to special tax rules (including, without limitation: (i) certain financial institutions; (ii) insurance companies; (iii) dealers or traders in stocks, securities, or notional principal contracts; (iv) regulated investment companies; (v) real estate investment trusts; (vi) tax-exempt organisations; (vii) partnerships, pass through entities, or persons that hold Notes through pass-through entities; (viii) investors that hold Notes as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for U.S. federal income tax purposes; (ix) investors that have a functional currency other than the U.S. dollar; (x) investors choosing to tender Notes pursuant to the tender offer on the Issuer's existing 6.625% 2023 Notes, and (xi) U.S. expatriates and former long-term residents of the United States), all of whom may be subject to tax rules that differ significantly from those summarised below. This summary does not address U.S. federal estate, gift or alternative minimum tax considerations, the Medicare tax on net investment income, the special timing rules prescribed under section 451(b) of the Code, or non-U.S., state or local tax considerations.

For the purposes of this summary, a "**U.S. Holder**" is a beneficial owner of Notes that is for U.S. federal income tax purposes (i) an individual who is a citizen or resident of the United States, (ii) a corporation created in, or organised under the laws of, the United States or any state thereof, including the District of Columbia, (iii) an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source or (iv) a trust that is subject to U.S. tax on its worldwide income regardless of its source.

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds notes, the tax treatment of the partnership and a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such partner or partnership should consult its own tax adviser as to its consequences.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING, AND DISPOSING OF THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Payments of interest and original issue discount

The Notes may be treated as having been issued with original issue discount ("**OID**") for U.S. federal income tax purposes. An obligation generally is treated as having been issued with OID if its "stated redemption price at maturity" exceeds its issue price, described above, by more than the "OID *de minimis* amount." As to the Notes, the OID *de minimis* amount equals 1/4 of 1 per cent. of the debt instrument's stated redemption price at maturity multiplied by the number of complete years from its issue date to its maturity. The "stated redemption price at maturity" of a note is the sum of all payments required to be made on the note other than "**qualified stated interest**" payments. The term "**qualified stated interest**" generally means stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer), or that is treated as constructively received, at least annually at a single rate.

A U.S. Holder is required to include qualified stated interest payments (including any additional amounts with respect thereto as described under "*Terms and Conditions of the Notes–Taxation*") in income as interest when such holder accrues or receives those payments (in accordance with such U.S. Holder's accounting method for U.S. federal tax purposes). It is expected that the stated interest on the Notes will be treated as qualified stated interest. Therefore, stated interest paid to a U.S. Holder on a Note will be includible in such holder's gross income as ordinary interest income at the time it accrues or is received, in accordance with such holder's usual method of tax accounting. In addition, if the Notes are issued with OID, a U.S. Holder will be required to include OID in income before such holder receives the associated cash payment, regardless of such holder's accounting method for tax purposes. The amount of the OID, if any, that a U.S. Holder should include in income is the sum of the daily accruals of the OID for the Note for each day during the taxable year (or portion of the taxable year) in which such holder held the Note. The daily portion is determined by allocating the OID, if any, for each day of the accrual period. An accrual period may be of any length and the accrual periods may even vary in length over the term of the Note, *provided that* each accrual period is no longer than one year and each scheduled payment of principal or interest occurs either on the first day of an accrual period or on the final day of an accrual period. The amount of OID, if any, allocable to an accrual period is equal to the difference between (1) the product of the "**adjusted issue price**" of the Note at the beginning of the accrual period and its yield to maturity (computed generally on a constant yield method and compounded at the end of each accrual period, taking into account the length of the particular accrual period) and (2) the amount of any qualified stated interest allocable to the accrual period. The "**adjusted issue price**" of a Note at the beginning of any accrual period is the sum of the issue price of the Note plus the amount of OID, if any, allocable to all prior accrual periods reduced by any payments a U.S. Holder received on the Note that were not qualified stated interest. Under these rules, a U.S. Holder will have to include in income increasingly greater amounts of OID in successive accrual periods.

Under the applicable U.S. Treasury regulations, a holder of a note with OID may elect to include in gross income all interest that accrues on the note using the constant yield method. Once made with respect to a note, the election cannot be revoked without the consent of the U.S. Internal Revenue Service("**IRS**"). If you are a U.S. Holder considering an election under these rules you should consult your tax adviser.

