

# Roadmap for Agribusiness Investment Facilitation

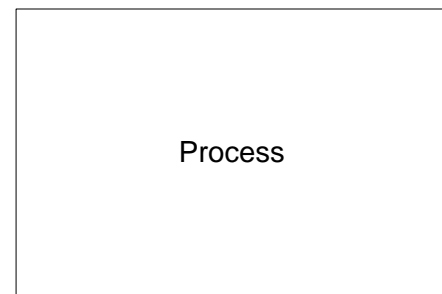
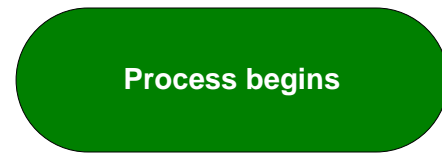
April 2013



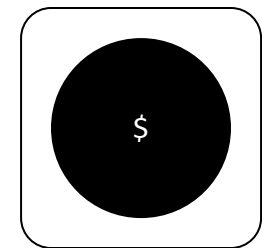
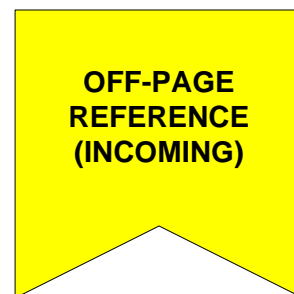
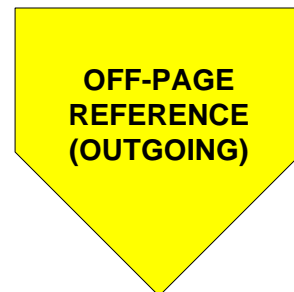
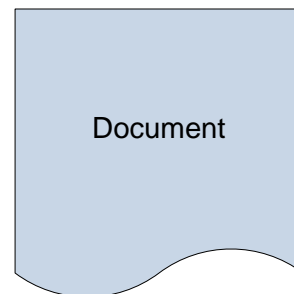
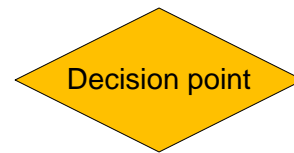
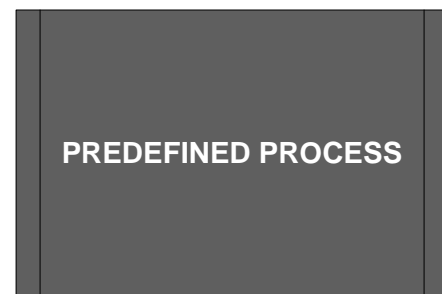
**USAID**  
FROM THE AMERICAN PEOPLE



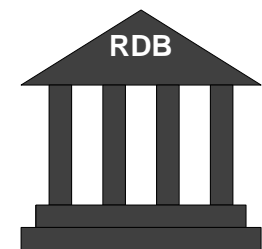
# ROADMAP KEY



- INTERNAL PROCESS AT INVESTOR (RDB HAS NO INSIGHT)
- INTERNAL PROCESS AT RDB (INVESTOR HAS NO INSIGHT)



Payment required



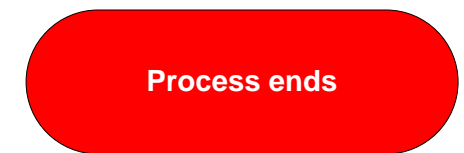
Constraint identified at step; number provides reference to list of constraints



