

MINECOFIN Newsletter

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Government of Rwanda and United Nations Sign New Cooperation Framework Committing to Accelerate Inclusive and Sustainable Development

Welcome to the fourth edition of our MINECOFIN Newsletter!

In this issue, we highlight the 2025-2026 budget, emphasizing strategic transformational investments and key funding in sectors such as health, education, and agriculture. We also share the findings of the 2023/24 Household Living Conditions Survey (EICV7) and discuss what these results imply for socio-economic progress. Additionally, we cover the latest developments in the

Double Taxation Avoidance Agreement (DTAA) with Nigeria and its implications for business and investment. Furthermore, we explore Rwanda's ongoing journey toward transparent governance through public financial management reforms, among other highlights.

Enjoy the read!



The 2025/26 Budget: A Bold Step Toward Strategic Growth and Fiscal Resilience

On June 12, 2025, the Minister of Finance and Economic Planning, Yusuf Murangwa, unveiled a proposed budget of Frw 7 trillion to parliament for the upcoming fiscal year 2025/26. This ambitious plan represents a 21% increase over the Frw 5,816.4 billion approved in the 2024/25 revised budget, underscoring the government's commitment to advancing the country's development priorities.

Strategic Investments for Sustainable Growth

The proposed budget is a testament to Rwanda's strategic focus on investing in transformative projects that will shape the nation's future. Key initiatives such as the construction of the New Kigali International

Airport and the expansion of Rwandair, the national carrier, exemplify the government's drive to position Rwanda as a regional hub for trade and connectivity. These projects are not just infrastructural milestones, they are catalysts for economic diversification, job creation, and enhanced regional integration.

Beyond infrastructure, the government remains committed to improving the quality of life for all Rwandans. Investments will continue to focus on boosting agricultural productivity, expanding access to electricity, clean water, and sanitation, and upgrading healthcare and education systems. These priorities align with Rwanda's Vision 2050 and the National Strategy for Transformation (NST 2), aiming to foster inclusive growth and sustainable development.

Prudent Fiscal Management for Resilience

Speaking before parliament, Minister Murangwa emphasized the government's dual approach: "The government is prioritizing spending to support investments that will help us achieve our NST-2 goals. At the same time, we are working diligently to manage public finances carefully by reducing our budget deficit, stabilizing debt, and strengthening our economy against external shocks. Our ultimate goal is to improve household incomes and enhance the quality of life for every Rwandan."

This prudent fiscal stance is reflected in the budget's structure. Total resources for the year are projected at Frw 7,032.5 billion, comprising domestic revenues of Frw 4,105.2 billion (including Frw 3,628 billion in taxes and Frw 477.2 billion from other sources), external grants estimated at Frw 585.2 billion, and external loans amounting to Frw 2,151.9 billion.

Focused Allocation for Impactful Results

The government's allocation strategy underscores its commitment to a balanced, impactful approach:

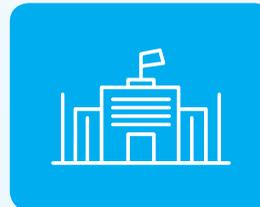


Economic Transformation (62.8%): Frw 4,417.2 billion will accelerate inclusive growth through investments in agriculture, infrastructure, climate resilience, local manufac-

turing, and export development. These efforts aim to reduce the trade deficit, promote urbanization, and create sustainable, decent jobs.



Social Transformation (21.7%): Frw 1,526.9 billion will enhance healthcare and education quality, strengthen social protection programs, promote gender equality, and support disaster management initiatives, ensuring no one is left behind.



Transformational Governance (15.5%): Frw 1,088.4 billion will focus on improving public service delivery, strengthening governance institutions, justice, peace and security, and economic diplomacy to foster a stable and transparent environment for growth.

A Theme of Inclusive Transformation

The 2025/26 budget aligns with the theme "Inclusive economic transformation through domestic resource mobilization and resilient strategic investment for job creation and improved livelihoods." It reflects Rwanda's strategic resolve to balance ambitious development goals with responsible fiscal management.

Looking Ahead

As Rwanda charts its path toward sustainable development, this budget exemplifies the government's commitment to prudent financial stewardship, strategic investments, and resilience. By carefully managing public resources, Rwanda aims not only to achieve rapid economic growth but also to build a resilient economy capable of weathering global uncertainties and ensuring a prosperous future for all Rwandans.

