

Ministry of Finance and Economic Planning



Budget Framework Paper 2025/2026-2027/2028

April 2025

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I. INTRODUCTION

The 2025-2028 Budget Framework Paper is informed by article 34 of the Organic Law N° 002/2022.O.L of 12/12/2022 on public finance management, stipulating that the medium-term budget framework and annual budget estimates shall be approved by Cabinet before submission to both Chambers of the Parliament. This Budget Framework Paper (BFP) is therefore prepared in fulfilment of the legal provision and outlines the Government statement of the economic context, global and domestic, in which the forthcoming Budget will be presented, along with the fiscal policy objectives for the three-year period of 2025/26–2027/28.

This Budget Framework Paper (BFP) has been prepared with the consideration of the global economy which continues to recover from shocks such as the pandemic, geo-political tensions, climate change and the resulting effects. In addition to this, the disruption in energy and food markets caused by the shocks, and the unprecedented tightening of global monetary conditions to combat high inflation has slowed the global economy.

The BFP is organised as follows: section one is the introduction, followed by section two, which gives a summary of global and domestic economic performance. The global portion includes an outlook for 2025 and 2026 and the domestic portion reviews performance in the real, external, fiscal and monetary sectors. Section three presents a brief description of macroeconomic framework and policy objectives for the medium-term. Section four deals with the details of the budget for fiscal year 2025/26 with key policies underlying the budget preparation, including the functional allocations focusing on the priorities to be funded. Policy issues arising from the 2025/26 budget formulation are discussed in section five. The BFP closes with concluding remarks in section six and finally several annexes providing additional details and numbers for the budget.

II. RECENT ECONOMIC PERFORMANCE AND OUTLOOK

a) Global Economic Performance and Outlook

i. Global Outlook Growth

According to the IMF's January 2025 World Economic Outlook (WEO), Global growth remained low in 2024, slowing down to 3.2% from 3.3% in the previous year, 2023. The outlook remains uncertain as the global economy continues to face several challenges, including but not limited to ongoing geopolitical tensions coupled with global trade frictions and climate-related shocks intensifying across. The global economy remains stable, though the level of resilience differs significantly among countries. Major central banks are expected to continue lowering monetary policy rates, though at different rates, depending on growth and inflation outlooks. At the same time, fiscal policy is likely to become more restrictive in advanced economies, such as the United States, during 2025/26, with a less pronounced tightening in emerging market and developing economies. In the Sub-Saharan region, growth is estimated to have grown by 3.8% in 2024 from 3.6% in 2023.

ii. Outlook and Risks

Global growth is projected at 3.3% in both 2025 and 2026, primarily on account of an upward revision in the United States offsetting downward revisions in other major economies. Global headline inflation is expected to decline to 4.2% in 2025 and to 3.5% in 2026.

Medium-term risks to the baseline are tilted to the downside, while the near-term outlook is characterized by divergent risks. Upside risks could lift already-robust growth in the United States in the short run, whereas risks in other countries are on the downside amidst elevated policy uncertainty.

The risk of renewed inflationary pressures could prompt central banks to raise policy rates and intensify monetary policy divergence. Higher-for-even-longer interest rates could worsen fiscal, financial and external risks.

In Sub-Saharan Africa, growth is projected to rise from an estimated 3.8% in 2024 to 4.2% in both 2025 and 2026, as negative effects of earlier weather shocks subside and supply issues gradually improve. Risks also remain such as further rise in global or regional instability including the escalation of conflicts in the Middle-East, increased frequency and intensity of adverse weather conditions which could drive up global energy and food prices and in addition to elevated public debt burdens persisting.

Table 1: GDP and Inflation in selected regions/countries

(Real GDP, Annual Percentage Change)	<i>Proj.</i>				Inflation Period Average		<i>Proj.</i>	
	2023	2024	2025	2026	2023	2024	2025	2026
World	3.3	3.2	3.3	3.3	6.7	5.7	4.2	3.5
Advanced Economies	1.7	1.7	1.9	1.8	4.6	2.6	2.1	2.0
United States	2.9	2.8	2.7	2.1	4.1	3.0	1.9	2.1
Euro Area	0.4	0.8	1	1.4	5.4	2.4	2.0	2.0
Emerging Market and Developing Economies	4.4	4.2	4.2	4.3	8.1	7.8	5.6	4.5
Sub-Saharan Africa	3.6	3.8	4.2	4.2	18.7	20.1	13.7	8.6
Nigeria	2.9	3.1	3.2	3.0	24.7	32.5	25.0	15.2
South Africa	0.7	0.8	1.5	1.6	5.9	4.7	4.5	4.5
EAC Region	5.2	1.0	8.1	8.6	15.5	22.5	17.1	7.4

b) Domestic Economic Performance

i. Domestic growth

In 2024, Rwanda maintained a strong Real GDP growth of 8.9%, higher than the projected 8.3%. Out of this growth, the services contributed a significant portion of 5.2%, industry contributed 1.8%, and 1.2% for the agriculture sector.

The growth of the agriculture sector was 5% driven by the outstanding growth of food crops that grew by the same percentage due to the good harvest of both agricultural seasons.

The growth of industry was 10%, driven by mining & quarrying, and construction where each one increased by 12%, while manufacturing activities increased by 7%. The growth in manufacturing was boosted by outstanding growth in the manufacturing of metal products, machinery & equipment (20%); non-metallic mineral products (15%); chemicals, rubber & plastic products (15%); and textiles, clothing & leather (10%).

The growth of the services sector was 10%, driven by trade, tourism, transport, and telecommunication

Table 2: Real GDP growth and contribution 2021 to 2024

<i>Activity description</i>	2021	2022	2023	2024	2021	2022	2023	2024
	Growth				Contribution			
GROSS DOMESTIC PRODUCT (GDP)	10.9%	8.2%	8.2%	8.9%	10.9	8.2	8.2	8.9
AGRICULTURE, FORESTRY & FISHING	6.0%	2%	2%	5%	1.6	0.4	0.4	1.2
Food crops	7%	-1%	0%	5%	1.1	-0.1	0.0	0.7
Export crops	-1%	4%	-4%	-1%	0.0	0.0	-0.1	0.0
Livestock & livestock products	8%	9%	7%	7%	0.2	0.2	0.2	0.2
Forestry	5%	5%	6%	6%	0.3	0.2	0.3	0.3
Fishing	24%	3%	4%	3%	0.1	0.0	0.0	0.0
INDUSTRY	13%	5%	10%	10%	2.4	0.9	1.9	1.8
Mining & quarrying	27%	14%	9%	12%	0.4	0.2	0.1	0.2
TOTAL MANUFACTURING	11%	11%	10%	7%	0.9	0.9	0.9	0.7
Electricity	12%	14%	5%	19%	0.1	0.2	0.1	0.2
Water & waste management	5%	4%	2%	4%	0.0	0.0	0.0	0.0
Construction	15%	-6%	12%	12%	1.0	-0.4	0.7	0.7
SERVICES	12%	12%	11%	10%	5.6	5.7	5.5	5.2
TRADE & TRANSPORT	13%	16%	10%	15%	1.8	2.2	1.5	2.2
Maintenance & repair of motor vehicles	35%	5%	2%	-1%	0.2	0.0	0.0	0.0
Wholesale & retail trade	12%	14%	9%	18%	1.0	1.2	0.8	1.7
Transport	15%	22%	13%	9%	0.6	0.9	0.6	0.5
OTHER SERVICES	11%	11%	12%	9%	3.7	3.5	4.0	3.0
Hotels & restaurants	20%	87%	18%	11%	0.2	1.1	0.4	0.2

