

# MINECOFIN Newsletter

A QUARTERLY PUBLICATION OF THE MINISTRY OF FINANCE AND ECONOMIC PLANNING

ISSUE 3 | APRIL

## IN THIS ISSUE

- 2 Rwanda's New Tax Reforms to Boost NST2 Financing
- 4 Government Realigned Spending in the 2024/25 revised budget to reflect emerging National Priorities under NST2 and improve public service delivery
- 4 Rwanda Registers 8.9% growth, Confident In Economic Outlook
- 5 Concessional Financing Keeps Rwanda's Public Debt on a Sustainable Path
- 6 2024: A Year of Prosperity with Rising Incomes, Falling Inflation, and Growing Savings
- 8 Development Partners Retreat Aims for Collaborative Solutions to Drive National Transformation
- 9 The Inclusive FinTech Forum 2025: Nurturing Innovation for Financial Inclusion in Africa
- 11 Agriculture Sector Received \$47 Million to Boost Irrigation
- 12 MINECOFIN Teams Shine at Intergovernmental Institutions Tournament (APRST)

## Welcome to the Third Edition of our Newsletter!

We are delighted to present the first edition of 2025, packed with crucial updates. In this edition, you'll find information on the recent **tax reforms**, a **revised national budget**, and insights into how **Rwanda's economy fared in 2024**. We also shed light on our **development partners' commitment to collaborative solutions aimed at driving national transformation**, along with other exciting developments.

Happy reading!



# Rwanda's New Tax Reforms to Boost NST2 Financing



**O**n February 10, 2025, Rwanda's Ministry of Finance and Economic Planning unveiled a comprehensive set of tax policy reforms aimed at fortifying the nation's economic outlook. These measures are strategically designed to broaden the tax base, streamline revenue collection, and enhance administrative efficiency. By aligning with Rwanda's long-term vision of economic resilience and self-reliance, the reforms provide critical financial support for the second National Strategy for Transformation (NST2). Key changes include adjustments to excise duties, gambling taxes, VAT policies, and the introduction of new levies, reflecting a balanced approach to fostering sustainable growth while addressing emerging fiscal needs.

The reforms introduce targeted increases in excise duties to discourage certain excessive consumption patterns while boosting revenue. For instance, a 15% excise duty will now apply to cosmetic products (excluding essential pharmaceuticals), while the excise tax on cigarettes will rise sharply from Frw 130 to Frw 230 per pack, plus 36% of the retail price. Beer will see its excise tax slightly increased from 60% to 65%, and airtime excise taxes are set to increase progressively to 12% in 2025, 14% in 2026, and 15% in 2027. In the gambling sector, operators will pay a Gross Gambling Revenue (GGR) tax of 40%, with a withholding tax on winnings elevated to 25% from 15%. Additionally, VAT will be reintroduced on telephone and ICT equipment, goods transport services, hybrid vehicles, fuel, and fee-based financial services, with sunset clauses for exemptions—such as business inputs (until June 2026), electric vehicles (until June 2028), and energy equipment (until June 2029)—to ensure predictability for investors and consumers alike.

Beyond these adjustments, the reforms encompass a broader array of fiscal tools to support Rwanda's development agenda. The Capital Gains Tax will double from 5% to 10%, while a new 3% Tourism Tax will apply to accommodation services, capitalizing on the country's growing tourism sector.

Environmental considerations are addressed through a 0.2% levy on goods packaged in single-use plastics, promoting sustainability and fairness. Motor vehicle owners will now contribute a minimum of Frw 50,000 annually to the revised Road Maintenance Levy, based on vehicle type, with registration fees streamlined to reflect the current market prices. These policies not only harmonize Rwanda's tax framework with regional standards but also ensure a steady revenue stream to drive NST2's ambitious goals, paving the way for continued economic transformation and resilience in an evolving global landscape.

# TAX POLICY

## » MEASURES AND TIMELINE



### APRIL - JUNE 2024/25

- » Cosmetic and beauty product (15% of CIF)
- » Excise tax on cigarette (Frw 230 per pack + 36% of retail price)
- » Increase the tax on GGR for gambling operators (13% to 40%)
- » Increase Withholding on gambling winnings (15% to 25%)
- » Registration fees for imported vehicles
- » Road maintenance and strategic fuel reserve levies
- » VAT on mobile telephones
- » Excise tax on beer (65%)
- » Excise tax on airtime (12%, 14%, 15%)
- » Introduce a tourism Levy (3%) on accommodation
- » VAT on ICT equipment



### 2025/2026

- » Reinstatement of Tax on Hybrid vehicles
- » Introduce an environmental levy (0.2% of CIF)
- » Revise Capital Gain Tax from 5% to 10% on sale of shares and similar instruments
- » Introduce annual motor vehicle Road user charge
- » VAT on fee-based financial services
- » Reinstatement of the VAT on fossil fuels
- » Reinstatement of the VAT on transport service of goods by road accommodation



### 2026/2027

- » Repeal VAT exemptions on business inputs (Machinery and capital assets, raw materials)
- » Introduce Digital Services Tax