2025/2026 Budget

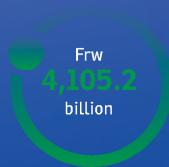
Key Highlights

Total Resources



Sources of Revenue

Domestic Revenues



External Grants



External Loans



Domestic Borrowing & Financial Assets Drawdown



Total Expenditure



Expenditure allocation

Recurrent Spending



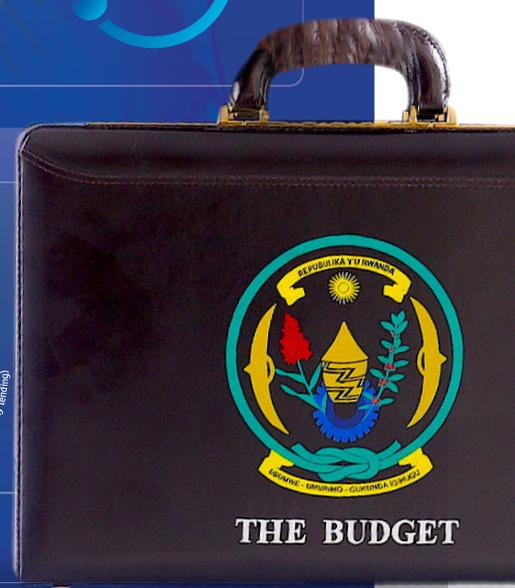
Capital Spending



Additional Funding



(for equity, investment fund shares, and equity lending)



Budget Alignment with NST-2 Priorities

1 Economic Transformation

Frw
4,417.2 billion (62.8%)

FOCUS AREAS:

Agriculture; access to electricity, water, and sanitation; transport, urbanization and rural settlement, climate resilience, local manufacturing and exports, promoting the financial sector, and of jobs.

2 Social Transformation

Frw
1,526.9 billion (21.7%)

FOCUS AREAS:

Improved healthcare and education, social protection programs, sustainable nutrition services, family and gender initiatives, and strengthening disaster management programs.

3 Transformational Governance

Frw
1,088.4 billion (15.5%)

FOCUS AREAS:

Quality service delivery, good governance, public finance management, justice system strengthening, peace and security, crime prevention, and economic diplomacy.



Republic of Rwanda
Ministry of Finance and Economic Planning

#RwandaBudget2025

@RwandaFinance

Rwanda and Nigeria Sign Double Taxation Agreement to Strengthen Economic Ties and Advance Kigali's Financial Hub Goals

Rwanda and Nigeria have formalized a landmark Double Taxation Avoidance Agreement (DTAA), marking a significant step forward in boosting bilateral trade, investment, and regional economic integration. The agreement was signed on the sidelines of the 32nd Afreximbank Annual Meetings by Rwanda's Minister of Finance and Economic Planning, Yusuf Murangwa, and Nigeria's Minister of Finance, Wale Edun.

This DTAA is more than just a bilateral tax accord; it embodies Rwanda's strategic vision to position itself as Africa's premier financial gateway. By encouraging cross-border investment, promoting transparency, and creating a predictable tax environment, the agreement enhances Rwanda's role within Africa's rapidly evol-

ing economic landscape. It also underscores Rwanda's broader commitment to regional integration, economic diplomacy, and private sector-led growth, aligned with its Vision 2050 and NST1 development frameworks.

Key Provisions and Impact

The agreement eliminates the risk of income being taxed twice, providing greater certainty and stability for investors. It includes provisions on the elimination of double taxation, prevention of tax evasion, exchange of tax information, and dispute resolution mechanisms. Importantly, the DTAA aligns with the OECD's Multilateral Convention on Mutual Administrative Assistance in Tax Matters (MAAC), reaffirming Rwanda's dedication to international tax transparency and cooperation.



Strengthening Rwanda's Financial Ecosystem

This agreement is a vital component of Rwanda's broader strategy to position the Kigali International Financial Centre (KIFC) as a leading African financial hub. By facilitating seamless capital flows and reducing tax-related barriers, it makes Rwanda more attractive to foreign investors especially from Nigeria, Africa's largest economy. Rwanda's expanding treaty network now includes over 18 agreements with countries such as South Africa, Luxembourg, South Korea, Singapore, China, the UAE, Qatar, Morocco, and Mauritius, further supporting its ambitions.