Information & communication	19%	20%	35%	25%	0.5	0.5	1.0	0.9
Financial services	18%	10%	9%	7%	0.5	0.3	0.2	0.2
Real estate activities	4%	2%	5%	1%	0.3	0.1	0.3	0.0
Professional, scientific & technical activities	13%	1%	4%	3%	0.3	0.0	0.1	0.1
Administrative & support service activities	6%	1%	2%	8%	0.2	0.0	0.1	0.2
Public administration & defence; compulsory social security	2%	10%	11%	10%	0.1	0.5	0.6	0.5
Education	59%	17%	18%	5%	1.0	0.4	0.5	0.1
Human health & social work activities	9%	8%	-1%	15%	0.2	0.2	0.0	0.3
Cultural, domestic & other services	10%	8%	18%	7%	0.5	0.4	0.9	0.4
Taxes less subsidies on products	13%	12%	6%	7%	1.2	1.1	0.5	0.7

ii. Inflation

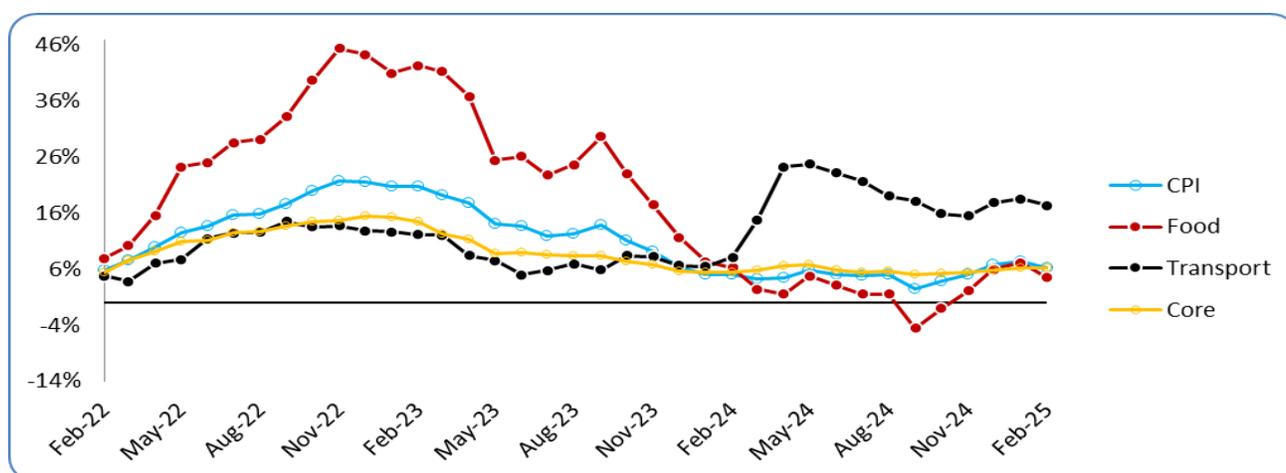
In February 2025, the headline inflation stood at 6.3% compared to 4.9% February 2024, which remains within a band of 2% to 8%, indicating a moderate inflation rate and relatively stable price growth. It was driven by a decrease in food and non-alcoholic beverages, housing, water, electricity, and other fuel coupled with a reduction in the transport index.

Food and non-alcoholic beverages recorded at 4.5% in February 2025 compared to 6.3% February 2024, from 7.2% in January 2025. This was driven by a decrease in food items of broad categories, including milk, cheese and vegetables.

Transport inflation grew by 17.4% for February 2025 compared to 8.1% February 2024. This is attributed to a slowdown in the growth rate index of some goods like the purchase of minibus and spare parts for vehicles.

Core inflation (Overall inflation excluding volatile food and energy prices) was at 6.2% for February 2025 the same rate as the previous month.

Figure 1: Inflation developments since February 2022



iii. External Sector Performance

The overall balance of payment had a surplus of USD 575.5 million at the end of 2024, showing an increase from USD 106.8 million at the end of 2023. This was due to the increase in General government loans from USD 1,205.4 million to USD 1,521.9 million for 2023 and 2024, respectively, due to the disbursement of December 2024 from World Bank, Italy, Germany, AfDB and JICA.

The trade deficit in goods for 2024 improved by 1% to USD 2,344.4 million compared to USD 2,368.8 million in the previous year, 2023. This was primarily due to improvement in exports, which grew by 6.9% in 2024 compared to 1.7% in 2023, and with a slowdown in imports (FOB) from 8.8% in 2023 to 4.2% in 2024. The acceleration in the growth of exports observed in 2024 was due to acceleration in non-gold exports, mainly from an increase in coffee exports by 2.9%, minerals' 3Ts by 14.9%, and Tea by 6.4%.

Net Services decreased from a surplus of USD 100.7 million in 2023 to a surplus of USD 91.1 million in 2024, as service import has increased by 4.6% while the exported services increased by 3.3%. Service export was mainly driven by the tourism sector, which grew by 2.8%, reaching USD 579.5 million in 2024, and air transport grew by 15.6%, reaching USD 166.6 million in 2024.

Table 3: Key external sector performance Indicators: in million US\$

	2020	2021	2022	2023	2024	2024/2023 % change
A. Current Account	-	-	-	-	-	9.7%
	1227.3	1207.1	1247.1	1647.5	1806.6	
Trade Balance (Goods)	-	-	-	-	-	-1.0%
	1650.3	1658.7	1988.5	2368.8	2344.4	
Exports f.o.b.	761.3	1167.6	1556.1	1582.3	1691.9	6.9%
Of which: coffee	53.9	78.3	105.0	87.8	90.4	2.9%
Tea	90.3	96.9	106.7	106.3	113.1	6.4%
Minerals	83.1	149.5	203.8	201.4	231.3	14.9%
Imports f.o.b.	2431.0	2821.2	3590.4	3905.3	4067.5	4.2%
Imports fob excl Rwandair, KCC and Bugesera	2431.0	2821.2	3590.4	3905.3	4067.5	4.2%
Services (net)	1.7	-124.4	9.8	100.7	91.1	-9.5%
Services: credit	521.4	576.3	883.1	1044.5	1078.6	3.3%
o/w tourism	120.5	149.9	400.2	563.9	579.5	2.8%
Services: debit	519.8	700.8	873.3	943.8	987.5	4.6%
Primary income (net)	-199.5	-180.4	-249.3	-277.5	-333.4	20.1%
Secondary income (net)	620.7	756.4	980.9	898.1	780.1	-13.1%

Secondary income: credit	683.3	839.7	1061.4	959.9	848.7	-11.6%
o/w workers' remittances	274.3	378.6	461.2	504.7	502.4	-0.4%
o/w total official transfers	309.9	383.4	520.1	387.1	271.7	-29.8%
B. Capital Account	312.5	422.0	321.8	397.6	383.0	-3.7%
Net lending (+)/ net borrowing (-) <i>(balance from current and capital accounts)</i>	-914.8	-785.1	-925.3	- 1249.9	- 1423.5	13.9%
C. Financial Account: Net lending (+)/ net borrowing (-)	- 1125.3	- 1114.2	-708.0	- 1281.4	- 1822.6	42.2%
Direct investment	-152.6	-233.4	-305.1	-445.2	-563.1	26.5%
Direct investment: assets	0.0	0.0	0.0	12.5	9.9	-0.2
Direct investment: liabilities (i.e. FDI)	152.6	233.4	305.1	457.6	572.9	25.2%
Portfolio investment	-36.7	-277.2	56.9	66.0	20.6	-68.7%
Portfolio investment: assets	10.4	9.3	63.8	11.6	24.7	112.1%
Portfolio investment: liabilities	47.1	286.6	6.9	-54.4	4.0	-107.4%
Other investment	-936.0	-603.6	-459.8	-902.3	- 1280.2	41.9%
Other investment: assets	31.9	6.1	-46.9	303.1	241.8	-20.2%
Other investment: liabilities	967.9	609.7	413.0	1205.4	1521.9	26.3%
o/w public sector budget loans	403.8	181.2	150.4	549.1	710.0	29.3%
o/w public sector project loans	363.0	368.8	377.7	411.2	555.7	35.2%
o/w private sector loans	100.5	131.1	104.7	130.5	124.9	-4.3%
E. Overall Balance	327.9	154.4	-129.4	106.8	575.5	438.9%

Source: BNR

iv. Public Debt Management Developments

Rwanda's recent increase in public debt reflects the government's commitment to sustaining its development agenda while responding to significant fiscal pressures caused by the COVID-19 pandemic and successive global shocks including geopolitical tensions, heightened external volatility, and public health emergencies such as the Marburg outbreak. These combined challenges led to a rise in public debt from 73.5% of GDP at end December 2023 to 78.7% at end December 2024. In present value terms, this translates to 58.5% of GDP, which remains below the 70% sustainability threshold.

Despite the increase, Rwanda's debt remains sustainable with a moderate risk of debt distress. All key debt sustainability indicators remain well below their respective thresholds, supported by the high share of concessional debt in the portfolio accounting for 87.7% by end 2024. This underscores the government's prudent and risk-conscious borrowing approach aimed at preserving debt sustainability.

The key vulnerability to Rwanda's debt outlook remains the Eurobond maturing in 2031, along with external risks such as tighter global financial conditions, geopolitical instability and a reduction in access to grants and concessional financing. However, the overall debt outlook remains relatively positive.

v. Fiscal Developments

Revised Budget Fiscal Year 2024/25

The 2024/25 fiscal projection in line with the original budget approved by parliament in May 2024 was revised in February 2025 to incorporate additional resources (domestic revenues, external loans, and grants) and budget expenditures needs. As a result of these revisions and in economic classification terms, total revenue and grants for FY 2024/25 of FRW 4,139.7 billion stood at FRW 4,064.0 billion showing a decrease of FRW 75.6 billion.