### 2027/2028

- » Excise of 15% on fees charged for financial transactions



### 2028/2029

- » Reinstatement of VAT on zero-emission vehicles



### 2029/2030

- » Reinstatement of VAT on energy equipment (e.g., solar panels)



## Government Realigned Spending in the 2024/25 revised budget to reflect emerging National Priorities under NST2 and improve public service delivery

On February 5, 2025, the Minister of Finance and Economic Planning, Yusuf Murangwa, announced a Frw 126.3 billion increase in Rwanda’s 2024/25 fiscal budget, raising it to Frw 5,816.4 billion. This adjustment will support emerging national priorities and improve public service efficiency. [Read more](#)



## Rwanda registers 8.9% growth, confident in Economic Outlook

Rwanda’s economy grew by 8.9% in 2024, following impressive quarterly performances of 9.7% in Q1, 9.8% in Q2, 8.1% in Q3, and 8% in Q4.

According to data released by the National Institute of Statistics of Rwanda (NISR), the GDP at current market prices was estimated at Frw 18,785 billion, up from Frw 16,626 billion in 2023. The services sector contributed 48% to the GDP, agriculture accounted for 25%, and industry made up 21%. [Read more](#)



# Concessional Financing Keeps Rwanda's Public Debt on a Sustainable Path

As of December 2024, Rwanda's public and publicly guaranteed (PPG) debt stood at 78.7% of GDP, or 58.5% in present value terms, up from 73.5% in 2023. However, the figure 58.5% remains well below the IMF's debt sustainability threshold.

One key reason for Rwanda's stable debt situation is the significant share concessional financing, which accounts for 87.7% of the country's external debt. This type of financing often comes with lower interest rates and favorable repayment terms, making it easier for Rwanda to manage its obligations.

Between 2023 and 2024, the composition of Rwanda's PPG debt slightly shifted. The share of domestic debt in total public debt dropped from 22.6% to 19.9%, while external debt increased from 77.4% to 80.1%. This shift aligns Medium-Term Debt Strategy (MTDS) for FY 2024/2025 to 2026/2027, which aims to reduce short-term debt and boost the use of longer-dated, fixed-rate instruments. This strategy is crucial for mitigating refinancing and interest rate risks. [Read more](#)

## Public Debt as of December 2024:

78.7%  
of GDP  
↑  
73.5%  
in 2023

58.5%  
Present Value  
Well below  
IMF debt  
sustainability  
threshold

## External Debt:

87.7%  
Concessional

12.3%  
Commercial

## Change in composition of Rwanda's debt between 2023 and 2024:

### DOMESTIC DEBT

22.6%



19.9%



### EXTERNAL DEBT

80.1%



77.4%



# 2024: A Year of Prosperity with Rising Incomes, Falling Inflation, and Growing Savings

The year 2024 has been a remarkable time for Rwanda, showcasing impressive economic growth and positive trends across various sectors.

## Strong Economic Growth

In 2024, Rwanda's GDP reached Frw 18,785 billion, a significant increase from Frw 16,626 billion in 2023. The services sector contributed 48% to the GDP, up from 46% the previous year. Agriculture accounted for 25%, down from 27%, while industry remained steady at 21%. Overall, the economy grew by an impressive 8.9%, with quarterly growth rates of 9.7%, 9.8%, 8.1%, and 8% throughout the year. Notably, agriculture grew by 5%, and both industry and services saw a remarkable 10% increase.

## Controlled Inflation

Rwanda successfully managed inflation, lowering it to 4.8% in 2024 compared to a staggering 14% in

2023. This improvement was driven by a bumper harvest in food crops, which increased production by 5%. Along with stable international commodity prices and effective monetary policies, these factors contributed to a more controlled economic environment.

## Decreasing Unemployment

As the economy grew, unemployment rates also declined significantly. The rate dropped from 21.1% in 2021 to 14.9% in 2024. The services sector became the largest employer, rising to 42.9% of the workforce from 39.8% in 2023. Although agricultural employment fell to 39.9% in 2024 down from 43.4% in 2023, the industrial sector saw a slight increase to 17.2% up from 16.7% in 2023.

## Increased Savings

With private consumption decreasing from 75% to 70% of GDP, the gap between imports and exports

narrowed from 15% to 12%. Higher incomes and lower inflation, coupled with improved interest rates on deposits (up from 9.65% to 10.33%), contributed to a rise in gross national savings from 12% to 15.6% of GDP. Additionally, new authorized loans increased by 16%, further boosting economic activity.

### Stabilizing Currency and Resilience

The Rwandan franc (FRW) depreciated by 9.42% against the USD in 2024, a marked improvement from 18.05% in 2023. By the end of December 2024, foreign exchange reserves were sufficient to cover

er 5.4 months of imports. This stability, combined with robust growth across sectors, positions Rwanda well for continued economic strength in 2025.

