Opportunities and risks in Rwanda

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When Intelligence Matters

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1. Introduction

Although Rwanda has substantial mineral deposits of its own, accusations that the country is exporting gold, coltan, tin, tungsten and tantalum illegally obtained in the Democratic Republic of the Congo (DRC), continue to sour relationships between the two neighbours.

Earlier this year, Nicolas Kazadi, the DRC's finance minister, told delegates at the Financial Times' Commodities Global Summit in Luasanne, Switzerland that the DRC is losing almost USD1-billion a year in minerals that were being illegally smuggled into Rwanda.

Kizadi said he had sufficient evidence to prove that Rwanda is benefitting from the DRC's natural resources and called for international sanctions against the Kigali government.

Kinshasha has long accused Rwanda of backing the M23 rebels in the eastern parts of the DRC to strengthen its position in the region and to plunder the DRCs natural resource. Tension between the two countries flared up again when M23 resumed fighting in early 2021. The armed group got close to occupying Goma, the capital city of the North Kivu province of the DRC, in November last year.

The rich mineral resources of the DRC have historically been mined by small scale artisanal miners, who flock to the region from all corners of the African continent. According to Richard Robinson, managing director of Alphamin's Bisie Mining, most of these small-scale mining operations are controlled by networks of businessmen from the region, and by military and rebel forces active in the eastern provinces of the DRC. Alphamin operates the Bisie tin mine close to Walikale in North Kivu province of the DRC. Bisie is one of the highest-grade tin mines in the world.

"When we started mining cassiterite in 2015, there were enormous issues relating to conflict minerals. At one stage, there were about 18 different taxes collected by different entities and armed groups. The armed groups were heavily involved in mining," says Robinson. According to an article in the Washington Post in March this year, more than 120 armed groups are active in eastern DRC.

"Rwanda has a significant presence and influence throughout the eastern parts of the DRC, primary through investments or through businesspeople who are either Rwandan or who have Rwanda links."

Robinson says that there were about five armed groups active in the area when they established the mine. "There were also corrupt elements in the Congolese security services and the DRC army. All these groups supported different artisanal miners. At that stage, there were close to 15 000 artisanal miners on the Bisie hill," he says.

Although there are less than 400 artisanal miners left on their site today, these networks persist. "Even these small numbers still have their networks that are linked with armed groups. They have corrupted the police, and it is possible that they can corrupt the army. They are also supported by political and financial interest in Kinshasa, Goma, and Kigali in Rwanda. We had to handle all these issues very carefully and the solutions were a collaboration of like-minded people who have a common interest to clean up the mining sector," says Robinson.

DRC President Felix Tshisekedi has accused Rwanda of plundering the country's mineral resources in the east and exporting it as Rwandan minerals. Rwandan President Paul Kagame and his administration denies all accusations. "Despite the rumours, allegations and reports, there is no hard evidence that directly links Rwanda's government with illegal trade in minerals," says Dr Nicolaas Steenkamp, a mining consultant that has worked in the region.

“Most allegations cannot be fully substantiated due to monitors not able to enter the conflict zones. However, there is a huge gap between the ore mined in Rwanda and the volumes that are being exported, and that leaves some questions unanswered.

To make it harder for armed groups to benefit from trading gold, tin, tantalum and tungsten, the US and European Union have branded them as conflict minerals. But despite several international traceability and transparency processes that have been introduced, these efforts have had limited success. According to a recent report by a group of United Nations experts, conflict minerals still find their way from the DRC through Rwanda, Uganda, Tanzania and Burundi to markets in places like Dubai in the United Arab Emirates (UAE) Hong Kong and the Far East.

Robinson is of the opinion that the introduction of the Dodd Frank Act in 2014 made a significant contribution to improve the governance of the mining sector in the eastern part of the DRC. “Dodd Frank sent a clear message to the authorities that if they do not clean up this sector, the world would not buy their minerals. The DRC government then decided to embrace conflict-free traceability and due diligence,” says Robinson.

To debunk the accusations of smuggling minerals from the DRC Rwanda will have to prove that it hosts significant deposits of these conflict minerals and that the country can extract and mine these minerals sustainability. The government will need to be more transparent about the mined ore and the volumes they export.