On the spending side, the total original recurrent expenditure was estimated at FRW 3,682.9 billion was raised slightly to FRW 3,728.1 billion showing a net increase of FRW 45.2 billion while the amount spent under capital expenditure was FRW 2,088.3 billion slightly higher by FRW 81 billion compared to the original budget of 2,007.3 billion.

Budget Execution July-December 2024

a. Resources

The budget implementation for July-December 2024 was affected by both global and domestic economic environment and in turn also affected domestic resource mobilization on one hand and the pace of expenditure commitments by sectors on the other hand. Total revenue (including grants) collections were slightly higher than projected driven by a rise in tax revenue collected.

Total revenue (Tax, other revenues, and grants) collections of FRW 2,146.0 billion during the July to December 2024 period was higher by FRW 122.7 billion compared to FRW 2,023.3 billion estimated in the original budget. This good performance was observed in all revenue categories, including collection from both tax and other revenues as well as in external budget support disbursement.

Tax revenue collection during the July-December 2024/25 period amounted to FRW 1,474.1 billion, which was higher by FRW 15.9 billion compared to FRW 1,458.2 billion projected in the original budget. Taxes were positively affected by several factors, including macroeconomic ones, tax policy, and administrative measures.

Other revenues comprise property income, sales of goods and services (including PKO reimbursements), Local government fees collections, fines, penalties as well as other transfers. During July-December 2024 period total collections under this category amounted to FRW 308.9 billion and exceeded FRW 242.5 billion estimated in the original budget by FRW 66.4 billion.

Total grants disbursed in the July-December 2024 period amounted to FRW 363.0 billion which was higher by FRW 40.4 billion compared to the projected amount in the original budget of FRW 322.6

billion. The excess vis a vis the projected figure was mainly due frontloading of disbursement from Germany (through KfW) and to higher-than anticipated disbursement from Global fund.

b. Expenses

In July – December 2024, total expenditure which refers to total expense plus net investment in non-financial assets (considered as capital/development spending) amounted to FRW 2,612.2 billion. This figure was higher than the estimated amount in the original budget of FRW 2,490.6 billion.

Under expenses, provisional data for July – December 2024 indicates that total outlays in recurrent expenses amounted to FRW 1,712.3 billion, higher compared to the projected amount of FRW 1,682.3 billion. The excess under expenses was mainly due to expenditure of Government to combat the recent Marburg disease outbreak.

(in Billion FRW)	FY 2024/25	
	July-December Proj.	July - December Prov. Act.
REVENUE	2023.3	2146.0
Taxes	1458.2	1474.1
Taxes on income, profits, and capital gains	680.3	635.0
Taxes on property	18.4	26.2
Taxes on goods and services	659.1	687.9
Taxes on international trade and transactions	100.4	125.1
Grants	322.6	363
Other revenue	242.5	308.9
EXPENSE	1682.3	1712.3
Compensation of employees	275.1	274.9
Use of goods and services	373.6	454.3
Interest	251.6	224.4
Subsidies	161.3	153.1
Grants	516	500.5
Social benefits	32.6	32.4
Other expenses	72.2	72.8
NET OPERATING BALANCE		
Including Grants	341.0	433.8
Excluding Grants	18.4	70.8
Net Investment in nonfinancial assets	808.3	899.9
Foreign financed	525.3	562.9
Domestically financed	283.0	337.0
NET LENDING (+) / BORROWING (-)		
Including Grants	-467.2	-466.2
Excluding Grants	-789.8	-829.1
Net acquisition of financial assets	117.7	784.3
Domestic	117.7	784.3
Foreign	0	0
Net incurrence of liabilities	584.9	1281
Domestic	-47.2	249.5
Foreign	632.2	1031.6
Loans	632.2	1031.6

Source: MINECOFIN

The total amount spent under net investment in non-financial assets in the period under review was FRW 899.9 billion. This figure was FRW 91.6 billion higher compared to the original budget estimates of FRW 808.3 billion. The category of net investment in non-financial assets is composed of a foreign-financed component and a domestically financed component. Expenditure under the foreign-financed portion amounted to FRW 562.9 billion compared to the original budget estimate of FRW 525.3 billion. This is due to higher than expected foreign loan disbursements reflecting acceleration of project implementation. The amount spent included FRW 26.5 billion loan from the World Bank which was used for the rehabilitation of roads and bridges damaged by the floods.

Concerning the domestically financed portion, the amount spent was FRW 337 billion and was higher by FRW 54 billion, compared to the estimated amount of FRW 283 billion in the original budget.

July to December 2024 period, the net deficit (including grants) amounted to FRW 466.2 billion compared to FRW 467.2 billion projected in the original budget.

Outlook for the remainder of the fiscal year 2024/25

The Government will continue to monitor both domestic and external economic developments closely for the rest of the fiscal year 2024/25 and will take all the necessary steps to ensure that the approved revised budget is fully implemented. In doing so, Government will endeavour to uphold its main policy objectives of promoting growth and welfare of the population through economic recovery measures whilst maintaining macroeconomic stability.

i. Monetary Policy and Exchange Rate Developments

In February 2024, the National Bank of Rwanda tightened its monetary policy, raising the central bank rate to 7.5%, the year's peak, before lowering it to 6.5% in February 2025. These changes aimed to manage inflation within the target range of 2% to 8% amid global challenges and potential shocks that could disturb the whole outlook.

Broad money increased by 20.6 % in 2024, down from 22.8% in 2023, mainly due to a 52.6% rise in net foreign assets. Private sector credit grew by 14.8%, while net credit to the government fell by 57.5%, reflecting higher government deposits, especially in December 2024.

Newly authorized loans decreased by 3.3% in 2024 from 2.9% in 2023, while the non-performing loans (NPLs) ratio improved to 3.1%, down from 4.2% in 2023.

By December 2024, the Rwandan Franc (FRW) had depreciated to 9.5% against the USD, improving from an 18.0% decline in 2023, tied to the worsening current account deficit.

Table 4: Key Monetary Statistics in 2024

Monetary Statistics	2019	2020	2021	2022	2023	2024	% Change
(In billion FRW)							
	Dec	Dec	Dec	Dec	Dec	Dec	2024/2023
Net foreign assets	1,081.0	1,462.5	1,457.8	1,650.1	2,428.3	3,704.4	52.6%
Domestic credit	2,267.8	2,523.4	3,221.9	4,031.5	4,601.9	4,911.7	6.7%
Central government (net)	128.9	-43.7	314.3	695.4	508.2	216.2	-57.5%
Private sector	1,985.8	2,385.7	2,743.0	3,101.2	3,681.7	4,228.1	14.8%
Broad money M3	2,371.9	2,787.1	3,264.9	4,000.4	4,913.1	5,925.0	20.6%
Currency in circulation	209.2	237.2	262.2	309.3	328.5	347.9	5.9%
Deposits	2,162.7	2,549.9	3,002.8	3,691.1	4,584.6	5,577.0	21.6%

Source: BNR**ii. Financial Sector Development****a. Overall Sector Performance**

The financial sector remained resilient, well-capitalized and liquid in 2024, maintaining its growth trajectory despite prevailing global and domestic macroeconomic headwinds, including the appreciation of the US dollar. As of December 2024, total financial sector assets increased by 20.6%, reaching FRW 13 trillion, up from FRW 11 trillion in December 2023, with all sub-sectors recording notable growth. The sector's depth, measured by total assets as a percentage of GDP, increased to 68.5% in December 2024 from 64.3% in 2023. The growth of assets was mainly driven by loans to the private sector and investments across the economy, particularly in banking, manufacturing and construction looking ahead our financial sector is expected to remain stable and resilient, supported by strong capital buffers and sound liquidity positions, which will enable institutions to absorb potential shocks and continue playing a transformative role in the economy.

b. Banking and Microfinance Sectors

Banking sector assets increased by 19.1%, reaching FRW 9 trillion, supported by a significant rise in deposits, capital injections, and efficiency gains. Bank deposits grew by 23.8%, while those in Microfinance Institutions (MFIs) rose by 49.4%. The capital base of banks and MFIs expanded by 19.1% and 70.3%, respectively, largely from retained earnings and new capital infusions. Outstanding loans grew by 10.5% in banks and 39.5% in MFIs, reflecting a surge in private sector credit. Key stability indicators remained strong, with consolidated capital adequacy ratios of 20.5% for banks and 32.3% for MFIs, well above the 15% regulatory threshold. Liquidity remained ample, with banks' LCR and NSFR at 333.8% and 148.4%, respectively, while MFIs recorded a liquidity ratio of 84.7%, exceeding the 30% requirement.