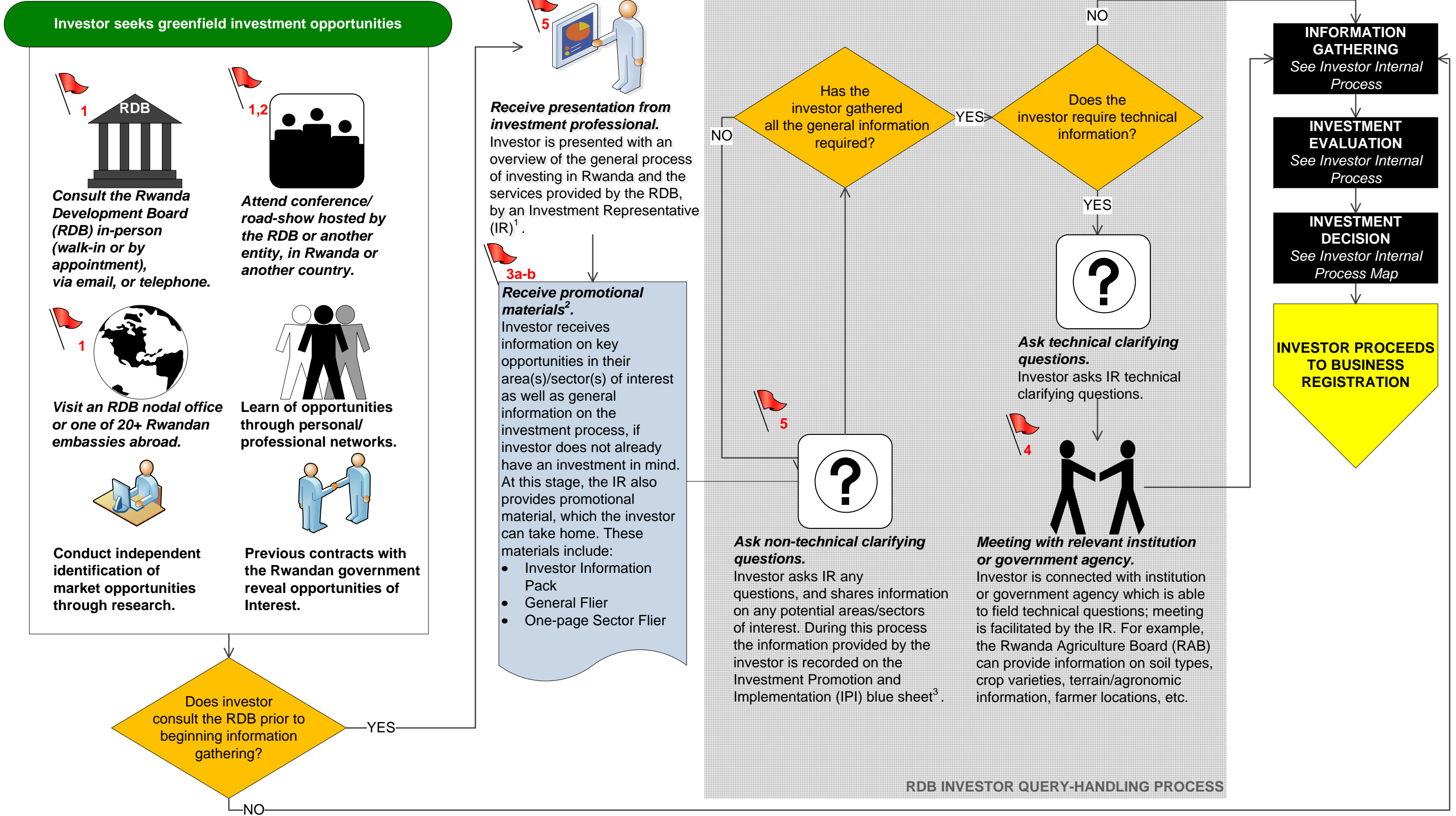
On-page reference

Processes occur simultaneously

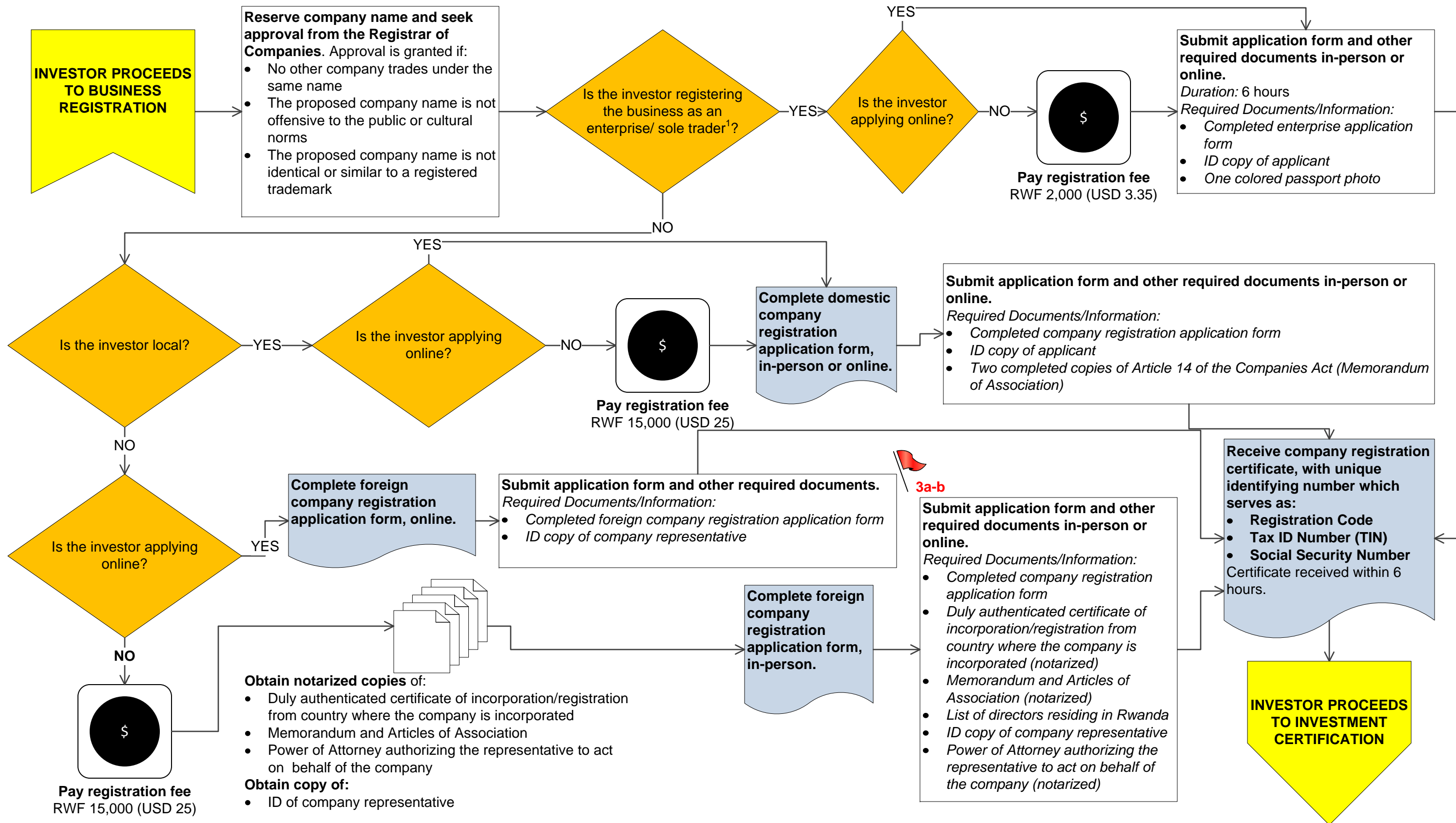
Direction of process flow



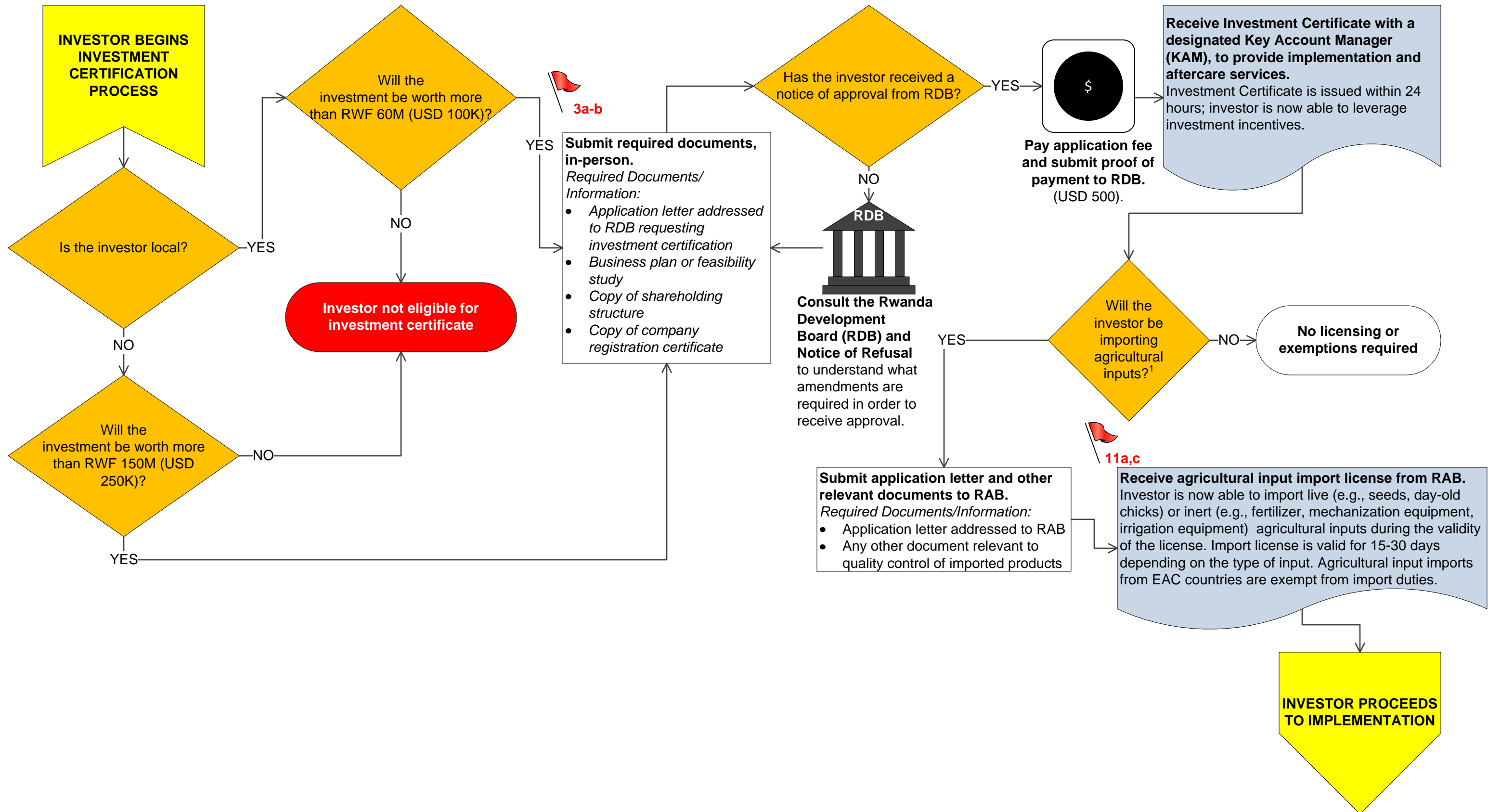
# **GREENFIELD INVESTMENTS**



Notes: <sup>1</sup> Investment Representatives include: RDB Investment Promotion Officers, RDB Key Account Managers, commercial attaches assigned by the Ministry of Trade and Industry (MINICOM) to Rwandan embassies, counselors in foreign missions; <sup>2</sup> Promotional materials are prepared by RDB's Communications and Public Relations Department; <sup>3</sup> The IPI blue sheet covers key investor information, including: (1) initial RDB or commercial attaché contact, (2) potential project/investment/event details, (3) sector and sub-sector of interest to the investor, (4) investor's country of origin, (5) planned investment amount, if known, (6) investor contact information, (7) next steps for the meeting host, with a deadline indicated

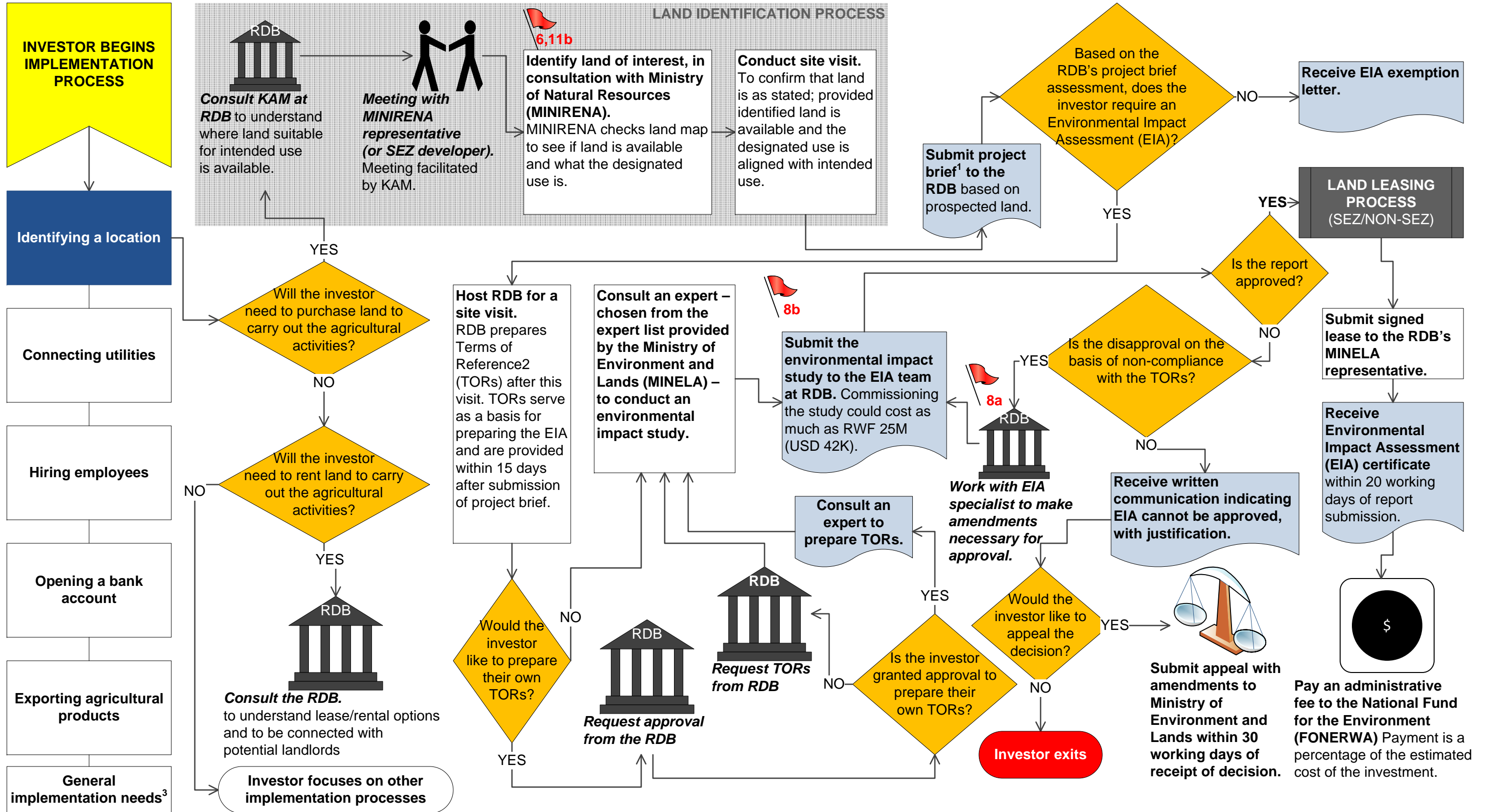


Notes: <sup>1</sup> An enterprise(or sole trader) refers to a business whose income is less than RWF 10,000 (USD 17) per day

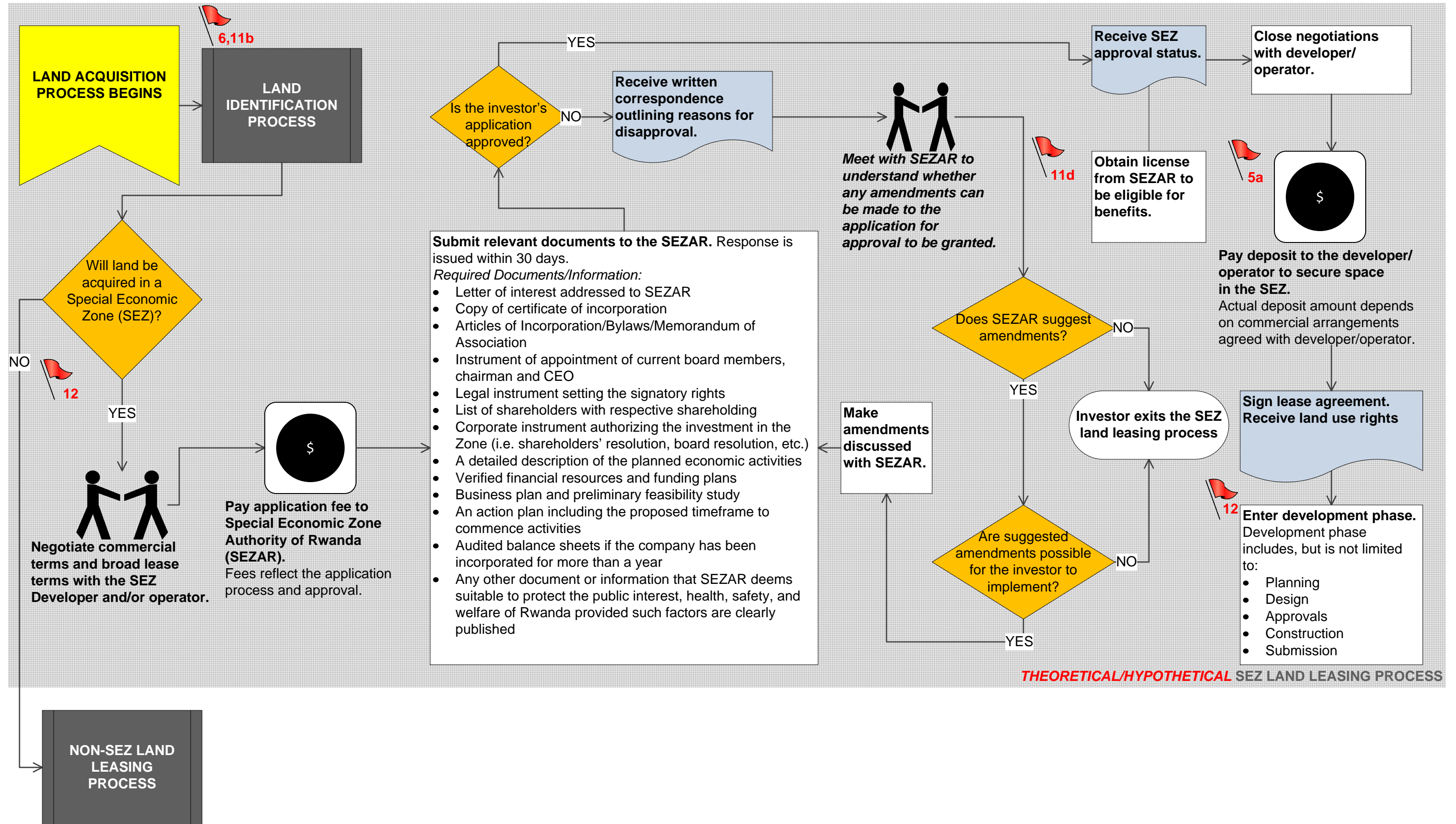


Notes: <sup>1</sup> Only registered investors who hold an Investment Certificate are eligible to apply for an input import license

