RDB | RWANDA DEVELOPMENT BOARD

LABOPHAR

LABOPHAR-MEDICAL FACTORY

Information guide for the privatization

APRIL , 2022

LABOPHAR MEDICAL FACTORY

Close to:

- UR Huye Campus
- Medical college/UR
- CHUB-BUTARE

Located in Southern Province, Huye District.

Distance from Kigali-Huye:

127km & 3Hr'drive by a Car
Land Size: 9442SQM

Non-sterile drugs (Tablets, capsules,oitments….)

Intravenous sterile fusion fluids

Potential to add other lines of production

High imports of Pharmaceutical products in Rwanda

Imports of medicinal Products

Pharmaceutical products imports

$ 260M in 5,Years

Fluids mainly Imported

Products	Annual Cost in (USD)
Normal Saline (Nacl)	691,986
Linger	298,760
Dextrose 5% 500ml	127,552
Dextrose 50% 100ml	9,471
Dextrose 10% 250ml	20,393

Pharmaceutical Market is huge with no local competition

Available Pharmacies & Hospitals

Number of Hospitals: 1954

Number of Pharmacies:808

1. **Retail Pharmacies: 664**
2. **Wholesale Pharmacies:144**

Number of Pharmacies:808

1. Retail Pharmacies: 664
2. Wholesale Pharmacies:144

Human workforce:

Licensed Pharmacists: 1,132

The investment code provide many incentives to the Investors.

- Preferential Corporate income tax
- Export incentives
- Immigration Incentives
- Non fiscal Incentives

Relevant for Labophar

Preferential corporate income tax rate of 0%	An international company which has its headquarters or regional office in Rwanda and invest the equivalent of $10M
Preferential corporate income tax rate of 3%	Pure Holding Companies($1M), SPVs($1M), Collective Investment Schemes($1M), Global Trading($10M), and IP companies($10K)
Preferential corporate income tax rate of 15%	Investor operating in mass transport, energy production, manufacturing, ICT & **e-mobility**
Corporate income tax holiday of 7 years	A registered investor investing an equivalent of $50M and contributing at least 30% in form of equity
Export incentives	Banded CIT discount based on meeting 2 export thresholds, ○ 30%-49% exports= 25% CIT ○ ≥50% exports= 15% CIT
Talent Attraction & Immigration incentives	• 2 year entrepreneurship visa for Start-up • 2 year talent visa for Qualifying international students • An Investor who invests 250k may recruit 3 foreign employees without necessarily demonstrating that their skills are lacking

Non-fiscal incentives

- Upon fulfilling all tax obligations in Rwanda, an investor shall be allowed to repatriate
  the following
  - Capital; profits derived from business activities; debt and interest on foreign loans; proceeds from the liquidation of investment
  - Any other assets of an investor
- Quick business and investment online registration
- Assistance with tax-related services and exemptions
- Assistance with access to utilities (water & electricity)
- Assistance with obtaining visas and work permits
- One stop Center that provides notary services, migration, etc
- Provision of aftercare services to fast-track project implementation
- Regardless of the origin of investor, all business sectors are open to private investment
- For further: https://rdb.rw/why-rwanda/investment-incentives/

The Manufacture and Build to Recover Program (MBRP)

I. Construction

- *VAT exemptions on imported construction materials N/A in EAC*
- *Duty exemptions for materials N/A in EAC (case-by-case review)*
- *VAT exemption on locally sourced construction materials*
- *VAT exemptions on constr. Materials sourced in EAC N/A in Rwanda*

II. Manufacturing & Agro-processing

- *VAT exemptions for construction materials N/A in EAC*
- *Duty exemptions for materials N/A in EAC (case-by-case review)*
- *VAT exemptions on locally sourced constr. Materials*
- *VAT exemptions on constr. Materials sourced in EAC N/A in Rwanda*
- *VAT exemptions for machines & raw materials sourced domestically*

III. Performance-Based

Tax credits off-setting 2021 PAYE & CIT:

- *Revenue/ Exports: 50k CIT tax credit per 1M RwF incremental revenue/ exports*
- *Jobs: 10% PAYE tax rate per add. Employee*

**Base: average (2018,2019,2020)*

Requirements:

- *Construction:* Project with an investment>$10M
- *Manufacturing:$1M minimum investment value*
- *Agro-processing; min of $100,000 investment value*

RBW Privatization Process, next steps

Invitation to tender

- Publicity campaign in media
- Receive technical and financial proposals
- Max period (30-45 days)

Opening and evaluation of tenders

- Open technical offer
- Open Financial offer
- Evaluate the offers
- Select the Best Bidder
- Max period 7 Days

Negotiation with the winning bidder

- Negotiations with the winning bidder to specify the clauses to be included in the sales contract
- The final sales contract to be signed by MINECOFIN
- Max period 30 days

Report to the cabinet of Ministers

- Present the results of the evaluation of the bids and recommendations to the cabinet of ministers for final decision
- Subject to the cabinet meeting

Post-Divestiture Monitoring

- Follow up and support for implementation
- Will depend to the agreement and the Business plan.

Don’t hesitate to contact us

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