Loan quality also improved, with the NPL ratio in banks decreasing to 3.1% from 4.1% in 2023 and in MFIs declining to 3.5% from 4.3%. This improvement stemmed from loan recoveries, write-offs and a growing share of performing loans. Financial institutions maintained adequate provisioning, reinforcing their capacity to absorb credit risk.

Table: 5 Financial Soundness Indicators (Banking Sector) - In Percent

Indicators	Dec-20	Dec-21	Dec-22	Dec-23	Dec-2024
Total CAR (min 15 %)	21.5	21.5	21.7	21.5	20.5
Core Capital Tier 1 (min 12.5%)	20.3	20.6	20.9	20.3	19.2
NPLs Ratio	4.5	4.6	3.1	4.1	3.1
Provisions / NPLs	106.3	119.8	141.9	62.9	69.4
LCR (min 100%)	254.7	268.9	215.9	229.9	333.8
NSFR (min 100%)	161.4	147.1	136.8	114.6	148.4
FX Exposure/Core Capital (± 20%)	-4.4	-3.7	-0.6	1.0	1.0

Source: NBR, Monetary Policy and Financial Stability Statement of March 2025

Table: 6. Financial Soundness Indicators of Microfinance Sector

Microfinance Institutions	Dec-20	Dec-21	Dec-22	Dec-23	Dec-2024
Assets (Frw Billions)	356.1	421.4	512.4	633.2	882.9
Loans (Frw Billions)	202.4	235.2	324.8	438.3	611.6
Deposits (Frw Billions)	192.2	220.2	274.4	321.6	480.6
Equity (Frw Billions)	128	150.7	176.5	214.2	285.4
Net Profit (Frw Billions)	10.3	18.1	23.0	25.3	38.7
CAR	36%	35.8%	34.5%	33.8%	32.3%
NPL ratio	6.7%	4.8%	3.5%	4.3%	3.5%
Liquidity ratio	101.5%	112.3%	90.9%	85.9%	84.7%

Source: NBR, Financial Stability Directorate, March 2025

c. Insurance Sector

The insurance sector experienced asset growth of 18.5%, driven by increasing equity, investment income, and retained earnings. Investment holdings rose by 17.7%, reaching FRW 1 trillion, with allocations spread across various economic sectors. Private insurers demonstrated a robust solvency position at 214%, far exceeding the 100% regulatory requirement. Liquidity levels also remained healthy, with private insurers reporting a liquidity ratio of 108%.

Table 7. Financial Soundness Indicators (Insurance Sector) - In Percent

Description (Ratios %)	Public Insurers			Private Insurers			Insurance Sector		
	Dec-22	Dec-23	Dec-24	Dec-22	Dec-23	Dec-24	Dec-22	Dec-23	Dec-24
Solvency margin (Min. 100%)	2379	2284	2339	221	296	214	1375	1422	1392
Claims Ratio (Max.60%)	51	59	59	62	58	57.1	54	56	50
Expense Ratio (Max. 30%)	12	15	19	38	39	38	32	28	29
Combined ratio (Max.90%)	63	73	78	100	97	95	86	84	87
Return on Equity (Max.16%)	14.5	14	14	13	19	20	14	15	15
ROA (Min.4%)	14.30	13.70	14	5	7	10	11	11	12
Current Ratio (min. 120%)	3711	2057	1367	92	97	100	224	229	217
Liquidity ratio (min. 100%)	5238	3530	2423	98	117	108	286	347	321

Source: NBR, Financial Stability Directorate March 2025

d. Pension Sector

Between 2023 and 2024, Rwanda's pension sector comprising both public and private pension funds recorded robust performance and expansion, reflecting improved contributions, fund management, and broader coverage. The public pension system, dominated by the Rwanda Social Security Board (RSSB), governs both the mandatory Defined Benefit Scheme for salaried workers and the Long-Term Saving Scheme (LTSS), known as EjoHeza, targeting informal sector contributors. By March 2023, EjoHeza had registered 3.1 million individuals 38.7% of the working-age population with 2.6 million active savers, nearly half of them women. Despite these strides, only about 9% of the workforce is

covered under the mandatory public scheme, highlighting the importance of expanding private pension participation. The private pension segment includes 12 voluntary schemes six Complementary Occupational Pension Schemes (COPS) and six Personal Pension Schemes (PPS). Sector-wide, pension assets grew by 21.9%, reaching FRW 2.051 trillion in December 2024, up from FRW 1.683 trillion in December 2023, with the public pension fund accounting for 95% of the total. Reforms are underway to increase pension contributions from 6% in 2024 to 12% in 2025 and ultimately to 20% by 2030, ensuring the adequacy and long-term sustainability of retirement incomes. Overall, the financial sector continues to demonstrate resilience and soundness, with strong capital buffers, robust liquidity positions, and regulatory ratios being comfortably exceeded across banks, microfinance institutions, and insurers.

e. Payment Systems and Digital Finance

The wholesale and retail payment systems continued to operate efficiently, facilitating smooth and secure digital transactions. The mobile payment ecosystem expanded significantly, propelling digital retail transactions to 301% of GDP in 2024 up from 179% in 2023. This progress reflects Rwanda's strides toward a cashless economy and underscores the central role of digital finance in enhancing financial inclusion and transaction efficiency.

f. Capital Markets

In 2024, Capital markets demonstrated significant growth, reflecting increased investor confidence, enhanced market infrastructure, and a broader range of financial products. The Rwanda Stock Exchange (RSE) achieved a record total market turnover of FRW 129 billion, marking a 126% increase from the previous year. This surge was accompanied by a 15.86% rise in the Rwanda Share Index (RSI), indicating robust performance in the equities market.

The fixed income market also experienced notable developments, with the issuance and listing of three significant products from private issuers in the last quarter of the year, collectively raising at least FRW 51 billion. These issuances were oversubscribed, underscoring the growing appetite for diversified financial instruments among investors. The number of investors increased by 37.35% to 95,672, with domestic investors comprising 95.75% of this base.

In the Absa Africa Financial Markets Index 2024, Rwanda advanced three places to rank 14th among 29 African Nations, with an overall score of 47 up from 44 in 2023. This improvement is attributed to the listing of the country's first domestic sustainability-linked bond in September 2023 and the introduction of climate-related financial regulations, reflecting Rwanda's commitment to environmental, social, and governance (ESG) principles.

III. OBJECTIVES AND POLICIES FOR THE MEDIUM TERM 2025/26-2027/28

The policies and strategies over the medium term are by and large guided by the National Strategy for Transformation (NST2). The Government will continue to consolidate the public finances to reduce fiscal deficits and stabilize debt. The Government will endeavour to uphold its main policy objectives of promoting growth and welfare of the population through economic recovery measures whilst maintaining macroeconomic stability.

i. Real Sector Projections for 2024 and the Medium-term

Rwanda's growth momentum remained strong despite the challenging external environment and other factors. The 2024 GDP growth continued to be robust at 8.9% year-on-year, on the back of strong performance in services and construction, as well as positive growth in food crop production in the second half of the year.

GDP projections indicate a temporary softening of economic growth driven by recalibration of policies needed to preserve Macroeconomic and financial stability, ensure fiscal sustainability and rebuild buffers. GDP growth is projected at 7.1%, 7.5%, 7.4% in 2025, 2026, and 2027 respectively, before reaching 7.0% in 2028. On the demand side, private consumption and investment are expected to be the main growth drivers with the additional investment from Bugesera airport construction in the medium term as the fiscal consolidation continues. Net exports will improve as a result of the real effective exchange rate depreciation. On the supply side, the services sector will continue to expand robustly, coupled with a continued good performance of the agricultural sector. The following table highlights the GDP projections over the medium term:

Table 7: GDP Growth Projections for the period 2025 – 2028

	2025 Proj.	2026 Proj.	2027 Proj.	2028 Proj.
GDP	7.1%	7.5%	7.4%	7.0%
AGRICULTURE	5.3%	5.5%	5.5%	5.5%
Food crops	4.7%	4.93%	5.1%	5.1%
Export crops	6.1%	5.8%	5.7%	5.5%
INDUSTRY	10.2%	12.1%	11.3%	9.2%
Mining & quarrying	13.8%	17.1%	15.7%	11.6%
Total Manufacturing	8.3%	9.1%	8.8%	9.1%
Construction	12.2%	15.5%	13.7%	8.7%
SERVICES	6.6%	6.7%	6.8%	6.8%
Trade and Transport	6.3%	7.1%	7.2%	7.1%
Wholesale & retail trade	6.5%	7.4%	7.6%	6.9%
Transport services	6.3%	6.5%	6.3%	7.6%
Other services	6.7%	6.5%	6.6%	6.6%
Hotels & restaurants	13.7%	15.5%	14.7%	13.9%

Information & communication	12.1%	12.1%	12.1%	12.1%
Financial services	11.0%	9.3%	9.1%	9.1%
Taxes less subsidies on products	8.1%	7%	6.9%	6.3%

Source: MINECOFIN

ii. Inflation

Inflation has been stable since February to August 2024 around 5% to 6% and decelerated even further in September 2024, but started to pick up again until January 2025. In February 2025, it stood at 6.3% and expected to remain between the NBR inflation band of 2% and 8%. This decline reflects a reduction in all components of fresh foods, energy inflation and stable core inflation. This is a result of domestic agricultural supply linked to good weather conditions for 2024 Season B, which led to NBR's monetary policy easing. Headline inflation is projected to decline to 5% in 2025, reflecting lower levels on food prices and tight monetary policy.

iii. External Sector Projections

The current account deficit is expected to widen in 2025, reaching 13.7% driven by increase in imports largely due to the planned big projects expected in construction sector, and projected reduction in official transfers. The current account deficit will reach its pick in 2026 at 15.7% and start improving afterward, reaching 11% in 2028.

