A Modern Africa.

A Modern International Financial Centre.

Kigali International Financial Centre

In partnership with

AFRICA LEGAL

Contents

Foreword

Nick Barigye | Chief Executive
Rwanda Finance

What a time to be doing business in Africa and what an opportunity to be involved in the development of an international financial centre!

That this financial centre is in Rwanda, Africa's geographic heart, is powerfully symbolic and testimony to our commitment to ensure the region takes its rightful and long overdue place on the global investment stage.

The Kigali International Financial Centre (KIFC) has been established to facilitate international investment and cross-border transactions. This is all laid out in the report which spotlights what a modern African financial centre can mean to the legal community and the wider world.

Our research explores the realities, experiences and aspirations of the African legal community and their engagement with IFCs. This has provided excellent insight for all of us involved in the development of the KIFC as we work to position Rwanda as a preferred financial jurisdiction for investment into Africa.

The data shows how most members of the African legal community have had no significant engagement with an existing African IFC. Fear not, the KIFC stands ready to close this gap and facilitate increased engagement with legal practitioners, no matter where they are based.

Our audience respondents have told us that some of the key factors in ensuring customer satisfaction and maximising the benefits of the AfCFTA must include: having a robust regulatory and legal environment; instilling a culture of compliance; political stability; investment in infrastructure; ease of business; and, access to expertise. These findings confirm the vision we have for the KIFC and reinforce our progress so far.
We have been working with Rwanda's regulatory bodies to develop a regulatory framework fully compliant with international standards which will set a new benchmark for Pan-African investment.

The Anti-Money Laundering and Combatting the Financing of Terrorism (AML/CFT) Law, the Law establishing the Financial Intelligence Centre which came into effect in 2020, as well at the Law governing Mutual Legal Assistance in Criminal Matters enacted in January 2021 will also ensure that KIFC is compliant with the Organisation for Economic Co-operation and Development (OECD) and Financial Action Task Force (FATF) guidelines.

Rwanda is consistently acknowledged by global leaders as a place where it is easy to do business. Rwanda is ranked second in Africa by the World Bank Doing Business, Transparency International Corruption Perception Index, fourth in Africa by World Economic Forum Global Competitive Index. Our country has a friendly visa regime with visa exemption for more than 100 countries. We are committed to meeting the highest global standards of transparency, compliance and competitiveness.

Lawyers play a vital role in deciding which IFCs to use when delivering excellent client service. We hope this report and its findings will lay the foundations for sustained engagement between the KIFC, the African legal community and the international investment community. We look forward to welcoming fellow Africans and the global investment community to Rwanda.

Executive Summary

Africa is a continent with vast economic potential, yet for it to reach that potential more investment is needed to accelerate its growth. Demand for capital across the continent is constrained by undeveloped local financial markets and sometimes unstable political and economic environments that can make global investors uncomfortable about lending their money.

In this report, Africa Legal and Rwanda Finance—which is the agency with the mandate to develop the Kigali International Financial Centre—surveyed a number of senior professionals and decision-makers from across Africa and globally to help better understand these challenges. Those respondents included CEOs, founders and senior partners active in a wide-range of sectors including financial services, providing insights into the issues businesses face when using existing international financial centres. The report also examines what a new and modern African international financial centre would need to attract investment and drive economic growth across African countries, regions and the wider continent.

Kigali International Financial Centre

The Missing Link

Why Africa needs a new & modern IFC

When you look at the world's most successful international financial centres (IFCs), the best typically serve as a gateway to a specific region. London has historically been the entry point to Europe; New York continues to open the door to the Americas; Hong Kong and Singapore have long been considered conduits for Asian investment; and more recently Dubai has helped unlock greater access to the Middle East.

In Africa, the story is a little different. Mauritius has made positive inroads offshore and Casablanca likewise in North Africa, yet given the size of the continent, there remains ample opportunity for further development. Underserved markets in East and Central Africa could benefit from an additional onshore African IFC that mirrors a financial centre like a Singapore—a forward-thinking and modern IFC that can act as an entry point to the rest of the continent and help attract the investment that Africa needs to develop, thrive and achieve its economic potential.