2. Rwanda’s mineral endowment

Rwanda hosts several minerals that will be in high demand in the future as the world moves towards a green energy transition. Two mineral exploration companies that I interviewed are currently doing preliminary work in Rwanda. Both are positive that initial results indicate the presence of economically viable lithium and tin and justifies further drilling.

Pegmatite mineralisation in the Gatumba area, 50km west of Kigali looks prospective for lithium, tin and a range of other minerals. Demand for lithium is currently at an all-time high and the market is heading for a supply deficit. Dubbed as "white gold" for electric vehicles (EVs), lithium plays a critical role in the cathodes of all types of lithium-ion batteries that power EVs, although it is also used in the batteries of laptops and cell phones, as well as in the glass and ceramics industry.

In 2018, the Rwandan government called on investors to invest in exploration and processing of lithium in a bid to brand the country as a destination for mining investment.

According to Luke Rogers, COO of London listed Aterian PLC, the company is positive about the potential presence of lithium in Rwanda and is confident that the country will be a producer of lithium concentrate in the next ten years. “Areas with lithium potential in Rwanda include Rwamagana, Huye, and Muhanga,” says Rogers.

“Currently, there are companies in Rwanda that produce amblygonite, a mineral that contains lithium. However, amblygonite is not highly regarded on the international market, and its production is relatively small.”

The more exciting story, according to Rogers, is the potential of finding better lithium-containing minerals like Spodumene and Lepidolite, which can be mined in abundance and are easier to process.

A key goal in Aterian's strategy in Rwanda, is to operate in partnership with artisanal miners who have been working in the area for decades. Bray says that partnership discussions have begun with parties to improve artisanal mining productivity through mechanisation, and to provide material to Aterian's metal trading business.

Aterian has engaged an online stakeholder management tool called 1Villager.com to support Whistleblower management, social license reporting, and stakeholder engagement, as part of the ongoing obligation by the company to ethical supply chain management as a member of the International Tin Association's Supply Chain Initiative (ITSCI) Programme for responsible mineral supply chain compliance.

Aterian's wholly owned Rwandan subsidiary, Eastinco is currently engaged in an initial three partnerships with local entities to explore and develop tantalum, niobium, tin, and lithium opportunities. Eastinco holds a Trading Licence, which will also facilitate the trading of metal concentrates within the region.

Cassiterite occurrences (prospective for tin) are abundant in Rwanda, Burundi and in the DRC. The outlook for tin is extremely positive as it is used in solder for new technology, electric vehicles, and renewable energy.

Exploration for and the exploitation of cassiterite in Rwanda started in the 1930s. During the early decades, production came from eluvial and alluvial workings, but mining progressively went underground on the quartz veins. According to Dewaele *et al*. (2010), cumulative production from different deposits in the Rutongo was about 30,000 tonnes of cassiterite between 1931 and 1982, with an average annual export between 2009 and 2013 of 4,955 tonnes, while Melcher *et al*. (2014) suggest that between 1958 and 2005, about 60,000 tonnes of cassiterite and 5,000 tonnes of coltan were produced.

Historically, tin has been mined extensively in both Rwanda and in the east of the DRC, as has gold (Au), tungsten or wolfram (W), tantalum (Ta) and coltan (columbite-tantalite). Unfortunately, these natural resources are also labelled as conflict minerals and is said to be sustaining the current conflict in the Great Lakes Region and especially in the eastern parts of the DRC, where Rwanda has been accused of playing a prominent role. Reports about the "smuggling" of minerals between the porous borders of Rwanda, DRC, Burundi, Uganda and Tanzania persists and suggestions that Rwanda's expansionists tendencies in the Great Lakes region is fuelling a regional conflict continues to be a talking point.

3. Allegations about smuggling minerals from the DRC

The United Nations' Group of Experts Final Report on the DRC (REFERENCE: S/AC.43/2020/GE/OC.171) (**https://www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/200602%20DRC%20GoE%20letter%20of%202%20June.pdf)** published in June 2022 is used by most international media houses, non-governmental organisations and other interest groups when researching and referencing the illicit mining, buying and smuggling of minerals in the DRC.

