



**Q3 2025**

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# Rwanda

## Infrastructure Report

Includes 10-year forecasts to 2034





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## Key View

**Key View:** Real construction market growth came in strongly in 2024 at 11.7%, slightly outperforming our expectations and in a context where real GDP grew by nearly 9%. The construction growth trajectory is likely to moderate from 2025, albeit to a still strong 8.3%. Major ongoing investment projects, most notably the construction of a major international airport, will continue to feed into a strong performance throughout our 10-year forecast scenario, yielding average annual market growth of 8.0%, according to our core scenario. Downside risks are presented by the UK and Germany cutting or suspending funding in Q1 2025, owing to Rwanda's ongoing military support for a rebellion in eastern Democratic Republic of Congo.

### Key Forecasts And Latest Updates

- Rwanda's construction market grew by 11.7% in 2024, outperforming our forecast that it would grow by 10.8%.
- The strong performance by the construction sector also fed into impressive overall real GDP growth in 2024, which came in at 8.9%, surpassing the 8.2% recorded in 2023.
- We retain our forecast trajectory for 2025 onwards, projecting real construction market growth of 8.3% in 2025 and average annual real construction growth of 8.0% across the full 10-year forecast horizon.
- The UK government announced on February 25 2025 that it was suspending direct budgetary support to Rwanda and imposing sanctions due to the Rwandan military's role in backing the M23 rebellion in the east of neighbouring Democratic Republic of Congo.
- The German government on March 4 announced that it had halted all new development aid to Rwanda and was undertaking a review of existing assistance.
- Risks to our forecasts are therefore to the downside, especially if aid suspensions are deepened and/or prolonged.
- However, the last time key donors cut funding in response to Rwanda's support for a similar rebellion (in 2012/13), Rwanda discontinued its cross-border military interference and funding was quickly restored
- The National Bank of Rwanda kept the key central bank rate on hold at 6.50% for a second monetary policy meeting in a row in February 2025. A spike in inflation to 7.4% in January 2025 has dimmed prospects for monetary easing this year, after two cuts to the key rate (in May and August) in 2024.
- In a major boost for the prospects for a section of standard gauge railway that would run from the Tanzanian town of Isaka to Kigali, the governments of Tanzania and Burundi in February 2025 signed a USD2.15bn agreement with Mainland China-based firms for a 282km stretch of the same regional railway between Uvinza in Tanzania and Musongati in central Burundi.

### Infrastructure - Construction Industry Forecasts (Rwanda 2024-2034)

| Indicator   | 2024    | 2025f   | 2026f   | 2027f   | 2028f   | 2029f   | 2030f   | 2031f   | 2032f   | 2033f   | 2034f   |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Construction industry value, RWFbn                | 1,635.0 | 1,839.2 | 2,090.1 | 2,374.2 | 2,667.3 | 2,999.2 | 3,363.2 | 3,764.4 | 4,205.6 | 4,689.7 | 5,219.9 |
| Construction industry value, real growth, % y-o-y | 11.7    | 8.3     | 8.4     | 8.5     | 8.3     | 8.4     | 8.1     | 7.9     | 7.7     | 7.5     | 7.3     |
| Construction industry value, % of GDP             | 8.1     | 8.2     | 8.4     | 8.6     | 8.7     | 8.8     | 8.9     | 8.9     | 9.0     | 9.0     | 9.0     |

e/f = BMI estimate/forecast. Source: National Institute Of Statistics Of Rwanda, BMI

## Risk/Reward Index

Rwanda continues to cement its position as one of the most attractive construction markets in Sub-Saharan Africa, despite falling down the global rankings by one place to 56th this quarter. The country remains in fourth place regionally. The country's overall Risk/Reward Index score this quarter of 51.0 compares favourably with a regional average score of 58.5.

### Infrastructure Risk/Reward Index (Rwanda 2025)

| Geography | Risk/Reward Index | Rewards | Industry Rewards | Country Rewards | Risks | Industry Risks | Country Risks |
|-----------|-------------------|---------|------------------|-----------------|-------|----------------|---------------|
| Rwanda    | 51.0              | 43.0    | 36.2             | 53.2            | 62.9  | 46.3           | 79.4          |

Note: Scores out of 100; lower score = more attractive market. Source: BMI Infrastructure Risk/Reward Index

# SWOT

## Infrastructure SWOT

| Strengths   | Weaknesses  |
|---|---|
| <ul style="list-style-type: none"> <li>High economic growth makes Rwanda an attractive investment destination, providing critical financial support for infrastructure development.</li> <li>Domestic political stability and policy continuity ensure a stable operating environment for construction firms.</li> <li>The competitive landscape is well diversified, with the government open to foreign investment and participation in the construction sector.</li> </ul>   | <ul style="list-style-type: none"> <li>Lack of rail infrastructure and the consequent reliance on roads for the transport of goods increases the time and cost to deliver products across the market and within East Africa.</li> <li>The market's construction sector remains dependent upon imported raw materials, exposing the industry to fluctuating input costs, especially during times of exchange rate stress.</li> <li>The small size of the construction industry limits the rewards on offer for investors.</li> </ul> |
| Opportunities   | Threats   |
| <ul style="list-style-type: none"> <li>The government's efforts to reduce reliance on agricultural exports for economic growth and transform Rwanda into a knowledge-based economy are providing growth opportunities in the power, transport and information and communications technology infrastructure sectors.</li> <li>Developments targeted at improved regional integration in East Africa are spurring the development of Rwanda's logistics industry and supporting trade flows in the region.</li> <li>The market's growing tourism sector is providing opportunities in commercial construction, with major international firms already operating in the market.</li> </ul> | <ul style="list-style-type: none"> <li>Germany and the UK suspended aspects of their funding programmes to Rwanda's government in Q1 2025 owing to the latter's support for a rebellion in eastern Democratic Republic of Congo - if cuts are prolonged and deepened, they will cut into funding for infrastructure projects.</li> <li>Although there has been success in expanding the proportion of households that have access to electricity, there is significant pressure on the reliability of the power supply.</li> </ul>  |

# Industry Forecast

## Construction And Infrastructure Forecast Scenario

**Key View:** Growth in Rwanda's construction market surprised slightly on the upside in 2024, coming in at 11.7%, slightly outperforming our forecast of 10.8%. However, we retain our forecast trajectory for 2025 onwards, predicting real market growth of 8.3% in 2025 and average annual real construction growth of 8.0% across the full 10-year forecast horizon. Major infrastructure projects continue to make progress, although a monetary easing cycle has been interrupted by a spike in inflation. More significant downside risks centre on key donors suspending funding for Rwanda's government in Q1 2025, due to its support for a rebellion in the mineral-rich east of neighbouring Democratic Republic of Congo.

### Latest Developments

- Rwanda's construction market grew by 11.7% in 2024, outperforming our forecast that it would grow by 10.8%. Major projects - notably the construction of Bugesera International Airport - and strong activity in other areas such as real estate and road-building fed into the strong market growth and are expected to continue to support the market going forwards.
- The strong performance by the construction sector also fed into impressive overall real GDP growth in 2024, which came in at 8.9%, surpassing the 8.2% recorded in 2023.
- The UK government announced on February 25 2025 that it was suspending direct budgetary support to Rwanda and imposing sanctions due to the Rwandan military's role in backing the M23 rebellion in the east of neighbouring Democratic Republic of Congo (DRC). The German government on March 4 announced that it had halted all new development aid to Rwanda and was undertaking a review of existing assistance.
- Previously, suspensions of aid triggered by Rwanda's interference in DRC have been short-lived, as the Rwandan government scaled back its cross-border support for rebels (the last such episode was in 2012/13, when the last incarnation of the M23 rebellion imploded). However, these punitive measures, if sustained - or potentially extended - threaten to undermine Rwanda's real GDP growth going forwards, impacting the construction market and reducing the funding available for infrastructure projects.
- Rwanda does have some leverage over Western powers, notably through its military deployment in Mozambique as a highly effective counterweight against an Islamist insurgency in a gas-rich region where France-based TotalEnergies holds a concession. This is likely to limit the extent of aid suspensions.
- The National Bank of Rwanda kept the key central bank rate on hold at 6.50% for a second monetary policy meeting in a row in February 2025 (it had also left the rate unchanged in November 2024, after reductions of 0.5 percentage points in both August and May). A spike in inflation to 7.4% in January 2025 has prompted the central bank to raise its average inflation forecast for 2025 to 6.50% from 5.80%.
- President Paul Kagame confirmed in December 2024 that Rwanda was formally bidding to host a Formula 1 race, which, if successful, would see the country build a track near Bugesera International Airport. His announcement came as Rwanda hosted the General Assembly of the FIA (Formula 1's governing body). The track would be designed by a company run by ex Formula 1 driver Alexander Wurz.
- In a letter of intent to the IMF in late November 2024, Rwanda's finance minister and central bank governor noted that the government will need to spend USD451mn on reconstruction over the period 2023 to 2028 to repair damage caused by devastating flooding in May 2023. The funds would largely be spent on rebuilding roads, bridges and public utilities, while a portion would also be invested in better disaster preparedness.
- The rebuilt Amahoro stadium, costing USD170mn and employing 2,500 workers on-site during its reconstruction, was reopened in July 2024 in the capital city Kigali. However, other major projects will continue to spur growth, most notably the construction of Bugesera International Airport.
- New construction at the USD300mn Kigali Innovation City, originally scheduled for 2022, got underway in September 2024.
- The governments of Rwanda and South Korea in July 2024 signed a USD1bn outline agreement geared towards various

development projects, with a strong emphasis on infrastructure, agriculture, information and communications technology (ICT), education and health.

- Work resumed in June 2024 on a 10.9km stretch of road between Mulindi, Gasogi and Kabuga, part of a 45.1km project, following delays caused by a funding shortfall. Prime Minister Edouard Ngirente pledged that the work would be completed before the end of 2024, although there was no confirmation of this by early 2025.
- With a 300km Tanzanian section of a regional Standard Gauge Railway having opened in late July 2024, and the African Development Bank (AfDB) in December 2024 announcing that it had signed an agreement with two major European banks as a precursor to a syndicated loan strategy that could mobilize USD1.2bn in funding, we are increasingly optimistic about the long-term prospects for the planned eventual construction of an SGR segment joining Rwanda to Tanzania.

## Infrastructure - Construction Industry Forecasts (Rwanda 2024-2034)

| Indicator   | 2024    | 2025f   | 2026f   | 2027f   | 2028f   | 2029f   | 2030f   | 2031f   | 2032f   | 2033f   | 2034f   |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Construction industry value, RWFbn                | 1,635.0 | 1,839.2 | 2,090.1 | 2,374.2 | 2,667.3 | 2,999.2 | 3,363.2 | 3,764.4 | 4,205.6 | 4,689.7 | 5,219.9 |
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| Construction industry value, % of GDP             | 8.1     | 8.2     | 8.4     | 8.6     | 8.7     | 8.8     | 8.9     | 8.9     | 9.0     | 9.0     | 9.0     |

f = BMI forecast. Source: National Institute of Statistics of Rwanda, BMI

## Structural Trends

### 2025-2034: Growth To Remain Elevated In 2025

Despite the high base created by Rwanda's construction market growing at a real rate of 11.7% in 2024, the outlook remains favourable. We expect real construction growth of 8.3% in 2025 and forecast that real sector growth will range from 7.3% to 8.5% annually during the remainder of our 10-year forecast period through to 2034. The outlook is supported by low domestic corruption, substantial infrastructure needs and by the considerable number of planned and initiated projects.

Major initiatives have included the USD560mn Gisagara peat-fueled power plant, the USD468mn Rusomo Falls hydropower project - intended in part to power a new international airport - and numerous road projects, although some have been completed. Work on the Rusumo hydroelectric plant (where electricity started flowing in early January 2024), the new international airport at Bugesera and major drainage-related infrastructure investment in Kigali were key to the especially strong growth in construction activity in 2023 and 2024. Civil engineering projects connected with Kigali's interconnected and recurring flooding and sewerage issues will provide significant projects.

Over the long term, major projects include the standard gauge railway (SGR) connecting Kigali and Isaka in Tanzania and a second phase of construction at the new USD1.3bn Bugesera International Airport (the first phase of airport construction is due to be complete in 2026). In the event that Rwanda and DRC repair their bilateral relationship, the establishment of marine transport connections between new ports in Western Province and the DRC is expected to boost long-term cross-border trade flows and will also support infrastructure investment in the ports' hinterlands.

Downside risks to our outlook persist as several significant projects, such as the Isaka-Kigali SGR and the Ruzizi III hydropower plant, require cross-border cooperation with neighbouring markets, such as Burundi, the DRC and Tanzania. Relations with DRC and Burundi have been especially difficult since 2022 and late 2023, with the DRC recalling all its diplomatic staff from Kigali in late January 2025, just ahead of the Rwanda-backed M23 seizing the city of Goma.



In September 2021, construction work began in Tanzania on the SGR line, which is rolling out in Tanzania first, before joining with Burundi, and only later with Rwanda. The establishment of direct rail freight connections with Dar es Salaam port would cut logistics costs for the majority of Rwandan exporters, which is expected to encourage logistics-related investment. The AfDB in late 2023 approved funding structures for the next phases of the project, which will join Tanzania and Burundi; a further preliminary funding arrangement was put in place in December 2024.

A key long-term positive is the government's eagerness to steer the economy away from reliance on agricultural exports for economic growth and into a knowledge-based economy, with investment in the power, transport and ICT sectors central to this aim. The expansion of the power grid will dominate the focus of investment flows given its vital role in the development of Rwanda's burgeoning ICT sector, which itself is spurring activity in non-residential construction through the building of centres housing domestic and international technology firms.

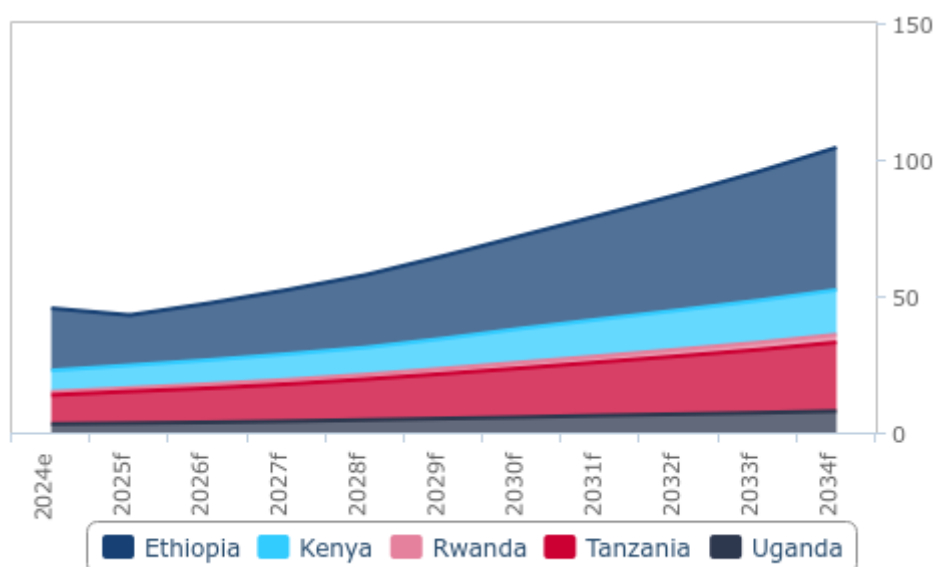
The decision to locate the new African Medicines Agency in Kigali will accelerate the development of a healthcare regulation hub in Kigali, while incentivising foreign companies to invest in the city. The construction of a USD116mn vaccine production facility in Kigali by Germany-based BioNTech began in June 2022, and inauguration followed in December 2023.

The improvement of the transport logistics network is another major focus as the government works to improve its profile in the East Africa region and boost regional and international trade flows. This includes investment in one-stop border posts to reduce delays at border crossings, as well as technical measures to reduce road surface quality issues.

There are limitations to the outlook, with the comparatively small market size limiting the rewards on offer for investors, even though a plethora of opportunities in the industry are being stimulated by the government's push to create and sustain a healthy project pipeline. In 2024, nominal industry value reached an estimated USD1.24bn and is expected to reach USD2.84bn over our 10-year forecast period up to 2034. While Rwanda's year-on-year construction growth is the highest in the region, it is rising only from a very low base. Although total industry value will outpace Tanzania and Uganda, the market will remain much smaller than Kenya and Ethiopia.

### Small Industry Size Limits Rewards

East Africa Construction Markets - Nominal Industry Value, USDbn (2024-2034)



e/f = BMI estimate/forecast. Source: National sources, BMI

The market has received substantial financing support from foreign governments and development banks and it attracts the involvement of major private foreign firms. This support and interest has been underpinned by confidence in Rwanda's development and political trajectory.

However, international partners have become increasingly impatient over undeniable evidence that Rwanda is supporting the M23 rebellion in eastern DRC. The UK government announced on February 25 that it was suspending direct budgetary support and the German government declared on March 4 that it had halted all new bilateral development aid while also initiating a review of all existing assistance. The EU and US have imposed sanctions against senior serving and retired Rwandan military officers in connection with the rebellion, which has seen the M23 seize Goma and Bukavu - the respective capitals of North Kivu and South Kivu province - in Q1 2025.

In 2012, various donors suspended support to Rwanda due to its backing for a previous incarnation of the M23, a movement which then became dormant for several years until it revived in 2022. The suspension of donor support led Rwanda to substantially reduce military support for this earlier incarnation of M23. Modest-to-moderate aid suspensions were followed by the M23 insurgency disintegrating, to the point where the perpetrators fled into Uganda and Rwanda in 2013.

If the suspensions of donor support are sustained - and potentially extended in scope - the impact on Rwanda's GDP growth and infrastructure development would be substantial. This would generate significant risks for Rwanda's fiscal trajectory, since up to 40% of the budget remains dependent on foreign aid.

However, various factors indicate that the extent of donor disengagement will be contained. Above all, major donors - ie, the US, leading EU markets and the UK - remain heavily dependent on the RDF as a peace enforcer elsewhere in Africa most notably against a jihadist insurgency in northern Mozambique, where France-based energy giant TotalEnergies is part of a USD20bn deal to extract and export liquified natural gas. This indicates that the extent of donor disruptions to Rwanda's budget over the M23 insurgency should be contained.

President Paul Kagame and the ruling Rwandan Patriotic Front retain strong control over the country's direction, ensuring policy continuity. He won the July 2024 presidential election with a purported 99% of the vote. This continuity is a positive for construction, as it is unlikely that there will be a shift in focus away from the government's prioritisation of infrastructure development, and private investors will find the political landscape remains navigable. Sub-regional tensions present a potential threat, but outright conflict with Burundi or Uganda is highly unlikely. The January 2022 reopening of land crossings with Uganda was a welcome development that lowered bilateral tensions. Foreign private investor enthusiasm towards the market remains broadly positive.