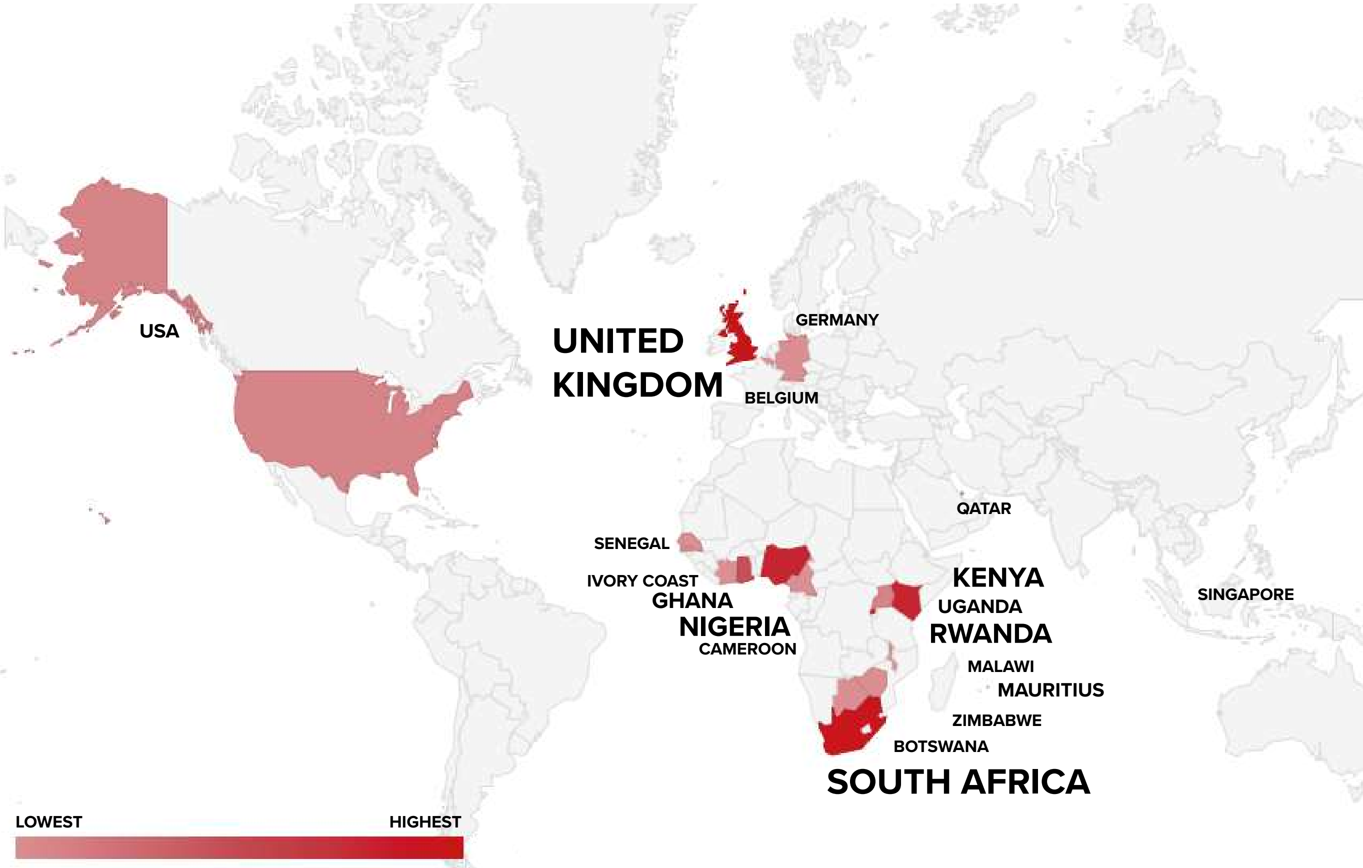
While developing another IFC in Africa can benefit the continent as a whole, it can also have a significant financial impact on the domestic economy where it is located. With that comes better jobs and increased skills, which in turn feeds into higher GDP growth and the potential for greater investment in infrastructure and public services. In Hong Kong, for example, the financial sector generates around a fifth of its annual GDP.

Against that backdrop, Rwanda has set about developing the Kigali International Financial Centre (KIFC)—a modern and dynamic centre that is positioning itself as a financial services hub both for the region and the wider continent.

"There will be another African Singapore, UAE or Luxembourg at some point," says Mark Kenderdine-Davies, chief legal officer of UK development financial institution, CDC Group. "By which I mean a country that's decided to prioritise the development of a financial services industry and excel at it. And a way of excelling at it is by creating a high-quality framework where best practice international standards are consistently applied. Mauritius started on this path some years ago. Rwanda is now firmly on it too."

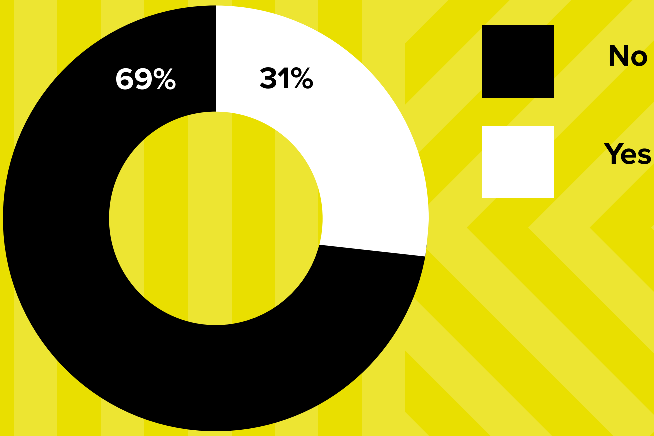
As the survey data showed, the urgency for a new and modern IFC in Africa is essential. Only about a third of respondents—80% of whom are based in Africa—said they have previously engaged with an IFC, underscoring the challenges of accessing capital on the continent.

Respondents' primary countries of business operations



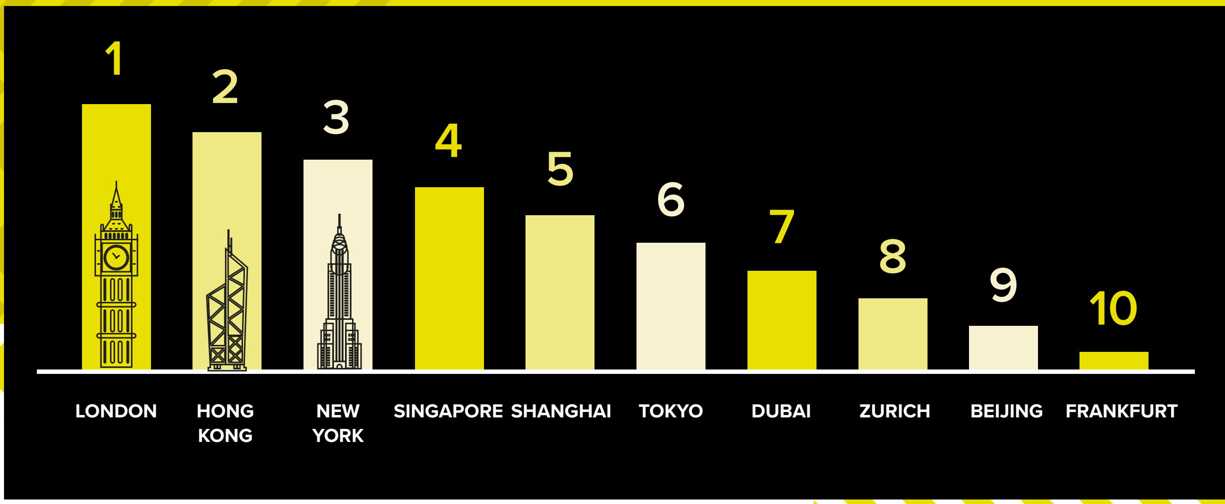
HAVE YOU ENGAGED WITH AN IFC?