Boosting Trade and Investment

The DTAA is expected to catalyze trade and investment between Rwanda and Nigeria, particularly in sectors like ICT, aviation, infrastructure, agriculture, and services. It offers protections against discriminatory tax treatment, introduces competitive withholding tax rates, and establishes a robust dispute resolution framework—creating a more favorable environment for private investment and economic growth.

Rwanda's economy remains resilient, with projected GDP growth of 8.9% in 2024 and 7.8% in Q1 2025, driven by reforms in public finance management, investment facilitation, and regional integration. The DTAA is expected to accelerate foreign direct investment (FDI) and diversify Rwanda's investor base, fostering sustainable economic development.

Implementation and Expectations

While the signing lays the groundwork for deeper cooperation, the true impact will depend on effective implementation. Strong coordination between the Rwanda Revenue Authority (RRA) and Nigeria's Federal Inland Revenue Service (FIRS) will be crucial in ensuring compliance, addressing treaty shopping concerns, administering treaty benefits, and resolving any disputes that arise.

Public awareness campaigns and stakeholder engagement especially with businesses, investors, and tax professionals will be vital to maximize the treaty's benefits and deepen economic cooperation between Rwanda and Nigeria.

Rwanda's Economy Expanded by 7.8% in the First Quarter of 2025

Rwanda's economy experienced a growth rate of 7.8% in the first quarter of 2025. This positive performance was mainly driven by strong growth in the industrial and service sectors, while the agriculture sector saw modest progress.

According to data released by the National Institute of Statistics Rwanda (NISR), the Gross Domestic Product (GDP) at current market prices was estimated at Frw 5,255 billion, up from Frw 4,486 billion in the same period last year. The services sector contributed the most to GDP, accounting for 46%, followed by agriculture at 24%, and industry at 23%. Net direct taxes made up 7% of the total.

Yusuf Murangwa, Rwanda's Minister of Finance and Economic Planning, highlighted that while a 7.8% growth rate is encouraging, it still falls short of the 9.3% target outlined in the National Strategy for Transformation (NST2). [Read More](#)



Rwanda's Household Living Conditions Improve Amid Economic Resilience

The National Institute of Statistics of Rwanda recently released the results of the 2023/24 Household Living Conditions Survey (EICV7). The findings show a significant decline in national poverty levels, with the poverty headcount decreasing by 12.4 percentage points over the past seven years, from an estimated 39.8% in 2017 to 27.4% in 2024. This reduction translates to more than 1.5 million people moving out of poverty. Additionally, inequality, as measured by the Gini coefficient in 2024, stands at 0.37, reflecting a moderate level of income disparity. Although the results from EICV7 are not directly comparable to previous household surveys, they suggest an improved responsiveness of poverty reduction to economic growth.

Economic Growth Context

The seven-year period under the first National Strategy for Transformation (NST1) was marked by a series of economic shocks. Key challenges included: The COVID-19 pandemic in 2020, with lingering effects into 2021; global inflation in 2022, compounded by adverse weather conditions at the national level, leading to four consecutive

poor agricultural seasons in 2022 and 2023; heavy rains and flooding in mid-2023 as well as outbreaks of Marburg and M-pox in 2024.

These shocks resulted in a contraction of -3.4% in real GDP in 2020, accompanied by rising unemployment. The years 2022 and 2023 also saw high domestic inflation and a sharp depreciation of the Rwandan franc (Frw) against major trading partners' currencies. Fortunately, outbreaks of Marburg and M-pox were effectively contained and did not cause major economic setbacks.

Despite these challenges, the economy demonstrated resilience, achieving an average growth rate of 7.2% over the last seven years (2018–2024). All productive sectors contributed to this growth, although agriculture and services grew at slower rates. The industrial sector maintained growth at its typical pace.

In agriculture, cash crop production stagnated. The mining and quarrying sector grew at a third of its historical average, while manufacturing experienced accelerated growth particularly in textiles and chemicals. The services sector including trade, hospitality, and ICT also outperformed its historical averages, playing a significant role in overall economic resilience.