Interest paid by the Issuer on (including additional amounts paid in respect of non-U.S. withholding taxes and without reduction for non-U.S. tax withheld, if any), and any OID included in a U.S. Holder's gross income with respect to, the Notes will generally constitute income from sources outside the United States.

Sale or other disposition of Notes

A U.S. Holder's adjusted tax basis in a Note will generally be its cost increased by the amount of any OID included in such holder's gross income with respect to the Note under the rules discussed herein. A U.S. Holder will generally recognise gain or loss on the sale or other disposition of a Note equal to the difference between the amount realised on the sale or other disposition and the adjusted tax basis of the Note. The amount realised will not include any amount attributable to accrued but unpaid stated interest, which will be taxed as described in "*–Payments of interest and original issue discount*" above. Gain or loss recognised on the sale or other disposition of a Note will be capital gain or loss and will be treated as from U.S. sources for purposes of the U.S. foreign tax credit limitation. In the case of a U.S. Holder that is an individual, estate or trust, the maximum marginal federal income tax rate applicable to capital gains is currently lower than the maximum marginal rate applicable to ordinary income if the Notes are held for more than one year. The deductibility of capital losses is subject to significant limitations.

Backup withholding and information reporting

In general, payments of principal, interest (including any OID) on, and the proceeds of a sale, redemption or other disposition of, the Notes, payable to a U.S. Holder by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable Treasury regulations. Backup withholding will apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or otherwise to comply with the applicable backup withholding requirements. Certain U.S. Holders are not subject to backup withholding. Backup withholding is not an additional tax. Any amounts withheld from a payment to a U.S. Holder under the backup withholding rules generally will be allowed as a credit against such U.S. Holder's U.S. federal income tax liability and may entitle such U.S. Holder to a refund, provided that the required information is furnished to the IRS in a timely manner. U.S. Holders should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

Certain U.S. Holders are required to report to the IRS certain information with respect to their beneficial ownership of the Notes, subject to certain exceptions (including an exception for Notes held in accounts maintained by U.S. financial institutions. Investors who fail to report required information could be subject to substantial penalties. U.S. Holders are urged to consult their tax advisers regarding the effect, if any, of these and any other reporting requirements on the acquisition, ownership and disposition of the Notes.

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has ceased to participate.

The Commission's proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission's proposal, FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

CLEARING AND SETTLEMENT ARRANGEMENTS

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (together, the "**Clearing Systems**") currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but neither the Issuer nor the Joint Bookrunners takes any responsibility for the accuracy of this section. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer and any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Clearing Systems

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream hold securities and book entry interests in securities for participating organisations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organisations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Clearstream is incorporated under the laws of Luxembourg as a bank. Clearstream will facilitate the clearance and settlement of securities transactions between its customers through electronic book entry transfers between their accounts. Clearstream will provide to its customers, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream will interface with domestic securities markets in over 30 countries through established depositary and custodial relationships. As a bank, Clearstream is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector, also known as the Commission de Surveillance du Secteur Financier, and the Luxembourg Central Bank. Customers of Clearstream are recognised financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. U.S. customers of are limited to securities brokers and dealers and banks. Indirect access to Clearstream is also available to other institutions such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream customer.

Euroclear was created in 1968 to hold securities for its participants and to clear and settle transactions between its participants through simultaneous electronic book entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. The Euroclear System is owned by Euroclear Clearance System Public Limited Company and operated through a licence agreement by Euroclear Bank SA/NV, a bank incorporated under the laws of Belgium.

Euroclear is regulated and examined by the Belgian Banking and Finance Commission and the National Bank of Belgium.

Securities clearance accounts and cash accounts with Euroclear are governed by the terms and conditions governing the use of Euroclear, the related operating procedures of the Euroclear system and applicable Belgian law (collectively, the "**Euroclear Terms and Conditions**"). The Euroclear Terms and Conditions govern transactions of securities and cash within Euroclear, withdrawal of securities and cash from the system, and receipts of payments with respect to securities in the system. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Euroclear Terms and Conditions only on behalf of Euroclear participants, and has no record of or relationship with persons holding through Euroclear participants.