Table 8: Key External Sector Projections

Balance of Payments	2024	2025	2026	2027	2028
A. Current Account	- 1806.6	-2039.9	-2440.7	-2147.1	-1634.8
Balance on goods and services	- 2253.3	-2308.8	-2617.2	-2290.3	-1738.7
Goods (Trade Balance)	- 2344.4	-2401.3	-2586.9	-2343.3	-1935.7
Exports f.o.b.	1691.9	1,854.3	2,042.1	2,258.7	2,522.9
Of which: coffee	90.4	95.8	100.6	105.6	110.9
Tea	113.1	122.9	127.8	133.0	138.3
Minerals	231.3	259.2	280.2	302.7	326.3
Imports f.o.b.	4067.5	4302.62	4678.64	4650.62	4508.80
Services (net)	91.1	92.5	-30.3	53.0	197.0
Services: credit	1078.6	1134.4	1197.7	1277.3	1361.9
o/w Air Transport	186.20	195.84	206.83	218.49	229.56
o/w Travel	77.60	94.02	98.71	93.82	93.40
Services: debit	987.5	1041.9	1228.0	1224.3	1164.9

Primary income (net)	-333.4	-387.0	-501.6	-560.1	-627.4
Secondary income (net)	780.1	655.9	678.1	703.3	731.3
Secondary income: credit	848.7	727.0	752.6	782.0	814.7
o/w workers' remittances	502.4	525.08	549.81	575.23	598.63
o/w total official transfers	271.7	141.2	137.7	137.3	142.1
Secondary income: debit	68.6	71.1	74.4	78.6	83.4
B. Capital Account	383.0	293.5	293.5	293.5	293.5
Net lending (+)/ net borrowing (-)	-	-	-	-	-
(balance from current and capital accounts)	1423.5	-1746.4	-2147.2	-1853.5	-1341.3
C. Financial Account: Net lending (+)/ net borrowing (-)	-	-1917.6	-2169.0	-1901.9	-1349.3
Direct investment	-563.1	-767.1	-1251.0	-1163.3	-905.1
Direct investment: assets	9.9	10.3	11.0	11.8	12.5
Direct investment: liabilities (i.e. FDI)	572.9	777.4	1262.1	1175.1	917.7
Portfolio investment	20.6	0.0	0.0	0.0	0.0
Financial derivatives (other than reserves) and employee stock options: net	0	0	0	0	0
Other investment	-	-1150.5	-918.0	-738.6	-444.1
Other investment: assets	241.8	0.0	0.0	0.0	0.0
Other investment: liabilities	1521.9	1150.5	918.0	738.6	444.1
o/w Budget loans	710.0	937.3	824.2	624.7	403.4
o/w Project loans	555.7	385.0	405.1	450.0	468.0
o/w private sector loans	124.9	97.0	88.4	110.3	123.2
D. Net Errors and Omissions (minus is outflow)	176.5	0.0	0.0	0.0	0.0
E. Overall Balance	575.5	171.2	21.8	48.4	8.1
F. Reserves assets (change in net foreign assets - minus is a drop)	575.5	171.2	21.8	48.4	8.1
Gross official reserves (Million USD), in months of next year's imports of goods & services	6.0	5.2	5.3	5.6	5.4

Source: BNR/MINECOFIN

iv. Medium Term External Debt Policy

The preliminary debt sustainability analysis (DSA) being concluded shows that the debt sustainability indicators in the medium term will shoot up to accommodate financing for the implementation of the second phase of the Bugesera airport project and the expansion of Rwandair in 2025, in joint venture with the Qatar Investment Authority of which Government will contribute 40% of equity stake and 59% in both the airport and airline respectively. With this financing, the economic growth and development agenda for NST2 is expected to boost significantly. As a result, the debt will remain sustainable with debt service impact expected to be mitigated by new tax measures (of which some have recently been passed by Cabinet) and various derisking instruments the government is actively exploring. However, the debt consolidation path of 65% of GDP that was expected to be achieved by 2031 may delay for 2 to 4 years.

In order to keep a moderate risk of debt distress, the overall debt strategy will focus on (I) maximizing concessional funding opportunities to minimize debt servicing pressures; (II) Prioritize fixed instruments to avoid effect of volatile market interest rate; (III) develop the domestic market to reduce dependence on foreign currency debt while reducing refinancing risks with issuance of long-term securities; (IV) Proactively taking liability management operations whenever possible to avoid refinancing risks; (V) boosting our exports to build buffers for debt sustainability; (VI) and finally recalibrating the fiscal consolidation path with strengthening of domestic revenue mobilization, spending rationalization and mitigation measures for fiscal risks arising from State Owned Enterprises, Power Purchase Agreements, etc.

v. Monetary Sector Projections

In 2024, the monetary policy stance was loosened as inflationary pressures significantly eased and will continue to trend within the NBR inflation band of 2% and 8%. Monetary aggregates will grow at a slightly higher rate than the previous year, affected by the international economic environment conditions. Broad money is projected to increase by 3.0% in 2025 (20.6% in 2024 versus 23.6% in 2025) and decline to 9.4% in 2026, Credit to private sector by 13.8%. Reserve money is expected to improve to 0.9% in 2025 and recover to 16.4% in 2026. Exchange rate pressures are expected to remain elevated in 2025 and ease over the medium term. Rwandan Franc is expected to depreciate by 8.9% in 2025 from 13.2% observed in 2024.

Table 9: Monetary aggregates

	2021	2022	2023	2024	2025	2026
					Projection	Projection
Reserve money	30.7%	29.0%	10.1%	11.0%	11.9%	22.4%
Credit to the private sector	25.3%	13.6%	19.9%	14.3%	17.6%	16.4%
Broad money	15.7%	22.5%	22.8%	20.6%	23.6%	9.4%

vi. Financial Sector Development Strategy

The Financial Sector Development Strategy 2025/26 and in the medium term will seek to achieve the following:

a. SMEs Investment Clinic

In order to increase the number of companies outsource funding from the capital market, the Capital Market Authority (CMA) in partnership with the Government of Rwanda through the Ministry of Finance and Economic Planning put in place the SME Investment Clinic in 2019 with aim to help SMEs build thriving and sustainable businesses that will attract the best investors and connecting SMEs to the capital market.

In order to increase the number of companies outsource funding from the capital market, the Capital Market Authority (CMA) and Rwanda Stock Exchange (as the lead institution for this project) in partnership with the Government of Rwanda through the Ministry of Finance and Economic Planning put in place the SME Investment Clinic in 2019 with the aim to help SMEs build thriving and sustainable businesses that will attract the best investors and connecting SMEs to the capital market. One company from the Investment Clinic "Energicotel Plc raised on the first phase FRW 3.5 billion via the issue of a 10-year corporate bond. At the end of the first cohort, three businesses had progressed to the profile listing stage, including Energicotel Plc from the energy industry, and two other companies, which are currently finalizing their documentation for listing on the stock market.

The second cohort, which we are closing, has already profiled two companies "Mahwi Grain Miller Ltd" and "Prime Energy Ltd" which have also raised capital through a plain vanilla corporate bond and a Green bond respectively. Rwanda Stock Exchange is gearing up for the third cohort starting immediate after the listing forum in April 2025.

b. Private Sector Support Facility (Rwanda Economic Acceleration Initiative)

To accelerate domestic production, value addition, and industrialization, Private Sector Support Facility (PSSF), was established. This initiative aims to increase exports, enhance domestic production, boost value addition, and create employment opportunities, ultimately strengthening Rwanda's manufacturing and mining sectors.