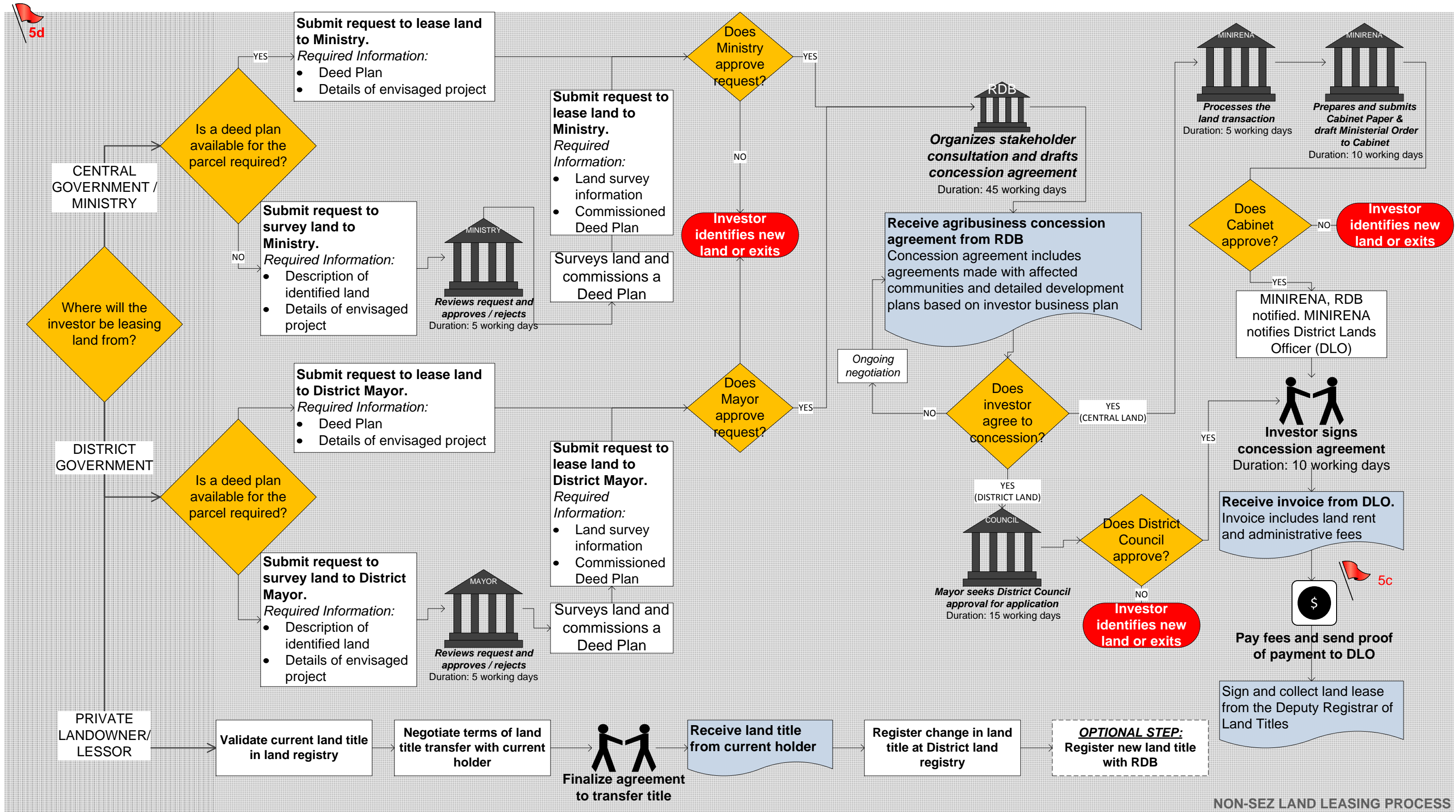
# IMPLEMENTATION (C) – INVESTMENT SITING



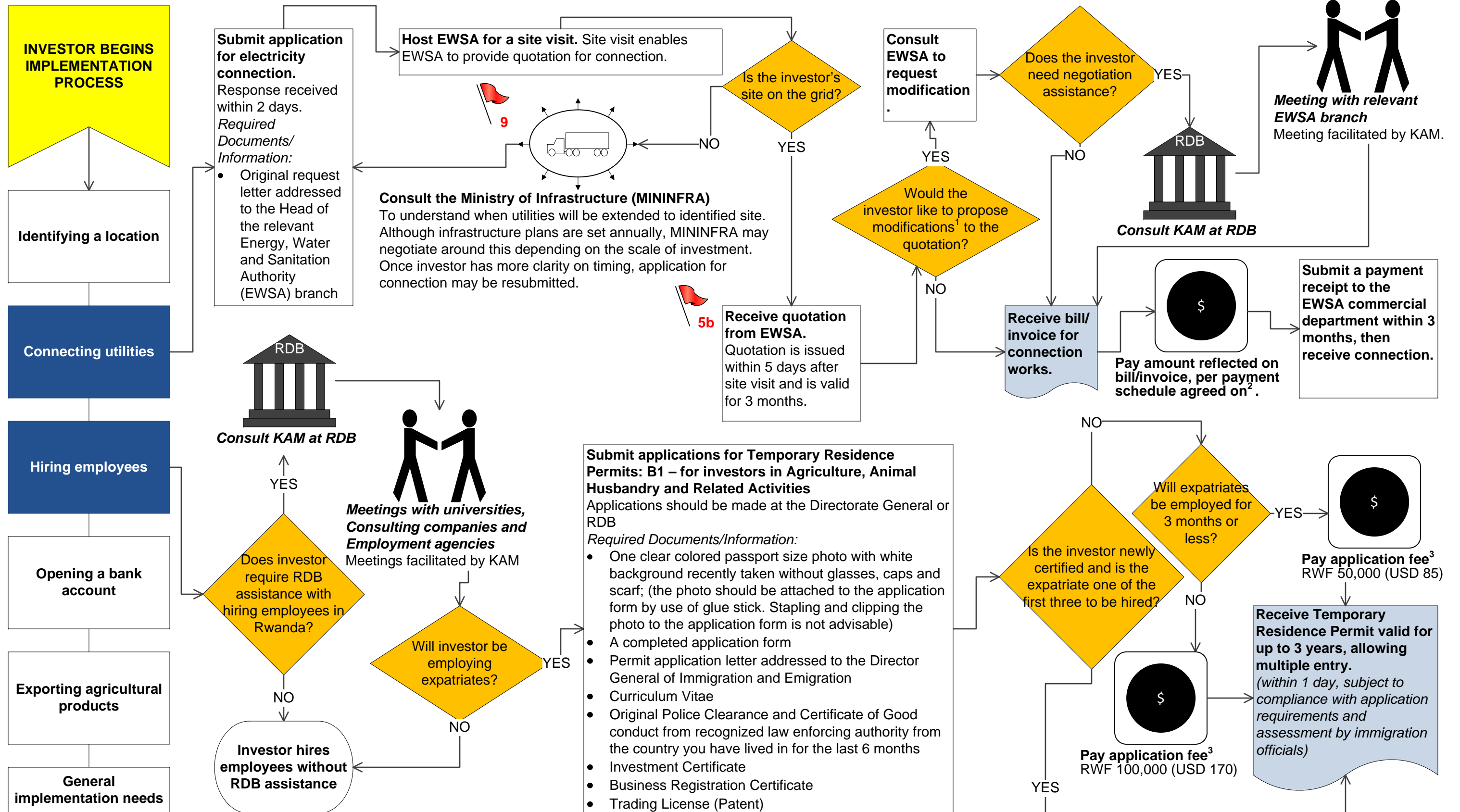
Notes: <sup>1</sup> Project brief should include: (1) Name, title and address of developer, (2) Name, purpose, objectives and nature of project, including attributes such as size of project, design, activities that shall be undertaken during and after the establishment of the project, products and inputs, sources of inputs, etc., (3) Description of the proposed project site and its surroundings and alternative sites, if any, where the project is to be located, (4) Description of how the proposed project and its location conform to existing laws, regulations and policies governing such project and the use of the site/area proposed for its location, (5) Any likely environmental impacts that may arise due to implementing various phases/stages of the project and proposed mitigation measures thereto, (6) Description of any other alternatives, which are being considered (e.g. siting, technology, construction and operation procedures, sources of raw materials, handling of wastes etc., decommissioning/closure and site restoration), (7) Any other information that may be useful in determining the level of EIA required; <sup>2</sup> Terms of Reference include: (1) Issues to be assessed during the impact study, as identified during scoping, (2) Sufficient description of the specific work tasks for the EIA Experts, (3) Stakeholders to be consulted, (4) Description of the experts required for the impact study; <sup>3</sup> General implementation needs typically fall out of the scope of actual business operations, and include investor queries related to recommended schools, hospitals, etc.



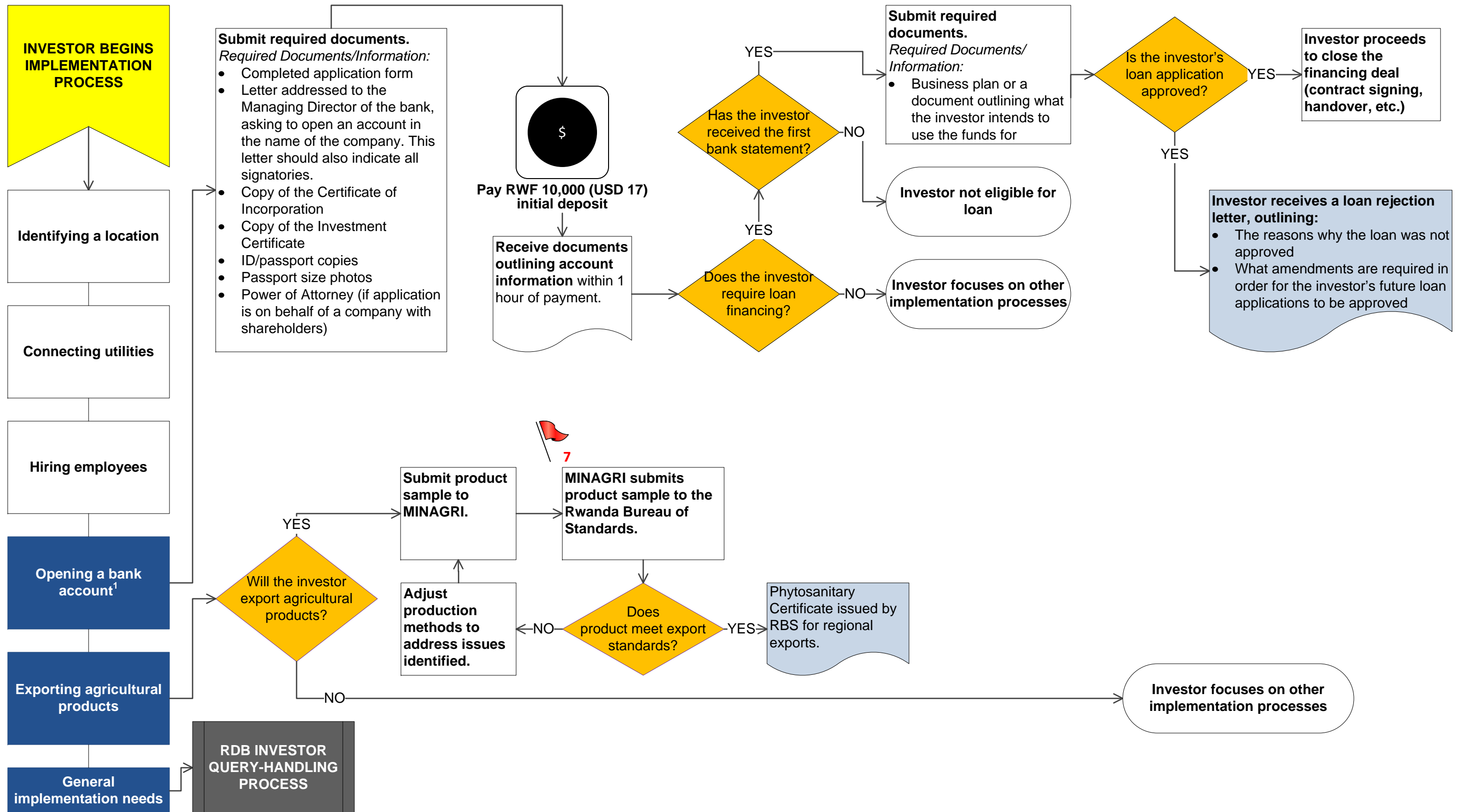




Notes: <sup>1</sup> The project brief includes information such as: (1) Size of land requested, (2) Intended use of land, (3) Timeframe for land use, (4) Information about any other land owned by applicant, (5) List of other entities who will have rights to the land; their IDs and photos