Beyond Rwanda's ability to attract development funding, the market has been successful in attracting investment in infrastructure public-private partnerships (PPPs). According to the World Bank, Rwanda attracted more than USD654mn in PPP infrastructure investment between 2000 and 2020. Recent PPPs in Rwanda include the Gisagara peat power plant and the Kigali bulk water supply project. In June 2022, British International Investment, the UK's development finance institution, announced it would invest USD200mn with Norfund in its joint venture with Scatec, focused on developing Africa's hydropower sector. The funding was earmarked to assist in the development of the Ruzizi III hydropower project, among others. It was not immediately clear if the the suspension of bilateral funding announced by the UK government in February 2025 would have any bearing on this.

In June 2022, the Rwanda Housing Authority confirmed that work was underway on a renovation project for Rwanda's national soccer stadium. The Amahoro project cost USD170mn, involved 2,500 workers on-site when construction activity peaked, and resulted in a highly-modern 45,000-seat facility that was reopened in July 2024.

## Transport Infrastructure

**Key View:** The USD2bn Bugesera International Airport remains the dominant project driving growth in the transport sector, and the second phase of this project should continue to buoy the construction market well into the 2030s. A sustained programme of road building and road improvements, most recently including a further USD100mn from the AfDB to ease congestion in Kigali, is spurring activity in the transport sector. Hopes for the development of rail infrastructure have been boosted by substantial AfDB funding for the initial Tanzanian and Burundian legs of a major regional connection, with a USD2.15bn agreement signed with Mainland China-based contractors in February 2025.

### Latest Developments

- In a major boost for the prospects for a standard gauge railway (SGR) running from the Tanzanian town of Isaka to Kigali, the governments of Tanzania and Burundi in February 2025 signed a USD2.15bn agreement with China Railway Engineering Group and China Railway Engineering Design and Consulting for a 282km stretch of regional railway between Uvinza in Tanzania and Musongati in central Burundi. This comes in a context where significant progress has already been made in laying track in Tanzania. The Rwandan leg of the journey, which would make it possible to send cargo by rail from Rwanda to Dar es Salaam, would be the final segment to be completed.
- Rubavu Port on Lake Kivu was inaugurated in early December 2024. The port covers 2ha and is designed to be able to handle 700,000 tonnes of cargo annually, with the capacity to accommodate two cargo boats simultaneously.
- Qatar Airways and Rwandair jointly announced in May 2024 that completion of the first phase of the new Bugesera International Airport would be complete in 2028. Local media had reported in May 2023 that the first phase would be complete in 2026, revising an earlier completion date of 2023 provided by the Infrastructure Ministry.
- Work resumed in June 2024 on a 10.9km stretch of road between Mulindi, Gasogi and Kabuga, part of a 45.1km project, following delays caused by a funding shortfall. The 45km section itself is part of semi-completed plans for the construction of around 215km of new roads in the city under the Kigali Infrastructure Project, which includes a number of four-lane highway expansions to increase capacity on the main approach roads into the city, as well as construction of up to 43 flyovers to ease congestion at junctions.
- The African Development Bank (AfDB) in December 2024 approved a loan of USD100mn to ease road congestion further in Kigali. The money will be spent largely on improving three of seven junctions that have been identified as major bottlenecks in the city. Plans include bus lanes, while an additional component involves improving bus stops and the lighting at bus stations, to encourage more women to use public transport.

### Structural Trends

Investment in Rwanda's transport segment will support construction industry growth over our 10-year forecast period as the government works to improve regional integration for the landlocked market through the building of new road and rail links, as well as the rehabilitation of existing ones, and investment in airport infrastructure. The government is eager to improve its transport network to incentivise greater foreign investment in various sectors, ranging from retail to manufacturing. Plans to establish a Lake Kivu ferry service would boost cross-border trade flows with the Democratic Republic of the Congo (DRC)'s North Kivu province. This was originally supposed to come to fruition by 2025, but realization will not come any time soon, in view of the unravelling of bilateral relations caused by Rwanda's support for the M23 insurgency in DRC's two Kivu provinces.

### Cross-Border SGR Project To Drive Rail Sub-Sector Growth

We hold a positive view on the progression of the planned Isaka-Kigali standard gauge railway (SGR) line connecting Rwanda and Tanzania. Work on an SGR has been underway for some time in Tanzania, where a 300km section linking Dar es Salaam and

Morogoro has already been completed; the initial services began along this section in June 2024. In December 2023, the AfDB announced it had established initial 'financing structures' for USD696mn, involving USD598mn for Tanzania in loans and guarantees and USD98mn for Burundi, to move forward with the next phases of the project. This substantive multilateral commitment bodes well for the eventual construction of the SGR stretch between Rwanda's capital Kigali and Isaka in central Tanzania. Rwanda's Minister of State for Transport Jean de Dieu Uwihanganye in June 2023 stated that Rwanda's estimate for the construction of the line between Kigali and Isaka stood at USD1.3bn, up from an earlier estimate of USD1.2bn. A feasibility study for this stretch had already been completed. The AfDB in December 2024 signed a coordination letter with Deutsche Bank and Societe Generale to establish a syndication strategy to mobilize up to USD1.2bn for the SGR, covering just over half of a project which by that stage was projected to cost some USD2.3bn.

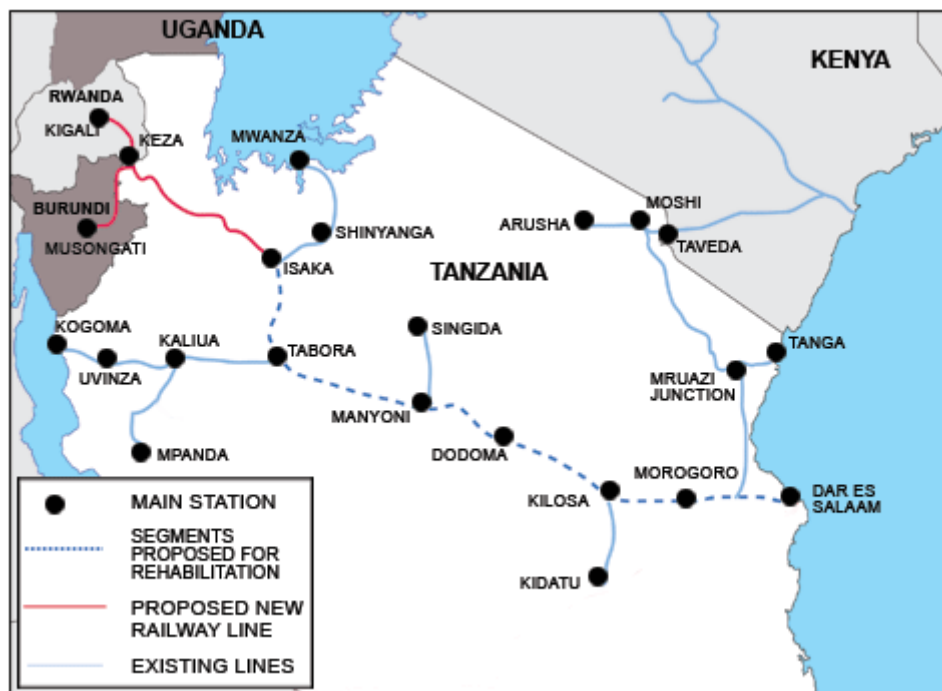
Upon completion of additional rail lines in Tanzania, the line will provide Rwanda with significantly improved access to the Dar es Salaam port. The Isaka-Kigali SGR project forms part of the Central Corridor, a strategic transport project linking Rwanda, Burundi, the DRC and Tanzania. Besides the Isaka-Kigali line, Tanzania's Central Corridor includes an SGR line connecting Dar es Salaam on the Indian Ocean and Mwanza on the shore of Lake Victoria. This line will pass through Isaka, linking with the Kigali-Isaka line.

The construction of the Dar es Salaam-Mwanza SGR project is split into several phases. The first segment connects Dar es Salaam and Morogoro and has been completed by Yapi Merkezi Insaat (Turkiye-based) and Mota-Engil (Portugal-based), while the Türk Eximbank and the Export-Import Bank of China provided financing. Before construction in Tanzania picked up pace between 2021 and 2023, progress on the project had been slowed by delays, partly due to the Covid-19 pandemic. Yapi Merkezi Insaat and Mota-Engil are constructing the second 336km segment connecting Morogoro and Makutupora. Financing for this section is being provided by Standard Chartered Bank (UK). Yapi Merkezi won a USD1.9bn contract to construct a 368km railway line section between Makutupora and Tabora as the third phase of the project. The involvement of non Mainland China-based international construction companies and financiers, including Standard Chartered from the private sector, illustrates the perceived feasibility and financial sustainability of the overall project, and we expect this investor confidence to further consolidate the viability of the planned Kigali-Isaka SGR project.

The fact that Rwanda does not have any existing colonial railways, unlike Kenya or Uganda, will prevent any narrow gauge railway rehabilitation in Rwanda at the expense of the planned SGR project. By contrast, in both Uganda and Kenya, concerns about the financial sustainability of individual SGR projects have led governments to substitute the construction of new SGR lines with projects to rehabilitate existing colonial narrow gauge railway lines.

## Major Rail Project In The Pipeline

SGR - Central Corridor/DIKKM: Proposed Route



Source: [dikkmrail.com](http://dikkmrail.com), BMI

## Roads And Bridges

Mainland China-based construction firms are particularly active in the Rwandan roads sub-sector, holding a 74% share of key construction roles in this infrastructure sub-sector. Key firms include China Road and Bridge Corporation, China Henan International Cooperation Group and Sinohydro Tianjin Engineering.

In September 2022, the Transport Development Agency for Rwanda announced that it would restart construction work on the 63km-long road between Rulindo and Burera in the Northern Province. In July 2021, the Abu Dhabi Fund for Development signed a concessionary loan agreement with the Government of Rwanda worth USD15m for the Rambura-Nyange section of the Rubengera-Muhanga road expansion project. The project will upgrade a 22km stretch of road, adding drainage. The project forms part of a wider effort to boost connections between Karongi in Western Province and Muhanga.

In November 2020, the Rwanda Transport Development Agency held a tender for the construction of a 53km Ngoma-Ramiro road segment. The project, which was offered in two separate segments, forms part of National Road 6, a major link of the logistics network in Rwanda, connecting Kigali to the central corridor and extending to Dar es Salaam port in Tanzania. The project was partially funded by the Japan International Cooperation Agency (JICA), which signed a concessionary loan agreement with the Government of Rwanda for up to JPY7.7bn (USD73.1mn). The project was scheduled for completion in 2023. However, a report in the government-linked New Times newspaper in 2024 indicated that work on this road had still to be completed.

The 51km extension of the Base-Nyagatare road, which is supported by a USD74.4mn loan from the AfDB, is being completed in stages - the first stage was completed in 2021, while the final stage is due for completion in 2025. The construction of a 63km road towards the Uganda border between Base and Rulindo restarted in September 2022.

The AfDB provided a loan of USD93.1mn for the rehabilitation and widening of the 208km Kagitumba-Kayonza-Rusumo road in the eastern part of the market with the EU and JICA, extending USD22.4mn and USD56.3mn respectively for the project, which was completed in late 2023. This project involved combined investment by three key external donors of USD172mn. The project came alongside the tarmacking of 35km of road in the Kabarondo Akagera game reserve, a key tourist magnet.

The 66km Huye-Kibeho-Ngoma road, a project financed under Mainland China's Belt and Road Initiative, was completed in December 2023. Construction of the road cut the travel time between Huye and Kibeho alone from three hours to less than one hour.

### **Qatar Airways Deal Boosts Bugesera International Airport Project**

One of the largest projects currently in process in Rwanda is the Bugesera International Airport near Kigali. The project initially got underway in 2017, led by Portugal-based Mota-Engil, which had a 75% stake in the project for a 25-year concession. Disagreements between the contractor and the Rwanda government led to work stalling. In December 2019, it was announced that Qatar Airways would purchase a majority of Mota-Engil's stake in the airport, allowing work to progress once more. Mota-Engil had held an 85% stake; Qatar Airways would take a 60% stake. The project involves the development of passenger and cargo terminals and a 4.2km runway to accommodate large commercial aeroplanes, achieving handling capacity of 7mn passengers annually. The capacity will be doubled in the second phase, which is scheduled for completion by 2032. In 2021, the Government pledged that the first phase of construction would be completed by the end of 2022, but the state-aligned New Times reported in May 2023 that this phase was instead set for completion in 2026 - a timeline subsequently pushed out again to 2028 in May 2024. This strongly indicates that completion of the second phase will now likely be delayed considerably beyond the end of our 10-year forecast trajectory.

### **Rwanda - Major Transport Infrastructure Projects**

| Project Name   | Project Risk Metric | Value (USDmn) | Size                     | Status                             |
|--|---------------------|---------------|--------------------------|------------------------------------|
| Bugesera International Airport Project, Eastern Province         | 7.0                 | 2,000         | 14mn passengers per year | Under construction                 |
| Tanzania - Rwanda - Burundi Railway Project (DIKKM Rail Project) | 4.4                 | 1,300         | 138km                    | At planning stage (Rwanda section) |
| Kivu-Belt Road Project   | 7.0                 | 320           | 189km                    | Project complete                   |
| Huye-Kibeho-Ngoma Road Project                                   | 7.2                 | 81            | 66km                     | Complete (December 2023)           |

*Note: Top five projects by value. na = not available. Project Risk Metric scores out of 10; higher score = lower risk. Source: BMI Infrastructure Key Projects Data*

## Energy & Utilities Infrastructure

**Key View:** Rwanda's energy and utilities sectors have undergone substantial development in the last two decades, a process helped by low levels of domestic corruption. Prospects for further development remain strong, spurred by the government's drive to develop the country into a regional hub for information technology, financial services, multilateral conferencing and sporting events, which all require extremely reliable basic utility infrastructure. Methane production, biomass, the renewables sector and water sanitation have all benefited from investment, although there are risks to projects that are largely donor funded, due to Rwanda's sponsoring of the M23 rebellion in eastern Democratic Republic of Congo.

### Latest Developments

- The Rwanda Mines, Petroleum and Gas Board in January 2025 announced that oil had been detected in 13 reservoirs of Lake Kivu. Hydrocarbon revenues could substantially boost Rwanda's development trajectory, boding well for funding of public infrastructure, especially in a country where domestic corruption is low. However, the discovery risks feeding into and potentially prolonging a collapse in relations with neighbouring Democratic Republic of Congo.
- The Abu Dhabi Fund for Development signed an AED92mn (US\$25mn) loan agreement to fund the further development of water transmission and distribution systems at the Karengye Water Treatment plant, the Emirates News Agency reported in December 2024.
- Russian news agency Tass reported in September 2024 that Rwandan authorities were in discussions with Russian nuclear energy firm Rosatom about the possibility of building a small nuclear power plant in the central African country, along with a nuclear science and technology centre.
- The Rwanda Water Board announced in June 2024 that the Rwanda Green Fund was granting RWF4.5bn (USD3.4mn) to create a buffer zone planted with bamboo to protect the Muvumba multi-purpose dam in Nyagatare district. The project is expected to have the capacity to hold 55mn cu m of water and generate 6.9GWh of power per annum. The project is backed by a RWF122.0bn (USD114.5mn) loan from the African Development Bank (AfDB). Construction got underway in late 2023.
- Electricity began flowing (27MW) from the Rusomo hydroelectric dam to Rwanda's national grid, the Ministry of Infrastructure reported in early January 2024, following completion of the power plant. The 80MW facility serves Burundi and Tanzania and is expected to power Bugesera International Airport.
- The AfDB's market representative for Rwanda, Aisse Toure Sarr, announced on X, formerly known as Twitter, that the multilateral lender would invest a total of USD274mn in 'phase I' of improving water and sanitation in Rwanda by 2029 (December 2023). Further details were not immediately available (including whether, or how far, this incorporated a commitment by the AfDB in July 2023 to provide Rwanda with USD101mn in concessional lending for water projects), but the announcement underscored the opportunities inherent in the market's water utilities sub-sector.
- In September 2023, Rwanda signed a deal with Dual Fluid Energy, a Canadian-German start-up, to develop a dual fluid energy reactor. A demonstration reactor is expected to be ready by 2026 and testing of dual fluid technology complete by 2028.
- In July 2023, PowerChina, the company building the USD214mn Nyabarongo II hydropower project, completed river closure ahead of the main building phase for the project.



## Structural Trends

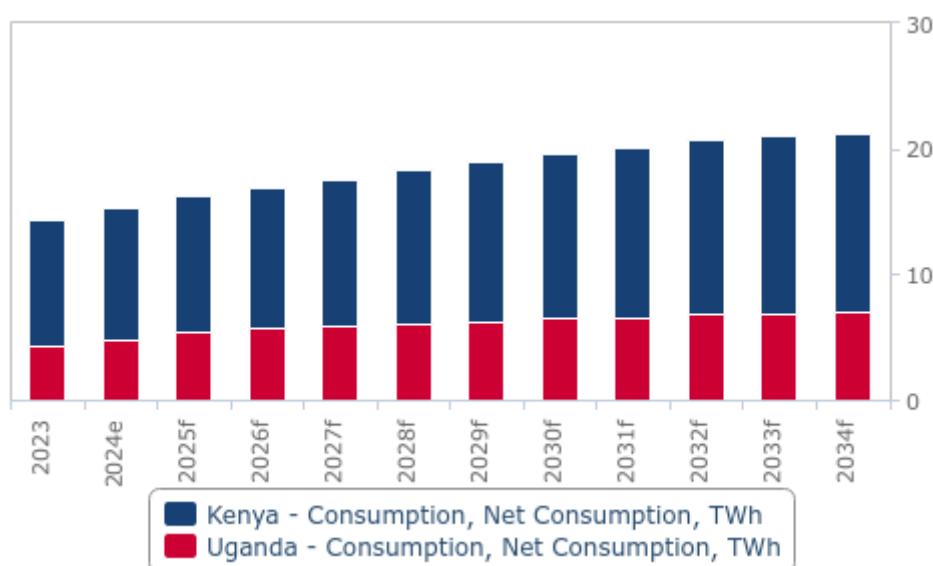
The World Bank reported in April 2024 that 75% of households in Rwanda have access to electricity, up from 9% in 2009. Meanwhile, all health centres are able to access an electricity supply and 84% of schools. The market's rapidly expanding population and rising consumption of electricity per household will lift peak domestic consumption from 165.1MW in 2021 to 262.7MW in 2030, based on annual consumption increases of 6.4%, according to the grid load forecast cited by Rwanda Energy Group (REG) in its September 2021 transmission master plan. Demand from commercial users is expected to rise over the course of the decade: the first industrial parks at Bugesera (Phase I) and Rwamagana will open initially, followed by six further parks, as well as Phases II and III of the Bugesera development.