The evidence provided by the UNs original report suggests complex smuggling networks in the DRC that has been in existence for many years. According to interviews, photos, videos etc. minerals are smuggled through the porous borders of the DRC, Rwanda, Uganda, Tanzania and Burundi.

These minerals normally follow a similar path as historical trade routes in the region that existed long before borders between these countries were created by Europeans. This, of course happens across Africa and according to one of my sources (who doesn't want to be named) who worked with imports and exports at several African borders, more than 40% of goods traded between countries never pass through official border posts. Most goods, including minerals, are transported across rivers and where there are no clear boundaries between countries.

Nevertheless, the UN report provides damning evidence and there can be no doubt that minerals are illegally smuggled throughout the region. However, I could not find any evidence implicating the Rwanda government directly and explicitly in the UN report, although there have been allegations by a mining company that the Rwandan government is directly involved.

However, most allegations against Kigali are made by DRC politicians (for scoring political points) and international news agencies (whom, as I mention above, base their findings and articles on the UNs reports) although in most cases they have not been able to produce concrete evidence.

Rwanda is not the only country in the Great Lakes Region where illicit goods from the DRC makes its appearance. There are numerous reports that link Uganda, Burundi and Tanzania to the vast networks operating in the region.

According to George Rautenbach, mediator, strategy consultant and conflict management coach who has worked in the Great Lakes Region for almost 30 years, there is no doubt that the allegations of the DRCs neighbours being involved in moving minerals and other illicit goods from the DRC across their borders are true. "The UN's investigations proves that the allegations and suspicions are true. Minerals from the DRC are moved through Rwanda, Uganda, Burundi and to a lesser extent Tanzania," says Rautenbach.

An important point to keep in mind is that the DRC in the east does not have the necessary infrastructure to effectively export and control its own resources. This is aggravated by vast distances between Kinshasa (the capital) and the eastern provinces. The country is massive which makes it extremely difficult for Kinshasa to manage exports and maintain control of the supply chain.

In an article by Mukulu Vulotwa Hervé for the Pulitzer Centre (https://pulitzercenter.org/people/mukulu-vulotwa-herve) the author claims that minerals extracted from remote areas in the DRC are transported to border urban centres like Bukavu, Goma, Kalehe, Butembo, and Beni.

"In a number of cases, he states, fraudulent export takes the same route as legal export.

"This porosity of the border marked by the presence of the armed forces facilitates a double traffic, arms and minerals because the former allow access to the latter.

"Rwanda is the preferred route for the illicit trade in these minerals, primarily coltan. An important point is that unlike the DRC government, Rwanda does not tax mineral imports and the country's legislation allows imported goods to be recognised as Rwandan goods if they undergo further processing in the country with at least 30% added value.

In 2018 and 2019, average prices were USD 23.85/kg in DRC and USD 36/kg in Rwanda. Depending on the percentage of tantalum concentrate in coltan, the ore was trading in the DRC between 35 and 52.5 USD/kg in 2021, while in Rwanda the price was between 52 and 65 USD/lb (0.5 kg) in the same year."

According to the Ecofin agency, 90% of the coltan exported by Rwanda comes from fraudulent exports from the Congo.

4. How credible is the evidence?

The UN report is damming. UN reports of this nature are extremely reliable and factual. The UN has extensive networks of offices, regional and local, staffed by the UN agencies as well as the United Nations Organisation Stabilisation Mission in the Democratic Republic of the Congo (MONUSCO) throughout the eastern DRC.

Information is gathered on a regular basis through these networks. The offices are staffed by international workers and regional and local members of the UN.

Economic data produced by Rwanda is scant to say the least (as it is in most African countries). However, more transparent disclosure of what is produced in-country and what is exported – (especially gold seeing that Rwanda has its own gold smelters but not so many gold mines) would go a long way to refute the allegations.