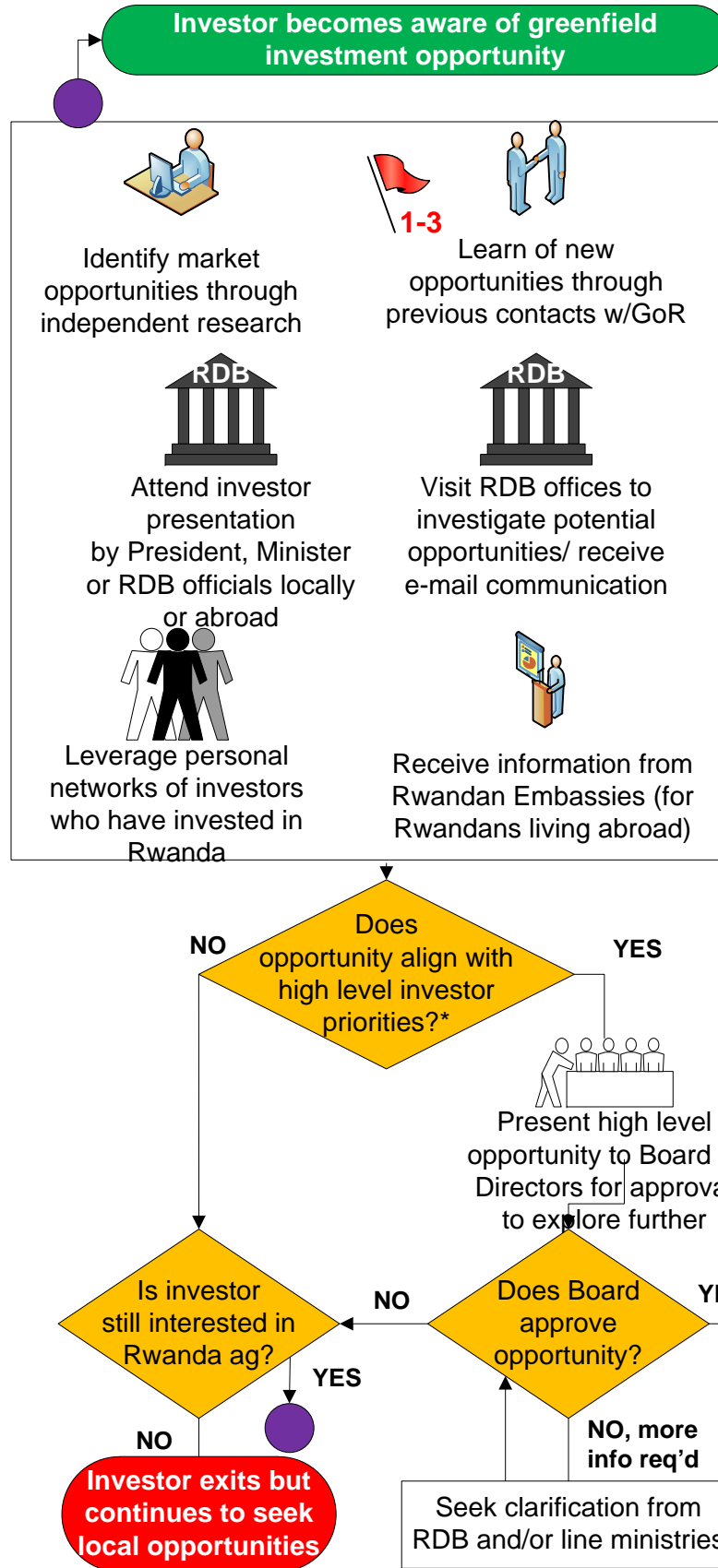
Notes: <sup>1</sup> Examples of modifications include payment plan, and changes to actual amount quoted; <sup>2</sup> Cost varies based on complexity of connection works required. If payment is by check, check must be certified, <sup>3</sup> Application fee per person



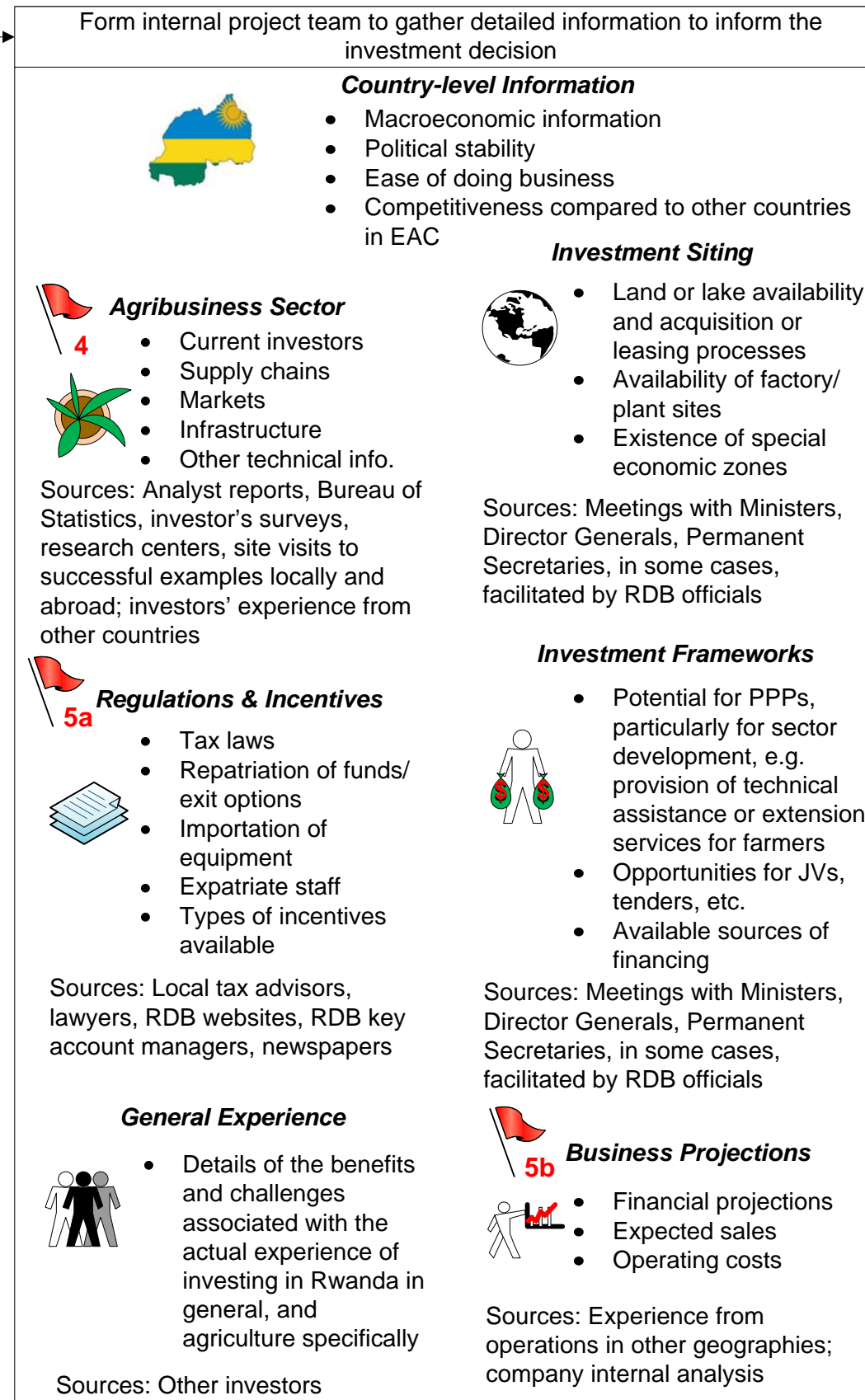
Notes: <sup>1</sup> Based on Bank of Kigali – RDB branch interview