Rising demand is driving investment in domestic grid strengthening. In April 2022, AfDB awarded a grant of USD180mn towards the construction of more than 1,000km of medium-voltage lines and 3,300km of low-voltage lines. The project includes the installation of 137km-high voltage lines, six substations and modernisation of more than 1,200 distribution transformers, as well as associated infrastructure.

The expansion of the domestic network is coinciding with the creation of interconnections between Rwanda's electricity grid and neighbouring Uganda and Kenya. Further interconnections are expected to be established over the medium term. An upgrade of the current 220kV line between Mbarara and Masaka in south-west Uganda with a planned 400kV transmission line is expected to enable sustained export volumes. Tensions between Rwanda and Uganda in the early 2020s delayed connectivity efforts, but Uganda's energy ministry announced in May 2023 that the commissioning of a line between the two markets was back on track, pending the installation of boosters on the Rwandan side. This would substantially increase the exchange of electricity between the two markets.

### Rising Uganda And Kenya Electricity Demand Offers Rwanda Export Opportunity

Selected Markets - Net Electricity Consumption, TWh (2023-2034)



e/f = BMI estimate/forecast. Source: EIA, BMI

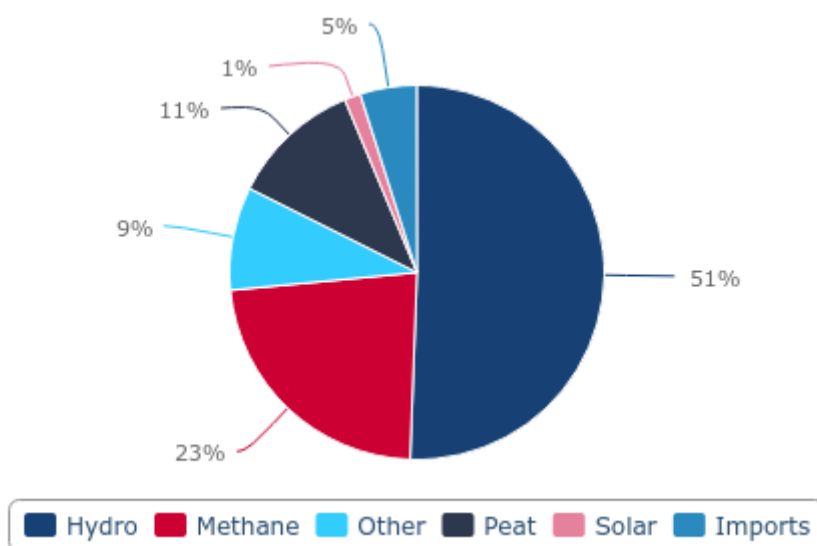


Rwanda's success in channelling private financing into its energy sector and in diversifying the latter beyond its current reliance on hydropower lays a solid base for the attraction of further private investment in diverse generation projects. Currently, peak demand and reserve in Rwanda is largely served by methane-fuelled power plants as the market's hydropower plants' contribution to supplying peak demand is strongly exposed to seasonal variations in water availability. In 2023 hydropower was responsible for 50.6% of the market's energy generation, according to state-owned REG.

Following the completion of the KivuWatt methane-fuelled power plant on Rwanda's Lake Kivu, the proportion of Rwanda's energy supplied by gas-fired generation rose to 23% in 2020, but fell back to 18.5% in 2022. From 2024 this proportion increased when construction of the Shema Power Lake Kivu (SPLK) project was completed in February that year, enabling output from this 56MW methane power plant. Both projects were delivered through public-private partnerships (PPPs). A third methane project, backed by Rwanda-based GasMeth Energy, saw a 25-year concession agreed in 2019. The USD400mn project involves construction of an offshore gas extraction facility on Lake Kivu extracting up to 1.1mn standard cu m per day of natural gas, along with onshore gas processing and compression plants. A ground-breaking ceremony took place in August 2022.

### Hydropower And Methane Dominate Rwanda's Energy Mix

Rwanda - Electricity Generation By Type (2023)



Source: BMI

Rwanda's domestic energy generation mix is likely to remain dominated by hydropower. The upcoming completion of major hydropower projects and the initiation of others limits the scope for other utility-scale renewable energy generation projects. In May 2022, REG confirmed it broke ground on the 43.5MW Nyabarongo II hydroelectric power plant project. The facility on the Nyabarongo River in Rwanda forms the first phase of the Nyabarongo II Multipurpose Development Scheme. Mainland China-based construction company Sinohydro is the lead contractor responsible for implementing the project. Construction is expected to be completed within 56 months of the start date. In June 2022, British International Investment, the UK's development finance institution, announced it would invest USD200mn with Norfund - the Norway investment fund for developing markets - in its joint venture with Scatec focused on developing Africa's hydropower sector. The funding is expected to assist in the development of the Ruzizi III hydropower project, among others.

The market has seen the rapid expansion of small-scale off-grid solutions: the government has identified rooftop solar panels as a technology to permit the electrification of remote rural communities. In 2018, the Abu Dhabi Fund for Development provided a loan of USD15mn on concessional terms to support the installation of 0.5mn rooftop systems for rural inhabitants. These off-grid initiatives have been significant in increasing the proportion of Rwandan households that have access to electricity in recent years.

### Rwanda - Major Energy & Utilities Infrastructure Projects

| Project Name                                    | Project Risk Metric | Value (USDmn) | Size  | Status            |
|---|---------------------|---------------|-------|-------------------|
| KivuWatt Methane Power Plant - Phase 1, Kibuye  | 4.6                 | 600           | 25MW  | Complete          |
| Rusizi IV Hydropower Project, Ruzizi River      | 4.4                 | 712           | 287MW | At planning stage |
| KivuWatt Methane Power Plant - Phase II, Kibuye | 4.7                 | 400           | 74MW  | At planning stage |
| North Akanyaru Peat-Power Plant, Bugesera       | 4.1                 | 371           | 100MW | At planning stage |
| Nyagatare Dam Project, Muvumba River, Eastern   | 4.5                 | 173           | na    | At planning stage |

*Note: Top five projects by value. Project Risk Metric scores out of 10; higher score = lower risk. na = not available. Source: BMI Infrastructure Key Projects Data*

## Residential/Non-Residential Building

**Key View:** Rwanda's residential and non-residential construction sector has performed strongly in recent years, especially in urban centres. Over the short term, impetus could be interrupted somewhat by a spike in inflation, which came very close to the top end of the central bank's target range in January 2025 and prompted it to leave its key rate on hold at 6.5% during its February 2025 monetary policy meeting. The higher inflation rate dims prospects for monetary easing during the remainder of the year.

### Latest Developments

- Construction of the main phase of the Kigali Innovation City got under way in September 2024, in line with an announcement by the Rwandan authorities on the sidelines of the African Development Bank's annual meeting in Nairobi in late May 2024. The USD300mn project will consist of universities, commercial office space, tech companies and biotechnology firms, according to the plans.
- The National Bank of Rwanda left its benchmark interest rate unchanged at 6.5% in February, after also leaving it unchanged at its November policy meeting. This came as inflation in January hit 7.4% y-o-y, nearing the top of the 2% to 8% target range. The central bank had earlier cut the key rate by 0.5 percentage points in both May and August 2024.
- Construction of a first phase of a cardiac care facility in Kigali was inaugurated in August 2024, in a joint initiative between Egypt and Rwanda.
- National elections in the UK in July 2024 brought defeat for a right-wing government that had agreed a controversial deal with Rwanda to deport migrants. The new government quickly disowned the policy, in a context where Rwanda had embarked on building initial housing for these migrants (528 units). The outgoing government in the UK had already paid Rwanda more than GBP240mn (more than USD300mn) for the scheme. It is not clear what use, if any, will be made of the housing units, but Rwanda is made clear it will keep the money already paid over by the UK.
- A number of high-profile mixed use residential and tourist projects are under construction in the Gacuriro district of Kigali. The second phase of a four-phase 4,500 residential property project, Vision City is under construction by Rwanda-based developer Ultimate Developers (UDL).
- A separate mixed use residential, luxury golf course and hotel complex, Kigali Golf Resort & Villas, is being developed in the same suburb by Rwanda Ultimate Golf Course (RUGC). Both RUGC and UDL are subsidiaries of Rwanda Social Security Board. RUGC is expected to advance development of the second phase of the mixed-use development once 150,000sq m of land currently occupied by informal settlements is expropriated.
- In April 2023, work began on a modernisation and expansion project at Masaka Hospital in the Kicukiro district, Rwanda. The project is expected to be completed in July 2025.

## Structural Trends

Rapid population growth of more than 2% per annum in Rwanda's capital Kigali is leading to increasing pressure on residential accommodation. Regulatory changes to encourage urban densification - as well as innovative pilot projects to formalise some of the city's numerous informal settlements without displacing residents - are encouraging inward investment. In October 2022, local authorities in Kigali confirmed they were awarding contracts to upgrade 3.8sq km of informal settlements around Kigali by installing utilities and electricity connections at a cost of more than USD40mn.

A significant source of opportunity in Rwanda's construction industry stems from non-residential building as the government ramps up its efforts to transform the market away from agricultural exports and into knowledge-based sectors. The potential creation of a regional life sciences and vaccine production hub in Kigali would further accelerate investment in infrastructure, currently driven by the expanding information and communications technology sector. This process will accelerate once the new African Medicines Agency is established in Kigali, as this will lead to the development of a healthcare regulation hub in the city and encourage foreign firms to operate in the market. The market's health ministry and the African Union signed an agreement to this effect in June 2023.

The planned development of rail and freshwater transport links respectively in Kigali and along ports in the Western Province should create opportunities for multi-modal transshipment hubs over the long term, once freight begins to divert from higher-cost road transport.

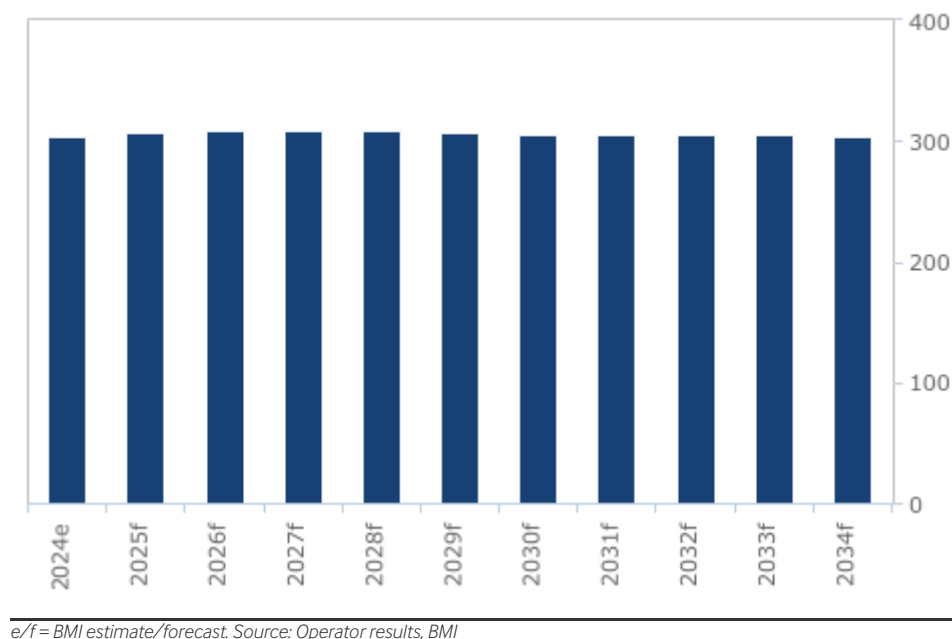
## Information And Communications Technology Hub Ambitions Driving Non-Residential Construction Growth

Kigali Innovation City (KIC), located in the Kigali Special Economic Zone (SEZ) and primarily serving as a technology hub seeking to deliver digital products and services for Rwanda and other Sub-Saharan African (SSA) markets, continues to contribute to our expectation that Rwanda's information and communications technology (ICT) sector and supporting infrastructure will support non-residential construction growth. Located in the Kigali SEZ, it currently consists of two pan-regional universities. Its further development will consist of three technology clusters: a human capital development platform to build up industry skills required by technology companies, a digital innovation platform housing technology companies and a financing platform to guide technology companies through their development. The project is being financed by the Rwanda Innovation Fund, which is mandated to drive digital transformation in the market, with support from the government, private investment and international financial institutions, including the African Development Bank.

In March 2020, the Royal Institute of British Architects shortlisted five firms in a design competition for the Green City Kigali development in Rwanda, an initiative recognized at the December 2023 COP28 summit in the UAE with an award for 'best financeable city initiative of the year'. The project aims to deliver a new, compact mixed-use development with a focus on improving housing affordability, housing supply and urban sprawl in Kigali. Feilden Clegg Bradley Studios was chosen as the winning bidder in September 2024. The winning firm will carry out a feasibility study and masterplan for a 6sq km site in the Kinyinya Hill area. Initially, an affordable housing pilot within a designated project area of 160,000sq m will be built. Rwanda's Green Fund is the project owner, while Germany's government and the Green Climate Fund are funding bodies. Germany-based development bank Kreditanstalt für Wiederaufbau (KfW) is the implementing agency and Sweco is the consulting firm. Risks to the continued funding of this project were generated by Germany's announcement in March 2025 that it was reviewing all existing development commitments in Rwanda, due to Rwandan military support for the M23 rebellion in eastern Democratic Republic of Congo.

### Broadband Subscriptions Plateau

Rwanda - Total Broadband Subscriptions, '000 (2024-2034)

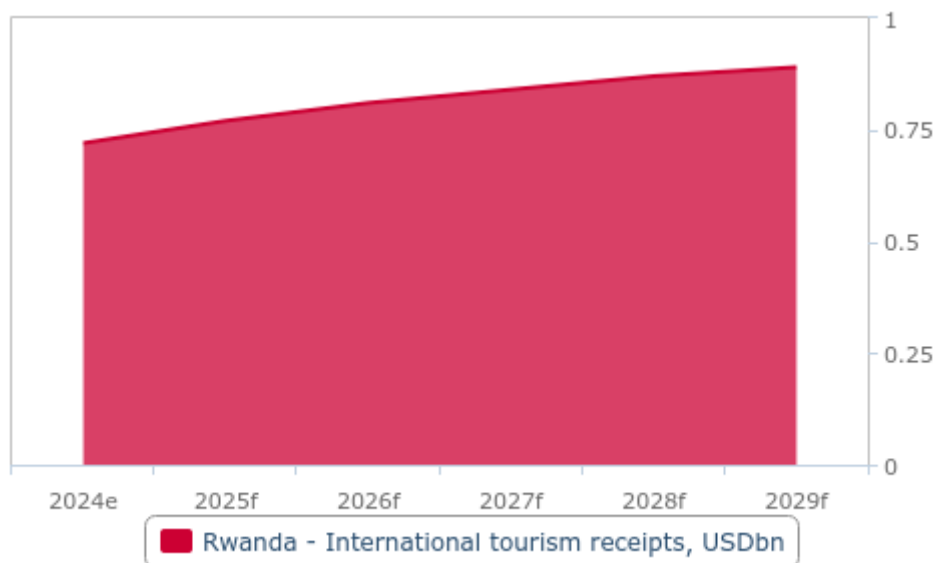


The aim is to develop the Kigali Innovation City into a mixed-use city. The focus will be on providing office space to house small- and medium-sized enterprises to assist domestic digital companies in their development in addition to multinational companies and research institutions. There are plans to provide retail centres, apartments and hotels. The entire project is expected to be valued at USD1.9bn upon completion. In November 2018, Rwanda signed a deal with infrastructure investment platform Africa50 to develop and finance a Digital Innovation Precinct as part of the KIC. The precinct will include commercial and retail complexes.

We see significant growth potential stemming from the development of hotels as Rwanda capitalises on growing tourism arrivals. While the market's hospitality industry suffered revenue losses following Covid-related international travel restrictions and a nationwide lockdown, both tourism and conference business bookings have subsequently recovered significantly. Tourism revenues more than doubled from USD164mn in 2021 to USD445mn in 2022. Tourist arrivals totalled 1.4mn in 2023, almost treble the 521,000 recorded in 2021. Tourism revenues hit USD620mn in 2023. We have seen interest from US-based hotel groups in the market, including Radisson Hotel Group and Marriott International, which opened hotels in the capital city in mid-2016. We expect this interest to continue, with Rwanda's stable domestic political trajectory and solid economic growth making it an attractive investment option. Outside Kigali, the government sees significant growth potential in the development of hotels along Lake Kivu. The number of hotel rooms offered by Rwanda increased from 17,078 in 2020 to 21,232 in 2023.

## Positive Growth Outlook For Rwanda Tourism Sector

Rwanda - International Tourism Receipts, USDbn (2024-2029)



e/f = BMI estimate/forecast. Source: World Bank, BMI

In June 2022, the Rwanda Housing Authority confirmed that work was underway on a renovation project for Rwanda's national football stadium. The Amahoro project eventually cost USD170mn and was opened on schedule in July 2024. The new all-seater stadium transformed an arena that was originally built in the 1980s.

Construction of a USD116mn vaccine production facility in Kigali by Germany-based BioNTech began in June 2022. The firm inaugurated the facility in December 2023, but additional work was yet to be completed and it is now not expected to start producing vaccines until 2025. A export-oriented agribusiness joint venture between Israel-based Netafim and the government of Rwanda completed the USD73.9mn 5,600ha first phase of a hub in Gabiro in Q1 2022. A 100sq km second phase is under consideration.

In January 2022 the 'Manufacture and Build to Recovery Scheme' entered effect and lowered the cost of residential and non-residential projects, as VAT is applied at a rate of 18% for local construction materials.

## Private Infrastructure Investment Outlook

**Key View:** Investment opportunities offered by PPPs in the power generation and infrastructure sectors should continue to attract private sector investment interest, although higher inflation and reduced prospects for further monetary easing risk constraining the government's already limited fiscal space. We note that a potential expansion of Rwanda's capital markets would support foreign investment interest in the market's infrastructure sector.