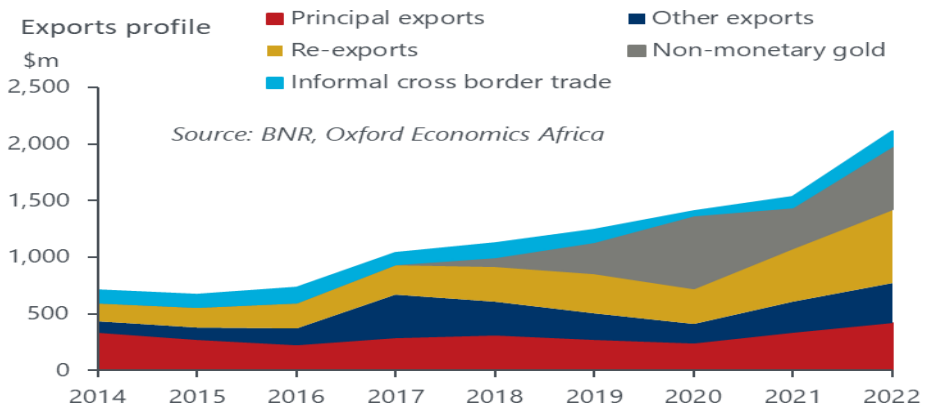
According to Greg Struyweg, an Economist at Oxford Economics Africa, whose focus is on the DRC and the Great Lakes Region, it is common for African countries to lack credible economic and mining production data.

In the case of both Rwanda and Uganda, the mining sectors are small and consists mostly of artisanal mining operations. The DRC does publish its mining production figures but only for the official mining operations in the country.

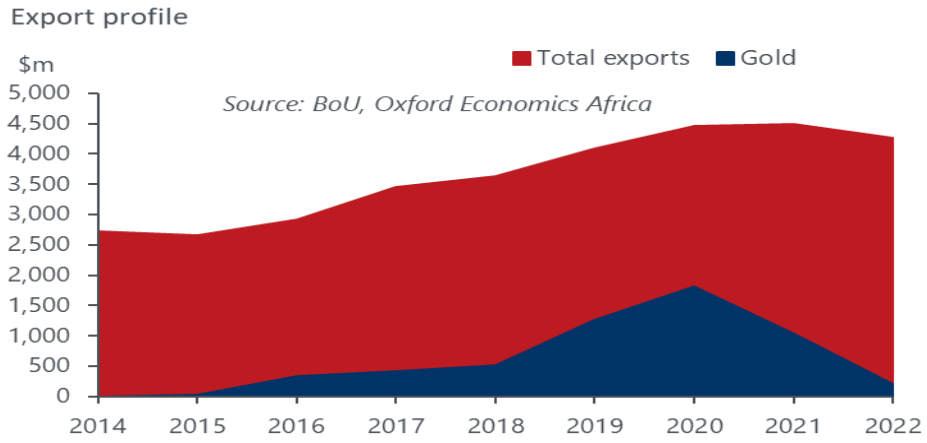
“The biggest culprit for the accusation of looting of resources is gold. There are smelters in both Rwanda and Uganda, and the accusation is that illegal gold finds its way into the system and then gets exported to foreign markets through Dubai in the UAE. The accusations gained more credibility after the report by the UN. Struyweg says that in the case of both Rwanda and Uganda, mining’s contribution to the official GDP figures is not significant at all.

“In Rwanda, mining accounted for almost 1.8% of economic activity in 2022. In the same year, gold exports alone accounted for 26.3% of total exports, with other major mining commodities also accounting for a large share of export earnings. Meanwhile, in Uganda mining accounted for 1.4% of economic activity in 2022 while gold exports accounted for 4.7% of total export earnings, however, this was a significant drop from 23% in 2021 and 40.8% of total export earnings in 2020. The reason for the drop was a boycott over attempts by the government to impose a levy on gold exports.”

Rwanda's export profile over the past couple of years shows an explosion in gold exports:



Uganda's export profile also shows a jump in gold exports since 2016



The Dodd-Frank Act has been put in place to force US companies to prove that tin, tungsten, tantalum, and gold are conflict-free, and to certify whether these minerals originate in the DRC or an adjoining country such as Rwanda, Uganda, Tanzania or Burundi.

"While traceability legislation such as this has helped crack down on conflict minerals, there are always bad actors that can undermine the system.