Of those that had engaged, London was the most popular financial centre, followed by Hong Kong, New York, Singapore and Shanghai. Casablanca ranked 19th out of 42 centres, while Mauritius ranked 24th.



While respondents said they broadly had positive experiences of dealing with IFCs to date, rating their satisfaction at 66%, when asked whether or not the requirements of a modern Africa are being met by the services offered from current non-African financial centres, the satisfaction score was just 40%.

Most commonly used IFCs



Respondents outlined a number of reasons why those non-African centres are underserving the continent, highlighting the potential for an African jurisdiction to plug the gap:

- "There is a lack of access to capital. Unless that changes on a micro level, the wheels of commerce will remain clunky. The lack of infrastructure development further dents the tentacles of commerce evolving. Africans need financing to turn raw goods into finished and refined products which may be exported."
- "Africans want to and need to self govern. There have been too many examples of decisions that were not in the best interest of Africans made by non-Africans. There are also many cited examples of small businesses being left out of capital stimulation or other business support initiatives."
- "Non-African IFCs don't necessarily focus sufficient attention on the project on the ground."
- "Existing African IFCs are not very active and focus on elite businesses. They need to increase their level of inclusion."
- "Many Africans are not aware of the services provided by IFCs and IFCs are seen as largely for transnational corporations."

“A lot of our African clients have been frustrated by foreigns IFC’s lack of full appreciation of their Africa-focused strategic plans and the high costs of establishing and maintaining operations in these IFCs.”

Michael Denenga | Partner
Webber Wentzel

Q&A

with **Christo Els | Senior Partner** and **Michael Denenga | Partner**
Webber Wentzel

What do you see as the chief role of a law firm such as yours in delivering on the current and future needs of a modern Africa?

CE: "Our vision as an African firm is to work alongside our clients in building the essential economic pillars that enable long-term economic development: in-country, regionally and across the continent. The African Continental Free Trade Area, potentially the world's largest free-trade zone, is a powerful demonstration of pan-African collaboration. This will in turn serve to create greater demand for local processing and industrialisation supported by the necessary logistical infrastructure. We see compelling African prospects ahead with high levels of popular support for democracy and the rule of law across the continent. The continent's youthful population is ready to embrace education, the empowerment of women, innovation and entrepreneurship. This appetite for inclusive development combined with access to affordable technology, energy and finance can drive increasing connectivity, industrialisation, intra-African trade serving growing consumer markets and confidence in investing and doing business in Africa."

How are your clients typically interacting with IFCs?

MD: "Our non-African clients have typically relied on non-African IFCs. African-based clients have predominantly relied on Mauritius as the headquarter and fund structure jurisdiction. A lot of our African clients have been frustrated by foreign IFC's lack of full appreciation of their Africa-focused strategic plans and the high costs of establishing and maintaining operations in these IFCs. Mauritius has been a lot more palatable although it has received some negative press recently."

What can a modern IFC in a high-growth economy such as Rwanda offer your firm beyond what is available at existing IFCs?

MD: "Rwanda will need to offer advanced financing options in addition to the traditional banking systems. For the IFC to truly benefit our clients, the financial system infrastructure must be enhanced. This includes prime brokerage, fund financing, securities lending and other non-vanilla banking products to provide sophisticated investors with options. KIFC is strategically placed. East Africa is a high-growth area and having an IFC in East Africa will allow clients to set up headquarter entities that are in close proximity to the underlying East Africa investments. This will make it easier generally for our clients to do business in Africa. We hope that KIFC can form strong relationships with regulators across the world (such as the OECD, FATF, EU) as well as DFI's. Signing as many double tax treatment agreements, investment protection agreements and memorandum of understanding with as many countries and partners as possible will facilitate proactive cooperation. DFI's are looking for alternative jurisdictions to invest in Africa and will be keen to partner with KIFC to ensure the IFC is as competitive as possible."

How will the role of IFCs change in a post-AfCFTA landscape?

MD: "It will be much easier for an IFC to negotiate bilateral agreements with other African countries as a result of the AfCFTA protocols that are already in place and that can be leveraged to provide the incentives required for investors to structure investments through the IFC."