# INVESTOR INTERNAL PROCESS – GREENFIELD (1/3)

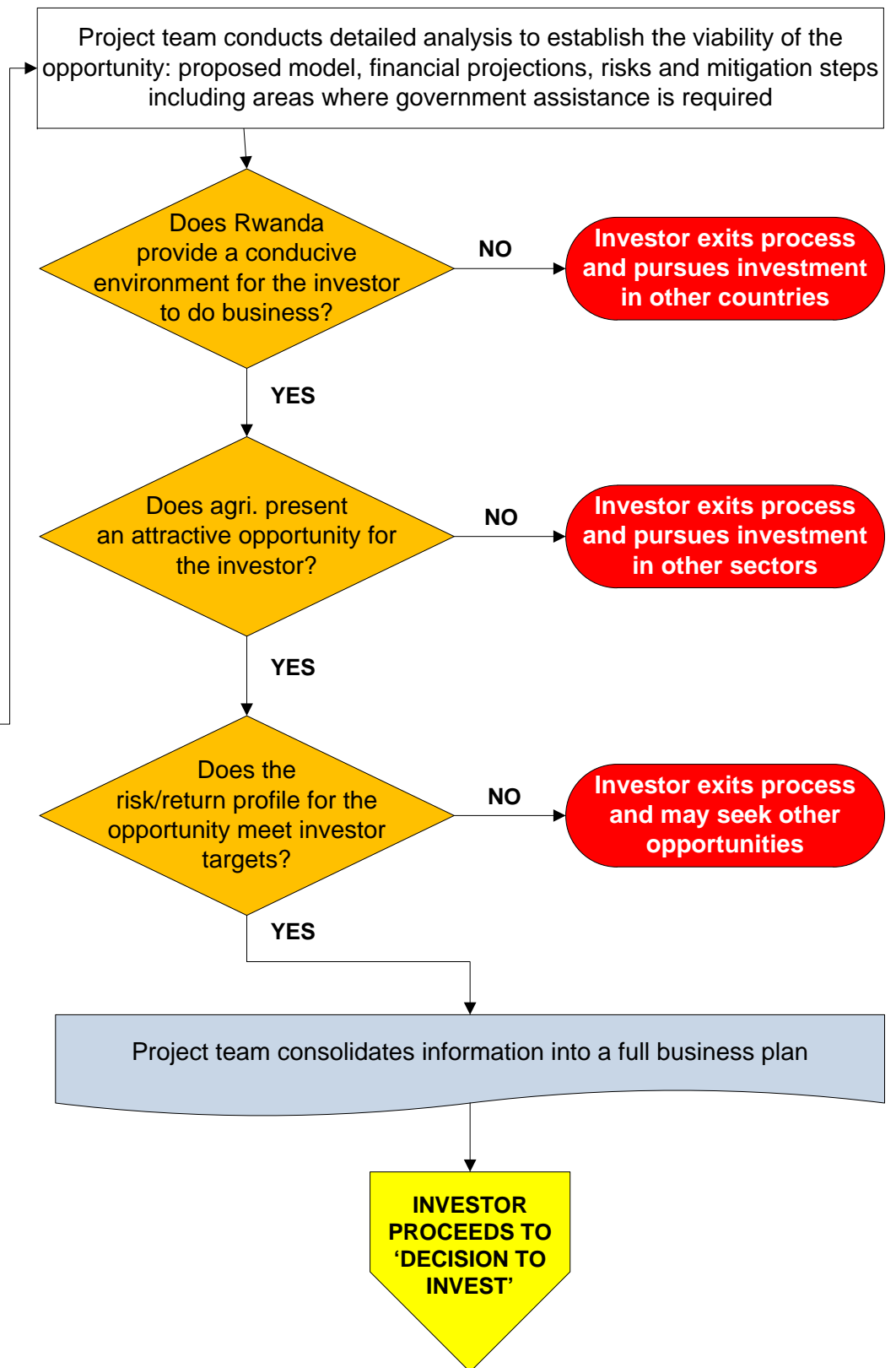
## ORIGINATION



## INFORMATION GATHERING



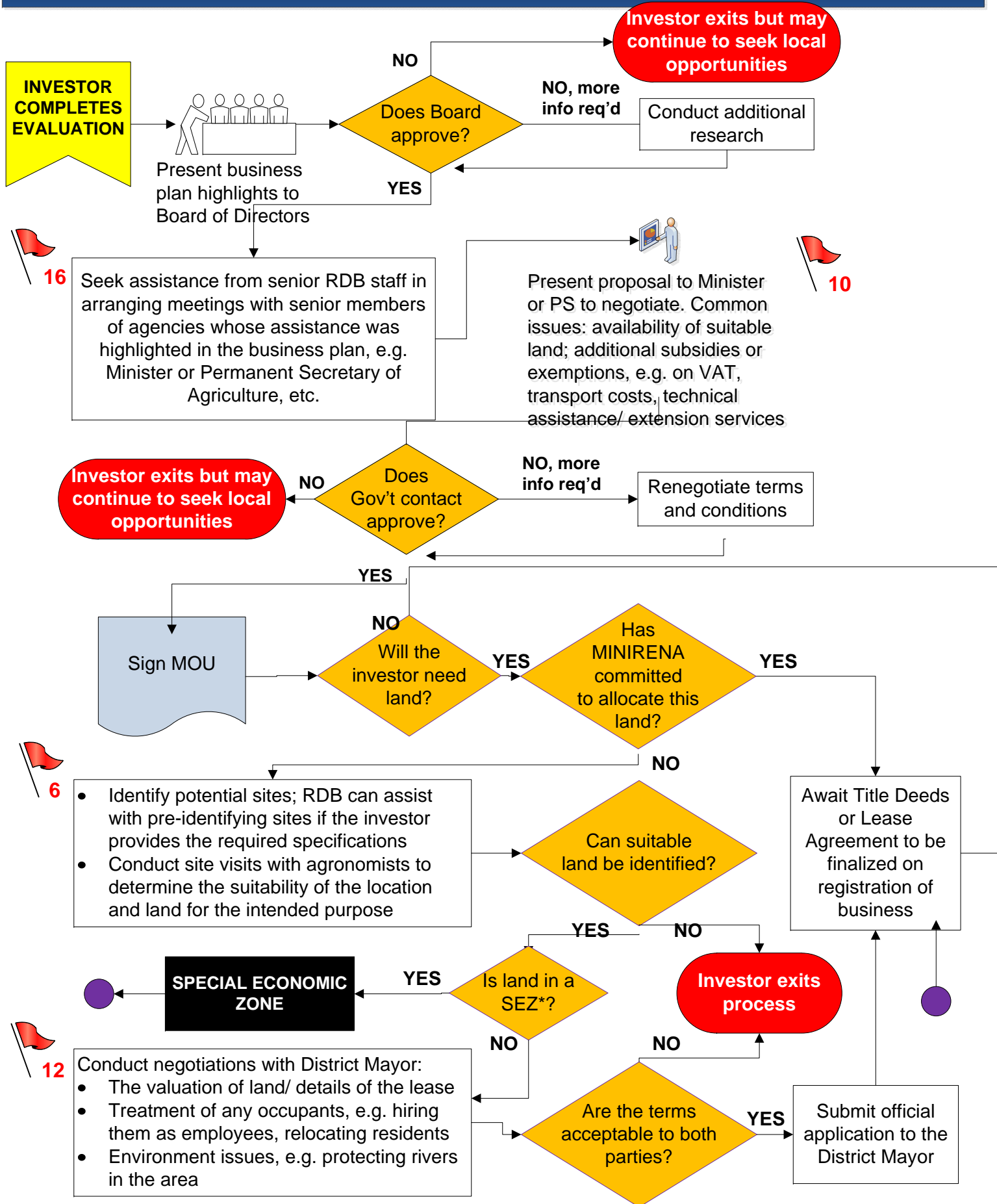
## EVALUATION



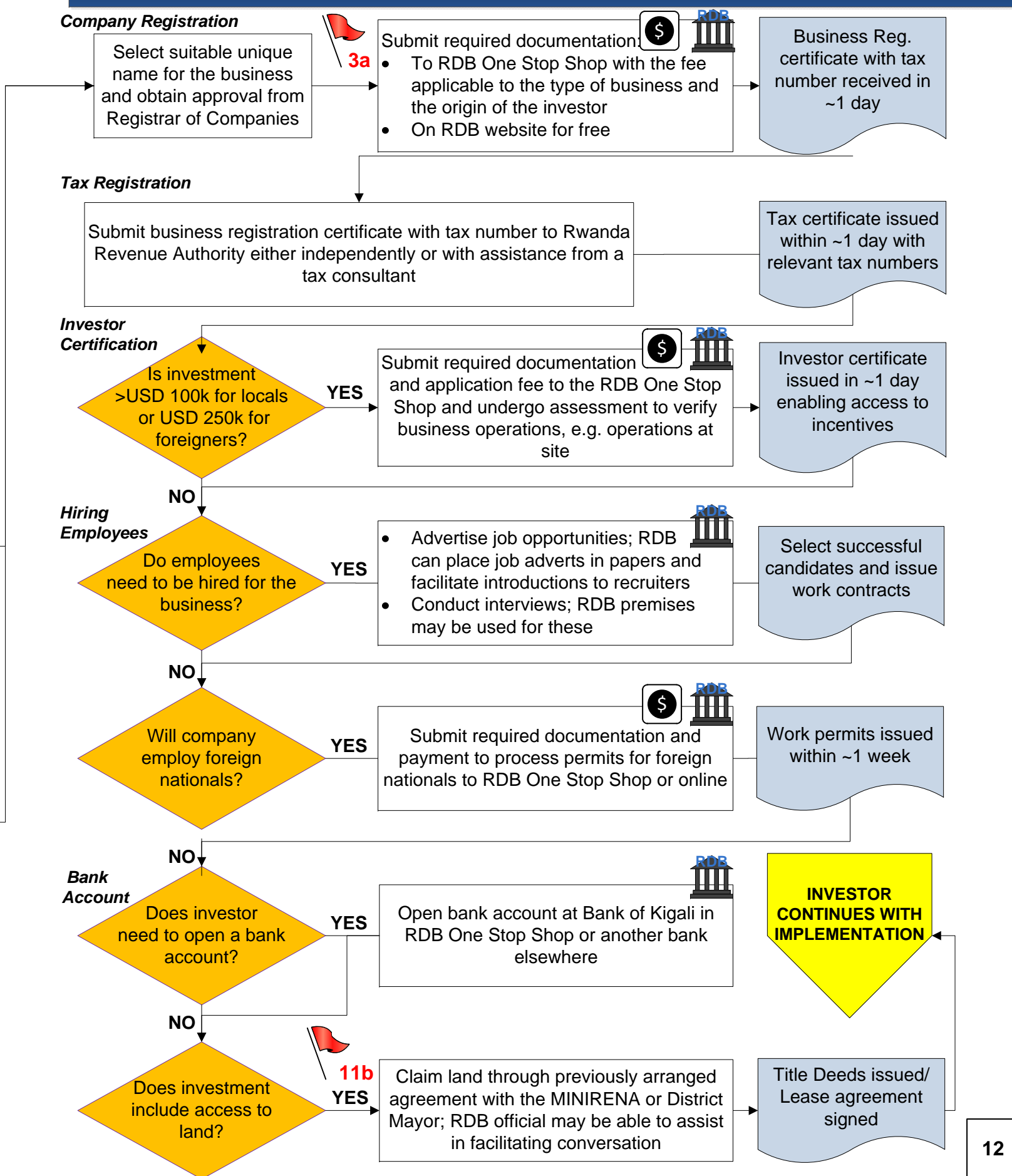
Note: \*Investors priorities include, but are not limited to: sub-sector focus, value chain stage, size of investment, targeted countries for geographical expansion (in the case of multinationals) based on climatic conditions, ease of doing business, size of markets, etc.  
Source: Investor Interviews