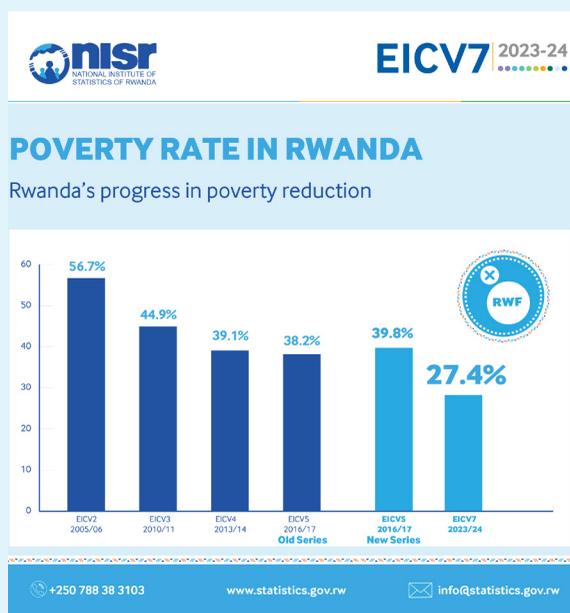
GDP growth – historical and last 7 years

	Average GDP growth 2018-2024	Average GDP growth 2000-2024
GROSS DOMESTIC PRODUCT (GDP)	7.2%	7.5%
AGRICULTURE, FORESTRY & FISHING	3.9%	5.0%
Food crops	3.0%	4.9%
Export crops	0.1%	4.6%
INDUSTRY	8.6%	8.5%
Mining & quarrying	4.9%	15.2%
TOTAL MANUFACTURING	9.4%	7.0%
<i>Of which: Food</i>	8.6%	9.3%
<i>Textiles, clothing & leather goods</i>	20.1%	9.2%

	Average GDP growth 2018-2024	Average GDP growth 2000-2024
<i>Chemicals, rubber & plastic products</i>	17.7%	11.0%
Construction	9.3%	10.2%
SERVICES	8.1%	9.0%
Wholesale & retail trade	12.0%	10.7%
Hotels & restaurants	16.1%	14.6%
Information & communication	21.6%	16.0%

Trends in Poverty, Elasticity, and Inequality

Poverty trend from 2001 to 2017 (old series) and from 2017 to 2024 (new series)



Real GDP per capita (in constant 2017 prices) increased from approximately Frw 652,000 in 2017 to Frw 898,000 in 2024. This represents a collective growth of 38% over seven years, with an average annual increase of 4.7%.

The national poverty headcount decreased by 12.4 percentage points from 39.8% in 2017 to 27.4% in 2024,

meaning over 1.5 million people have moved out of poverty. Extreme poverty declined by 5.9 percentage points, more than halving from 11.3% in 2017 to 5.4% in 2024.

An interesting observation: Despite the disclaimer that old series from surveys conducted between 2001 and 2017 are not directly comparable to the new series from EICV7 (2017 and 2024), the results suggest an improvement in the elasticity of poverty reduction relative to economic growth. Specifically, the elasticity, calculated using real GDP per capita in Rwandan francs (Frw), is estimated at 0.83 for the period from 2017 to 2024.

Change in GDP per capita and Poverty - Elasticity

	2001	2006	2011	2017	2024
Percentage change in real GDP per capita		30.3%	30.0%	25.2%	37.7%
Percentage change in poverty level		-3.74%	-20.81%	-14.92%	-31.16%
Growth Elasticity of poverty		0.12	0.69	0.59	0.83

Socioeconomic Indicators Measured by EICV7

The socioeconomic indicators from EICV7 generally confirm that living conditions have improved between 2017 and 2024. Notably, the poorest segments of the population are catching up in many areas, indicating a reduction in inequality. These indicators also show that progress—or lack thereof—at the national level closely correlates with the convergence or divergence between the poorest and richest quintiles.