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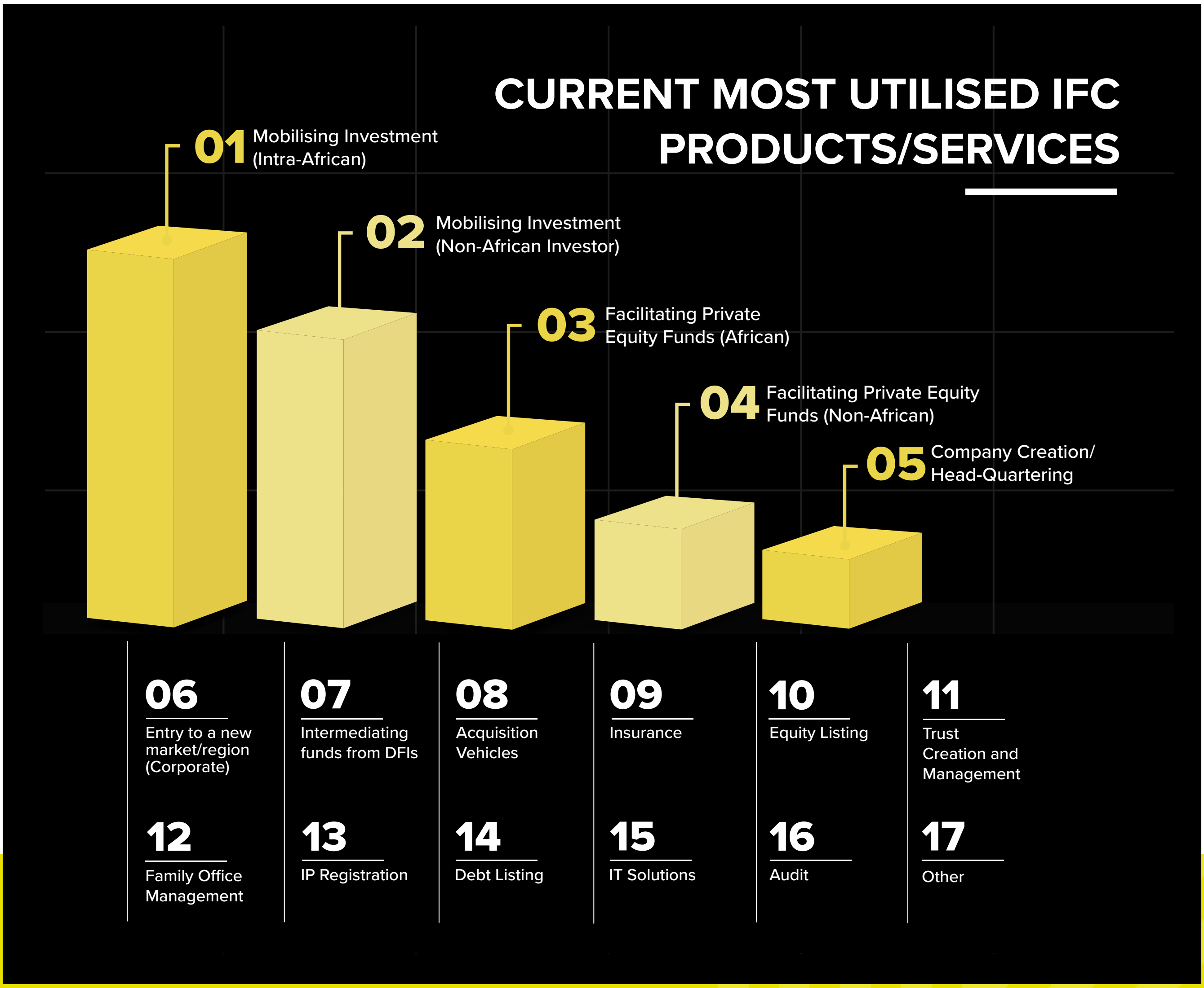
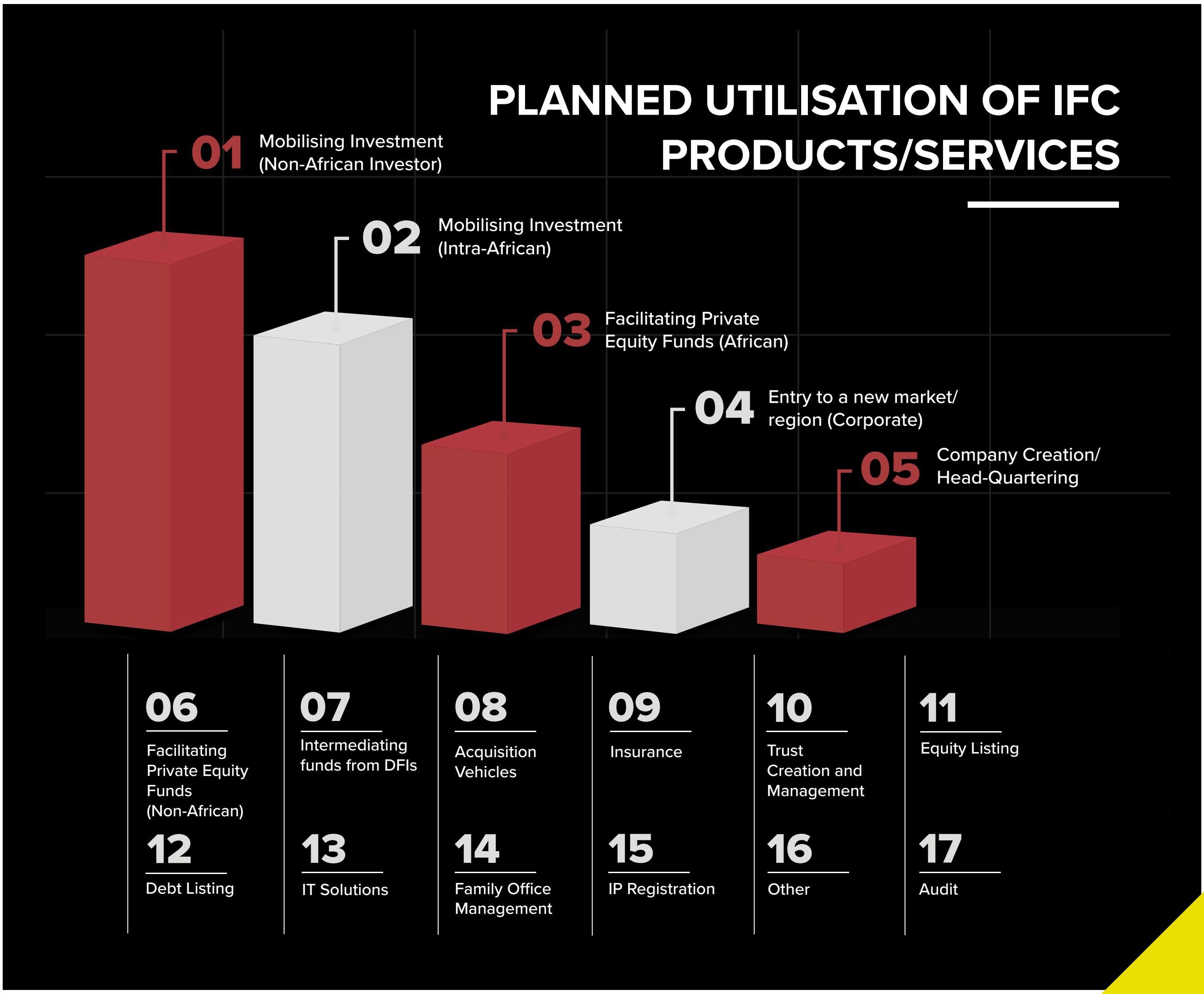
Boosting African investment

While there are a number of reasons why people typically engage with IFCs, the most common reason is to access capital. The survey showed that the top five products and services respondents utilised when previously using a financial centre were mobilising intra-African investment, followed by mobilising investment from non-African investors, facilitating African private equity funds, facilitating non-African private equity funds and company creation and head-quartering.