**Our positive outlook for private investment opportunities in Rwanda's power infrastructure sector is supported by a positive track record of public-private partnerships (PPPs) in the sector and a well-stocked pipeline of power PPPs.** Rwanda's PPP record is dominated by electricity projects, which account for over 90% of the USD654mn that was invested in Rwanda-based PPPs since 2000. The PPP model was used for a number of ongoing transport infrastructure projects, including the Bugesera International airport passenger and freight terminals. According to our proprietary Key Projects Data, more than 30% of Rwanda's planned infrastructure projects are PPPs, supporting our positive outlook for private infrastructure investment opportunities in this East African market. In value terms, power projects account for the largest part of the planned PPP project pipeline, underpinning our expectation that this sector will continue to outpace private investment in Rwanda's broader infrastructure industry. Rwanda's project pipeline offers more PPPs in pre-construction phases than those under construction, which points to sustained investment opportunities. This, coupled with a project risk score that considerably outperforms the Sub-Saharan Africa (SSA) average, highlights an increased likelihood of project completion in Rwanda.

### Power Generation Sub-Sector Offers Investment Opportunities

The interconnection and synchronisation of Rwanda's power grid with those of Uganda and Kenya will enable electricity exports and sustained independent power production opportunities in Rwanda, despite the market's small domestic electricity demand. Investors can refer to Rwanda's success in attracting private investment to a range of generation projects across different energy sub-sectors. The Gisagara peat-fuelled power plant, which came online in 2021, is designed; financed; built; owned and operated by Türkiye-based firm Hakan Mining and Electricity Generation. Other shareholders are Morocco-based project development company Themis and Quantum Power, an investment platform focusing on energy, natural resources and other related infrastructure in SSA. Lenders include the Africa Finance Group, the Finnish Fund for Industrial Cooperation, the Export-Import Bank of India, the Eastern and Southern African Trade and Development Bank, the Development Bank of Rwanda, and the African-Export Import Bank. Ruzizi III Energy, the project company set up by Norway-based SN Power and Kenya-based Industrial Promotion Services, is expected to receive additional funding from British International Investment to help to develop the project, following an announcement in June 2022. The project company was expected to award an engineering, procurement and construction contract for the Ruzizi III hydropower PPP project on the Ruzizi River. Ministers from the governments of Rwanda, Burundi and Democratic Republic of the Congo (DRC) visited the project site in November 2022, but there appears to have been little progress since then, amid a significant deterioration in relations between Rwanda and DRC (and latterly also between Rwanda and Burundi).

### Low Legal Risk And Domestic Political Stability Boost Rwanda Investment Appeal

Rwanda's PPP Unit is hosted by the Rwanda Development Board, which is the market's primary investment promotion agency. It is positioned between contracting authorities, such as utilities and ministries, and the PPP Steering Committee (SC) which approves and oversees PPPs in Rwanda. The PPP Unit guides the PPP process and supports the contracting authority and the PPP SC in their respective functions. The introduction of a pro-development land law in June 2021 supplemented a Presidential Order establishing a national land use and development master plan in April 2021.

Rwanda is a regional outperformer for legal risk. This stems from efforts by the government to ease bureaucratic obstacles. Domestic corruption levels in Rwanda are among the lowest in both the East Africa and wider SSA regions, which will benefit businesses operating in the market. The market's domestic political outlook is stable, although external risks have risen substantially in the last couple of years. The 2015 Expropriation Law forbids the expropriation of investors' property in the public interest, unless the investor is fairly compensated. Nonetheless, investors who have their property expropriated risk receiving compensation that is below market value.

Rwanda's capital markets are rather small, underdeveloped and highly concentrated with a limited range of listed companies. They operate closely with other more developed markets in the region, such as Kenya, affording investors some hedging ability against domestic risks. The high cost of credit deters both investors and locals from taking out loans. This increases the role of development finance institutions (DFIs) in enabling PPPs in Rwanda. DFIs have shown their important enabling capacity and interest in supporting Rwanda-based infrastructure PPPs in the course of the Kigali Bulk Water Project. The project, one of SSA's few water PPPs, attracted financing from the Emerging Africa Infrastructure Fund, as well as the African Development Bank.

### Rwanda - Major Infrastructure Public-Private Partnerships

| Project Name  | Sub-Sector | Project Risk Metric | Value (USDmn) | Size                 | Status             |
|---|------------|---------------------|---------------|----------------------|--------------------|
| Bugesera International Airport Project, Eastern Province    | Airports   | 7.0                 | 1,300         | 14mn people per year | Under construction |
| Tanzania - Rwanda - Burundi Railway Project                 | Rail       | 4.4                 | 1,300         | 126km                | At planning stage  |
| Ruzizi III Hydropower Project, Ruzizi River                 | Hydropower | 4.3                 | 489.7         | 147MW                | At planning stage  |
| North Akanyaru Peat-Power Plant, Bugesera, Eastern Province | Biomass    | 4.1                 | 377           | 100MW                | At planning stage  |
| Rusizi IV Hydropower Project, Ruzizi River                  | Hydropower | 4.4                 | 154           | 287MW                | At planning stage  |

Note: Top five projects by value. na = not available. Project Risk Metric scores out of 10; higher score = lower risk. Source: BMI



# Industry Risk/Reward Index

## Sub-Saharan Africa Infrastructure Risk/Reward Index: Robust Construction Growth In High-Risk Environments

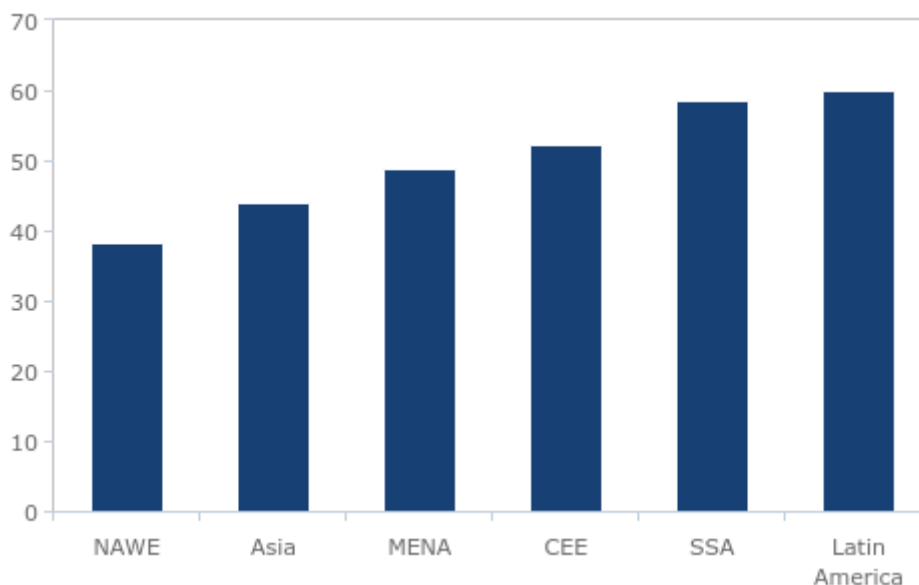
**Key View:** SSA collectively maintains a moderately unattractive infrastructure developing environment, combining a comparatively strong Rewards profile with an elevated Risks profile. The region's infrastructure industry is notably impacted by significant industry-specific and country-related risks, which weigh down overall performance.

### Main Regional Features And Latest Updates

- Sub-Saharan Africa (SSA) exhibits a moderately unattractive infrastructure developing environment, evidenced by an average score of 58.5 out of 100 in our Infrastructure Risk/Reward Index (RRI). This index evaluates the global attractiveness of infrastructure industries, with lower scores denoting more appealing markets. Overall, SSA ranks above the global Infrastructure RRI average score of 50.0, positioning it among the least attractive regions for infrastructure development, surpassing only Latin America.
- Several factors continue to impact infrastructure industry performance in these markets, such as limited market competition openness, project delay risks, political instability, and a challenging business environment characterised by inefficient legal bureaucracies and a high perception of corruption. These factors contribute to the collective weak Risks profiles of markets in the region, with an average score of 74.3 in the Risks component of our Infrastructure RRI, exerting downward pressure on the region's aggregated RRI outlook.
- Nonetheless, given the historically slow infrastructure development and significant underdevelopment, SSA currently offers ample opportunities for infrastructure growth. This is reflected in an attractive Rewards profile, with the region scoring 47.9 on average in the Rewards components of our Infrastructure RRI, positioning the region as the third most attractive in terms of Rewards, ahead of North America and Western Europe (NAWE), Central and Eastern Europe (CEE) and Latin America.
- Moreover, the first half of 2025 has seen notable positive shifts in the risk profiles of regional underperformers.

## SSA Infrastructure Industry Remains Among The Least Appealing

Global - Infrastructure Risk/Reward Index



Note: May include territories, special administrative regions, provinces and autonomous regions. Scores out of 100; lower score = more attractive market. Source: BMI Infrastructure Risk/Reward Index

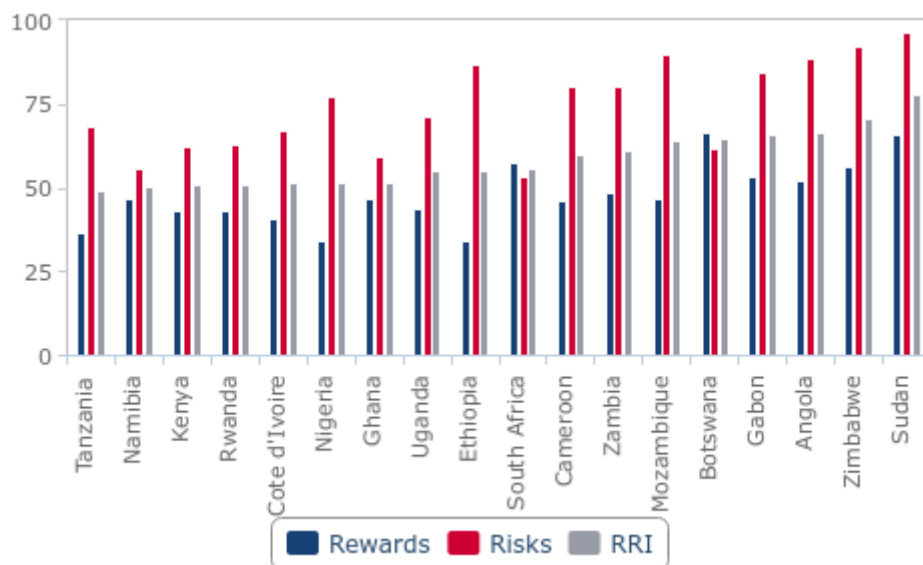
### Strong Rewards Profile Highlights Development Opportunities

The SSA region has historically experienced slow infrastructure development, leaving several market segments underdeveloped. However, this presents considerable opportunities for infrastructure growth, driven by a strong demographic profile with substantial population growth expected in the coming decades. Many SSA markets are expected to achieve real GDP growth well above the global average, boosting demand for residential and commercial construction and increasing government revenue for infrastructure investment. Furthermore, the region boasts a strong project pipeline, with significant funding support from the private sector. Notably, SSA has the most extensive public-private partnership (PPP) pipeline compared to other regions, constituting 15.5% of all projects and 33.2% in terms of US dollar value, according to our proprietary Infrastructure Key Projects Data, which includes projects valued over USD30mn.

Consequently, the region collectively exhibits a promising Rewards profile - an essential subcomponent of our Infrastructure RRI - which is driven by relatively strong projected construction industry growth across the majority of markets during our forecast period from 2025 to 2034. With a score of 47.9, SSA ranks third among all regions in our Rewards component, surpassing NAWA, CEE and Latin America, and performing better than the global average of 50.0. Weighted at 60% in the final Infrastructure RRI score, the Rewards component encompasses both Country Rewards and Industry Rewards, where the former evaluates a market's macroeconomic characteristics that directly influence business opportunities, and the latter assesses the industry's size and growth potential.

## Compelling Rewards Profile Enhances SSA's Infrastructure Attractiveness

SSA - Infrastructure Risk/Reward Index



Note: Scores out of 100; lower score = more attractive market. Source: BMI Infrastructure Risk/Reward Index

Focusing on the Country Rewards component, SSA slightly trails the global average with a score of 52.5. This is influenced by markets such as Namibia, Zambia, Zimbabwe and Sudan, which contend with large population shares residing in underdeveloped areas and relatively lower GDP per capita growth. In contrast, other SSA markets, including Kenya, Rwanda and Uganda, although facing similar demographic challenges, demonstrate strong GDP per capita growth over our short- to medium-term forecast period (2025-2029).

## SSA's Strong Industry And Country Rewards Surpass Global Average

SSA - Infrastructure Risk/Reward Index, Rewards

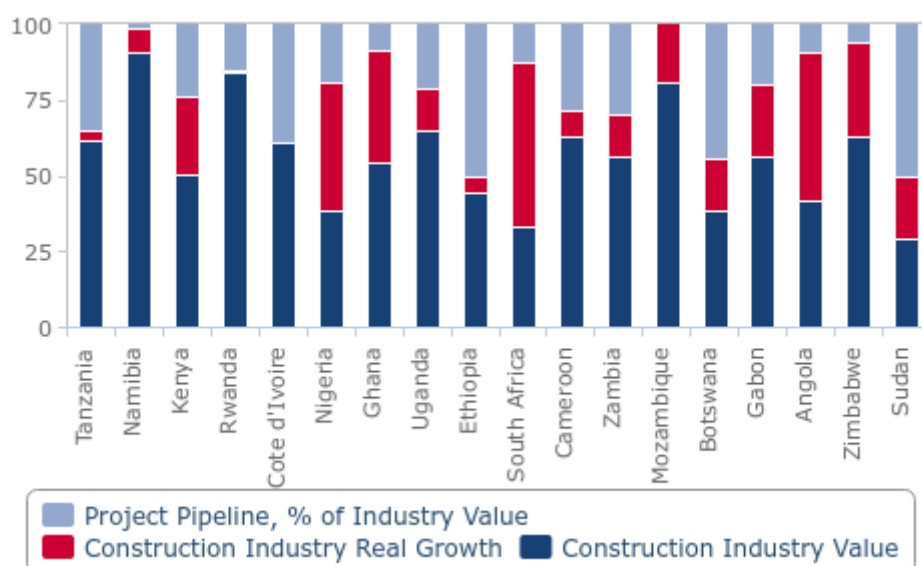


Note: Scores out of 100; lower score = more attractive market. Source: BMI Infrastructure Risk/Reward Index

Conversely, looking at Industry Rewards, the majority of markets within the SSA region hold attractive profiles, supported by strong construction industry growth forecasts and robust project pipelines relative to the size of the construction industries. Collectively, these attractive Rewards profiles elevate the SSA Infrastructure Industry Rewards profile score to 44.8, positioning it competitively alongside the Middle East and North Africa (MENA) and Asia, while outperforming NAWA, CEE and Latin America.

## Robust Construction Industry Growth Drives SSA's Industry Rewards Profile

SSA - Contribution Of Construction Industry To Industry Rewards, %



Note: This chart displays the distribution of the Industry Rewards components for each market. Source: BMI Infrastructure Risk/Reward Index

## High Risks Remain A Challenge

Despite offering significant opportunities for infrastructure development, elevated risks in the region diminish its attractiveness for such initiatives, weighing on the region's aggregated RRI outlook. Markets in the region collectively maintain an average Risks profile score of 74.3, which carries a 40% weight in the final RRI score, compared to 60% for Rewards. Consequently, the region falls well short of the global average Risks score of 50.0. This profile considers Country Risks and Industry Risks by evaluating factors such as market competition openness, project delay risks, political stability and the broader business operational environment.

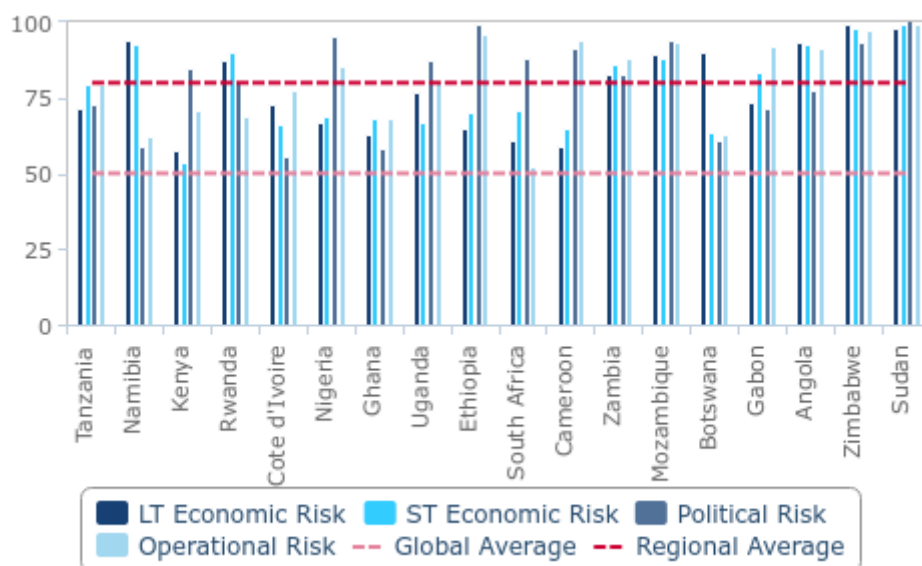
The region's particularly weak Country Risks profile is exacerbated by a reliance on commodity exports for government revenue, heightening economic risks. This includes elevated short-term economic risks, significantly impacted by increased fiscal consolidation efforts across SSA markets, particularly affecting capital expenditure for public infrastructure development. In the long term, reliance on commodities leads to fluctuations in exchange rates, government revenue and GDP growth, further contributing to the region's elevated Risks profile.

Concerns about political stability are significant in numerous markets, contributing to SSA's extremely weak political risk profile, as evidenced by a high average score of 80.7 in the Political Risk subcomponent of our Infrastructure RRI, found within the Country Risks profile. Armed conflicts in Ethiopia and Sudan pose substantial risks to infrastructure markets, while weak institutions and a history of irregular power transfers in other markets heighten risks to policy continuity. Beyond political risks, operational risks to construction projects further exacerbate the region's above-average risk environment, with the region scoring 81.1 in the Operational Risk subcomponent of our Infrastructure RRI, also included in the Country Risks profile. This elevated risk profile is driven by many SSA markets being characterised by weak logistics systems, trade risks and acute security concerns.

Lastly, heightened perceptions of corruption and monopolised competitive landscapes, a precedent for frequent project delays, relatively weak contract enforceability, inflexible labour markets and unreliable legal systems, collectively exert negative pressure on the Industry Risks profile.