	National level		Difference between the poorest and richest quintiles	
	2017	2024	2017	2024
Literacy rate (age 15-24)	86.5	87.7	15.3	14.8
Net attendance in primary	87.6	92.8	12.1	9.2

	National level		Difference between the poorest and richest quintiles	
Net attendance in secondary	<u>23.8</u>	<u>33.7</u>	<u>34.4</u>	<u>35.1</u>
Improved drinking water	87.5	89.7	11.2	12.1
Water piped to home	<u>9.4</u>	<u>15.7</u>	<u>30.6</u>	<u>44.3</u>
Improved sanitation	86.2	94.3	17.9	10.2
Time to health facility	48.2	31.7	-14.6	-8.9
Medical Insurance coverage	73.9	85.3	26.6	17.4
Got care if ill	56.7	71	18.6	12.7
Electricity	34.4	72	59.6	39.9
Charcoal or better	<u>18.6</u>	<u>24.3</u>	<u>50.2</u>	<u>55.5</u>
Access to road nearby	93.4	96	6.2	5.5
Corrugated iron roof	67.3	75.8	27.6	25.5

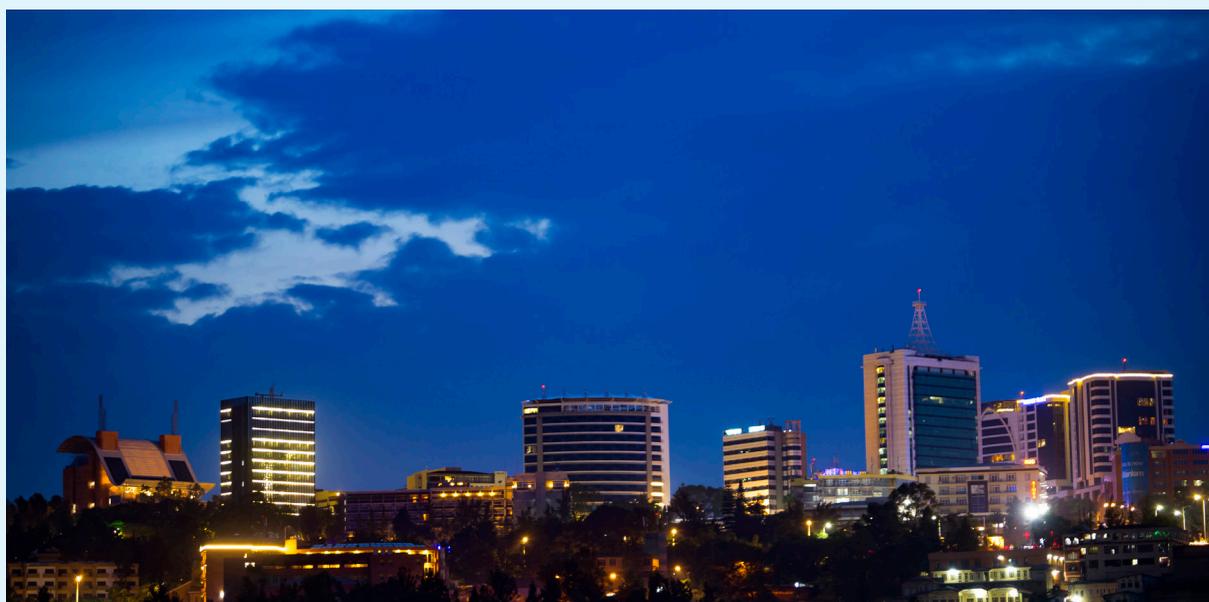
	National level		Difference between the poorest and richest quintiles	
Modern floor	<u>27.4</u>	<u>39.2</u>	<u>59.8</u>	<u>66.8</u>
Umudugudu	58.9	67.9	-22.9	-9.8
Household has a cellphone	66.9	84.6	42.4	21.1
Own TV	<u>10.4</u>	<u>14.4</u>	<u>31.6</u>	<u>37.7</u>
Own computer	<u>3.3</u>	<u>5</u>	<u>12</u>	<u>19.1</u>

Conclusion

In many respects, Rwanda has made remarkable progress over the past seven years, demonstrating resilience and rapid growth, alongside an accelerating decline in poverty.

This progress is evident in both socioeconomic (non-monetary) well-being indicators and consumption-based measures of poverty. The data provide strong evidence that households' living conditions are improving in tandem with economic growth.

Furthermore, areas where the poorest and richest quintiles are converging tend to be those with higher levels of national achievement, reflecting ongoing progress toward greater inclusivity.





Rwanda Strengthens Capital Market Infrastructure with New CSD Law

Rwanda's landmark law governing the Central Securities Depository (CSD) is now in full effect, marking a significant milestone in the country's efforts to modernize its capital market infrastructure. This new legislation, which replaces the previous Law N° 26/2010 governing the Holding and Circulation of Securities, aims to modernize and align Rwanda's financial sector with international best practices.