By contrast, when those who had yet to engage with an IFC were asked what products and services traditionally offered by IFCs would most align with or be beneficial to their role or client-base, there were subtle differences to how people have utilised IFCs so far. The top response was not mobilising intra-African investment, but mobilising investment from non-African investors, highlighting the need to attract more foreign capital to drive growth. Mobilising intra-African investment ranked second, while facilitating African private equity funds ranked third.

"Driving economic growth on the continent has been very much hampered by the availability of appropriate funding to do that, yet there are a lot of good ideas and projects, but not enough funding to make them possible," says Clare Akamanzi, CEO of the Rwanda Development Board. "Having a financial centre in Rwanda will very much contribute to making that funding available and bring about the liquidity the African continent needs."



“The financial centre will give our people the opportunity to actually specialise in these very well paying skills and bring more meaningful or productive income to the economy. Rwanda’s future and Rwanda’s aspiration to become a middle income country is very much tied, among others, to the plans around the Kigali International Financial Centre.”

Clare Akamanzi | CEO
Rwanda Development Board

Interview with Clare Akamanzi

CEO | Rwanda Development Board

How do you see the KIFC driving growth in Rwanda, not just economically but also in terms of skills?

"One of the challenges that we struggle with in many African economies is creating more viable jobs for our people. Many of our people are employed in not very productive or not very well paying jobs—it's sectors like subsistence agriculture, it's mostly SMEs requiring very low-skilled labour. What we see the financial centre developing is opportunities for high-skilled labour—like fund managers, qualified accountants, auditors, specialised lawyers, private equity and venture capital experts—these are professionals that are paid well. The financial centre will give our people the opportunity to actually specialise in these very well paying skills and bring more meaningful or productive income to the economy. Rwanda's future and Rwanda's aspiration to become a middle income country is very much tied, among others, to the plans around the Kigali International Financial Centre."

How are the development board and Rwanda Finance collaborating to grow the KIFC?

"The Rwandan Development Board and Rwanda Finance are very complementary. Rwanda Finance is developing the financial centre, whereas the development board is contributing to making Rwanda very attractive for investments but also marketing investment opportunities in Rwanda more generally in all sectors. We're already working together to make sure that the policy and the business environment is attractive, and making sure the laws, the processes and the procedures are there, because investors look at many items, not just the specific financial sector. If an investor is coming here to set up their private equity fund for example, they also want to know that they and their staff as well as their families can live here comfortably, that schools are competitive or if they fall sick that the hospitals are good, and that it is a safe and secure place to live. We work continuously to ensure Rwanda provides a very compelling and competitive proposition in a comprehensive manner. Finally, we offer aftercare services; when the investors are in Rwanda and they need support during implementation of their investments, we have to make sure we continuously look after them so they are seamlessly integrating within the Rwandan economy."

RDB | RWANDA DEVELOPMENT BOARD

How important is gender equality in driving continued growth and development in Rwanda?

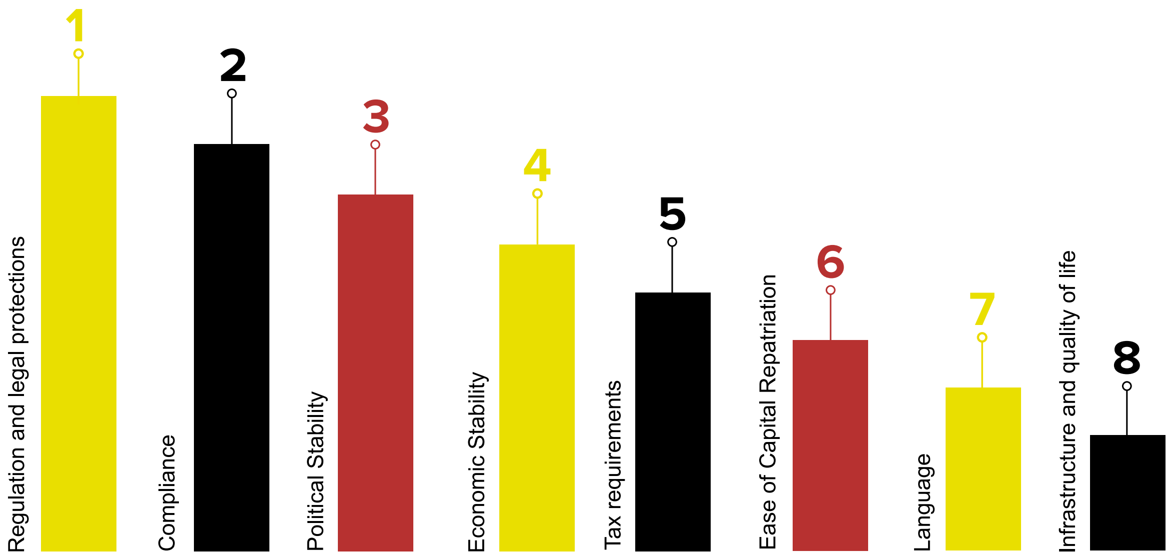
“For Rwanda, what we have seen is that, to optimise results, you optimise all the resources that you have to produce those results. For us it’s our people and women’s skills are part of those resources just like those of their male counterparts. In Rwanda we like to say even if we’re not blessed to have resources that are underground like diamonds or oil which many other countries have, we still have huge resources in our people. So the focus has been how we can best use our people to become the most productive they can be. When 52% of those people are women, how can you really optimise results when you’re not optimising half of your resources? So for us that has been the logic—if you include women and make sure they have equal access to contributing to economic growth, you’re optimising your resources. What we’ve learnt in Rwanda is you can’t just talk about opportunities for women without deliberately finding and facilitating the opportunities, it won’t just happen on its own."

But it is not always solely about access to finance. Support for corporates entering a new market or region, and support for company creation and headquartering, ranked fourth and fifth respectively, underscoring that those needs are perhaps not currently being met sufficiently by existing IFCs—two areas that are vitally important in an emerging market where businesses might be looking to expand for the first time.