### Elevated Business Risks

SSA - Infrastructure Risk/Reward Index, Country Risks



Note: Scores out of 100; lower score = more attractive market. Source: BMI Infrastructure Risk/Reward Index

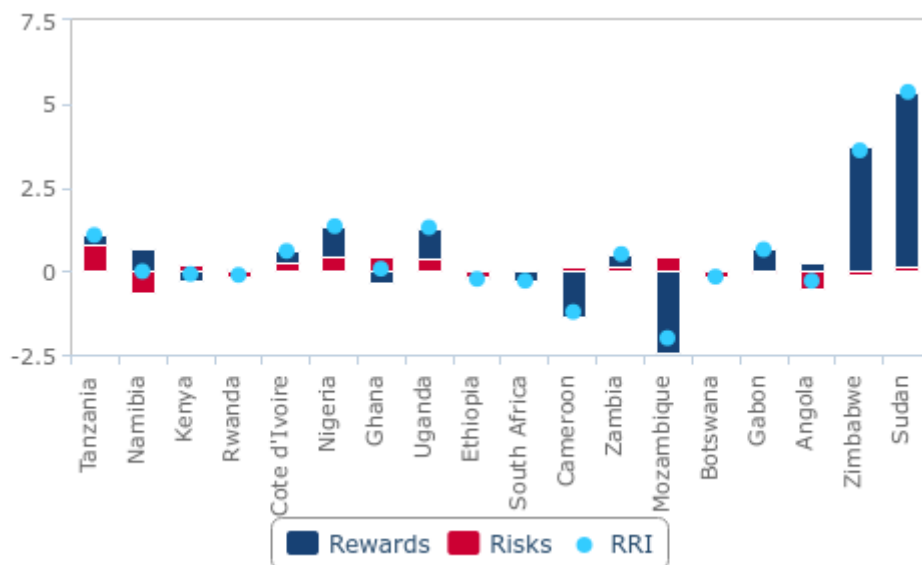
In the first half of 2025, regional underperformers have experienced notable positive shifts in their Rewards profiles. In particular, Zimbabwe has demonstrated a significant improvement, with the market's Rewards score decreasing by 3.7 percentage points (pp), indicating a more attractive infrastructure industry, as the market boasts a strong project pipeline.

Conversely, Mozambique's economy is anticipated to grow at a slower pace during our forecast period. Initially, our Country Risk team expected a real GDP growth of 3.7% in 2024. However, the economy contracted by 4.9% y-o-y in Q4 2024 due to the disputed general election in October 2024, which incited violent protests and severely disrupted economic activity, resulting in a less attractive Country Rewards profile.

Overall, SSA experienced a 0.6pp improvement in its RRI score between Q1 2025 and Q2 2025.

## Boosting SSA's RRI Score: Enhanced Rewards Profiles Lead The Way

SSA - Infrastructure Risk/Reward Index, pp chg q-o-q



Note: Scores out of 100; lower score = more attractive market. Source: BMI Infrastructure Risk/Reward Index

## SSA - Infrastructure Risk/Reward Index

|                  | Industry Rewards | Country Rewards | Rewards | Industry Risks | Country Risks | Risks | RRI  | Regional Rank | Global Rank |
|------------------|------------------|-----------------|---------|----------------|---------------|-------|------|---------------|-------------|
| Tanzania         | 27.8             | 49.3            | 36.4    | 60.9           | 76.1          | 68.5  | 49.2 | 1             | 52          |
| Namibia          | 36.2             | 62.9            | 46.9    | 39.4           | 71.6          | 55.5  | 50.4 | 2             | 53          |
| Kenya            | 39.2             | 48.5            | 42.9    | 54.7           | 70.3          | 62.5  | 50.7 | 3             | 55          |
| Rwanda           | 36.2             | 53.2            | 43.0    | 46.3           | 79.4          | 62.9  | 51.0 | 4             | 56          |
| Côte d'Ivoire    | 38.2             | 44.5            | 40.7    | 67.0           | 67.5          | 67.2  | 51.3 | 5             | 58          |
| Nigeria          | 27.2             | 45.0            | 34.3    | 71.2           | 82.8          | 77.0  | 51.4 | 6             | 59          |
| Ghana            | 45.3             | 48.3            | 46.5    | 54.9           | 63.9          | 59.4  | 51.7 | 7             | 61          |
| Uganda           | 39.8             | 50.3            | 44.0    | 63.0           | 79.9          | 71.5  | 55.0 | 8             | 69          |
| Ethiopia         | 27.8             | 43.5            | 34.1    | 86.2           | 87.5          | 86.9  | 55.2 | 9             | 71          |
| South Africa     | 60.8             | 53.0            | 57.7    | 37.3           | 68.9          | 53.1  | 55.9 | 10            | 72          |
| Cameroon         | 39.8             | 56.1            | 46.3    | 78.2           | 82.5          | 80.3  | 59.9 | 11            | 81          |
| Zambia           | 47.6             | 49.7            | 48.4    | 75.1           | 85.1          | 80.1  | 61.1 | 12            | 83          |
| Mozambique       | 40.5             | 55.9            | 46.6    | 88.2           | 92.1          | 90.1  | 64.0 | 13            | 86          |
| Botswana         | 74.6             | 54.2            | 66.4    | 56.0           | 67.1          | 61.5  | 64.5 | 14            | 89          |
| Gabon            | 56.3             | 49.3            | 53.5    | 87.8           | 80.9          | 84.3  | 65.8 | 15            | 92          |
| Angola           | 51.5             | 52.6            | 51.9    | 89.7           | 87.3          | 88.5  | 66.6 | 16            | 94          |
| Zimbabwe         | 51.5             | 63.3            | 56.2    | 88.0           | 96.3          | 92.1  | 70.6 | 17            | 97          |
| Sudan            | 66.5             | 64.7            | 65.8    | 94.2           | 99.2          | 96.7  | 78.1 | 18            | 102         |
| Global Average   | 50.0             | 50.0            | 50.0    | 50.0           | 50.0          | 50.0  | 50.0 | ~             | ~           |
| Regional Average | 44.8             | 52.5            | 47.9    | 68.8           | 79.9          | 74.3  | 58.5 | ~             | ~           |

Note: Scores out of 100; lower score = more attractive market. Source: BMI Infrastructure Risk/Reward Index

## SSA - Infrastructure Industry Rewards

|                         | Construction Industry Value | Construction Industry Real Growth | Project Pipeline, % Of Industry Value | Industry Rewards | Rewards     |
|-------------------------|-----------------------------|-----------------------------------|---------------------------------------|------------------|-------------|
| Tanzania                | 51.5                        | 2.9                               | 29.1                                  | 27.8             | 36.4        |
| Namibia                 | 99.0                        | 8.7                               | 1.0                                   | 36.2             | 46.9        |
| Kenya                   | 59.2                        | 30.1                              | 28.2                                  | 39.2             | 42.9        |
| Rwanda                  | 91.3                        | 1.0                               | 16.5                                  | 36.2             | 43.0        |
| Côte d'Ivoire           | 69.9                        | 0.0                               | 44.7                                  | 38.2             | 40.7        |
| Nigeria                 | 31.1                        | 35.0                              | 15.5                                  | 27.2             | 34.3        |
| Ghana                   | 73.8                        | 50.5                              | 11.7                                  | 45.3             | 46.5        |
| Uganda                  | 77.7                        | 16.5                              | 25.2                                  | 39.8             | 44.0        |
| Ethiopia                | 36.9                        | 4.9                               | 41.7                                  | 27.8             | 34.1        |
| South Africa            | 60.2                        | 100.0                             | 22.3                                  | 60.8             | 57.7        |
| Cameroon                | 74.8                        | 10.7                              | 34.0                                  | 39.8             | 46.3        |
| Zambia                  | 80.6                        | 19.4                              | 42.7                                  | 47.6             | 48.4        |
| Mozambique              | 98.1                        | 23.3                              | 0.0                                   | 40.5             | 46.6        |
| Botswana                | 85.4                        | 38.8                              | 99.5                                  | 74.6             | 66.4        |
| Gabon                   | 95.1                        | 40.8                              | 33.0                                  | 56.3             | 53.5        |
| Angola                  | 64.1                        | 75.7                              | 14.6                                  | 51.5             | 51.9        |
| Zimbabwe                | 97.1                        | 48.5                              | 8.7                                   | 51.5             | 56.2        |
| Sudan                   | 58.3                        | 41.7                              | 99.5                                  | 66.5             | 65.8        |
| <b>Global Average</b>   | <b>50.0</b>                 | <b>50.0</b>                       | <b>50.0</b>                           | <b>50.0</b>      | <b>50.0</b> |
| <b>Regional Average</b> | <b>72.4</b>                 | <b>30.5</b>                       | <b>31.6</b>                           | <b>44.8</b>      | <b>47.9</b> |

Note: Scores out of 100; lower score = more attractive market. Source: BMI Infrastructure Risk/Reward Index



## SSA - Infrastructure Industry Risks

|                         | Infrastructure Competitive Landscape | Construction Timeliness | Construction Contracts | Legal Environment | Labour Market Risk | Industry Risks | Risks       |
|-------------------------|--------------------------------------|-------------------------|------------------------|-------------------|--------------------|----------------|-------------|
| Tanzania                | 49.0                                 | 67.0                    | 63.1                   | 52.4              | 72.8               | 60.9           | 68.5        |
| Namibia                 | 28.2                                 | 34.0                    | 15.5                   | 35.9              | 83.5               | 39.4           | 55.5        |
| Kenya                   | 49.0                                 | 62.1                    | 56.3                   | 55.3              | 50.5               | 54.7           | 62.5        |
| Rwanda                  | 49.0                                 | 40.8                    | 36.9                   | 34.0              | 70.9               | 46.3           | 62.9        |
| Côte d'Ivoire           | 66.5                                 | 61.2                    | 66.5                   | 67.0              | 73.8               | 67.0           | 67.2        |
| Nigeria                 | 49.0                                 | 96.1                    | 84.5                   | 88.3              | 37.9               | 71.2           | 77.0        |
| Ghana                   | 49.0                                 | 64.1                    | 50.5                   | 50.5              | 60.2               | 54.9           | 59.4        |
| Uganda                  | 49.0                                 | 72.8                    | 61.2                   | 78.6              | 53.4               | 63.0           | 71.5        |
| Ethiopia                | 81.6                                 | 91.3                    | 86.4                   | 76.7              | 95.1               | 86.2           | 86.9        |
| South Africa            | 28.2                                 | 45.6                    | 6.8                    | 41.7              | 64.1               | 37.3           | 53.1        |
| Cameroon                | 49.0                                 | 92.2                    | 88.3                   | 73.8              | 87.4               | 78.2           | 80.3        |
| Zambia                  | 91.3                                 | 70.9                    | 45.6                   | 75.7              | 92.2               | 75.1           | 80.1        |
| Mozambique              | 81.6                                 | 83.5                    | 90.3                   | 96.1              | 89.3               | 88.2           | 90.1        |
| Botswana                | 81.6                                 | 60.2                    | 39.3                   | 39.8              | 59.2               | 56.0           | 61.5        |
| Gabon                   | 81.6                                 | 81.6                    | 92.2                   | 90.3              | 93.2               | 87.8           | 84.3        |
| Angola                  | 81.6                                 | 98.1                    | 93.2                   | 95.1              | 80.6               | 89.7           | 88.5        |
| Zimbabwe                | 81.6                                 | 99.0                    | 68.9                   | 93.2              | 97.1               | 88.0           | 92.1        |
| Sudan                   | 97.1                                 | 95.1                    | 96.1                   | 86.4              | 96.1               | 94.2           | 96.7        |
| <b>Global Average</b>   | <b>50.0</b>                          | <b>50.0</b>             | <b>50.0</b>            | <b>50.0</b>       | <b>50.0</b>        | <b>50.0</b>    | <b>50.0</b> |
| <b>Regional Average</b> | <b>63.5</b>                          | <b>73.1</b>             | <b>63.4</b>            | <b>68.4</b>       | <b>75.4</b>        | <b>68.8</b>    | <b>74.3</b> |

Note: Scores out of 100; lower score = more attractive market. Source: BMI Infrastructure Risk/Reward Index

## SSA - Infrastructure Country Rewards

|                         | GDP Per Capita | Population  | Urban Population, % Of Total | Population Growth | GDP Per Capita Growth | Country Rewards | Rewards     |
|-------------------------|----------------|-------------|------------------------------|-------------------|-----------------------|-----------------|-------------|
| Tanzania                | 94.2           | 17.5        | 89.3                         | 1.0               | 44.7                  | 49.3            | 36.4        |
| Namibia                 | 62.1           | 93.2        | 81.6                         | 18.4              | 59.2                  | 62.9            | 46.9        |
| Kenya                   | 88.3           | 22.3        | 95.1                         | 13.6              | 23.3                  | 48.5            | 42.9        |
| Rwanda                  | 91.3           | 58.3        | 99.0                         | 9.7               | 7.8                   | 53.2            | 43.0        |
| Côte d'Ivoire           | 79.6           | 44.7        | 74.8                         | 5.8               | 17.5                  | 44.5            | 40.7        |
| Nigeria                 | 82.5           | 4.9         | 70.9                         | 8.7               | 58.3                  | 45.0            | 34.3        |
| Ghana                   | 80.6           | 41.7        | 62.1                         | 16.5              | 40.8                  | 48.3            | 46.5        |
| Uganda                  | 95.1           | 25.2        | 96.1                         | 2.9               | 32.0                  | 50.3            | 44.0        |
| Ethiopia                | 98.1           | 8.7         | 97.1                         | 7.8               | 5.8                   | 43.5            | 34.1        |
| South Africa            | 57.3           | 21.4        | 53.4                         | 37.9              | 95.1                  | 53.0            | 57.7        |
| Cameroon                | 89.3           | 45.6        | 63.1                         | 4.9               | 77.7                  | 56.1            | 46.3        |
| Zambia                  | 86.4           | 48.5        | 80.6                         | 3.9               | 29.1                  | 49.7            | 48.4        |
| Mozambique              | 99.0           | 38.8        | 87.4                         | 1.9               | 52.4                  | 55.9            | 46.6        |
| Botswana                | 55.3           | 91.3        | 43.7                         | 19.4              | 61.2                  | 54.2            | 66.4        |
| Gabon                   | 54.4           | 94.2        | 9.7                          | 15.5              | 72.8                  | 49.3            | 53.5        |
| Angola                  | 81.6           | 33.0        | 51.5                         | 0.0               | 97.1                  | 52.6            | 51.9        |
| Zimbabwe                | 92.2           | 55.3        | 94.2                         | 12.6              | 62.1                  | 63.3            | 56.2        |
| Sudan                   | 97.1           | 27.2        | 92.2                         | 6.8               | 100.0                 | 64.7            | 65.8        |
| <b>Global Average</b>   | <b>50.0</b>    | <b>50.0</b> | <b>50.0</b>                  | <b>50.0</b>       | <b>50.0</b>           | <b>50.0</b>     | <b>50.0</b> |
| <b>Regional Average</b> | <b>82.5</b>    | <b>42.9</b> | <b>74.5</b>                  | <b>10.4</b>       | <b>52.0</b>           | <b>52.5</b>     | <b>47.9</b> |

Note: Scores out of 100; lower score = more attractive market. Source: BMI Infrastructure Risk/Reward Index

## SSA - Infrastructure Country Risks

|                         | Long-Term Economic Risk<br>Index | Short-Term Economic Risk<br>Index | Political Risk<br>Index | Operational Risk<br>Index | Country<br>Risks | Risks       |
|-------------------------|----------------------------------|-----------------------------------|-------------------------|---------------------------|------------------|-------------|
| Tanzania                | 71.8                             | 79.6                              | 72.8                    | 79.6                      | 76.1             | 68.5        |
| Namibia                 | 94.2                             | 92.7                              | 59.2                    | 62.1                      | 71.6             | 55.5        |
| Kenya                   | 57.8                             | 53.4                              | 84.5                    | 70.9                      | 70.3             | 62.5        |
| Rwanda                  | 87.4                             | 90.3                              | 80.6                    | 68.9                      | 79.4             | 62.9        |
| Côte d'Ivoire           | 72.8                             | 66.0                              | 55.3                    | 77.7                      | 67.5             | 67.2        |
| Nigeria                 | 67.0                             | 68.9                              | 95.1                    | 85.4                      | 82.8             | 77.0        |
| Ghana                   | 63.1                             | 68.0                              | 58.3                    | 68.0                      | 63.9             | 59.4        |
| Uganda                  | 76.7                             | 67.0                              | 87.4                    | 80.6                      | 79.9             | 71.5        |
| Ethiopia                | 65.0                             | 69.9                              | 99.0                    | 96.1                      | 87.5             | 86.9        |
| South Africa            | 61.2                             | 70.9                              | 88.3                    | 52.4                      | 68.9             | 53.1        |
| Cameroon                | 59.2                             | 65.0                              | 91.3                    | 94.2                      | 82.5             | 80.3        |
| Zambia                  | 82.5                             | 86.4                              | 82.5                    | 88.3                      | 85.1             | 80.1        |
| Mozambique              | 89.3                             | 88.3                              | 94.2                    | 93.2                      | 92.1             | 90.1        |
| Botswana                | 90.3                             | 63.6                              | 61.2                    | 63.1                      | 67.1             | 61.5        |
| Gabon                   | 73.8                             | 83.5                              | 71.8                    | 92.2                      | 80.9             | 84.3        |
| Angola                  | 93.2                             | 92.7                              | 77.7                    | 91.3                      | 87.3             | 88.5        |
| Zimbabwe                | 99.0                             | 98.1                              | 93.2                    | 97.1                      | 96.3             | 92.1        |
| Sudan                   | 98.1                             | 99.0                              | 100.0                   | 99.0                      | 99.2             | 96.7        |
| <b>Global Average</b>   | <b>50.0</b>                      | <b>50.0</b>                       | <b>50.0</b>             | <b>50.0</b>               | <b>50.0</b>      | <b>50.0</b> |
| <b>Regional Average</b> | <b>77.9</b>                      | <b>78.0</b>                       | <b>80.7</b>             | <b>81.1</b>               | <b>79.9</b>      | <b>74.3</b> |

Note: Scores out of 100; lower score = more attractive market. Source: BMI Infrastructure Risk/Reward Index

## Rwanda Infrastructure Risk/Reward Index

**Key View:** Rwanda remains in fourth place regionally in our RRI this quarter, while it has fallen one place globally to 56th place. Its ambitious nationwide electrification campaign - which has already connected 75% of households to an electricity supply - public sanitation projects, airport development and upcoming power generation projects will sustain investment in national infrastructure over the medium term, although cuts in donor funding are a risk.