This reform addresses existing gaps and eliminates regulatory overlaps, streamlining governance and enhancing legal certainty. By aligning with the core principles of the International Organization of Securities Commissions (IOSCO), the new law positions Rwanda's capital market as a more transparent, competitive, and investor-friendly environment.

A key focus of the law is resolving governance issues within Rwanda's Central Securities Depository (CSD). Previously, the National Bank of Rwanda (BNR) managed both operational and regulatory roles, creating potential conflicts of interest. The new legislation separates these functions, allowing multiple operators to offer CSD services while transferring regulatory authority to the Capital Market Authority (CMA). This shift promotes transparency, fosters competition, and aligns with international best practices.

Furthermore, the law incorporates best practices from globally recognized frameworks such as the International Swaps and Derivatives Association (ISDA) Global Master Repurchase Agreement (GMRA), as outlined by the International Capital Market Association (ICMA). These alignments are vital for facilitating cross-border transactions, boosting investor confidence, and supporting the growth of Rwanda's modern capital market.

The law also paves the way for advanced financial instruments by enabling the safe operation of repurchase agreement (REPO) markets, ensuring the enforceability of netting agreements in insolvency, and establishing a clear legal framework for the use and registration of financial collateral.

This landmark legislation marks a significant milestone in Rwanda's journey towards becoming a competitive, pan-African financial hub. As implementation begins, Rwanda is well-positioned to support innovative financial instruments within a robust, future-proof legal framework, further advancing the Kigali International Finance Center's vision of a globally recognized, investor-friendly market.



You are Rwanda's next investors, advisors, entrepreneurs & policy shapers. You should lead with integrity, as the strength of finance and capital markets depends on trust & accountability. This forum provides the knowledge, tools and confidence you need to shape Rwanda's financial future.

Mutesi Rusagara

The Minister of State for Public Investments and Resource Mobilization at the Capital Market Youth Forum



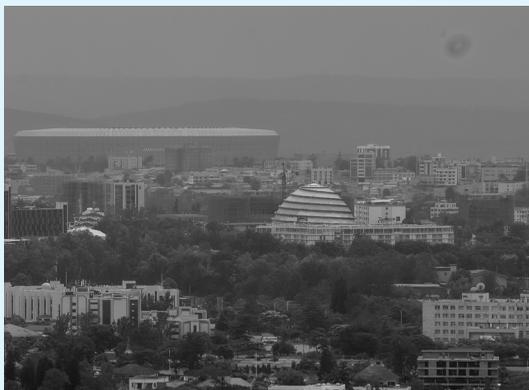
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Yusuf Murangwa

The Minister of Finance and Economic Planning presenting the FY 2025/2026 budget proposal to Parliament.

5th Policy Coordination Instrument (PCI) Review Highlights Rwanda's Strong Growth and Strategic Reforms Amid Global Challenges

The Government of Rwanda and IMF staff reached a staff-level agreement under the fifth review of the Policy Coordination Instrument (PCI), highlighting Rwanda's strong economic performance in 2024. The country recorded 8.9% GDP growth, improved labor market conditions, stabilized inflation at 4.8%, and reduced fiscal and external pressures. All PCI targets were met, and key reforms were implemented, including in revenue mobilization and financial transparency. Rwanda's financial sector remained robust, with increased reserves and reduced currency depreciation. Looking forward, the government aims to boost revenue through a new tax package and advance major infrastructure projects like Bugesera International Airport and RwandAir expansion, reinforcing long-term growth and regional integration while maintaining fiscal discipline. [Read more](#)



Rwanda Credit Rating maintained at B+ with Stable Outlook, Driven by Strong and resilient economic Growth

S&P Global reaffirmed Rwanda's B+ credit rating with a stable outlook, citing strong economic growth, effective reforms, and sound debt management. Despite challenges like regional insecurity, fiscal deficits, and climate risks, Rwanda's access to concessional funding and low debt servicing costs offer stability. Public investment in infrastructure, agriculture, energy, and tourism supports long-

term growth. The economy grew 8.9% in 2024, with ongoing tax reforms aimed at improving revenue and reducing deficits. S&P expects Rwanda to outperform peers over the next five years, supported by private sector growth and favorable weather conditions. The rating reflects confidence in Rwanda's proactive policies and resilience. [Read more](#)