Cherry-picking best practices

While the range of products and services an IFC can offer is important, the decision to use one IFC over another will usually be based on other considerations, not least the commercial landscape that is in place. The survey showed that the top five criteria people tend to consider when using or recommending an IFC are regulation and legal protections, compliance, political stability, economic stability and tax requirements. All of those trump secondary considerations such as language, geographical location and regional connectivity, highlighting that it doesn’t matter how convenient a location is if that jurisdiction is unable to provide a business-friendly environment.

MOST IMPORTANT CONSIDERATION WHEN DECIDING WHICH IFC TO UTILISE



A new IFC in Africa such as Rwanda has the opportunity to cherry-pick everything that has worked well elsewhere and avoid what hasn't and then repackage that as a best-in-class financial centre that is customised for the modern world.

"It's important to understand what drives an investor's decision to use a particular financial centre," says Kenderdine-Davies. "Familiarity, yes. Use by other market participants, yes. International regulatory acceptance, not being on "blacklists" and so on, of course. Reliable dispute resolution mechanisms too. But investor preferences can and do change. Good laws and regulations, a prudent regulator, a competitive tax regime, bilateral investment treaties and respected service providers are important. Indeed, all are necessary but there must be more—a sense of system integrity if you like. If investors believe that laws and regulations won't be enforced consistently and fairly, or that the centre will be politically influenced in some way, then they may prefer other options. Rwanda has the advantage of starting anew—it can test market expectations; it can see what international best practice is and apply it straightaway."

Interview with Mark Kenderdine-Davies

Chief Legal Officer | CDC Group

What do you need to see being offered by a modern African IFC to facilitate better access and investment into African markets?

“We’d like to see another African country develop a credible international financial centre. That would be very impactful from a developmental perspective. The creation of high-quality jobs in a financial hub supporting the growth of African businesses can only be a good thing. Also, we like options. Mauritius has done a remarkable job building a financial services industry and the UAE is pushing hard into Africa with its offering; however, we’d like a greater choice in the long run. The continent’s large enough to support other centres surely? Rwanda has a good chance of succeeding because it’s approaching this in the right way. It’s listening to and learning from others. It’s building the right framework block by block. The blocks are well drafted laws and regulations, a prudent regulatory regime, a competitive tax system, and a growing double tax/bilateral investment treaty network. It’s beginning to attract market participants too—banks, administrators, custodians, fund managers, lawyers, accountants. They all need to be there. New centres also need strong political support because they don’t get built and finance themselves overnight. They cost money; this all takes time. So there needs to be political support and will, but once operational, there should be no political influence. They must be run independently. Without that, there’s no integrity, and without integrity, there’s no trust and without trust, financial centres don’t work. Rwanda is in an under financed neighbourhood; it has a fantastic opportunity to become the Central African financing hub, facilitating inward investment into underserved African growth markets. This is why we are so interested in its progress.”

CDC
Investment works

What can the KIFC learn from others to ensure best practice?

“When I referred to building blocks earlier, I meant the plumbing of a financial centre, its technical and governance framework. That must be right of course. But to be successful, that’s not enough. You need a critical mass of qualified people, local and non-local, wanting to work at the centre and the companies supporting it. And that’s where incentives, capacity building, training and knowledge transfer come in. Rwanda is a forward-looking country. It is doing a pretty good job at attracting, developing and retaining talent. Decent IT infrastructure, reliable power and good flight connectivity are givens too. An openness to foreign involvement is critical. If a centre is to be successful (think Singapore, UAE, Luxembourg here), there needs to be openness to foreign nationals making their homes in the country. Rwanda has much to offer. Kigali is a pleasant city so there should be no problems there. And, finally, the country must have an open, internationalist outlook—it can’t be insular. The Rwandan government clearly wants its financial centre to be recognised as a centre of excellence and probity in the Central African region firstly and then more broadly across Africa, and I believe, on its current trajectory, the country is well placed to achieve that.”

For instance, one of the reasons Singapore has been a success is not just because of the regulatory and institutional framework it has developed, it also continues to evolve to maintain its competitive edge, most recently investing heavily in digital transformation and FinTech. That is another potential advantage a new and modern IFC in Africa has, given it can develop digital infrastructure without being encumbered by legacy systems, boosting its appeal for the global FinTech industry.

“There’s a lot of competition as the African market grows, so understanding your niche and where you are likely to play best is critical because no government wants to expend money and effort on something, which fails to lift off,” says Kenderdine-Davies.

Dr. Jochen Biedermann, managing director of the World Alliance of International Financial Centers, also warns against developing IFCs in isolation.

“Don’t always try and reinvent the wheel—95% of what needs to be done has been done already in other financial centres,” he says. “If you try and draft all your laws from scratch, you might not achieve the best results and it could be difficult later to bridge with other financial centres if you have totally different definitions and regulations.”

“Many African countries are underserved in terms of financial services, and no one is serving Rwanda at the moment. From that point-of-view, this is very clear—a financial centre is essential.”

Dr. Jochen Biedermann | Managing Director
World Alliance of International Financial Centers

Interview with Dr. Jochen Biedermann

Managing Director | World Alliance of International Financial Centers

Why does Africa need a new IFC?

“The question is not why does Africa need a new financial centre—Africa is so big and so diverse—so the right question is why does Rwanda need a financial centre. A financial centre has a financing or transmission function. On the one hand, you have investors, and on the other hand, you have corporates or citizens that need the capital, so you need to organise that money transmission from one hand to the other hand. Many African countries are underserved in terms of financial services, and no one is serving Rwanda at the moment. From that point-of-view, this is very clear—a financial centre is essential. Then you have to decide what the financial centre should focus on. If you’re building up a financial centre, you can’t be strong in each and every aspect, so strategically, you have two approaches—one is to grow in all areas slowly. The other is to focus on one or two and try to grow in these areas quickly, and maybe the other ones you keep for later. With financial centre development, you need to be patient. It’s not a 100-metre race; this is something you plan for 10, 15, 20 years.”