**Risk/Reward Snapshot**  
 Rwanda & SSA - Infrastructure Risk/Reward Index



Note: Scores out of 100, lower score = more attractive market. Source: BMI Infrastructure Risk/Reward Index

### Global And Regional Ranks

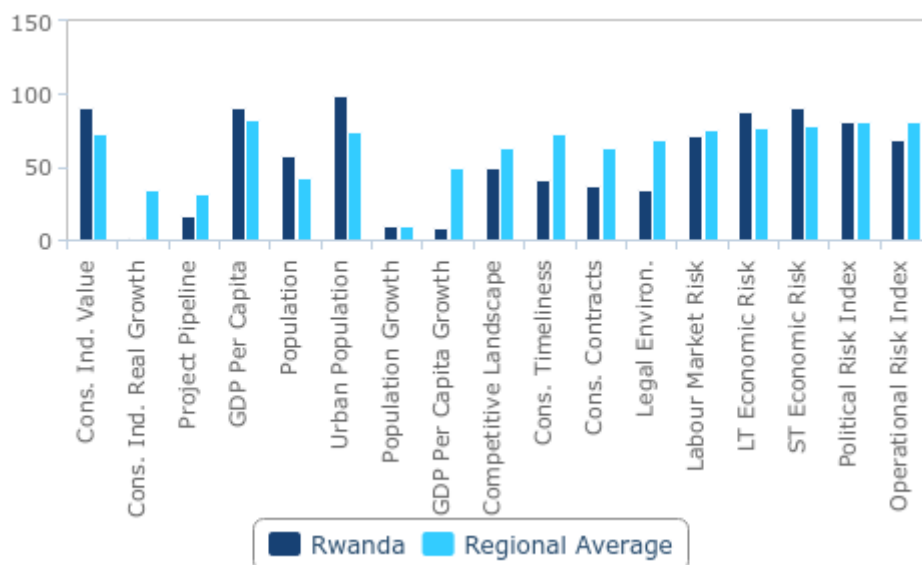
- Global rank (out of 104): 56th
- Regional rank (out of 18): 4th

### Key Features And Latest Updates

- Rwanda retains its position as one of the most attractive construction markets in Sub-Saharan Africa (SSA). It registers an overall Risk/Reward Index (RRI) score this quarter of 51.0, comparing favourably to a regional average score of 58.5.
- On a global level, the market ranks 56th out of 104 in attractiveness, down one place from last quarter.
- The government's business-friendly policies and major infrastructure push as it works to diversify the economy are providing a plethora of opportunities across the sector.
- It boasts one of the more favourable Industry Risks profile in our index for SSA, particularly for the legal environment and construction timeliness sub-components. The cutting of red tape, a transparent tendering process and comparatively low concerns around corruption, contribute to the overall ease of doing business in the market.
- While the domestic political situation is stable, Germany and the UK suspended elements of their aid programmes in Q1 2025, due to the Rwandan military's support for a rebellion in eastern Democratic Republic of Congo. If sustained and deepened, these cuts will undermine infrastructure investment.
- Rwanda scores above the regional average in the Country Rewards pillar, with a small urban population and low GDP per capita resulting in a weakened demand profile for infrastructure.

### Risk/Reward Matrix Breakdown

Rwanda & SSA - Infrastructure Risk/Reward Index By Component



Note: Scores out of 100; lower score = more attractive market. Source: BMI Infrastructure Risk/Reward Index

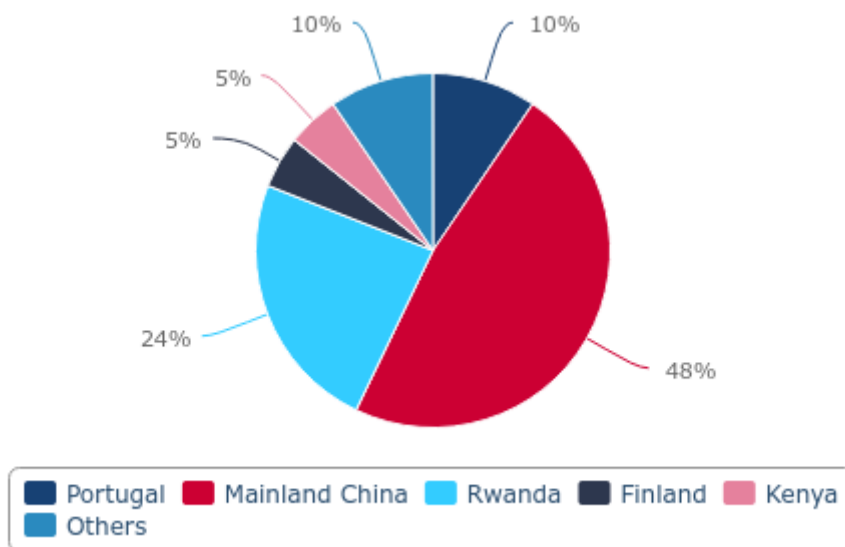
## Competitive Landscape

Mainland China-based firms occupy the leading position in Rwanda's construction sector, taking a 47.6% share of projects, while domestic Rwanda-based firms occupy second place, with a 23.8% share and Portugal comes in third, with 9.5%. Rwanda outperforms its East Africa neighbours in attracting investment in infrastructure public-private partnerships. A clutch of markets are then jointly placed in fourth, including neighbouring Kenya, with a share of just under 5% each.

Portugal's role in the market's construction sector has gained prominence owing to the role of Mota-Engil in several airport construction projects. Mainland China-based construction firms lead activity in the market and occupy an especially prominent position in the Rwanda roads sub-sector. Key firms include China Road and Bridge Corporation, China Henan International Cooperation Group and Sinohydro Tianjin Engineering. Fair Construction is an industry leader in the domestic market. The Rwanda-based company, which holds the second largest share of key construction roles in Rwanda, is active in the market's roads and power sector. Together with Finland-based company Wärtsilä, Fair Construction built the KivuWatt Power Station, a methane-powered thermal power station that extracts and uses methane from Lake Kivu.

### Mainland China-Based Firms Lead Rwanda Construction Industry

Rwanda - Construction Roles Held By Nationality, %

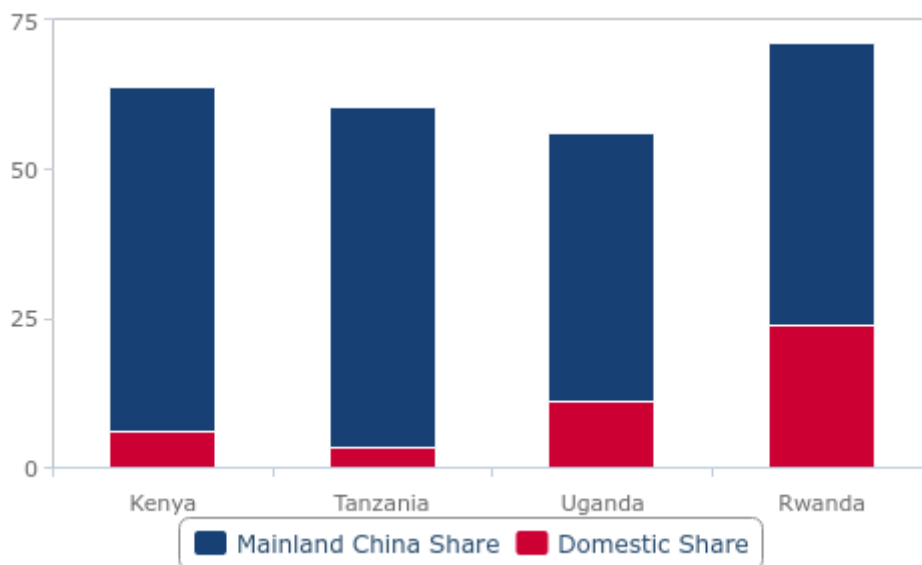


*Note: May include territories, special administrative regions, provinces and autonomous regions. Source: BMI Infrastructure Key Projects Data*

**Rwanda's construction sector counts a similar Mainland China presence and a larger domestic presence than its East Africa neighbours.** The presence of Mainland China-based firms is largely on a par with that of the East Africa market's neighbouring markets. In Uganda and Tanzania, China-based companies occupy 45% and 57% of key construction roles respectively, compared with just under a 48% share in Rwanda. Both Uganda and Tanzania exhibit smaller domestic activity than Rwanda. In Uganda, domestic construction companies hold 11% of key construction roles. In Tanzania, domestic firms hold an even lower 3% share of major construction roles. In Kenya, China-based firms occupy 58% of key construction roles, while Kenya-based firms hold only a 6% share.

## Rwanda Construction: Larger Domestic Share Than Neighbours

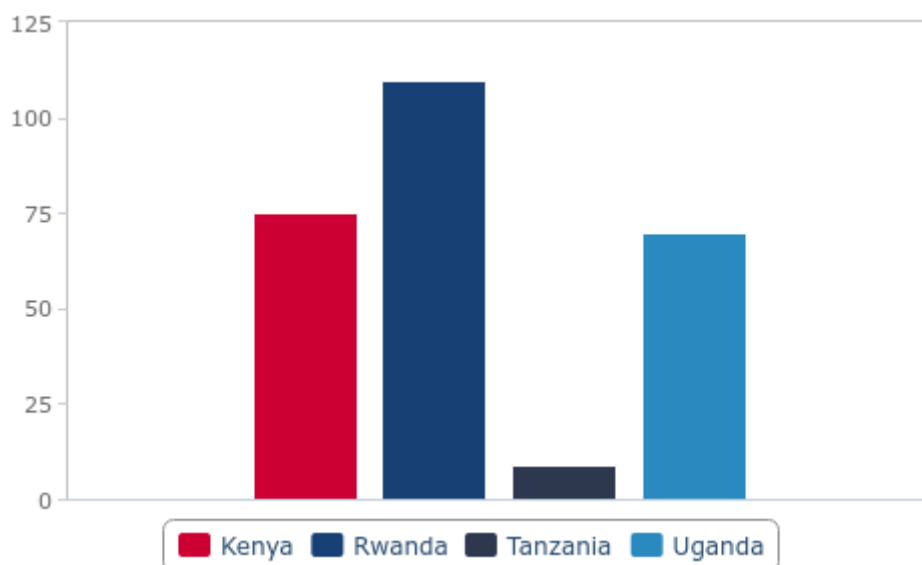
Selected East African Markets - Share Of Key Construction Roles Held By Mainland China-Based & Domestic Firms, %



Source: BMI

## Rwanda Public-Private-Partnership Investments Outperform Neighbours

Select East African Markets - PPP Investments As Share Of 2020 Construction Industry Value, %

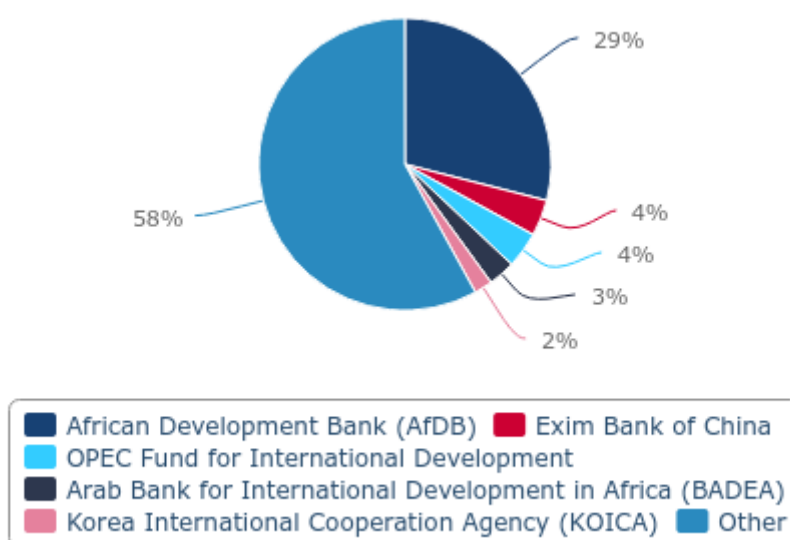


Source: World Bank, BMI

**Development funders remain central to Rwanda's construction industry.** Investment in public-private partnerships (PPPs) peaked in 2017, with more than USD420mn invested in three different projects. Owing to their size, two of these projects - the USD350mn Gisagara Thermal Power Station and the USD60mn Kigali Bulk Water Supply Project - drew support from multilateral development banks. This accords with the overall trend across Rwanda-based PPPs, which see support from multilateral development banks increase with project size. This illustrates the continued importance of development funders for the Rwanda construction industry. In September 2022, Rwanda's Water and Sanitation Corporation noted that administrative capacity constraints had delayed the execution of a number of public sanitation and water projects, which are unlikely to be delivered before 2026. The procurement stage of the Kigali Bulk Water Supply Project had not been concluded in March 2022, and the project's revised June 2023 delivery target came and went.

### AfDB Holds A Quarter Of Key Financing Roles In Rwanda

Rwanda - Share Of Financing Roles By Financier Top Seven, %



Source: BMI

The African Development Bank (AfDB) holds over half of the key financing roles in Rwanda's construction sector. A number of other financiers provide smaller proportions of key financing roles, including Exim Bank of China, the OPEC Fund for International Development, Arab Bank for International Development in Africa and Korea International Cooperation Agency (KOICA).



## Company Profile

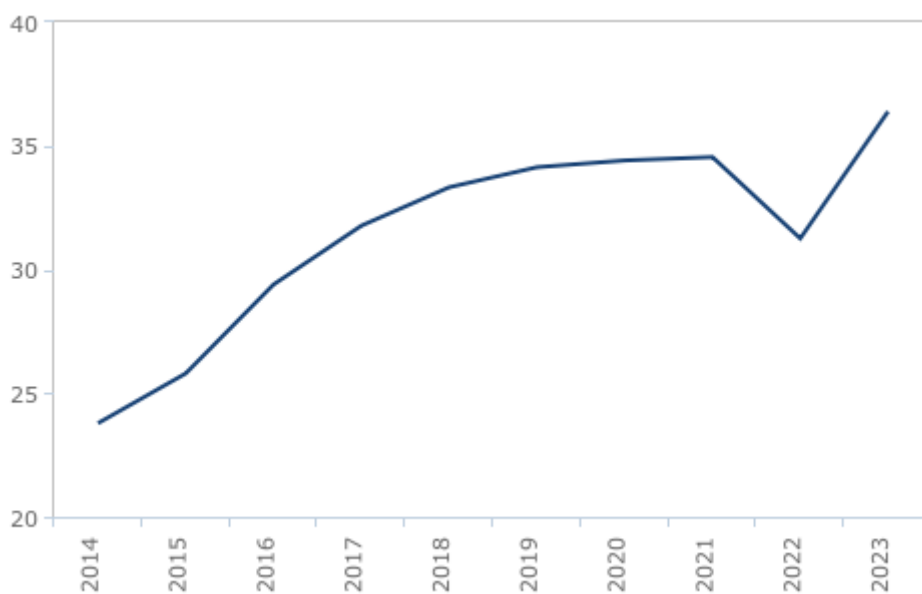
### Infrastructure Key Players: China Communications Construction Company

#### Overview

China Communications Construction Company (CCCC) is a state-owned construction company based in Mainland China. It is primarily active in urban redevelopment, road, metro, and light railway construction, as well as dredging, port construction, and other maritime engineering fields. With a total revenue of CNY7.6bn in 2023, it is the world's fourth-largest construction company by revenue. Established in 2005 through a merger of China Harbor Engineering Company (CHEC) and China Road and Bridge Corporation (CRBC), CCCC has seen substantial growth over the last two decades, driven primarily by the Mainland China's fast-growing construction industry. However, CCCC has also emerged as a major international contractor, particularly in the context of the Belt and Road Initiative (BRI).

#### Long-Term Growth In Operating Income

CCCC - Operating Income, CNYbn

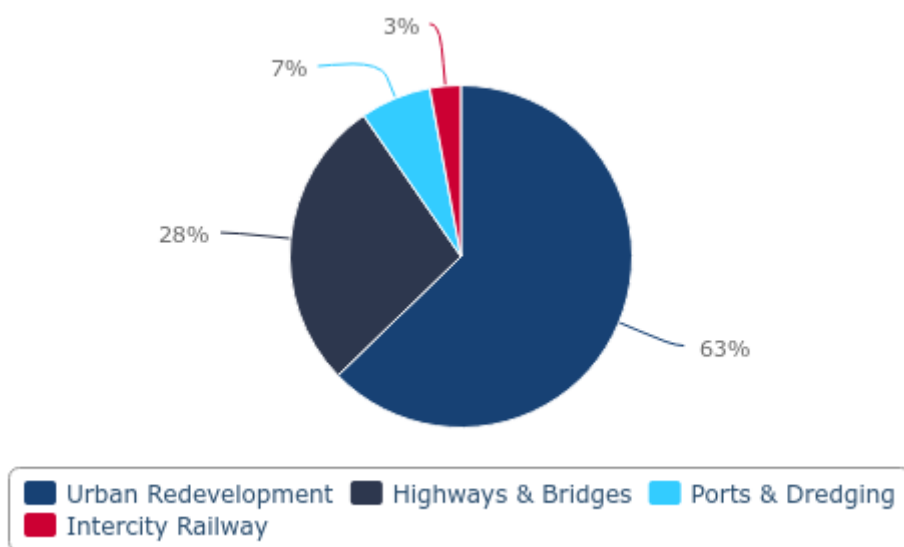


Source: Bloomberg, BMI

In 2023, just over half of CCCC's new contract value came from urban redevelopment projects in Mainland China. Primarily, such projects include the planning and construction of comprehensive infrastructure for new neighbourhoods and industrial parks. For instance, CCCC is the main contractor for Xiongan Science and Technology City, located in Mainland China's most high-profile new city project, in Hebei. This reflects CCCC's strength in both the metro rail and roads and bridges sectors, which account for the majority of CCCC's ongoing infrastructure projects by value. Besides this, CCCC is highly active in the port and dredging business, particularly through its subsidiary CHEC. For instance, the company was the main contractor for the Pinglu Canal, one of Mainland China's largest water infrastructure projects.