Facility's primary objective is to address the financing gap in the manufacturing and mining sectors and accelerating economic growth by enhancing access to capital by providing credit facility to the private sector for both heavy and light investments while their short-term obligations as well. Additionally, it has the component of de-risk infrastructure investments through credit guarantee facility, complemented by advisory services and reimbursable grants. To ensure the successful performance of manufacturing and mining credit exposure in the market while prioritizing the mining R&D financing challenges.

The facility planned to rollout with the total envelope of USD 500 Million, 65% of envelope allocated to credit facility, 30% to de-risking guarantee facility while 5% remain technical assistance support of this initiative, despite different allocation the fund individual ticket size capped at FRW 3 billion bridging maximum lending limits with blending possibility.

The Development Bank of Rwanda (BRD) will serve as the Facility's primary manager, employing an on-lending strategy through commercial bank branch networks to expand access and ensure broad uptake across the private sector.

c. Automation of USACCOs and Consolidation of Umurenge SACCOs into District SACCOs towards the establishment of Cooperative Bank

The automation and consolidation of Umurenge SACCO into District SACCOs and Cooperative Bank is executed in three phases: Automation of 416 SACCOs, Consolidation at district level as to further establish Cooperative Bank. Currently, the project has completed the full automation of 416 (100%) SACCOs that are presently operational over a shared Core Banking System. With this foundational phase completed, the project progressed to start the amalgamation of automated SACCOs to form districts SACCOs. To date, three (3) D-SACCOs have completed both their legal, financial and operational amalgamation as initial commercial pilots of the project's consolidation phase.

As the project undertakes the pilot of the consolidation, in 2025/26 there is need to accelerate the amalgamation of the remaining 381 U-SACCOs into 27 D-SACCOs and further establish Cooperative Bank to deepen financial inclusion through digitisation process, enhance the efficacy and quality of services of the population served by SACCOs

d. Long-Term Saving Scheme for all Citizens

The Government of Rwanda through the Ministry of Finance and Economic Planning established a Long-Term Savings Scheme (LTSS) EJOHEZA under the Law N° 29/2017 of 29th June 2017, with an aim of increasing pension penetration in the informal sector. The LTSS-EJOHEZA is a Defined Contribution (DC) scheme established on voluntary basis, whereby a subscriber opens a savings account with authorized financial intermediaries (Banks or Mobile Network Operators).

The scheme started collecting savings from January 2019 and the trend of subscribers and contributions is promising. Total contributors continued to increase from 3,021,045 in December 2024 to 4,230,193 in March 2025 while total savings stands at FRW 51,710,016,059 and total assets under Management were FRW 75,463,784,810. The GoR will implement key reforms to ensure growth and sustainability of the scheme and implement reforms that will contribute to other development of private pension schemes and long term saving initiatives for the sake of responding to the national long term saving goals of 25.9% of the GDP.

e. National Financial Inclusion agenda

The recent 2024 FINSCOPE survey results show that financial inclusion in Rwanda stands at 96% from 93% in 2020, which means that 4 per cent of Rwandans are still financially excluded with 92% formal inclusion. However, MINECOFIN started implementing projects and strategies aimed at driving and closing the financial inclusion gap focusing on reducing 8% of formal exclusion by under taking the following activities: Establishment of National Financial Inclusion Roadmap (2023-2024) and National Education Roadmap (2023-2027);and enhancing informal services mechanisms through registration of tontines and their linkages to formal financial services.

f. National Payment System

As a result of initiatives to drive e-payments and cashless economy, the value of retail e-payments to GDP surged by 123%, reaching 301% in December 2024 as result of implemented policies and awareness programs. These efforts, along with financial institutions' continued investments in technology and IT infrastructure, will maintain the operational resilience of the payment systems

The payment systems are also expected to remain stable and will continue to operate smoothly without any major interruption. The Government of Rwanda is keen to improve payment environment through interoperability and awareness on use of e-payment.

g. Operationalization of Kigali International Financial Centre (KIFC)

Rwanda Finance Ltd (RFL) is an investment promotional agency mandated to promote and develop Rwanda into a Pan- African hub for investments and trade within Eastern and Central Africa thus the development of Kigali International Financial Centre (KIFC). Over the past four years despite the Covid 19, RFL has worked with key stakeholders to develop and promote KIFC through investment promotion, policy advocacy and sector upskilling. It has also worked to establish the regulatory framework and to position Rwanda as a Fintech and Sustainable Finance hub. The following has been achieved, but not limited to:

- Support the development and validation of laws and regulations for KIFC
- Expand Rwanda's network of Double Taxation Agreements (DTAAs) to eliminate the issue of dual taxation on the same income across multiple countries.
- Organize sensitization and awareness workshops/trainings, including policy and talent (skills) workshops
- Accelerate KIFC investment roadshows and promotional activities

The Centre will continue in the spirit of establishing and positioning Rwanda as financial hub and Investment across the central Africa through establishing sound polies and procedures required at an international level by learning from the best practices of similar centres.

h. Combatting Money Laundering and Terrorism Financing (ML/TF)

Both Money Laundering and Terrorism Financing pose significant threats to the global economy and security. They are closely intertwined, as the same financial networks used for money laundering can also be exploited to finance terrorism. In response to this global financial concerns, The government of Rwanda established in 2020 a Financial intelligence Centre as a specialized organ established by Law No 74/2019 of 29/01/2020 and governed by Law No 045/2021 of 18/08/2021, which later amended by Law N° 002/2025 of 22/01/2025 with the principal mission of conducting financial intelligence in order to prevent and counter money laundering, the financing of terrorism and the financing of proliferation of weapons of mass destruction and related crimes. The following are key priorities of the fiscal year 2025/2026:

- Implementation of Mutual Evaluation and National Risk Assessment Recommendations
- Strengthen the Cross-Border Cash and BNIs Reporting framework
- Receive and analyze Suspicious Transaction and Suspicious Activity Report
- Domestic, Regional and International Cooperation on information Sharing
- Manage GoAML and Expand FIC's access to other government and private databases

vii. Budget Rationalization Strategy as part of planning and budgeting process

a. Macro - Fiscal path of the spending rationalization strategy

The Budget rationalization strategy intends to support Government commitment regarding fiscal consolidation to maintain debt at sustainable levels. The strategy was born out of and will bring about high spending prioritization.

b. Rationalization Strategy - Planning and budgeting process;

There has been an increasing pressure to deliver more services with fewer resources and a solution to this is not only to uncover new sources of revenue or to raise taxes but to also use existing resources more efficiently, as well as finding ways to improve their planning, budgeting and implementation practices. This therefore calls for adequate prioritization and applying budget rationalization under spending categories with a focus on efficiency, review and redesign of programs.

In addition, the Government will continue to implement different expenditure rationalisation measures in order to function within the available fiscal space and minimise disruption of Government operations.

- ❖ Staff recruitments will be phased apart from teachers, health workers and security agencies who already have a pre-arranged recruitment plan. All Budget Agencies are expected to work with the existing staff.
- ❖ Proposals to increase current staff salaries and related benefits will be frozen as well as introduction of new staff benefits.
- ❖ Restrict recruitment of contractual personnel through domestic resources. All contractual recruitments should be managed under SPIU in line with available resources.
- ❖ To complete the remaining positions on all BAs structures in the medium term, an assessment should be made and discussed with MINECOFIN to agree on the phased recruitment plan in order to fit within the BAs Medium term expenditure framework.
- ❖ In the medium term, the Government plans to employ more efficiency measures through additional shared services. A review on phased recruitment will be carried out which will also advise on any possibilities of shared services within the sector or at National level in order to inform further recruitment and institutional reorganizations in the medium term.
- ❖ Avoid or significantly reduce unnecessary or non-essential operations, including international Per diems and airfares, meetings, public relations, etc.
- ❖ Employ technology and more innovative delivery mechanisms, such as using IT tools and institutions' facilities, to avoid costs for physical meetings, workshops, and travels.
- ❖ Employ bulky purchase approach of key commodities at either the sectoral or national level.
- ❖ Priority will be given to ongoing projects for funding. Among these, further review will be carried out to identify those which can be slowed down and put on hold in the FY 2025/2026 with a reorganization in the medium term.
- ❖ New but urgent projects will be assessed with proposals for reallocation within the available budget allocated to a respective BA or sector instead of requesting for additional budget and some of the pipeline projects will be put on hold.

Other areas of focus for rationalization

The FY 2025/2026 will carry out the following reviews to streamline budget allocation in the medium term with appropriate spending rationalisation measures.