"As long as there is conflict in the eastern region of the DRC that leads to instability and little oversight, there is the risk that conflict minerals can enter the legitimate system.

"There is a very good chance that minerals are indeed smuggled across the borders and enter the legitimate system. Given the underdevelopment of the local mining sector, the proximity to the DRC and its mineral wealth, along with the access to foreign markets, there is a high probability that Congolese minerals find their way into exports from the DRC's neighbours," says Struyweg.

What is encouraging though is that the Rwandan authorities have started clamping down on illegal conflict minerals that have not been certified. In their report the UN experts state that during a meeting in February 2020 Rwandan authorities showed them 155 kg of coltan that had been seized on 23 January 2020 and stored in Gisenyi, Rubavu district. The coltan had been smuggled from the DRC, the first such case at the Rubavu-Goma border crossing since June 2019.

They also showed the UN seven lots of untagged minerals seized from elsewhere in Rwanda since June 2019. They included 360 kg of presumed beryllium, 293 kg of presumed cassiterite, 250 kg of presumed wolframite and 54 kg of presumed coltan.

Eighteen Rwandan officials that were interviewed stated that they consider cross border mineral smuggling a security risk and used a combination of border police working with the Rwanda Revenue Protection Unit, paid agents, and unpaid community-level informants to monitor and intercept smuggled goods, including minerals, along the country's borders. They emphasised that it was illegal for untagged minerals to transit through Rwanda.

The UN Special Report is backed by evidence from a U.S. mining investor Bay View Group, in an arbitration case at the International Centre for Settlement of Investment Disputes, a World Bank institution.

Bay View is seeking USD95-million in damages from the Rwandan government, alleging the regime seized the company's assets because it refused to participate in the "rampant illegal smuggling" of coltan and other Congolese minerals to Rwanda.

One company concession was near the Congolese border, which would have made it "an ideal staging ground for smuggling minerals," Bay View says.

The company estimates the value of the true production from Rwandan mines is only about USD20-million annually – a small fraction of the USD412-million the government has claimed in its export figures.

Bay View noted that Rwanda discloses only the amount of minerals the country exports, not the amount it produces. This allows Rwanda to pretend the smuggled DRC minerals are actually from Rwanda, boosting its economic statistics, the company said.

The UN report reinforces the findings of an earlier study by an Ottawa-based non-profit group, IMPACT, which concluded the illicit gold trade in the DRC and Rwanda is booming. Illicit exporters are "operating without apparent fear of sanction" even after they are identified in the UN reports, the group said in its report last September.

The Sentry, a U.S.-based research group, reported in February that Rwanda is a major smuggling hub for the DRC's gold. "Gold is now one of Rwanda's largest exports, despite the country's low annual production capacity," it said in the report.

A gold refinery was established in Rwanda in 2019 with a capacity that far exceeds Rwanda's domestic gold production. The refinery is 50% controlled by the Rwandan government, according to media reports. A report last year by the UN Group of Experts found the refinery's purchases of Congolese gold had benefited "armed groups and criminal networks." The refinery has denied the allegation.

According to Global Witness, a British-based environmental research group, the official tracing systems for conflict minerals have been inadequate, leaving consumers uncertain of the origin of elements in their products.

5. Traceability/transparency

The ethical sourcing of minerals from conflict areas is becoming increasingly important for commodity markets. Currently there are several certification procedures, carried out by different institutions like the International Tin Research (ITRI) for tin, the Bundesanstalt für Goewissenschaften un Rohstoffe (BGC or German Geological Service), the International Conference on the Region of Great Lakes (ICGLR) for the resources of the whole region in addition to the national certificates for the DRC. Thus, the Organisation for Economic Cooperation and Development (OECD) has proposed to coordinate these procedures and bring them into line with national regulations, notably the Dodd-Frank Act in the US and a possible future comparable initiative of the European Union.

Although the traceability/transparency measures are well intentioned, they are not always efficient. "Most of these measures have flaws and are not 100% effective," Steenkamp concurs.

The International Tin Association has introduced its own private scheme, the International Tin Supply Chain Initiative (ITSCI), which is a due diligence and traceability programme for the 3T minerals (tin, tungsten and tantalum) focusing on monitoring 3T mines in the DRC, Rwanda, and Burundi for ethical sourcing.