## Urban Redevelopment Dominates New Contracts

CCCC - New Contract Value (Mainland China)

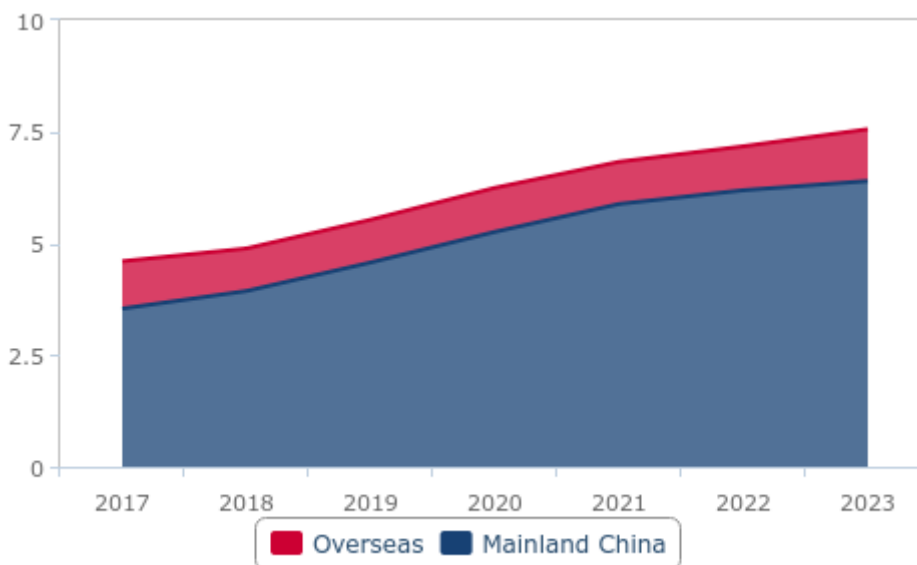


Source: China Communications Construction Company, BMI

In 2023, projects outside of Mainland China accounted for 18% of CCCC's total revenue, outperforming other large Mainland Chinese construction companies. However, over the last decade, CCCC's international activities have underperformed its domestic revenue growth. In part, this development was driven by a decrease in international development finance availability, with Belt and Road Initiative funding having declined substantially from its 2016 peak. This was especially notable in Sub-Saharan Africa, which has historically been a major market for the company. As of 2023, CCCC retains strong exposure to projects in Africa and Asia, which represented 34% and 32% of its newly signed international contracts in 2023. In contrast to domestic projects, mainline rail projects account for a significant share of CCCC's international contracting work. Prominent examples of this include LAPSET corridor railway in Kenya and Ethiopia and Malaysia's New East Coast Rail Link. Similarly, new port projects play a relatively more important role internationally than in Mainland China, reflecting the market's mature port sector.

## Mainland China Main Growth Driver

CCCC - Revenue By Region, CNYbn

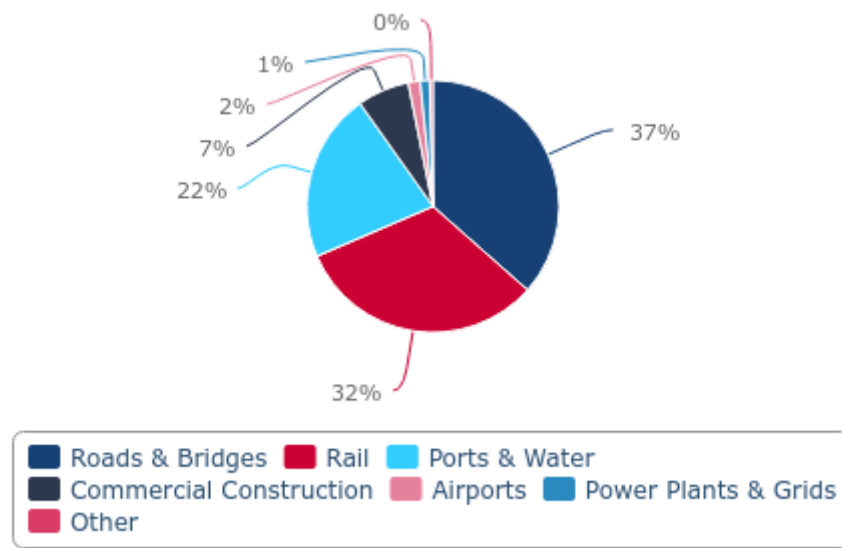


Source: Bloomberg

## Strategy

CCCC's strategy is shaped by unique challenges in its domestic market. These include the ongoing challenges for real estate activities and weakening local government fiscal space, both weighing on demand for new urban infrastructure projects. At the same time, heightened economic risks in many international markets pose downside risks to the company's global operations. In line with Chinese government policy, this has led CCCC to pursue new revenue streams besides direct government payments. Thus, it is set to increase its participation in public-private partnership (PPP) projects, increasingly taking on infrastructure operational roles. In particular, we highlight the toll roads as an important growth segment for the company.

**Road & Bridges Largest Segment**  
 CCCC - Ongoing Infrastructure Projects Value, % of total



Source: BMI Infrastructure Key Projects Data

At the same time, the company is seeking to expand its role in emerging value chains. Most notably, it seeks to benefit from Mainland China's fast-expanding renewable energy sector. Thus, it plans to leverage its competences in maritime engineering to increase CCCC's presence in the offshore wind-power sector. It also involves a focus on the deployment of solar power in the Ghbi Desert, a long-standing Chinese policy goal.

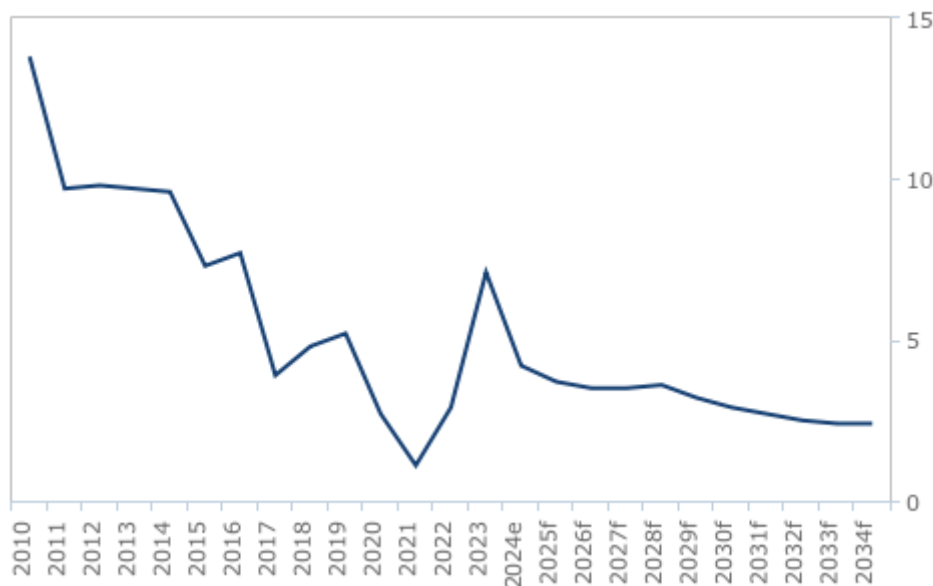
Besides renewable energy, CCCC emphasises its investments in smart-infrastructure and the potential synergies between infrastructure digitalization and its growing concession business. In this regard, CCCC's research and development spending, currently at 3.4% of revenue, outperforms the construction industry average. Notable research projects in this field include smart highway and integrated toll collection solutions, as well as smart port and logistics systems.

## Outlook

Although we note that a secular downturn in Mainland China's construction sector will weigh on CCCC's growth throughout our forecast period, we see upside risks from the market's booming renewable and manufacturing sectors. Throughout our forecast period, we expect Mainland China's construction sector growth to gradually decline from 4.3% in 2024 to 2.4% in 2033. This slowdown will be driven by acute weakness in the residential construction industry as well as a long-term slowdown in transport infrastructure. In contrast, we are more bullish on Mainland China's industrial construction and energy infrastructure sector, which is set to benefit from strong investment inflows and favourable government policies.

## Long Term Slowdown Ahead

Mainland China - Construction Industry Real Growth, % y-o-y

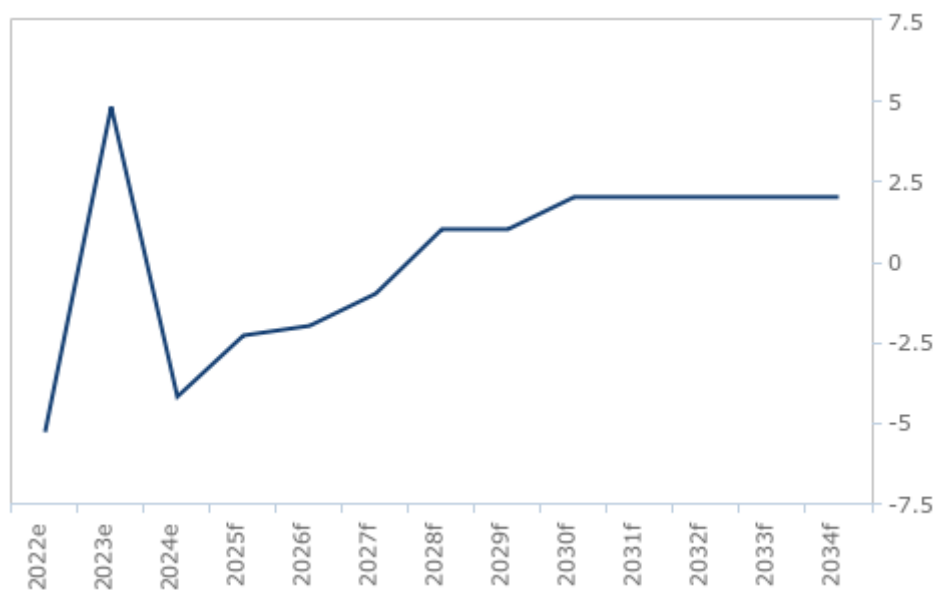


BMI/National Bureau of Statistics

Given CCCC's pronounced indirect exposure to residential construction through its focus on urban renewal projects, we expect the company to be more strongly affected by the recent downturn in the sector than some of its peers in Mainland China's infrastructure sector. In this regard, we expect Mainland China's residential construction sector to decline at an average pace of 2.4% over 2024 to 2027, before returning to tepid growth averaging 1.5% y-o-y for the rest of our forecast period.

## Residential Building Industry To Decline Over Medium Term

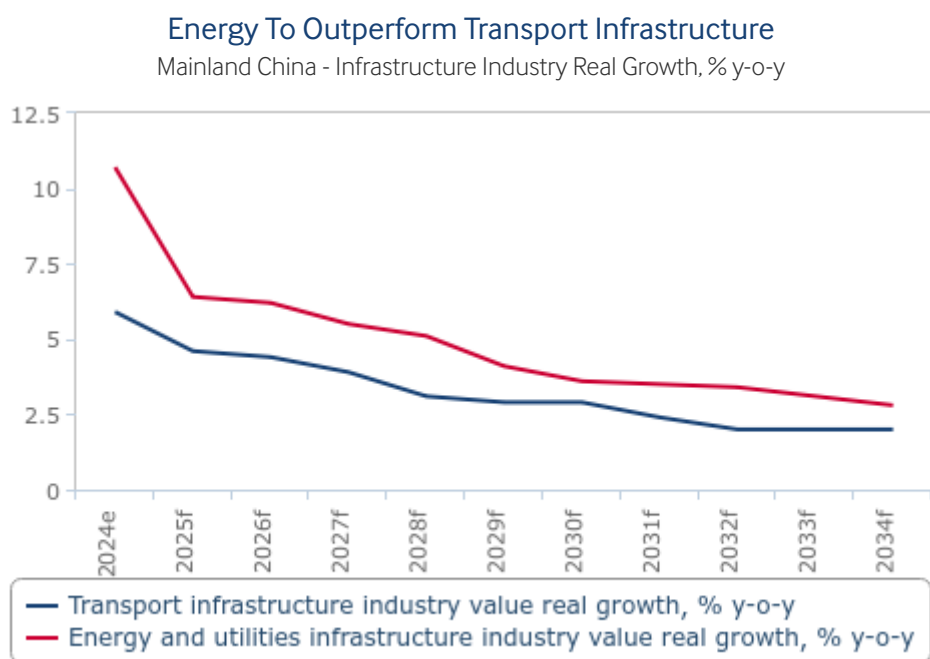
Mainland China - Residential Building Industry real Growth, % y-o-y



BMI/National Bureau Of Statistics of China

Over the short term, elevated levels of transport infrastructure investments in Mainland China will benefit the company. Following Mainland China's recent economic downturn, the market strongly increased transport infrastructure investments, particularly in the rail sector. This will support project activity over the medium term. However, in the long term, we expect a secular slowdown in transport infrastructure investments, driven by fiscal sustainability and return on investment concerns. Such concerns are also likely to affect CCCC's ambition to establish itself in the concessions business, given the downward trend in returns from local governments financing vehicles over 2016-2023.

In contrast, we expect energy and utilities sector growth to remain relatively more robust over the long term, driven primarily by renewable power investments. Given CCCC's small footprint in the sector, the company's ability to expand into appropriate niches in the energy supply chain will be critical to its growth trajectory.

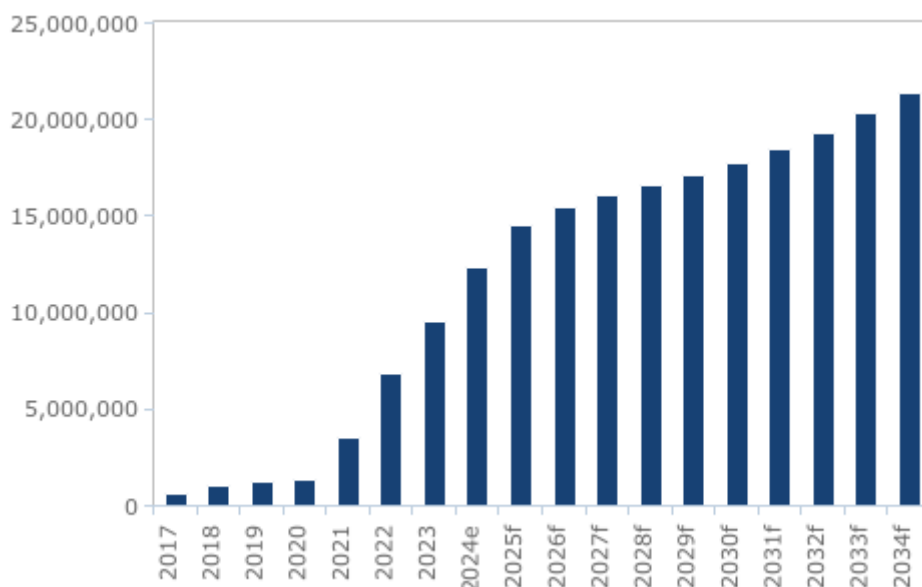


BMI/National Bureau Of Statistics of China

Strong investment inflows in the market's manufacturing sector will provide some upside pressure, especially given the company's strong presence in industrial park construction, driven by a surge in financing for advanced industrial sectors such as electric vehicles, batteries, aircraft and shipbuilding. We expect China's non-residential construction sector to expand at an average pace of 4% throughout our forecast period.

## EVs Lead Industrial Investments

Mainland China - EV Sales



BMI/CAAM

Furthermore, we note that Chinese authorities have repeatedly emphasised the significance of water utility infrastructure as a long-term investment priority, including water management, irrigation, canals and similar projects. Although the sector remains relatively small both in the context of China's overall construction industry and CCCC's project portfolio, we expect the company to be able to benefit from this growing market, owing to its well-established position in China's water utilities sector.

Outside Mainland China, the company's strong exposure to the Sub-Saharan African market offers strong growth potential while posing elevated risks for CCCC. Throughout our forecast period, we expect Sub-Saharan Africa (SSA) to record the strongest construction industry growth of all regions globally, driven by pronounced population growth, relatively high GDP per capita growth, and strong demand for infrastructure projects. This is set to benefit the company, due to its well-established presence in the region. However, SSA is also subject to heightened risks, including government debt burdens, reliance on foreign financing for infrastructure projects, and political instability in some markets.

## Group Income Statement

|                            | 2014    | 2015    | 2016    | 2017    | 2018    | 2019    | 2020    | 2021    | 2022    | 2023    |
|----------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <b>Total Revenue</b>       | 366,042 | 403,616 | 406,331 | 460,067 | 488,666 | 553,114 | 624,495 | 682,785 | 721,888 | 758,676 |
| <b>Operating Income</b>    | 23,785  | 25,798  | 29,391  | 31,768  | 33,321  | 34,132  | 34,405  | 34,542  | 31,252  | 36,383  |
| <b>Net Income</b>          | 13,985  | 15,828  | 17,210  | 20,943  | 19,819  | 19,999  | 16,475  | 18,349  | 19,263  | 23,812  |
|                            |         |         |         |         |         |         |         |         |         |         |
| <b>Operating Margin, %</b> | 6.5%    | 6.4%    | 7.2%    | 6.9%    | 6.8%    | 6.2%    | 5.5%    | 5.1%    | 4.3%    | 4.8%    |
| <b>Net Margin, %</b>       | 3.8%    | 3.9%    | 4.2%    | 4.6%    | 4.1%    | 3.6%    | 2.6%    | 2.7%    | 2.7%    | 3.1%    |

Note: CAS results. Values in CNYmn unless otherwise stated. Source: CCCC

## Group Balance Sheet

|                                     | 2014    | 2015    | 2016    | 2017    | 2018    | 2019      | 2020      | 2021      | 2022      | 2023      |
|-------------------------------------|---------|---------|---------|---------|---------|-----------|-----------|-----------|-----------|-----------|
| <b>Inventories</b>                  | 46,149  | 51,904  | 45,554  | 40,536  | 46,861  | 62,613    | 72,877    | 73,067    | 78,263    | 88,021    |
| <b>Total Current Assets</b>         | 354,929 | 392,738 | 437,146 | 449,545 | 481,502 | 529,369   | 584,497   | 567,572   | 619,565   | 686,140   |
| <b>Total Non-Current Assets</b>     | 275,251 | 338,575 | 363,936 | 400,343 | 478,974 | 594,045   | 719,672   | 823,537   | 897,148   | 998,122   |
| <b>Total Assets</b>                 | 630,180 | 731,313 | 801,082 | 849,888 | 960,476 | 1,123,414 | 1,304,169 | 1,391,109 | 1,516,713 | 1,684,263 |
| <b>Total Current Liabilities</b>    | 339,296 | 373,080 | 423,954 | 446,711 | 479,869 | 528,339   | 582,708   | 599,383   | 664,380   | 762,181   |
| <b>Total Noncurrent Liabilities</b> | 159,272 | 189,227 | 190,558 | 197,583 | 240,925 | 298,665   | 363,657   | 400,331   | 424,841   | 462,957   |
| <b>Total Equity</b>                 | 131,612 | 169,006 | 186,570 | 205,594 | 239,682 | 296,410   | 357,804   | 391,395   | 427,492   | 459,125   |
| <b>Total Liabilities And Equity</b> | 630,180 | 731,313 | 801,082 | 849,888 | 960,476 | 1,123,414 | 1,304,169 | 1,391,109 | 1,516,713 | 1,684,263 |

Note: CAS results. Values in CNYmn. Source: CCCC

## Group Cash Flow Statement

|   | 2014    | 2015    | 2016    | 2017    | 2018    | 2019    | 2020    | 2021    | 2022    | 2023    |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <b>Cash Flows From Operating Activities</b> | 4,408   | 31,913  | 29,719  | 42,741  | 9,098   | 5,383   | -31,074 | -12,626 | 1,139   | 12,074  |
| <b>Cash Flows From Investing Activities</b> | -45,505 | -45,473 | -38,705 | -45,619 | -50,312 | -66,027 | -60,762 | -52,816 | -46,927 | -55,885 |
| <b>Cash Flows From Financing Activities</b> | 31,801  | 36,424  | 22,102  | 24,309  | 38,631  | 51,488  | 93,687  | 42,204  | 52,632  | 50,332  |
| <b>Cash Flow For The Period</b>             | -9,296  | 22,864  | 13,116  | 21,431  | -2,583  | -9,156  | 1,851   | -23,238 | 6,843   | 6,521   |
| <b>Free Cash Flow</b>                       | -16,559 | 5,401   | 9,772   | 17,397  | -17,255 | -20,653 | -62,254 | -44,481 | -56,255 | -49,504 |

Note: CAS results. Values in CNYmn. Source: CCCC



## Infrastructure Methodology

### Connected Thinking

BMI employs a unique methodology known as 'Connected Thinking'. This means that our analysis captures the inter-relatedness of the global economy, and takes into account all of the relevant political, macroeconomic, financial market and industry factors that underpin a forecast and view. We then integrate them so as to explain how they interact and affect each other. Our Connected Thinking approach provides our customers with unique and valuable insight on all relevant macroeconomic, political and industry risk factors that will impact their operations and revenue-generating potential in the industry/industries within which they operate.