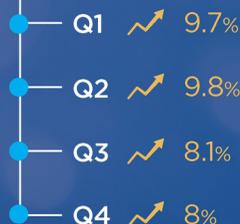
### Looking Forward

As we move into 2025, the outlook remains positive, with low inflation expected to persist as international prices decline. While challenges such as reduced global trade, geopolitical tensions, and potential climate shocks could arise, Rwanda's economy is better equipped to handle these risks and continue its path of resilience and growth.

# GDP 2024 OVERVIEW

## GDP GROWTH IN 2024

8.9%



## GDP AT CURRENT MARKET PRICES:

2023



2024



## SHARE BY SECTOR



## GROWTH BY SECTOR



Republic of Rwanda  
Ministry of Finance and  
Economic Planning

@RwandaFinance

# Development Partners Retreat aims for collaborative solutions to drive National Transformation



The Ministry of Finance and Economic Planning (MINECOFIN) hosted the Annual Development Partners Retreat (DPR) on February 6-7, 2025, in Nyagatare District. This event brought together senior Government officials and development partners to accelerate Rwanda's National Strategy for Transformation (NST 2) and advance Vision 2050.

The retreat emphasized the importance of forging bold partnerships, unlocking innovative financing, and addressing systemic barriers to sustainable development. Yusuf Murangwa, the Minister of Finance and Economic Planning, highlighted key priorities such as efficient service delivery, advanced education, resilient healthcare, industrial growth, and food security—all achievable through a revamped approach.

[Read more](#)





# The Inclusive FinTech Forum 2025: Nurturing Innovation for Financial Inclusion in Africa



From February 24th to 26th, Kigali played host to the second edition of The Inclusive FinTech Forum 2025, a pivotal gathering dedicated to exploring the transformative potential of fintech in bridging financial inclusion gaps across Africa. This year's event highlighted the critical role fintech can play in creating a more inclusive financial ecosystem that serves the continent's diverse population.

## A Promising Economic Landscape

Africa is poised for a significant economic growth, with a projected GDP increase of 4.2% and a youthful population—over 70% under 30—driving demand for innovative financial solutions. Both traditional financial



services and fintech are expected to grow at 8% annually, highlighting a promising future for the fintech sector. If fintech penetration rises from 5% to 15%, revenue could reach \$65 billion in five years, especially with around 300 million people still unbanked, presenting immense opportunities for impactful growth.

### **Navigating Challenges**

However, the journey toward greater financial inclusion is not without its challenges. The forum underscored the headwinds that could impede progress, including macroeconomic instability, a difficult capital-raising environment, regulatory complexities, and the ongoing struggle to find skilled talent in technology and product development. Addressing these challenges calls for robust partnerships among policymakers, capital providers, tech innovators, and entrepreneurs. The need for collaboration is paramount. By working together, stakeholders can create an enabling environment that fosters innovation and drives financial inclusion.

### **Rwanda's Commitment to a Digital Future**

As a beacon of progress, Rwanda has invested heavily in building a robust digital infrastructure and skills backbone. The country is committed to creating a conducive environment for businesses to thrive, harmonizing regulatory frameworks, and unlocking opportunities through public-private partnerships. Moreover, Rwanda is harnessing the power of artificial intelligence to further advance its digital economy.



## Agriculture Sector Received \$47 Million to Boost Irrigation

The Government of Rwanda and China in January signed a \$47 million concessional loan agreement to fund the Giseke Dam and Irrigation Project in Gisagara District. This initiative will irrigate 2,640 hectares of farmland, strengthening agricultural resilience to climate change and supporting Rwanda's Second National Strategy for Transformation (NST2). [Read more](#)





# MINECOFIN Teams Shine at Intergovernmental Institutions Tournament (APRST)

The MINECOFIN teams left an unforgettable mark on the Intergovernmental Institutions Tournament, commonly known as APRST, with an outstanding performance in volleyball and football.

## Volleyball

Our volleyball team was crowned APRST champions for the second consecutive year. In an exciting final match held in Huye District, they defeated the MINISPORT team 3-1, demonstrating their skill, teamwork, and determination.



## Football

Not to be overshadowed, the football team also brought home the title, becoming the APRST 2024/25 champions after a thrilling 2-1 win over BRD Bank in the final match.

These victories underscore MINECOFIN's growing dominance in intergovernmental institutions sports. A huge congratulations to both teams for their remarkable performances!



# MINECOFIN staff urged to foster a positive and dynamic work culture

In keeping with tradition, the MINECOFIN executive management, senior managers, and staff gathered for an end-of-year party. This event served as both a reflection on the institution's performance in fulfilling its mandate and a celebration of achievements, while also committing to improvements where necessary.

Minister of Finance and Economic Planning, Yusuf Murangwa, praised the hard work and determination of the staff, emphasized what needs to be accomplished and called for a renewed commitment to delivering quality results with minimal stress.

"We have a lot of work ahead of us. Our success depends on adopting high-quality delivery while minimizing stress," Minister Murangwa stated.

The event was a delightful mix of camaraderie and festivity, embodying the spirit of teamwork and success. It underscored the Ministry's dedication to cultivating a positive and dynamic work culture.



Republic of Rwanda  
Ministry of Finance and  
Economic Planning