In November 2022, the Responsible Minerals Initiative (RMI) however removed it from their list of approved programs. The consequence is that smelters using ITSCI to help ensure the minerals they source are conflict-free will have to do additional due diligence to meet RMI auditing requirements.

“There were also concerns about the cost associated with a mine being a member of the scheme, which ranges between USD130 and USD180 per ton, depending on the mineral.

“Small-scale or artisanal miners incur a cost of about USD3.5 per kilogram. The main criticism levelled against the ITSCI is that it does not review the traceability cost, which became an increasing burden to the participants.”

On the DRC side, it was announced that the Entreprise Generale du Cobalt (EGC) is given a monopoly to purchase cobalt ore from artisanal miners in the DRC, and at this time does not consider 3T and gold. As a result, establishing provenance of these ores as part of a traceability platform remains challenging.

According to Warren Beech, CEO of law firm Beech Veltman, Rwanda follows the enactment of the Dodd-Frank “conflict-minerals” Act and the country still used, until recently, the ITRI/iTSCi ‘tag and bag’ scheme which was initiated in late 2010.

“The government also passed mineral anti-smuggling regulations in March 2011. Since April 2011, 100% of Rwandan minerals should have been traceable from their mine sites up to their export point. In addition, Rwanda integrated the Regional Certification Mechanism (RCM) in its mining regulations in 2012. The RCM forms part of the ICGLR Regional Initiative on Natural Resources, adopted by heads of state in December 2010 https://rmb.gov.rw/index.php?id=356#:~:text=The%20Rwanda%20Mines%2C%20Petroleum%20and,to%20mines%2C%20petroleum%20and%20gas.

Meanwhile, the Rwandan Mining Association (RMA) is calling for a locally implemented due diligence and traceability system to be scrapped, claiming it is too expensive and unnecessary, as Rwanda is a conflict-free country.

The RMA says the initiatives, which are designed to prevent illegal trade in minerals from East and Central Africa, are expensive, unnecessary, and prohibitive for local miners – 80% of which are small-scale operations.

To meet the traceability and due diligence requirements Rwanda implements ITSCI, a programme for responsible supply chain management. It works on the ground via managers deployed at mining concessions that seal, tag and record bags of minerals produced to “efficiently monitor and contain potential illegal dealings.”

“A recent detailed assessment by the Organisation for Economic Co-operation and Development (OECD) concluded that the standards of the ITSCI programme are “100% aligned with the five step due diligence recommendations of the OECD’s internationally accepted guidance for good company management, risk assessment and mitigation, auditing and public reporting in responsible minerals supply chains,” says Beech.

6. Opportunities in Rwanda

Rwanda, under President Paul Kagame, has achieved remarkable progress and success since 1994. The country has developed world class infrastructure, established strong institutions and effective governance that will allow stability to prevail long after Kagame is gone. Rwanda has a strong business sector that relies heavily on support from government, thus sound government practices and strong institutions allows for a favourable business environment.

According to Rautenbach there is no quick fix to the situation in the eastern parts of the DRC. "A quick short-term solution will not resolve the instability in the future. One should thus be prepared for a continuation of the current instability for a prolonged period until such time that effective government and strong institutions are established in the DRC. This should go hand in hand with the development of effective infrastructure."

Steenkamp says that the mining sector in Rwanda could experience a boom on the back of energy mineral prices increasing over the last three years, specifically driven by coltan and cassiterite.

"The mining sector contribution to the country's economy was just short of USD800-million in 2022, with approximately 18, 658 tons of ore exports. Focussed exploration efforts since 2018 have resulted in the discovery of several deposits of wolfram, cassiterite, gold, colombo-tantalite (coltan), lithium, beryl, rare earth minerals and various gemstones. The economic mineralisation is predominantly associated with pegmatite and mineralised veins. The same mineralised lithologies extend over the western border of the DRC and the northern border of Uganda."