What do you see as Rwanda’s biggest potential as an African financial hub?

“The first thing that comes into my mind is FinTech. I see this big transformation going on where a country like Rwanda has the opportunity to leapfrog part of those developments. We’ve seen this in other countries as well, where they have leapfrogged certain stages of development in financial services and gone directly to things like a central bank digital currency or pure mobile-based banking. I see other opportunities having a strong legal framework and tax environment for sustainable finance projects and investments, be it in climate finance or other areas of sustainability. Suppose I’m a European investor and I want to invest in projects in different African countries. In that case, I might not know everything that is happening there, so I need that strong intermediary on the ground that I can trust, who can take my money and invest it locally in the right projects.”

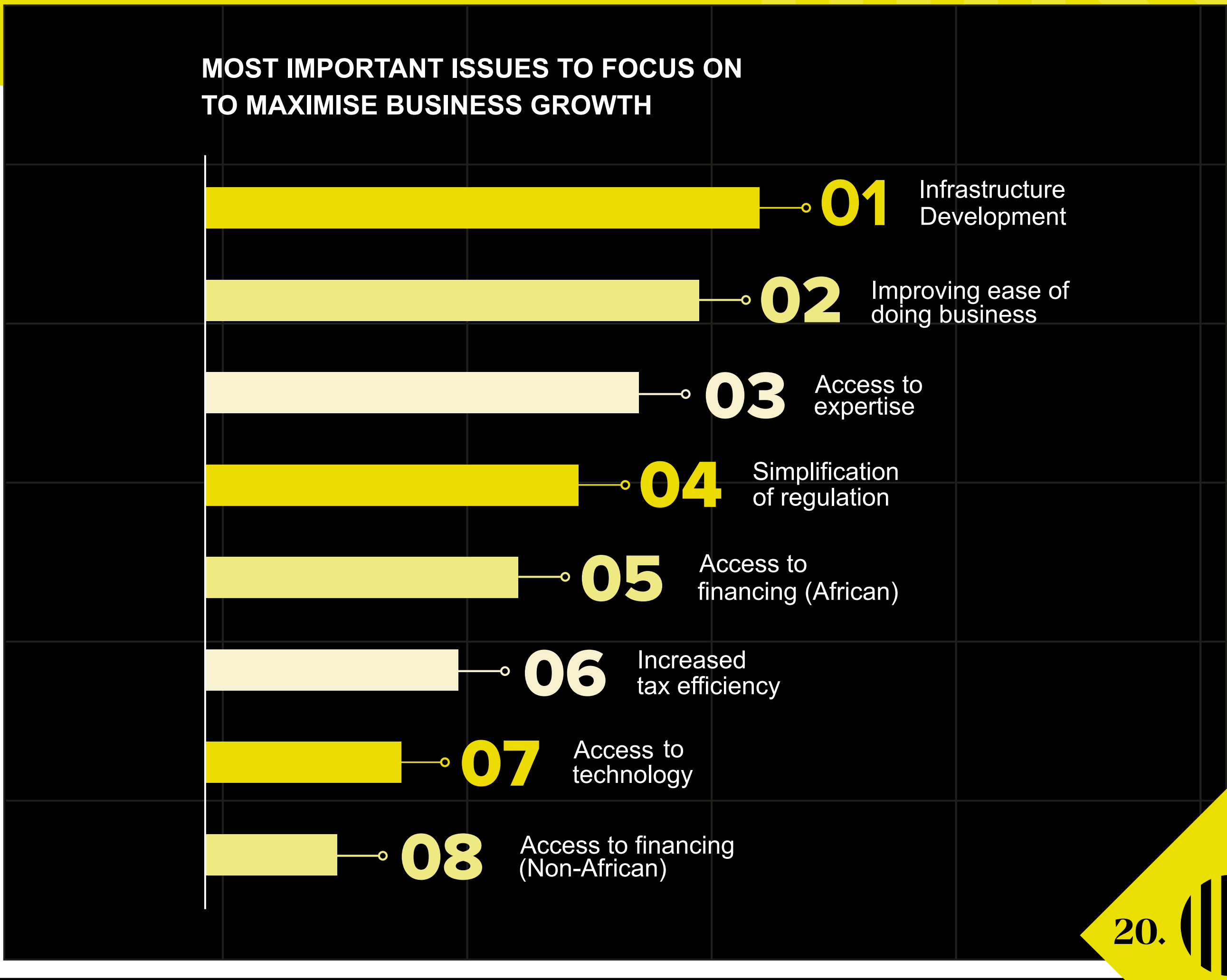
What are the main ingredients an IFC needs to be a success - what can KIFC learn from others?

"Over-regulation can be an issue. It's always a delicate balance between investor protection on one hand and over-regulation, on the other hand, stifling innovation in FinTech and banks. If you over-regulate banks and financial services providers, they spend the whole day writing reports for the regulators instead of doing business. That's not very helpful, particularly when developing a financial centre"

WORLD ALLIANCE
of International Financial Centers

Post COVID-19 opportunities

The development of the KIFC comes at a time of upheaval globally because of COVID-19 and regionally given the introduction of the African Continental Free Trade Area (AfCFTA). Against that backdrop, the survey showed that the top three issues respondents think need the most attention to maximise business growth in Africa are infrastructure development, improving the ease of doing business and better access to expertise.



All of those impediments are something a new and modern IFC in Africa can seek to address by funding and facilitating the infrastructure needed—be it physical or digital—and putting the regulatory framework in place that can remove the barriers that have previously hindered doing business on the continent. Once those are in place, and experienced market participants start to arrive, then businesses will also have access to that higher standard of expertise.

- "Foreign capital requires a local participant. The more regulated the project market space the higher the level of participation required of a local partner to reduce risk. The African regulatory hurdles are legendary, whether true or false, and the environment scares capital. The reputation for dishonesty is both a legal problem for capital—meaning criminal implications in home countries—and a public relations problem. Smart money routinely avoids Africa. That can only change with a determined plan implemented at all levels of government and existing private business."