- a) We will review the impact of all Government social protection programs to guide on appropriate interventions and budget allocation for greater developmental impact by streamlining some programs to ensure value for money and improved livelihoods of the citizens in a cost-efficient manner.
- b) We plan to review, Government funding to SOEs in relation to their financial management and recommend for streamlined financial management measures for their independency and financial sustainability. This will guide appropriate cost rationalization measures on the current subsidies to such institutions.
- c) We plan to assess the capability of own revenue generation for decentralized entities in consideration of property tax in order to create more room for financing other strategic projects at central Government level. This will go hand in hand with cost efficient measures in the districts in order to fit within their own revenues, with minimal dependency on resources from the Central Government.
- d) We plan to review the capacity of own revenue generation for different Government institutions to save the same resources for other BAs without such an opportunity. The same will ensure that all own revenues are collected through the central treasury.

Cost rationalization measures and strategy is an important process and will not only help to remove inefficiencies but also help to finance key priority areas. MINECOFIN with other relevant stakeholders will continue to ensure that more rationalization is done by monitoring the implementation of the budget and where necessary some reforms will be proposed as well to enhance the implementation of ongoing budget reforms such as MTEF and Performance Based Budgeting to ensure a greater impact on development objectives.

viii. Climate budget tagging statement

The Government of Rwanda remains committed to addressing climate change and promoting environmental sustainability as part of its development agenda. The national budget for FY 2025/26 has prioritized climate-responsive planning and resource allocation through comprehensive green and brown tagging mechanisms.

Rwanda's climate budget tagging statement as a reform measure in Resilience and Sustainability Facility (RSF) is committed to an extensive set of public financial management and public investment management that includes the adoption of climate budget tagging under reform area of strengthening and institutionalizing the monitoring and reporting of climate-related spending that feeds decision making processes.

By climate budget tagging, Rwanda is fulfilling its obligations under the Paris Agreement, including the implementation of an Enhanced Transparency Framework (ETF) to accurately track climate finance flow. Traditionally, this tracking was conducted through Public Environmental Expenditure Reviews (PEER), which, while useful, operates outside the national accounting system and poses risks of data duplication and/or omission.

Rwanda recognizes climate change as a critical threat to its sustainable development and national prosperity. Guided by the Vision 2050 and the National Strategy for Transformation (NST-2), the Government of Rwanda has mainstreamed climate actions into its policy and planning frameworks. In line with its commitment to the Paris Agreement and the Nationally Determined Contributions (NDCs), the FY 2025/26 budget emphasizes climate-responsive budgeting through the implementation of Climate Budget Tagging (CBT).

This Budget Climate Statement (BCS) outlines Rwanda's climate-relevant allocations, including green and brown-tagged budget lines for both recurrent and development, and reaffirms the government's commitment to building a climate-resilient and low-emission economy.

Green Tagging supports in identifying, tracking, and reporting on green and climate resilient-related expenditures in the national budget. It enables transparency, accountability, and informed decision-making on climate resilient investments.

In fiscal year 2025/2026 and the medium term, all ministries, departments, and agencies (MDAs) are required to tag climate resilient-related expenditures under mitigation and adaptation classifications.

Brown Tagging in addition to green tagging (positive climate contributions), FY 2025/2026 introduced brown tagging—which identifies budget lines that may have a potentially negative impact on the environment or climate. It refers to the identification of budget lines that may result in negative climate or environmental impacts. This aims to enhance transparency and promote policy shifts towards more sustainable investments. For the FY 2025/2026, brown tagging will be piloted on fossil fuel and inorganic fertilizer. Brown tagging enables the government to monitor and reduce climate-negative investments while encouraging sustainable alternatives.

The FY 2025/26 Budget Climate Statement reflects Rwanda's commitment to integrating climate action into national budgeting. Through transparent climate budget tagging and the introduction of brown tagging to reflect on maladaptation, Rwanda is setting a regional example in aligning public finance with sustainable development.

MINECOFIN, will continue working with all sectors, stakeholders, and partners to ensure climate goals are effectively resourced and implemented and through its integrated financial management systems, will ensure continuous monitoring of both green and brown climate-tagged expenditures. Annual reports on climate budgeting will be shared with Parliament and other stakeholders.

THE BUDGET FOR FISCAL YEAR 2025/26 AND THE MEDIUM TERM

Fiscal Stance for the Fiscal Year 2025/2026 and the Medium Term

The Budget for FY 2025/26 and the medium term indicates continued normalization of Fiscal policy for recovery from different crises including the COVID-19 pandemic, the inflation crisis, the May 2023 floods, and the Marburg disease, but also, implementation of strategic projects such as Bugesera Airport construction and Rwandair expansion while preserving fiscal consolidation.

To this end, the Government is fully committed to (i) the full implementation of the recently approved tax package and any additional domestic revenue mobilization measures in the context of the follow-up MTRS, and (ii) spending rationalization measures, including containing current expenditure on goods and services and reprioritization of investments, (iii) In addition, the Government will proceed with reforms aimed at improving the transparency and the efficiency of public financial management and investment practices and enhancing the management of fiscal risks.

The above intend to steer macroeconomic stability while keeping debt at sustainable levels, preserving the needed fiscal space to implement the country's objectives and priorities including development programs and priorities under the National Strategy for Transformation (NST 2).

As a result, the total expenditures are projected to increase from 26.8% of GDP in the FY 2024/25 to 28.7% of GDP in FY2025/26 reflecting spending linked to priority investment projects accounting for 3.9% of GDP, expenditure are projected to decline to 27.8% of GDP in the FY 2026/27 and 26.4 % of GDP in 2027/28 to preserve fiscal consolidation.

The recurrent expenditures will increase from 17.7% of GDP in 2024/25 to 17.8% of GDP in 2025/26 to mainly reflect subsidies to Rwandair, RSSB pension reforms but also adjustments made to accommodate these two. In the Medium term, recurrent spending will reduce to about 17.3% of GDP in 2027/28 reflecting consolidation efforts.

Government Investment (Capital spending) is projected to increase from 8.4% of GDP in FY 2024/25 to 8.8% in the medium term reflecting both spending on Bugesera and Rwandair projects as well as the slowdown on other capital spending to accommodate the two.

The Budget for FY2025/26 also includes an increase in the cost of fertilizers and social protection interventions.

Despite the indicated Government spending of priority project, the underlying fiscal framework maintains the fiscal consolidation with a deficit path at a necessary level to bring the debt level at or below 65% of GDP by 2033. The fiscal deficit for FY 2024/25 is projected at 5.5% of GDP, while, for

FY2025/26 the deficit is projected at 7.4% of GDP reflecting spending on priority investment projects (Bugesera airport & Rwandair) and will decline to 5.4% in 2026/27 and 3.6% of GDP in 2027/28.