DTC

DTC is a limited purpose trust company organised under the laws of the State of New York, a "banking organisation" within the meaning of the Banking Law of the State of New York a member of the United States Federal Reserve System, a "clearing corporation" within the meaning of the State of New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the U.S. Exchange Act. DTC was created to hold securities for its participants ("**DTC Participants**") and to facilitate the clearance and settlement of securities transactions between DTC Participants through electronic book entries, thereby eliminating the need for the physical movement of certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations and other organisations. Indirect access to the DTC system also is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly ("**Indirect DTC Participants**"). DTC is owned by a number of its participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Investors who are not DTC Participants may beneficially own securities held by or on behalf of DTC only through DTC Participants.

SUBSCRIPTION AND SALE

Citigroup Global Markets Limited and Deutsche Bank Aktiengesellschaft (the "**Joint Bookrunners**") have in a subscription agreement dated 5 August 2021 (the "**Subscription Agreement**") and made between the Issuer and the Joint Bookrunners upon the terms and subject to the conditions is contained therein, severally and not jointly agreed to subscribe and pay for the Notes at an issue price of 100 per cent. of their principal amount less a combined management and underwriting commission. The Joint Bookrunners are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Notes.

United States of America

No registration under Securities Act

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. Accordingly, the Notes are being offered, sold or delivered only: (a) outside the United States in offshore transactions in reliance on Regulation S and (b) in the United States only to QIBs in connection with resales by the Joint Bookrunners, in reliance on, and in compliance with, Rule 144A. In addition, until 40 days after the commencement of the offering, an offer or sale of any of the Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if the offer or sale is made otherwise than in accordance with Rule 144A.

United Kingdom

Each Joint Bookrunner has represented, warranted and agreed that:

(a) ***Financial promotion***: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) (the "**FSMA**") received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(b) ***General compliance***: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

The Republic of Rwanda

No registration of the Notes is required under the Law and regulation governing capital markets in Rwanda. The Notes have not been and will not be registered under the Law and regulation governing capital markets in Rwanda.

Canada

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 "Registration Requirements, Exemptions and Ongoing Registrant Obligations." Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Circular (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.4 of National Instrument 33-105 Underwriting Conflicts ("**NI 33-105**"), the Joint Bookrunners are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

General

Neither the Issuer nor any Joint Bookrunner has made any representation that any action has been or will be taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Offering Circular, or any other offering material relating to the Notes or any supplement, in any country or jurisdiction where action for that purpose is required. Further neither the Issuer nor the Joint Bookrunners represent that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction or pursuant to any exemption available thereunder or assumes any responsibility for facilitating the same. Each Joint Bookrunner has represented, warranted and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Offering Circular or any other offering material relating to the Notes including any supplement thereto, in all cases at their own expense. Persons into whose hands this Offering Circular is distributed are required by the Issuer and the Joint Bookrunners to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Offering Circular or any other offering material relating to the Notes, in all cases at their own expense.

TRANSFER RESTRICTIONS

Due to the following significant transfer restrictions applicable to the Notes, investors are advised to consult legal counsel prior to making any reoffer, resale, pledge, transfer or disposal of the Notes.

The Notes have not been registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. Accordingly, the Notes are being offered and sold (1) in the United States only to persons reasonably believed to be QIBs in reliance on, and in compliance with, Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and (2) outside the United States in offshore transactions in reliance on Regulation S.

Rule 144A Notes

Each purchaser of Rule 144A Notes, by accepting delivery of this Offering Circular and the Rule 144A Notes, will be deemed to have represented, agreed and acknowledged that:

(i) the purchaser (a) is a QIB, (b) is acquiring the 144A Notes for its own account or for the account of one or more QIBs and (c) is aware, and each beneficial owner of such Notes has been advised that the sale of the Notes to it is being made in reliance on Rule 144A;

(ii) the Rule 144A Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it, and any person acting on its behalf, reasonably believes is a QIB purchasing for its own account or for the account of one or more QIBs, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act, (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), (d) to the Issuer or an affiliate thereof, or (e) pursuant to an effective registration statement under the Securities Act, in each case in accordance with any applicable securities laws of any state of the United States and it will, and each subsequent holder of the Rule 144A Notes is required to, notify any purchaser of the Rule 144A Notes from it of the resale restrictions on the Rule 144A Notes;

(iii) the purchaser understands that the Rule 144A Notes (to the extent they are in certificated form) will bear a legend to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A "QIB") THAT IS ACQUIRING THIS NOTE FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS, (B) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER ("RULE 144"), IF AVAILABLE, (D) TO THE ISSUER OR AN AFFILIATE THEREOF, OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR RESALES OF THE NOTES.