# INVESTOR INTERNAL PROCESS – GREENFIELD (2/3)

## DECISION TO INVEST



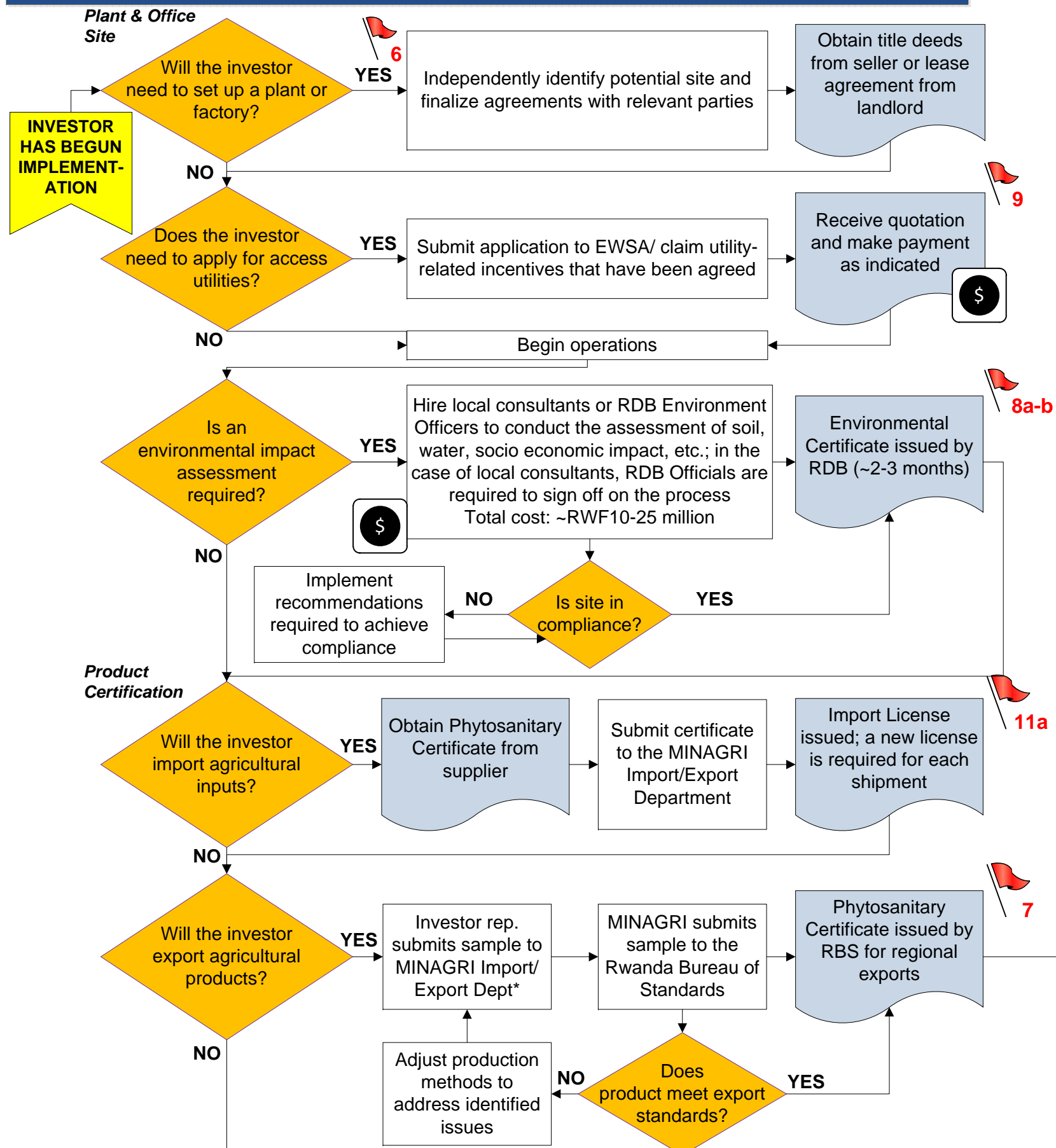
## IMPLEMENTATION



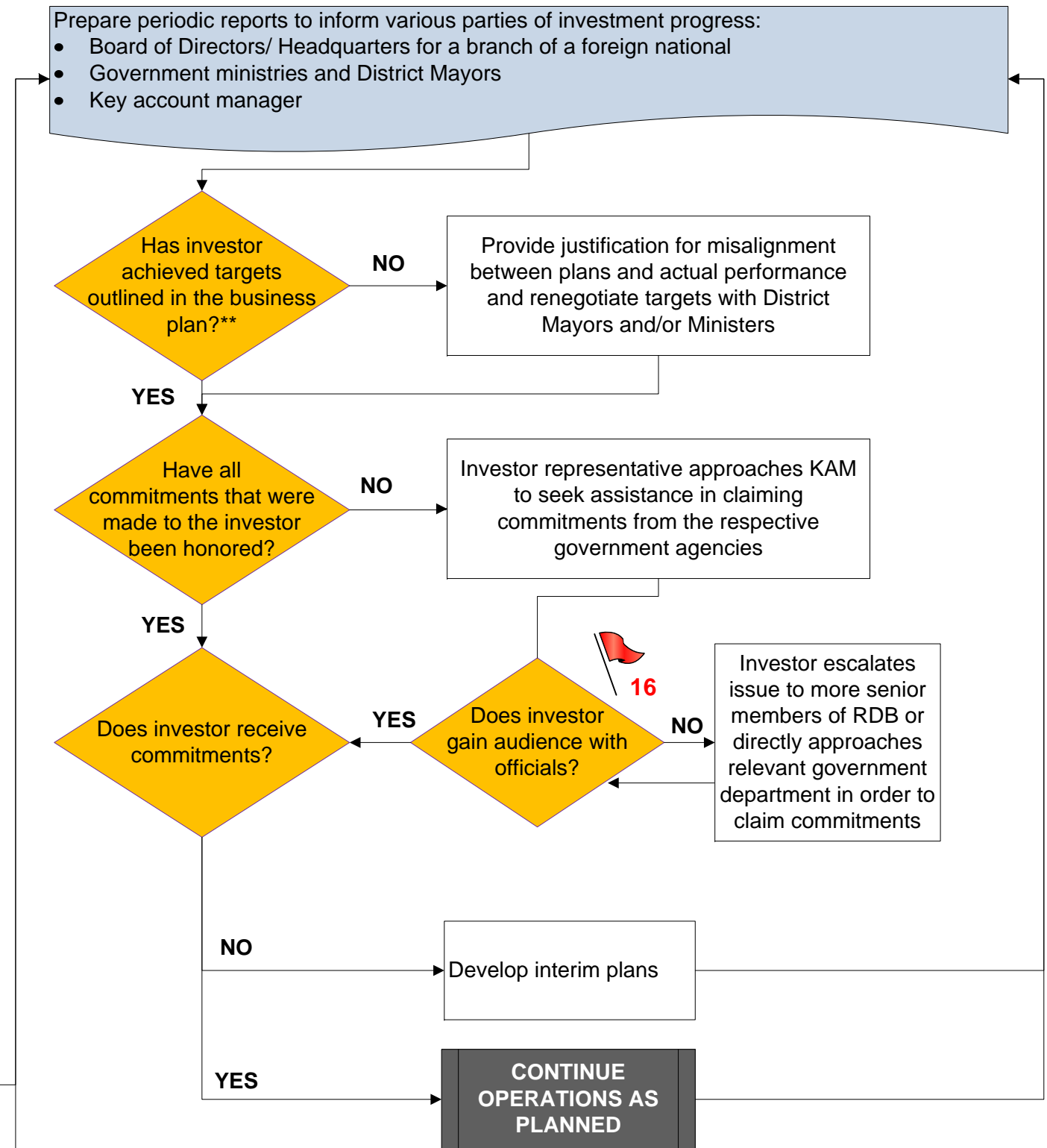
Note: \* Special Economic Zone; Source: Investor Interviews

# INVESTOR INTERNAL PROCESS – GREENFIELD (3/3)

## IMPLEMENTATION

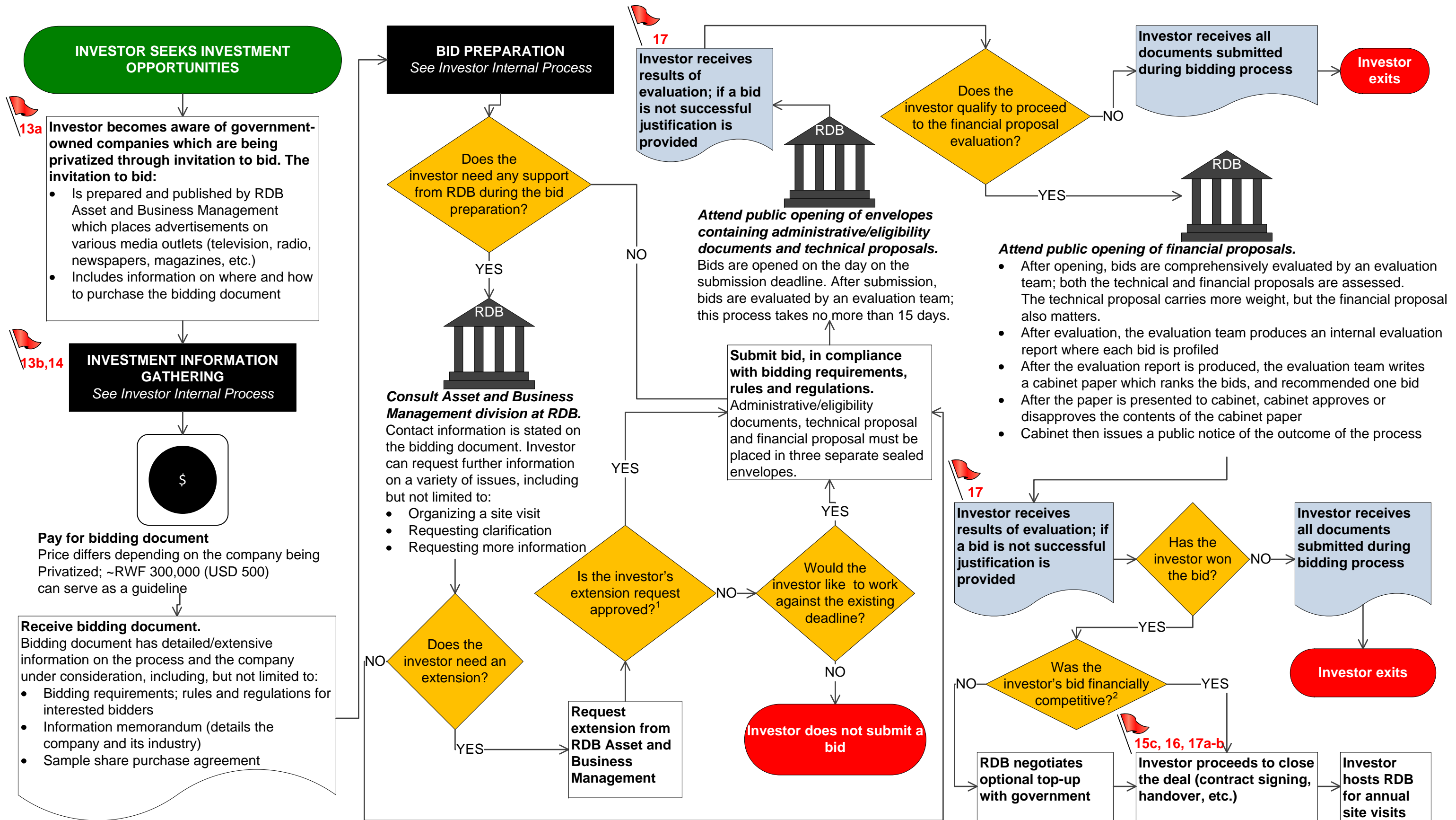


## AFTERCARE



Note: \*For international exports, investors will need to ensure that the product not only meets regional but international export standards and samples may be sent to international certifying bodies; \*\*Includes financial, socio-economic and environmental targets  
Source: Investor Interviews