Rwanda has made significant investment in developing the infrastructure required to achieve domestic beneficiation of ore. This includes the construction of the Gasabo Gold Refinery at the Kigali Special Economic Zone, which refines raw gold and sells silver as a by-product. The Luna Tin Smelter is in Karuruma and processes cassiterite and sells coltan as a by-product. The new POWER- X coltan refinery has also started to refine coltan ore and separate tantalum and niobium.

Rwanda went from suffering one of history's worst genocides in 1994 to becoming one of the fastest-growing economies on the continent. The country hopes to establish itself as the business and technological hub of Africa. By attracting more foreign investment, Rwanda also hopes to wean itself from foreign aid, which accounts for almost 40% of its annual budget.

Beech explains that the government offers hefty tax incentives. For example, companies headquartered in Rwanda that invest at least USD10-million are exempt from corporate income tax, while those that export at least 50% of their goods pay only 15% tax. Rwandan officials hosting Chinese trade delegations recently emphasised Rwanda's stability, government transparency, and business-friendly regulations—it takes less than 24 hours, on average, to set up a company. https://qz.com/africa/827935/rwanda-is-a-landlocked-country-with-few-natural-resources-so-why-is-china-investing-so-heavily-in-it

"Rwanda's mining ambitions will soon be met because of increasing, and systematic, investment in productivity, exploration and value addition. First, owing to increased mines productivity and mineral value addition through enhanced investment, overall export of minerals increased last year to 18, 658 tons from 7,343 tons in 2019.

“Second, the increase in global commodity prices of coltan, to USD48.82 per kilo in 2022 compared to USD33.7 per kilo in 2019. Similarly, cassiterite prices doubled from USD9.7 per kilo to USD17.3 in the same period.”

By investing in refining and smelting, Rwanda has been able to add value to the ores that it mines as well as the by-products have created even more value.
https://www.forbesafrica.com/opinion/op-ed/2023/03/29/rwandas-mining-sector-is-poised-for-even-more-growth-as-commodity-prices-continue-to-rise/

Beech adds that Rwanda is trying to encourage foreign investment in the country’s mining industry, but policies threaten to leave behind the artisanal miners that make up the majority of the country’s workforce.

“Among the countries most promising industries is the mining sector, where a number of minerals including tin, tungsten, tantalum and gold are churned out daily either by artisanal miners or in small and large-scale operations. But as the country continues to grow, Rwanda’s government has said it wants to dramatically improve output in the mining sector, which has a long-standing history that dates back to German exploration during World War One.

“To do this will require redesigning the sector, responsibility for which falls upon Rwanda’s Mines, Petroleum, and Gas Board (RMB). RMB says its task is two-fold: conducting an exploration mission across the country to obtain geological data that can showcase what Rwanda really has to offer, and pulling in private investors that can stimulate growth in a way small artisanal mining cannot.

“Recent years have seen a flurry of activity, much of it down to the work of RMB. Mining and safety standards have been developed and disseminated, while a new mining law has been introduced to tackle issues such as licensing, illegal mining and the safety of the communities that inhabit mining areas.
https://www.mining-technology.com/features/foreign-investment-or-grassroots-growth-the-future-of-mining-in-rwanda/

6. Facing the challenges

Although Rwanda is a business-friendly country, it does have a few challenges to overcome, especially for investors in the mining sector. For one the country is landlocked and transportation costs for imports and exports are among the highest in the world.

The country lacks a link to regional railway networks, which means all trade is conducted by road or air. Non-tariff barriers add to high transportation costs and contribute to inflated prices of domestically manufactured products, as most raw materials used for manufacturing need to be imported.

Rwanda’s average residential and commercial electricity costs, at $0.20 per kilowatt-hour (kWh) before tax, exceed the rate in other East African countries and rank among the top 10 most expensive tariffs in Sub-Saharan Africa. However, preferential tariffs for industrial customers and other special projects are available.

Some investors complain about competition from state-owned and ruling party-aligned businesses.

While business registration is easy, implementation can be less smooth due to delays in government payments for services or goods delivered, changes in memorandum of understanding (MOU) conditions during contract negotiations, and/or additional tax assessments.

Investors also face difficulty in obtaining or renewing work visas for expatriates due to the government's demonstrated preference for hiring local or EAC residents over third country nationals.