- "For true connectivity, infrastructure development is key. Established trade routes working hand in hand with effective financing at all levels of the supply chain will create jobs as well as excellent products and services contributing to growth as well as alleviating poverty. Sourcing investment from outside Africa may be contentious but if the investment comes with technology transfer and expertise and also provides training where relevant, the outcome may be double positive and more so than if financing was sourced from Africa itself where the cost of borrowing can be prohibitively high."

- "It is obvious that where there is significant ease of doing business like Singapore, this only attracts further investment, ideas and provides a safe haven for enterprising entrepreneurs."

- "A post-COVID economic recovery for Africa must underline the need to make significant progress with the ease of doing business and infrastructure and regulatory developments."

Q&A

with **Sopnendu Mohanty | Chief FinTech Officer**
Monetary Authority of Singapore

What has driven Singapore's success as an IFC?

"The focus of the Monetary Authority of Singapore (MAS) is to ensure a well-functioning and vibrant financial centre, with robust market infrastructure, good connectivity and sound regulatory practices that allow a broad range of financial sector participants to serve the market in this part of the world. So it comes in many layers. A layer of regulatory structures and support so that the market has the right construct to grow in a way that promotes Singapore as a financial centre, but also from a broader strategy perspective, we have a wide range of asset classes that we're focused on—capital markets, asset management, private banking, institutional banking. It's a very broad framework."

How important is technology for developing a modern IFC?

"The real key differentiation now is coming through on how much investment and effort have gone into promoting the tech side of a financial centre. Every asset class you look at, they're all going through massive digital transformation. What Singapore has done well is to build a strong ecosystem around financial technology (FinTech). FinTech investment in Singapore is now close to $1.5 billion. So that has added more muscle and diversity to the sector. One thing technology has done more broadly is make IFCs more collaborative in nature. So the structure and the DNA of financial centres that are backed by technology is, by design, more collaborative than siloed competitive constructs."

What do you see as Rwanda's biggest potential as an African financial hub?

"Rwanda has the opportunity to be a digitally-enabled leading financial centre. If you're focused on developing the capital markets in Africa, Rwanda can take the lead by building the essential digital systems to empower the growth and capabilities in the capital markets. Same for insurance, same for trade finance, same for cross-border trade. Can Rwanda become the digital hub for every asset class a typical financial centre looks at? That can give Rwanda a huge head start compared to building a classic physical financial centre, which may not be that effective in the current world."

MAS
Monetary Authority of Singapore

Regional connectivity

The survey also showed that East Africa is the region that respondents believe is the most attractive for investment or expansion of business operations. Some 35% of respondents said that East Africa has the most potential, with around a quarter of respondents highlighting Kenya and Rwanda as the countries within the region that are most attractive. Only Ghana in West Africa matched those numbers, with Nigeria next best on 22% and West Africa more broadly with 18%.

WHICH REGIONS ARE MOST ATTRACTIVE?

WHICH COUNTRIES ARE MOST ATTRACTIVE?

One respondent singled out Rwanda's stable governance, impressive growth and aggressive economic reforms, which makes it a good bet for hosting a central pre-eminent IFC, adding that Nigeria has potential because of the sheer size of its market and its capacity to produce and Kenya because of its reasonably developed investment in technology.

Another respondent said that East Africa has the most potential given its economic growth over the last decade coupled with the level of integration across the region.

"East Africa has attractive resources, so if KIFC can attract the capital to be based here, that capital can go from Rwanda into neighbouring countries," says George Rubagumya, a partner at African law firm Asafo & Co. "One example is South African health development company RH Bophelo, it has cross-listed on the Rwanda Stock Exchange and established a base here to identify opportunities in East Africa and the wider continental Africa. So that's a perfect example of how an efficiently operating KIFC attracts companies to be based here and then explore and identify new opportunities in the region and raise the capital needed to invest in those opportunities."

Interview with George Rubagumya

Partner | Asafo & Co

What do you see as Rwanda's biggest potential as an African financial hub?

"Rwanda is in the heart of Africa, and has put in a lot of infrastructure to make an IFC function here. One case in point is the Rwandan airline, Rwanda Air. From Kigali, Rwanda Air can take you anywhere practically across the African continent more swiftly than anyone else. You can easily get an overnight flight from Europe and be in Kigali the next morning or leave Europe in the morning and spend the night in Kigali and be ready for work the next day without missing a beat. Rwanda is geographically blessed and the institutional and legal environment is quickly catching up with the best of the best."

How are your clients currently engaging with IFCs?

"As a law firm we are dedicated to supporting the emergence of Africa in all aspects, providing world class legal services to African industries and international industries that want to do business with Africa and in Africa. We work with IFCs in Africa and around the world, providing resource mobilisation for our clients and destination project identification. Those IFCs that work very well not only help you to mobilise resources but also help to identify good projects, so that's how we use IFCs. Sometimes if you have a client that is coming to Rwanda, they are not only looking at Rwanda but also the neighbouring countries to serve, so the financial centre helps us to get to know the markets around the centres themselves."

What are some of the main challenges existing IFCs face?

"Even the best IFCs in the world like London or New York, they have problems because of politics. London is having hiccups now with Brexit, those political issues have shaken it from being maybe the number one in the world, to number two or number three. It has nothing to do with the centre and its operation, it's just the politics of the day. Mr Trump's administration in the US showed cracks in American governance structures that are causing people to start re-evaluating the leadership model in the US. All of these are problems that even the best functioning centres can't escape, that is why political stability is so important."

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Conclusion

The results of the survey highlight that African businesses remain underserved by financial centres globally and that the opportunity to develop a new onshore IFC in Africa that meets their needs is a compelling one. In the next part in this series of reports on the potential for a new and modern African IFC we will dive deeper into the role the centre will need to play in attracting capital and funds to drive pan-African investment, before concluding with a look at the broader corporate and commercial opportunities the IFC can generate for businesses seeking to expand in Africa. If you want to take part in the research for the upcoming reports and to keep up-to-date with plans for the KIFC, register your interest at research@africa-legal.com

KIFC will officially launch in June 2021

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