# PRIVATIZATIONS

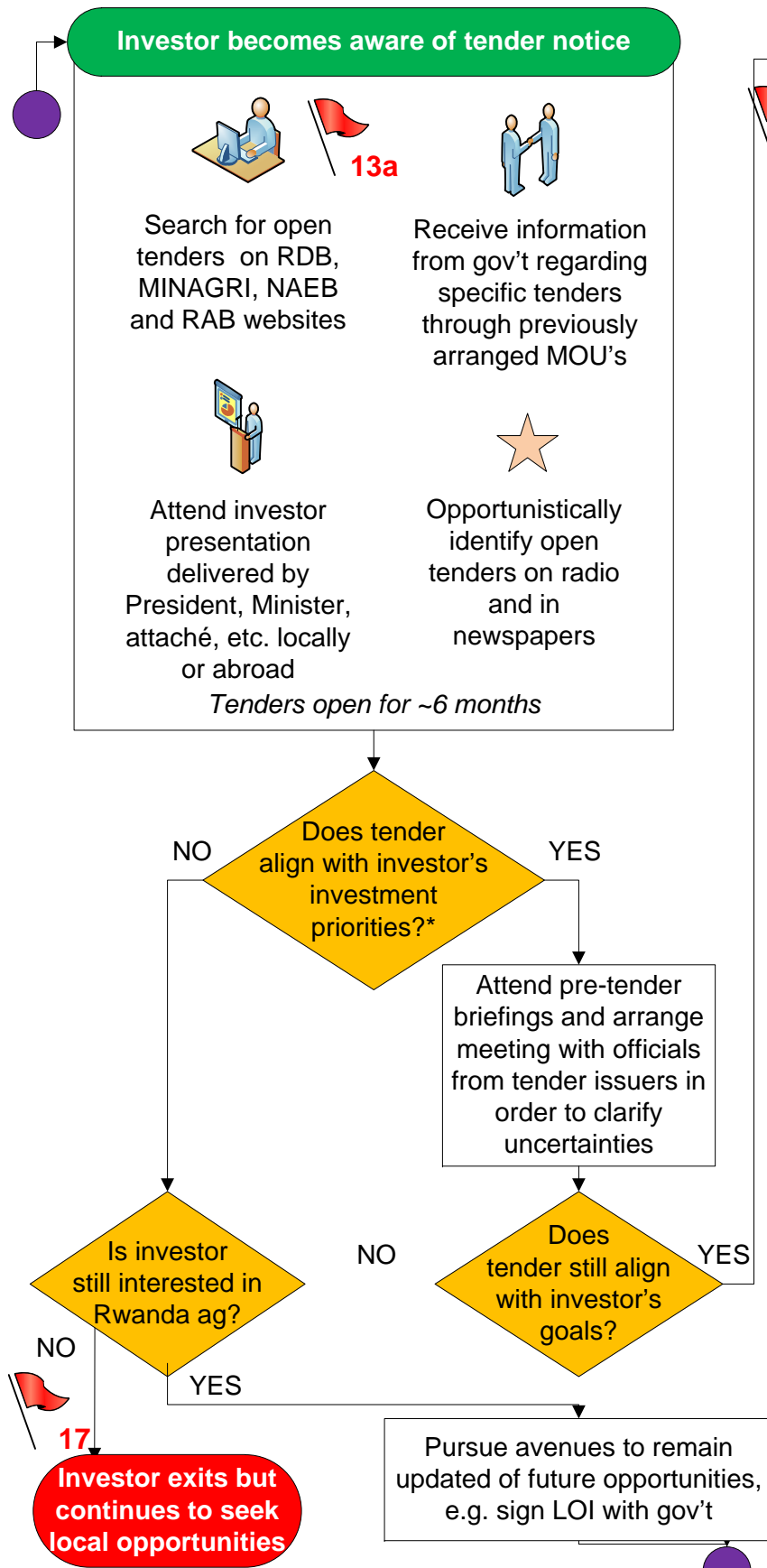


Notes: <sup>1</sup> Extension requests for 15-30 days are typically approved; <sup>2</sup> A bid is financially competitive if: (1) it is higher than the valuation arrived at by RDB Asset and Business Management, and (2) it is in the same range as other bids which made it through to the final evaluation

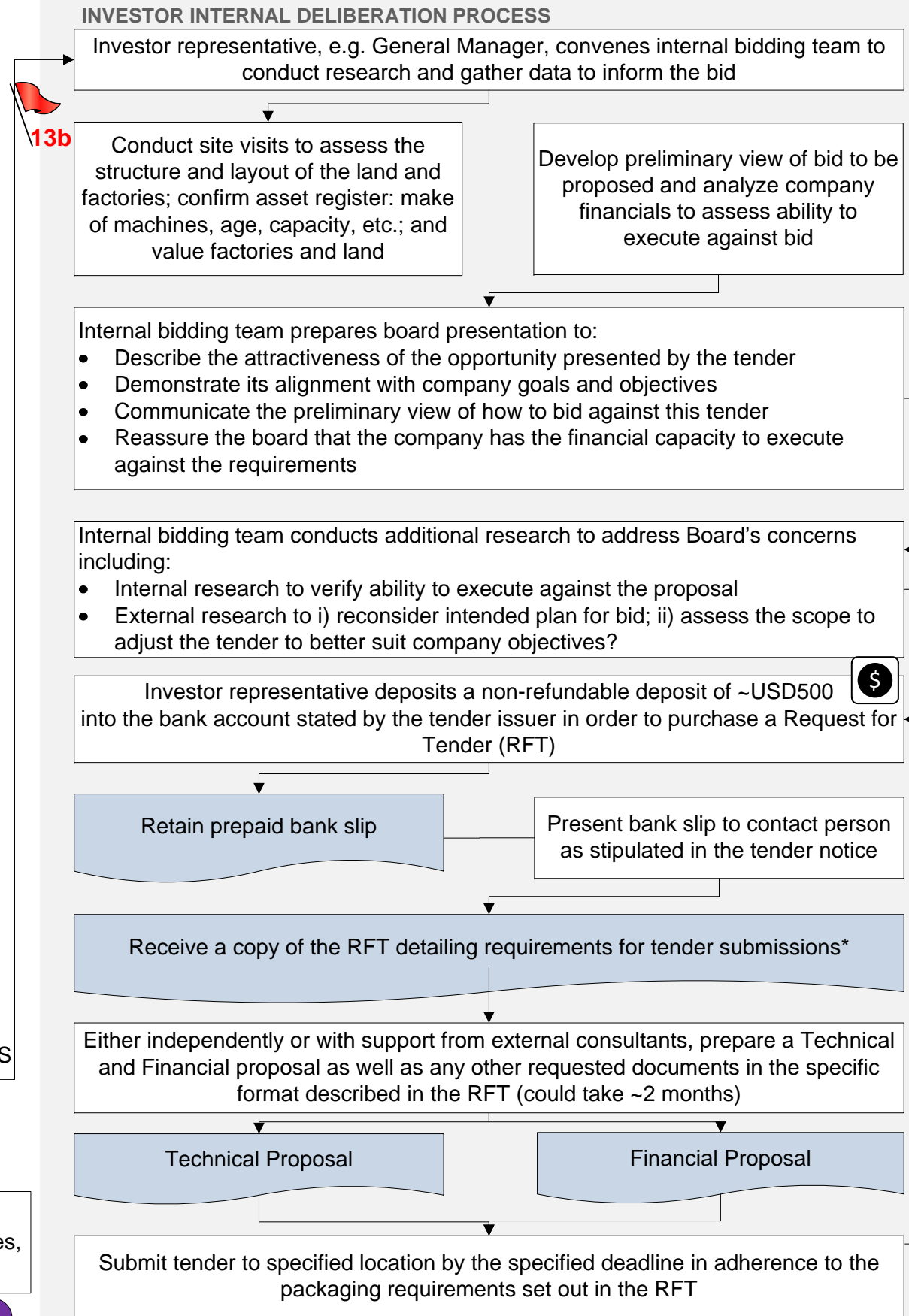


# INVESTOR INTERNAL PROCESS – PRIVATIZATION (1/2)

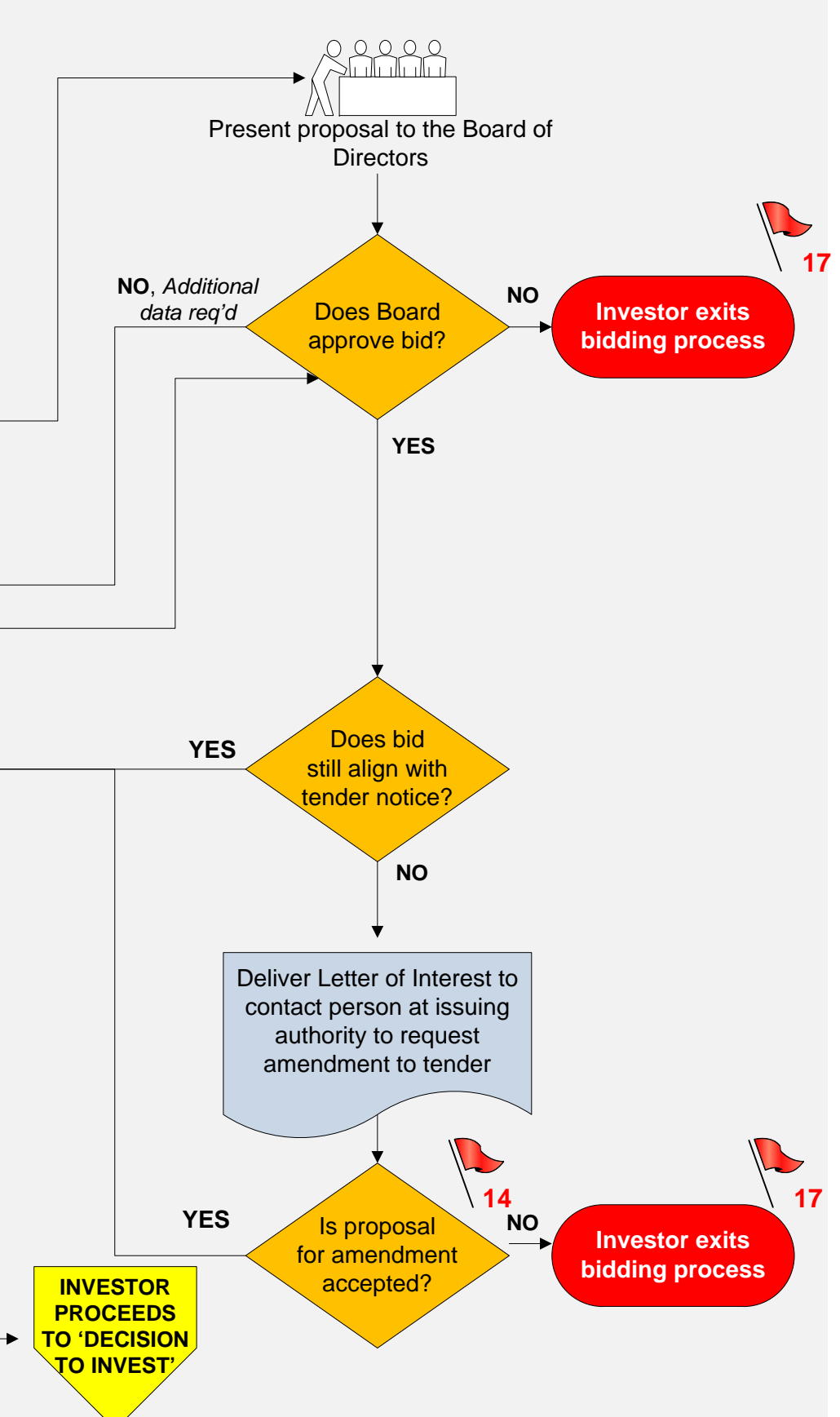
## ORIGINATION



## INFORMATION GATHERING



## EVALUATION



Note: \*Investors priorities include, but are not limited to: sub-sector focus, value chain stage, size of investment, targeted countries for geographical expansion (in the case of multinationals) based on climatic conditions, ease of doing business, size of markets, etc.; \*\*Contents of RFT: Description of investment opportunity; requirements that applicants should meet; criteria that will be used to evaluate proposals; desired content and format of submissions including templates if necessary; process rules and info including timelines; additional contract conditions; time and locations of pre-tender briefings; Source: Investor Interviews

# INVESTOR INTERNAL PROCESS – PRIVATIZATION (2/2)

## DECISION TO INVEST

## IMPLEMENTATION

## AFTERCARE

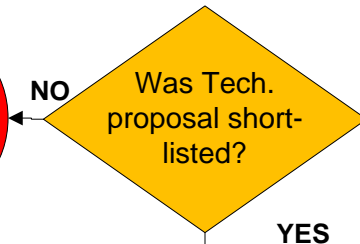
**INVESTOR COMPLETES EVALUATION**

Investor representative visits specified location on the final date of the tender to witness:

- The opening of technical proposals and announcement of applicants; financial proposals remain sealed
- The announcement of the date on which decisions on technical proposals will be made; ~1 week later

**TECHNICAL COMMITTEE\* REVIEWS TECHNICAL PROPOSALS AND COMMUNICATES DECISION TO APPLICANTS**

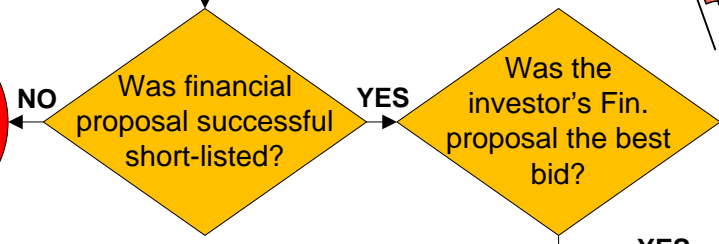
**Conduct exit interview with Tech Committee representative**



Investor representative attends meeting to witness the opening of financial proposals and announcement of proposed bids and payment terms