We use a transparent forecasting model as a base for our industry forecasts, but rely heavily on our analysts' expert judgement to ensure our forecasts capture all of the insights we derive using our unique Connected Thinking approach. We believe analyst expertise and judgement are the best ways to provide the most accurate, up-to-date and comprehensive insight to our customers.

### Infrastructure Methodology

Our data and forecasts capture the entire spectrum of construction activities, including all areas of civil engineering and building construction, as defined under the ISIC Rev.4.

Our data and forecasts for Infrastructure are broken down into: transport (road, rail, ports and airports) and energy & utilities (power plants & transmission grids, water, oil & gas pipelines). Our building data and forecasts are broken down into residential and non-residential construction.

### Construction Industry

#### Construction Industry Value

Our construction data is derived from national accounts from each market's national statistics office (or equivalent) or from international organisations which compile national account data, most notably the UN. Specifically, it measures the gross value added (GVA) of the construction industry over the reported 12-month period in nominal values. GVA (also known as GDP by industry) measures the contribution to overall GDP. The components of value added consist of compensation of employees, taxes on production and imports less subsidies, and gross operating surplus. We source our construction industry value data in nominal local currency terms.

This data is used because it is reported by virtually all markets and can therefore be used for comparative purposes.

#### Construction Industry Value Real Growth

Our construction industry value forecasts are based on a regression model, using a market's own historical time series and key macroeconomic variables, such as gross fixed capital formation, from BMI Country Risk.

In addition, we will also apply analyst expert judgement to refine and finalise our construction industry value real growth forecast, based on exogenous and endogenous variables or events, not captured by our regression model. Real growth is defined as industry value nominal growth adjusted for industry-specific inflation (construction deflator).

Bearing in mind that other factors need to be taken into consideration, both quantitative and qualitative, our analysts also factor in industry-specific issues in deriving our forecasts:

- Political risk - potential change in leadership, policy continuity
- Regulatory outlook - pricing structures of specific markets, bureaucracy, red tape
- Currency outlook - currency volatility, cost of imports
- Funding availability - fiscal health of the government, openness to private/foreign investment
- BMI Infrastructure Key Projects Data - indication of a market's infrastructure project pipeline by sector
- High Frequency Data – construction permits, starts, confidence etc
- Company developments - reflective of market dynamics and competitive landscap

### **Construction Industry, % Of GDP/Construction Value (USD)**

These are derived indicators, calculated using our Country Risk team's GDP and exchange rate forecasts.

#### **Construction Output**

These figures refer to the gross output of the construction industry. Gross output measures the total sales or receipts of the industry, including sales to final users in the economy as well as sales to other industries. Gross output consists of construction industry value and intermediate consumption.

As in the case of construction industry value data, our construction output data is derived from national accounts from each market's national statistics office (or equivalent) or from international organisations which compile national account data, most notably the UN.

Forecasts are the result of a regression model, using a market's own historical time series as well as our construction industry value forecasts.

#### **Construction Intermediate Consumption**

These figures refer to the intermediate consumption of the construction industry. Intermediate consumption measures the goods and services employed in the production process of other goods and services and not for final consumption. Intermediate consumption is equivalent to the difference between gross output and GVA.

Our Construction Intermediate Consumption figures are a function of construction output minus construction industry value.

#### **Cement Data**

We forecast Portland cement production, consumption and net exports, in millions of tonnes.

Our historical national production data is sourced from the United States Geological Survey (USGS), while trade data is sourced from TradeMap by the International Trade Centre. By calculating production and net exports, we are able to determine historical consumption levels.

These consumption levels are then forecast over our 10-year forecast period using our construction growth forecasts, reflecting the changing demand picture for cement from the industry.

## Construction Sector Employment

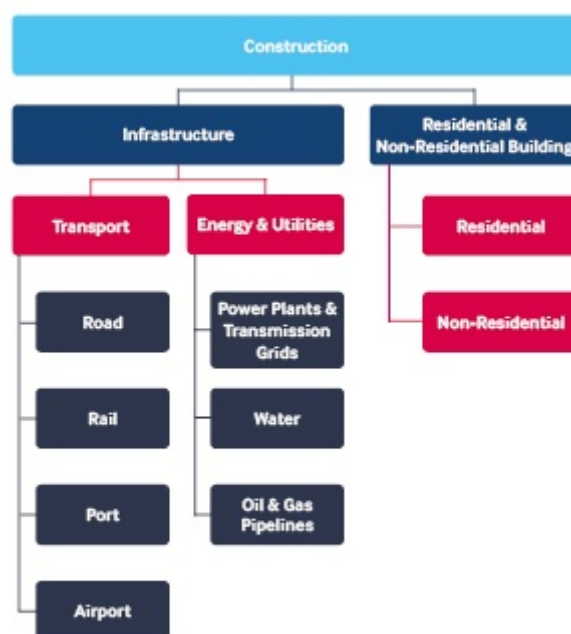
### Total Construction Employment

This data is sourced from either the national statistics office or the International Labor Organization. It includes all those employed within the sector.

Our total construction employment forecasts are based on a regression model, using a market's own historical time series and key macroeconomic variables from our Country Risk service.

### Infrastructure Data Sub-Sectors

#### Infrastructure Data Sub-Sectors



Source: BMI

For select markets, in addition to our construction industry value figures, we also provide industry value (gross value added) figures for subsectors of the construction industry.

We use a combination of historic data as reported by central banks, national statistics agencies and other official data sources, and leverage our analysts' knowledge of market and subsector dynamics and project information included in our proprietary BMI Infrastructure Key Projects Data, a comprehensive catalogue of the major power, transport, utilities, residential and non-residential projects in each market.

Given a variation in construction sub-sector classifications under various national accounts systems currently in use, we segment official construction sub-sector data into consistent and proprietary categories to compare industry value across sub-sectors. First,

our construction industry data is broken down into infrastructure construction on one hand and residential and non-residential building construction on the other. Infrastructure construction is then broken down where possible into transport infrastructure and energy and utilities infrastructure, which are then further broken down where possible into the categories illustrated in the figure above. Residential and non-residential building construction in turn is broken down where possible into residential building and non-residential building.

Our infrastructure sub-sectors industry value forecasts are based on a regression model, using a market's own historical time series and key macroeconomic variables, such as fixed capital formation, from our Country Risk service.

In addition, we also apply analyst expert judgement to refine and finalise industry value real growth forecasts, based on exogenous and endogenous variables or events, not captured by our regression model.

The residential and non-residential industry values are a function of construction minus infrastructure industry value. We further rely on national sources and our BMI Infrastructure Key Projects Data to further estimate the separation between the two areas of building when historic data is not available.

### Infrastructure Risk/Reward Index

Our Infrastructure Risk/Reward Index (RRI) quantifies and ranks a market's attractiveness within the context of the Infrastructure industry, based on the balance between the **Risks** and **Rewards** of entering and operating in different markets.

We combine industry-specific characteristics with broader economic, political and operational market characteristics. We weight these inputs in terms of their importance to investor decision-making in a given industry. The result is a nuanced and accurate reflection of the realities facing investors in terms of first the balance between opportunities and risk and second between industry-specific and broader market traits. This enables users of the index to assess a market's attractiveness in a regional and global context.

The index uses a combination of our proprietary forecasts and analyst assessment of the regulatory climate. As regulations evolve and forecasts change, so the index scores change providing a highly dynamic and forward-looking result.

The Infrastructure Risk/Reward Index universe comprises **104 markets**.

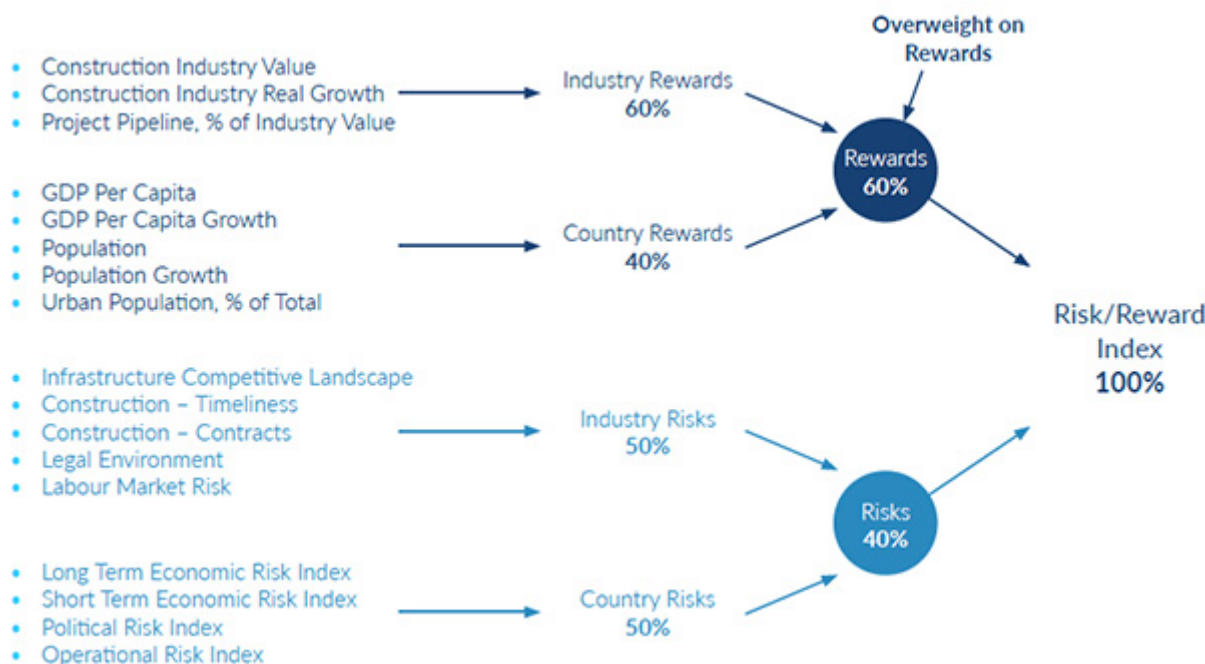
### Benefits Of Using Our Infrastructure RRI

- **Global Rankings:** One global table, ranking all the markets in our universe for Infrastructure from most attractive (closest to zero) to most risk (closest to 100).
- **Accessibility:** Easily accessible, top-down view of the global, regional or sub-regional Risk/Reward profile.
- **Comparability:** Identical methodology across 104 markets for Infrastructure allows users to build lists of markets they wish to compare, beyond the confines of a global or regional grouping.
- **Scoring:** Scores out of 100 with a wide distribution, provide nuanced investment comparisons. The higher the score, the less favourable the market profile.
- **Quantifiable:** Quantifies the Rewards and Risks of doing business in the infrastructure industry in different markets around the world and helps identify specific flashpoints in the overall business environment.
- **Comprehensive:** Comprehensive set of indicators, assessing industry-specific risks and rewards alongside political, economic and operating risks.
- **Entry Point:** A starting point to assess the outlook for the infrastructure industry, from which users can dive into more granular forecasts and analysis to gain a deeper understanding of the market.
- **Balanced:** Multi-indicator structure prevents outliers and extremes from distorting final scores and rankings.

- **Methodology:** The index is a combination of proprietary BMI forecasts, analyst insights and globally acceptable benchmark indicators.

## Weightings Of Categories And Indicators

Infrastructure Risk/Reward Index



Source: BMI

The RRI matrix divides into two distinct categories:

**Rewards:** Evaluation of an industry's size and growth potential (**Industry Rewards**), and macro characteristics that directly impact the size of business opportunities in a specific industry (**Country Rewards**).

**Risks:** Evaluation of micro, industry-specific characteristics, crucial for an industry to develop to its potential (**Industry Risks**) and a quantifiable assessment of the political, economic and operational profile (**Country Risks**).

### Assessing Our Weightings

Our matrix is deliberately overweight on **Rewards** (60% of the final RRI score for a market) and within that, the **Industry Rewards** segment (60% of final Rewards score). This is to reflect the fact that when it comes to long-term investment potential, industry size and growth potential carry the most weight in indicating opportunities, with other structural factors (demographic, labour statistics and infrastructure availability) weighing in, but to a slightly lesser extent. In addition, our focus and expertise in emerging and frontier markets has dictated this bias towards industry size and growth to ensure we are able to identify opportunities in markets where regulatory frameworks are not as developed and industry sizes not as big as in developed markets, but where we know there is a strong desire to invest.

## Infrastructure RRI Indicators - Explanation And Sources

|  | Source                             | Rationale  |
|--|------------------------------------|--|
| <b>Rewards</b>                               |                                    |  |
| <i>Industry Rewards</i>                      |                                    |  |
| <b>Construction Industry Value</b>           | BMI Forecast                       | Size of the construction industry indicates potential for opportunities and scale of operations. USDbn, Five Year Average Forecast.  |
| <b>Construction Industry Value</b>           | BMI Forecast                       | Growth of the construction industry indicates potential for growth in opportunities. Real Growth, % Change y-o-y, Five Year Average Forecast.  |
| <b>Project Pipeline, % of Industry Value</b> | BMI Key Projects Data/BMI Forecast | Size of the project pipeline in the pre- and under-construction phase relative to the construction industry size, indicates the potential for project opportunities, progression of projects through the pipeline and growth of pipeline.                |
| <i>Country Rewards</i>                       |                                    |  |
| <b>GDP Per Capita</b>                        | BMI Forecast                       | The wealth of the population indicates demand for infrastructure. USD, Five Year Average Forecast  |
| <b>GDP Per Capita Growth</b>                 | BMI Forecast                       | As a population gets richer, we would expect to see greater demand for infrastructure, especially transport. Local Currency, % Change y-o-y, Five Year Average Forecast. Except: Zimbabwe & Venezuela where USD is used.                                 |
| <b>Population</b>                            | BMI Forecast                       | Larger population creates greater demand for infrastructure. Five Year Average Forecast  |
| <b>Population Growth</b>                     | BMI Forecast                       | Growth of population necessitates increased infrastructure stock. % Change y-o-y, Five Year Forecast.  |
| <b>Urban Population % Of Total</b>           | BMI Forecast                       | High and growing concentration of population in urban areas indicates greater pressure on infrastructure assets. Five Year Average Forecast.   |
| <b>Risks</b>                                 |                                    |  |
| <i>Industry Risks</i>                        |                                    |  |
| <b>Infrastructure Competitive Landscape</b>  | BMI Subjective Indicator           | Assesses the openness of the competitive landscape. Considers the sophistication and saturation of the existing market, the ability to compete fairly in tenders and barriers to international companies entering the market.                            |
| <b>Construction – Timeliness</b>             | BMI Project Risk Index             | Measures the risk of delays to project development. Based on ability to secure permits and the potential for protracted bureaucracy to delay or increase the cost of operations.   |
| <b>Construction – Contracts</b>              | BMI Project Risk Index             | Measures the risk of contracting issues. Assesses both the efficiency of contract resolution and the sophistication of local regulations.  |
| <b>Legal Environment</b>                     | BMI Operational Risk Index         | Measures risk stemming from lack of transparency and legal protection. Assesses the strength of rule of law, transparency and investor protection.   |
| <b>Labour Market Risk</b>                    | BMI Operational Risk Index         | Measures the risk to project development based on the labour market. Assesses the size, education levels and cost of employment.   |
| <i>Country Risks</i>                         |                                    |  |
| <b>Long-Term Economic Risk Index</b>         | BMI Country Risk Index             | Takes into account the structural characteristics of economic growth, the labour market, price stability, exchange rate stability and the sustainability of the balance of payments, as well as fiscal and external debt outlooks for the coming decade. |

|                                       | Source                     | Rationale  |
|---------------------------------------|----------------------------|--|
| <b>Short-Term Economic Risk Index</b> | BMI Country Risk Index     | Seeks to define current vulnerabilities and assess real GDP growth, inflation, unemployment, exchange rate fluctuation, balance of payments dynamics, as well as fiscal and external debt credentials over the coming two years. |
| <b>Political Risk Index</b>           | BMI Country Risk Index     | The Political Risk Index is a score made up of the mean average across three distinct pillars: Governance Risk, Society Risk and Security Risk. These are aggregated into an overall assessment of Political Risk.               |
| <b>Operational Risk Index</b>         | BMI Operational Risk Index | Focuses on existing conditions relating to four main risk areas: Labour Market, Trade & Investment, Logistics, and Crime & Security.   |

Source: BMI



**30 North Colonnade, Canary Wharf, London, E14 5GN, UK**

**Tel:** +44 (0)20 7248 0468

**Fax:** +44 (0)20 7248 0467

**Web:** [www.fitchsolutions.com/bmi](http://www.fitchsolutions.com/bmi)

**ISSN:** 2399-1453

**Copy Deadline:** April 2025

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