Investors have cited the inconsistent application of tax incentives and import duties as a significant challenge to doing business in Rwanda. Under Rwandan law, foreign firms should receive equal treatment with regard to taxes, as well as access to licenses, approvals, and procurement.

Foreign firms should also receive VAT tax rebates within 15 days of receipt of relevant documents by tax authorities, but firms often complain that the process for reimbursement can take months or years and often involves lengthy audits by and negotiations with the Rwanda Revenue Authority (RRA). Some investors express frustration that audits are conducted with great frequency, even on businesses that have demonstrated excellent compliance.
https://www.trade.gov/country-commercial-guides/rwanda-market-challenges
https://www.trade.gov/country-commercial-guides/rwanda-market-overview

Rwanda's public-sector-led development model has shown its limitations, with public debt increasing significantly in recent years. The country's heavy reliance on large public investments (at 13% of GDP in 2019) has led to substantial fiscal deficits, financed through external borrowing. Inclusive growth remains a key challenge, as the poverty reduction momentum has weakened in recent years.
https://www.worldbank.org/en/country/rwanda/overview#:~:text=Rwanda's%20economy%20continued%20to%20achieve,policies%20required%20to%20control%20inflation.

7. Conclusion and recommendations

From my own personal experience of visiting Goma, the Walikale district and other parts of North Kivu in the DRC, and Rwanda, and writing extensively about the mining sector in the region, it would be very difficult to dispute and debunk the allegations that Rwanda, Uganda, Burundi and Tanzania are involved in the smuggling of minerals in the east of the DRC.

Although there is not much evidence linking the Rwandan government directly to illicit deals, there is sufficient proof (especially in the UN reports and in claims made in the arbitration case by Bay View amongst others) that implicates Rwanda in some way.

Rwanda's influence in the region stretches far and wide, as it has been historically. The country has played a key role in trade and the economy of the Great Lakes Region for centuries and long before new borders divided the region into sovereign countries in 1885.

Like in other regions of Africa, most trade happens "unofficially" across river and along porous borders and the real extent of "illicit" trade will be hard to quantify. The fact that the DRC in the east, and Rwanda, is landlocked, adds complexity to trade in the region.

It is encouraging that many Rwanda officials are aware of the implications of illegal trade, corruption and bribery. Cases where officials have seized "smuggled" minerals as mentioned in the UN report and in my example earlier, should be emphasised and communicated to the international media. Also, the fact that the Rwanda government is aware of the allegations and is doing everything in its

power to get to the root cause and to eliminate the practice through awareness, education and the enactment of the Dodd Frank Act and other traceability and transparency processes.

Blockchain technology can be used very effectively in tracing minerals and in fact a company called Minexx is already doing great work in this regard. In collaboration with the RMB, Minexx's blockchain powered technology will be used to record and track mines' key transactions, including miners' payments, mineral traceability, minerals taxation, export process, supply chain corrective actions and community relations (this includes small-scale and artisanal miners.

More transparency is needed when it comes to reporting mineral facts and figures. When there is a big gap between minerals produced and minerals exported, there will always be questions about the origin of the mineral volumes exported. The issue should be acknowledged and addressed.

Rwanda hosts enough mineral deposits of its own to become a player in the green metals race and should emphasise the abundance of pegmatites, cassiterite and the potential of lithium and tin in the energy transition. Tin is often forgotten in the markets' current obsession with copper, lithium and nickel. However, tin will play a critical role in the future, and both Rwanda and Burundi (and the DRC, of course) hosts an abundance of tin deposits.

Where there are pegmatites, there is tin and lithium – and there are good pegmatites in Rwanda, which the world is not always aware off, although exploration companies have now woken up to the fact. Rwanda should focus on "selling" their great geology.

Exploration companies need a good understanding of the geology in the area, and all the details should be well detailed and communicated online. An up to date, online cadastre system is a requirement.

Stable, consistent, and progressive mining regulations that are well understood and communicated, will lure investors to a country already known in the market to be business friendly. The fact that it's easy to set up a business in Rwanda, combined with great mining potential, a stable political and business environment and exceptional geology with great opportunities for lithium, gold and tin discoveries, will attract junior exploration companies and investors alike.