(iv) it understands that the Issuer, the Joint Bookrunners, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of Rule 144A Notes is no longer accurate, it shall promptly notify the Issuer and the Joint Bookrunners; and

(v) if it is acquiring any Notes for the account of one or more QIBs, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Regulation S Notes

Each purchaser of Regulation S Notes, by accepting delivery of this Offering Circular and the Regulation S Notes, will be deemed to have represented, agreed and acknowledged that:

(i) it is, or at the time the Regulation S Notes are purchased will be, the beneficial owner of such Notes and it is located outside the United States (within the meaning of Regulation S); and it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate;

(ii) the Regulation S Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and that it will not offer, sell, pledge or otherwise transfer Regulation S Notes except (a) in accordance with Rule 144A under the Securities Act to a person that it and any person acting on its behalf reasonably believes is a QIB purchasing for its own account, or for the account of one or more QIBs or (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States; and

(iii) it understands that the Issuer, the Joint Bookrunners, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of Regulation S Notes is no longer accurate, it shall promptly notify the Issuer and the Joint Bookrunners.

GENERAL INFORMATION

1. Authorisation

All relevant measures for the creation and issue of the Notes had been authorised and approved by 30 June 2021.

2. Legal and Arbitration Proceedings

The Issuer is not involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the period covering the previous 12 months which may have or have had in the recent past significant effects on the Issuer's financial position.

4. Significant/Material Change

Since the end of the last fiscal year, there has been no significant change in the Issuer's (a) tax and budgetary systems, (b) gross public debt or the maturity structure or currency of its outstanding debt and debt payment record, (c) foreign trade and balance of payment figures, (d) foreign exchange reserves including any potential encumbrances to such foreign exchange reserves as forward contracts or derivatives, (e) financial position and resources including liquid deposits available in domestic currency and (f) income and expenditure figures.

5. Documents on Display

For so long as any Notes shall be outstanding, electronic copies of the following documents may be inspected during normal business hours at the offices of the Fiscal Agent:

(a) the budget for the current fiscal year;

(b) the Agency Agreement; and

(c) the Deed of Covenant.

6. Yield

On the basis of the issue price of the Notes of 100 per cent. of their principal amount, the gross real yield of the Notes is 5.500 per cent. on an annual basis.

7. ISIN and Common Code

The Notes have been accepted for clearance through DTC, Euroclear and Clearstream, Luxembourg.

The ISIN for the Unrestricted Global Certificate is XS2373051320 and the Common Code for the Unrestricted Global Certificate is 237305132.

The ISIN for the Restricted Global Certificate is US78347YAL74 and the CUSIP for the Restricted Global Certificate is 78347Y AL7.

8. Third Party Information

The Issuer confirms that where information included in the Offering Circular has been sourced from a third party the source is identified, and that information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

9. Interested Persons

Save as described in "*Subscription and Sale*", so far as the Issuer is aware, no person involved in the offering has any interest in the offering which is material to the offering.

10. Certain Relationships

Certain of the Joint Bookrunners and their affiliates from time to time have performed, and in the future may perform, banking, investment banking, advisory, consulting and other financial services for the Issuer and its affiliates, for which they may receive customary advisory and transaction fees and expenses reimbursement. In addition, the Joint Bookrunners may provide to the Issuer services in relation to liability management activities of the Issuer that the Issuer may pursue in relation to its securities.

In addition, in the ordinary course of their business activities, the Joint Bookrunners and their affiliates may make or hold a broad array of investments and actively trade debt securities (or related derivative securities) and financial instruments for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates. In particular, certain of the Joint Bookrunners may submit orders for the Notes and so may hold a portion of the Notes at the Closing Date. If they do so, each such Joint Bookrunner may distribute the Notes held by it to the market as permitted by applicable laws and regulations, but will be under no obligation to do so.

The Joint Bookrunners and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

11. Other Relationships

The Joint Bookrunners and their respective affiliates have engaged and may engage in transactions with the Issuer in the ordinary course of their business, performing various investment banking, financial advisory, and other services for the Issuer, for which they received and may receive customary fees. The Joint Bookrunners and their respective affiliates expect to provide such services in the future.

ISSUER

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Ministry of Finance and Economic Planning
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