Transforming Lives Through PFM Reforms: Rwanda's Journey to Transparent Governance

Public Financial Management (PFM) is the backbone of how a government manages its resources, encompassing systems, processes, and procedures that ensure resources are used effectively and responsibly. PFM is a cornerstone of Rwanda's National Strategy for Transformation (NST 2), under the transformational governance pillar. The remarkable progress we see today stems from reforms initiated over two decades ago, driven by a vision to serve Rwandans better.

Back in 2005, the Office of the Accountant General was established with just three qualified accountants, tasked

with a critical mission: to coordinate the preparation of government financial statements, something that previously did not exist. At that time, the government's budget was only Frw 368 billion, prepared and executed manually. There was no internal control system to track spending, which often led to unlawful expenditures. Audits were based solely on budget execution reports, lacking the transparency needed for accountability.

Recognizing the need for change, the Government of Rwanda launched comprehensive PFM reforms focused on legal frameworks, capacity building, and the adop-

tion of an Integrated Financial Management Information System (IFMIS). These initiatives transformed how public resources are managed, bringing greater transparency and accountability.

A look at the results over the past five years (2020–2024)

- The national budget grew from Frw 3,017.1 billion in 2020 to Frw 5,816.4 billion in 2024—a 92.8% increase—allowing for more investments in vital sectors.
- Efforts to improve efficiency and reduce unlawful spending paid off, with unlawful expenditures dropping from 5.7 billion RWF in 2020 to just 2.0 billion RWF in 2024.
- The Office of the Auditor General reported an increase in clean audit opinions on financial statements from 53% in 2020 to an impressive 94% in 2024.

Over the past few years, Rwanda has constructed 7 hospitals, 12 health centers, and 779 health posts, significantly improving access to healthcare. In education, 27,000 classrooms and 196 technical and vocational schools have been built, empowering our youth and strengthening the nation’s future. These developments have directly benefited Rwandans.

Central to these achievements is the automation of PFM through IFMIS, which interfaces with other systems to eliminate manual interventions. This digital backbone enhances real-time monitoring of budget execution and simplifies audits, ensuring resources are used efficiently and transparently.

As Rwanda advances into NST 2, PFM will continue to be a catalyst for transformational governance, leveraging technology and strong systems to ensure every Rwandan benefits from responsible management of public resources. Our journey is proof that transparency and accountability truly transform lives.





Government of Rwanda and United Nations Sign New Cooperation Framework Committing to Accelerate Inclusive and Sustainable Development

In May 20, 2025, Rwanda and the United Nations signed the UN-SDCF 2025–2029 to strengthen their partnership in advancing Rwanda’s development goals and the SDGs. The framework, aligned with NST2 and Vision 2050, focuses on inclusive economic transformation, human capital development, and good governance, with emphasis on gender equality, climate resilience, and innovation. It involves a \$1.04 billion resource mobilization through partnerships with government, civil society, and the private sector. Developed through wide consultations, the framework addresses challenges like climate change and regional instability, while promoting digital innovation and youth empowerment. It reflects a joint commitment to national ownership and sustainable development, aiming to leave no one behind. [Read more](#)

Rwanda Launches First-Ever Economic Bulletin to Promote Transparency and Informed Growth

We are pleased to announce the launch of Rwanda’s first-ever Economic Bulletin, a new joint initiative by the Ministry of Finance and Economic Planning and the National Bank of Rwanda. This quarterly publication is designed to provide timely, accurate, and forward-looking insights into Rwanda’s economic performance and outlook. It reflects our commitment to transparency and informed policy-making, serving as a reliable resource for investors, researchers, development partners, and the general public seeking a clear picture of Rwanda’s economic trajectory.

The inaugural edition highlights strong growth momentum, stable inflation, and Rwanda’s continued progress toward fiscal sustainability. It also outlines medium-term projections and the government’s key priorities, including infrastructure development, tax reform, and job creation. By sharing this data openly, we aim to foster dialogue, build investor confidence, and strengthen evidence-based decision-making as we work toward Rwanda’s long-term development goals. You can access it [here](#)



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