**TECH. COMMITTEE SELECTS TOP TWO FINANCIAL PROPOSALS AND COMMUNICATES DECISION TO APPLICANTS**

**Conduct exit interview with Tech Committee representative**



Wait for negotiation with best bidder

**15b**

Engage lawyers to enter contract negotiations with tender issuer to agree on final terms: timetable of proposed investments and expansions; commitment from gov't to enable investments, e.g. land for expansion; confirm financial health of company; confirm social impact, etc. (~ 6 months)



Runner up bidder contacted

**First investor exits process**

**15c**

Transfer documents:

- Signed contract
- Company registration
- Tax registration
- Documents of ownership for movable and immovable assets, i.e. land, buildings, machines
- Share certificates

Set up Board of Directors including government official to represent government's minority shareholding as well as cooperatives' interests

Visit RDB One-Stop shop to:

- Obtain investor certificates
- Obtain work permits for expats

**11a-d**

**BEGIN OPERATIONS ON SITE PER PLANS SET OUT IN THE TECHNICAL PROPOSAL**

**16**

Prepare periodic reports to inform various parties of investment progress:

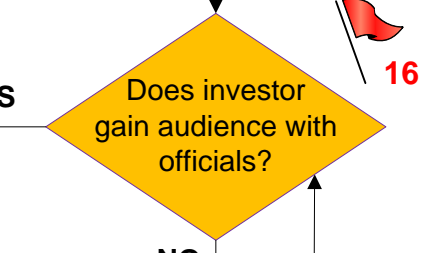
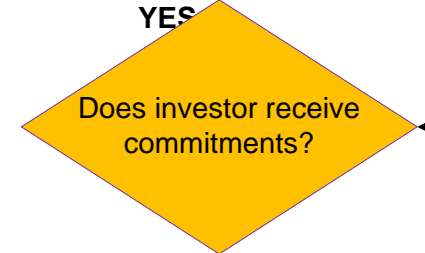
- Board of Directors/ Headquarters for a branch of a foreign national
- Government ministries and District Officials
- RDB Key account manager



Provide justification for misalignment between plans and actual performance and renegotiate targets with District Mayors and/or Ministers



Investor representative approaches KAM to seek assistance in claiming commitments from the respective gov't agencies



Investor escalates issue to more senior members of RDB or directly approaches relevant government department in order to claim commitments

Develop interim plans

**CONTINUE OPERATIONS AS PLANNED**

Note: \*The identities of members of the Technical Committee are not disclosed to investors but these will typically be experts in the concerned fields.  
Source: Investor Interviews

# **CONSTRAINTS IN THE AGRIBUSINESS INVESTMENT PROCESS**

## Reactive Investment Promotion and Inadequate Investor Screening

### #1: Reactionary approach to investment promotion from local RDB offices as well as embassies and nodal offices

- *Impact on investor:* Investors who are engaged by non-RDB processes (e.g. Ministerial, Presidential outreach) anticipate that they will receive top-priority support and service in the investment facilitation process, causing frustration when they are routed to the RDB process and only receive answers/services when they ask their Key Account Manager (KAM)
- *Impact on RDB:* By not proactively approaching investors, RDB limits its pools of potential investors who could be converted to commit, implement and ultimately operationalize

### #2: Inadequate investor screening for investment opportunities, including those in the Special Economic Zone (SEZ)

- *Impact on investor:* Information provided to investors is not tailored to their specific needs; investors receive general information that may or may not be relevant
- *Impact on RDB:* (1) KAMs do not know how best to approach, market to and support potential investors (with information or services) through the investment process, (2) RDB marketing dollars are not aligned with the most attractive investors, as there is no means to assess the genuineness of an investor

### #3: Lack of clarity in investment process materials issued to investors during investment promotion

- a. Inconsistencies in requirements for registration displayed on RDB websites and information booklets
  - b. Outdated information in investment promotional materials
- *Impact on investor:* Investor commitment may be delayed, not materialize or be withdrawn as the investor clarifies requirements or gathers documents that may not actually be needed
  - *Impact on RDB:* RDB may be perceived as unprofessional given inconsistencies across materials

## Lack of Coordination between RDB and Line Ministries/Implementing Agencies

### #4: Limited support provided to investors with technical inquiries as KAMs face difficulty in locating the appropriate individuals in line ministries to provide assistance

- *Impact on investor:* (1) Investor's information gathering, decision-making and ultimate commitment are stalled as the KAM finds someone who can field technical questions in line ministries, (2) Where investor frustration is high and timelines are tight, investor may pull out of the process entirely
- *Impact on RDB:* (1) Investors lose confidence in the capabilities of KAMs (and line ministries, by deduction), (2) Senior RDB resources are strained as investors avoid junior-level employees in the hopes of receiving immediate responses to their questions

### #5: Inadequate quantity and quality of information regarding line ministries and other implementing agencies' processes

- a. Unsystematic implementation of policy changes and communication of these changes to investors
  - b. Inconsistent quotations from Rwanda's Energy, Water and Sanitation Authority (EWSA)
  - c. Unclear land valuations
  - d. Unclear land-leasing process
- *Impact on investor:* Investor commitment may be delayed, not materialize or be withdrawn as the investor seeks more information or is unable to make an investment decision based on the information that they do have
  - *Impact on RDB:* RDB may be perceived as unprofessional given inadequate quality and quantity of information provided

### #6: Complex processes for identifying sites for land and other facilities due to inaccurate district land-use maps and constraints regarding land-use designation

- *Impact on investor:* Given the importance of identifying a suitable investment site to the decision to invest, investors who are not able to locate land are unlikely to invest
- *Impact on RDB:* (1) Where investment promotion has involved assurance of access to land, the credibility of RDB is questioned by investors; (2) RDB is unable to facilitate operationalization of investments that they had successfully attracted into the country

### #7: Slow Rwanda Bureau of Standards (RBS) turnaround times following submission of samples of products requiring export certification

- *Impact on investor:* Investors are unable to begin exporting their products until they have been certified by RBS and the viability of their businesses may be significantly threatened while they await certification
- *Impact on RDB:* (1) RDB's inability to influence RBS reduces investors' confidence in their ability to provide meaningful support; (2) RDB's internal performance measures are jeopardized as the process to investor operationalization is delayed

### #8: Tedious and prohibitively expensive Environmental Impact Assessment (EIA) certification process

- a. Tedious EIA certification process resulting from numerous iterations between the independent consultants required to conduct the assessment and the Rwanda Environmental Board consultants who approve the assessments
  - b. Prohibitively high cost of EIA reports
- *Impact on investor:* (1) The EIA represents a significant cash outflow for investors who are typically still in the process of proving their business models, and may not yet have the capacity to absorb this cost; (2) In some cases, investors are not permitted to begin operating until they have received EIA certification, preventing them from beginning to generate revenues and putting a strain on their cash flows in the interim
  - *Impact on RDB:* (1) RDB staff are perceived to be inefficient due to their association with the Rwanda Environmental Board consultants who are stationed in the One Stop Shop and are responsible for issuing EIA certification; (2) RDB's internal performance measures are jeopardized as the process to investor operationalization is delayed

### #9: Delays in establishing utilities for off-grid locations

- *Impact on investor:* Investor delays or exits investment process
- *Impact on RDB:* (1) RDB's inability to influence EWSA in providing utilities to investors reduces investors' confidence in their ability to provide meaningful support; (2) RDB's internal performance measures are jeopardized as operationalization is delayed

## Inconsistency in Incentive Delivery and Undefined SEZ Benefits

### #10: Inconsistent application of incentives within sub-sectors

- *Impact on investor:* Incentives are not awarded consistently to all investors in a given sub-sector, creating an uneven playing field and making it difficult for some investors, particularly domestic investors, to compete
- *Impact on RDB:* RDB may be perceived to be more interested in attracting foreign investment than supporting local investors

### #11: Inefficient delivery of incentives committed to investors

- a. Lack of recognition of import incentives by customs officials
  - b. Delays in land allocation
  - c. Delays in processing of Value Added Tax (VAT) exemptions
  - d. Complexities in accessing SEZ incentives which have not been fully legalized
- *Impact on investor:* Failure to fully realize all benefits that influenced investors' decisions to invest may threaten investors' viability and potentially result in disinvestment
  - *Impact on RDB:* RDB's inability to influence relevant line ministries to honor their commitments reduces investors' confidence in their ability to provide meaningful aftercare support

### #12: Additional regulatory requirements for establishing operations in an SEZ

- *Impact on investor:* Investor delays or exits investment process, discouraged by additional procedural requirements around developer negotiation and construction timing
- *Impact on RDB:* RDB's internal performance measures are jeopardized as the process to investor operationalization is delayed

## Cumbersome Tendering & Privatization Processes

### #13: Inconsistent tender information

- a. Different requirements for responses to tender notices issued by different agencies
  - b. Inaccurate information about assets
- *Impact on investor:* Before responding to bids, investors must spend a significant amount of time verifying information contained in tender notices as well as the guidelines for submission and may be dissuaded by the inconsistencies
  - *Impact on RDB:* RDB is faced with numerous enquiries regarding tender notices, constraining staff's capacity to attend to other issues

### #14: Undefined processes to manage changes to the privatization process

- *Impact on investor:* Investors who are genuinely interested in responding to tender notices but require assurance of the issuing authority's ability to accommodate their special circumstances may exit the process due to a perceived lack of interest from RDB or the concerned ministries
- *Impact on RDB:* (1) Where RDB is the issuing authority, delays in managing such exceptions casts doubt on professionalism and decision-making capabilities; (2) Where tenders originated from outside the RDB, RDB staff's inability to influence expedient decision-making in line ministries reduces investors' confidence in their ability to provide meaningful support

### #15: Tedious bureaucratic processes

- a. Unexpected additional negotiations regarding successful bidders' financial proposals
  - b. Prolonged contract negotiations with winning bidders
  - c. Inadequate documentation for privatized company
- *Impact on investor:* (1) Investors who submitted strong technical proposals but are pressed to increase their financial proposals to levels proposed by bidders who had inferior technical proposals may pull out, dissuaded by the apparent lack of transparency in the process; (2) Delays in the signing of contracts may have significant financial consequences for the investor (.g. legal fees, transport costs for foreign investors that must attend meetings in Rwanda), potentially resulting in investor drop out; (3) Investors are required to assist with obtaining company documents that should ideally have been ready at the completion of contract negotiations, further delaying operationalization
  - *Impact on RDB:* (1) RDB staff must commit more time than is necessary to participating in contract negotiations, reducing their productivity; (2) Delays and unwelcome deviations from the privatization process cast doubt on RDB staff's professionalism

## Weak Investor Aftercare

### #16: Investors' perceived lack of influence of junior RDB staff on staff and officials in line ministries and implementing agencies to obtain necessary information and /or interventions on behalf of investor

- *Impact on investor:* (1) Investor's information gathering, decision-making and ultimate commitment are stalled as the KAM tries to identify individuals who can field technical questions in line ministries, (2) Where investor frustration is high and timelines are tight, investor may exit the investment process
- *Impact on RDB:* (1) RDB's internal performance measures are jeopardized as the process to investor operationalization is delayed, (2) Investors lose confidence in the capabilities of KAMs (and sometimes even line ministries, by deduction), (3) Senior RDB resources are strained as investors avoid junior-level employees in the hopes of receiving immediate responses to their questions

### #17: Limited dialogue with investors who exit the investment process

- *Impact on investor:* Investors perceive a lack of interest from both RDB and the line ministries concerned in engaging in the challenges they face and may be less likely to consider pursuing new opportunities in the future
- *Impact to RDB:* (1) RDB has limited visibility into why investors are deciding to invest elsewhere or choosing not to invest in Rwanda, unless they are already operating and shut down voluntarily; (2) Bottlenecks in RDB processes are not addressed as RDB personnel remain unaware of them