Fiscal Projections for Fiscal Year 2025/2026 and the Medium Term

Table 10: Medium term fiscal projections

	2024/25		2025/26		2026/27		2027/28	
	End Year Estimates	%GDP	%GDP	%GDP	%GDP	%GDP	%GDP	%GDP
REVENUE	4,285.1	21.4%	4,837.8	21.4%	5,705.9	22.3%	6,570.0	22.8%
Taxes	3,106.4	15.5%	3,708.2	16.4%	4,437.9	17.4%	5,137.5	17.9%
Taxes on income, profits, and capital gains	1,371.9	6.8%	1,610.7	7.1%	1,935.1	7.6%	2,226.4	7.7%
Taxes on property	43.2	0.2%	47.7	0.2%	54.6	0.2%	60.9	0.2%
Taxes on goods and services	1,468.5	7.3%	1,810.7	8.0%	2,172.5	8.5%	2,517.1	8.7%
Taxes on international trade and transactions	222.7	1.1%	239.1	1.1%	275.8	1.1%	333.2	1.2%
Other taxes	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Social Contributions	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Grants	625.8	3.1%	585.2	2.6%	660.1	2.6%	739.8	2.6%
Other revenue	552.9	2.8%	544.4	2.4%	607.9	2.4%	692.7	2.4%
Property income	24.5	0.1%	26.4	0.1%	29.5	0.1%	32.0	0.1%
Sales of goods and services	439.5	2.2%	476.2	2.1%	531.8	2.1%	608.5	2.1%
Fines, penalties, and forfeits	36.8	0.2%	41.8	0.2%	46.6	0.2%	52.3	0.2%
Transfers	52.1	0.3%	-	0.0%	-	0.0%	-	0.0%
EXPENSE	3,549.5	17.7%	4,039.9	17.8%	4,361.4	17.1%	4,968.1	17.3%
Compensation of employees	568.6	2.8%	672.7	3.0%	757.1	3.0%	857.4	3.0%
Use of goods and services	866.2	4.3%	889.4	3.9%	1,000.3	3.9%	1,135.3	3.9%
Consumption of fixed capital	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Interest	502.9	2.5%	604.1	2.7%	695.6	2.7%	771.8	2.7%
Subsidies	322.6	1.6%	490.3	2.2%	313.4	1.2%	345.3	1.2%
Grants	1,077.4	5.4%	1,155.6	5.1%	1,349.7	5.3%	1,582.1	5.5%
Social benefits	67.4	0.3%	74.9	0.3%	76.7	0.3%	86.3	0.3%
Other expense	144.3	0.7%	153.0	0.7%	168.7	0.7%	189.9	0.7%
NET OPERATING BALANCE								
Including grants	735.6	3.7%	797.9	3.5%	1,344.5	5.3%	1,601.9	5.6%
Excluding grants	109.8	0.5%	212.7	0.9%	684.4	2.7%	862.1	3.0%
Net Investment in nonfinancial assets	1,674.3	8.4%	1,708.6	7.5%	2,122.1	8.3%	2,490.0	8.7%
Foreign financed	1,007.8	5.0%	1,036.9	4.6%	1,163.0	4.5%	1,261.1	4.4%
Domestically financed	666.5	3.3%	671.8	3.0%	959.1	3.8%	1,228.9	4.3%
Overall Deficit (-) {deficit/Surplus} V1986								
Including grants	-1093.8	-5.5%	-1671.2	-7.4%	-1393.0	-5.4%	-1026.3	-3.6%
Excluding grants	-1719.6	-8.6%	-2256.4	-10.0%	-2053.1	-8.0%	-1766.1	-6.1%
O/W Deficit Excl Rwandair and Bugesera	-1093.8	-5.5%	-789.5	-3.5%	-775.1	-3.0%	-850.2	-3.0%
Net acquisition of financial assets	324.8	1.6%	870.8	3.8%	739.3	2.9%	277.7	1.0%
Domestic	324.8	1.6%	870.8	3.8%	739.3	2.9%	277.7	1.0%
Foreign	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Net incurrence of liabilities	1,263.5	6.3%	1,781.4	7.9%	1,516.9	5.9%	1,165.8	4.1%
Domestic	-21.1	-0.1%	-30.3	-0.1%	-115.8	-0.5%	185.7	0.6%
Foreign	1284.6	6.4%	1811.8	8.0%	1632.7	6.4%	980.0	3.4%
Nominal GDP(billion FRW)	20,033.7	0.0%	22,653.5	0.0%	25,562.5	0.0%	28,775.1	0.0%
Exchange Rate	1381.6		1496.8		1607.7		1714.1	

Source: MINECOFIN

Projection of Resources

The total resources estimated for the fiscal year 2025/26 will amount to FRW 7,032.5 billion. This amount is made up of domestic revenues amounting to FRW 4,105.2 billion comprising of FRW 3,628 billion from tax revenue and FRW 477.2 billion from other revenue collection. External grants are

estimated at FRW 585.2 billion whilst external loans are estimated to be FRW 2,151.9 billion. Domestic borrowing and financial assets drawdown amount to FRW 136.6 billion and FRW 53.7 billion respectively.

Table 11: Resources and Expenditures over the medium term

RESOURCES AND EXPENDITURES				
(Billion FRW)	2024/25	2025/26	2026/27	2027/28
	Revised budget	Budget Estimates	Proj.	Proj.
Resources	5,816.4	7,032.5	7,737.8	8,364.4
Revenue	3,442.8	4,105.2	4,886.8	5,662.9
Taxes	2,950.4	3,628.0	4,346.1	5,037.3
Taxes on income, profits, and capital gains	1,381.5	1,591.2	1,912.4	2,201.4
Tax on Property	7.1	9.8	11.4	13.6
Taxes on goods and services	1,352.6	1,787.9	2,146.6	2,489.2
Taxes on international trade and transactions	209.2	239.1	275.8	333.2
Other revenue	492.4	477.2	540.7	625.5
Acquisition of financial assets(Domestic exl.Eurodbond) Total New issuance (TMC)	138.4	53.7	58.9	62.9
Domestic Financing	110.5	136.6	13.2	309.5
External Grants Support	621.2	585.2	660.1	739.8
Current	180.6	145.9	123.9	133.8
Capital	440.7	439.3	471.9	503.1
Required			64.3	102.8
Foreign Incurrence of liabilities	1,503.5	2,151.9	2,118.9	1,589.4
Current	847.4	1,529.5	1,427.8	831.5
Capital	656.1	622.3	691.1	757.9
<i>ERF Loan</i>	<i>21.1</i>	<i>24.8</i>	<i>0.0</i>	
Total Spending	5,816.4	7,032.5	7,737.8	8,364.4
Expenses	3,446.5	4,298.6	4,561.3	5,281.1
Compensation of employees	1,060.0	1,182.9	1,591.6	1,800.9
Use of goods and services	2,386.5	3,115.7	2,969.7	3,480.2
<i>Of which Public debt servicing</i>	<i>766.3</i>	<i>1,071.1</i>	<i>1,270.7</i>	<i>1,544.9</i>
Capital Spending	2,088.3	1,876.9	2,455.1	2,906.6
Foreign financed	1,075.6	1,036.9	1,163.0	1,261.1
Other Domestically financed	1,007.0	834.3	1,286.4	1,639.8
Inventories (strategic stock fuel purchase domestically financed Capital)	5.7	5.7	5.7	5.7
Equity and investment fund shares(BRD & BIA ,Eurobond Projects)	39.8	701.8	582.9	108.2
Policy Lending	110.8	58.8	32.5	30.0
Other accounts payable	80.0	40.0	40.0	-40.0
Increase in Deposits (Infrastructure Levy and Strategic Reserves fuel levy)	51.0	56.5	66.0	78.5

Source: MINECOFIN

a) Domestic Revenue Collections

Tax Revenue Collections

Total tax revenue collections for Treasury are projected to reach FRW 3,628 billion in the FY 2025/26. This amount is higher to FRW 2,950 billion projected in the Revised Budget of FY 2024/25 by FRW 677.6 billion. The increase in the tax revenue projection will reflect the current and expected good performance of economic activities with the effect from the recently approved tax policy measures and other tax measures under the medium-term Revenue strategies.

Other Revenue Collections.

In the Fiscal Year 2025/26, other revenue (non-tax revenue) collections are estimated at FRW 477.2 billion with lower reimbursements trend from the UN for the cost of peace-keeping operations in the FY 2025/26 mainly accounts for the lower project amount compared to FRW 492.4 billion in the revised budget of FY 2024/25. The estimated figure for PKO reimbursements in the fiscal year 2025/26 is FRW 197.2 billion, which is FRW 28 billion lower than the figure of FRW 209 billion projected in the revised budget for fiscal year 2024/25.

b) External resource Projection

In the budget for the fiscal year 2025/26, a total amount of FRW 2,737.1 billion from external sources has been projected for spending. This amount comprises FRW 585.2 billion from grants and FRW 2,151.9 billion from loans.

External grants projection

The amount of FRW 585.2 billion projected for the fiscal year 2025/26 is made of budgetary grants of FRW 145.9 billion and capital grants of FRW 439.3 billion. Projected grants are less by FRW 36 billion compared to FRW 621.2 billion of revised budget FY 2024/25.

External Loans Projection

The amount of FRW 2,151.9 billion estimated for the coming fiscal year 2025/26 will be FRW 648.4 billion higher compared to the amount of FRW 1,503.5 billion projected in the revised budget of the current fiscal year 2024/25.

On budgetary loans side, an amount of FRW 1,529.5 billion is expected for the fiscal year 2025/26 where this amount will be higher by FRW 682.1 billion compared to the current FY 2024/25 revised budget estimate of FRW 847.4 billion. Borrowing related to second phase of Bugesera airport construction and expansion of Rwandair are the main drivers of this increase.

On the side of project loans, FRW 622.3 billion is projected for the fiscal year 2025/26 and is FRW 33.7 billion lower than the projected amount of FRW 656.1 billion estimated for revised budget of

the fiscal year 2024/25, reflecting slowdown in foreign financed projects to accommodate Bugesera and Rwandair projects.

Projection of Expenditures

The total expenditure for the fiscal year 2025/26 is projected to be FRW 7,032.5 billion where this figure is FRW 1,216.1 billion higher than the revised budget for the fiscal year 2024/25 of FRW 5,816.4 billion. The 2025/26 figure is made up of recurrent spending of FRW 4,466.9 billion. On capital spending side, the estimated amount is FRW 2,565.7 billion for both foreign and domestically financed projects, but this also include spending under various Equity investment shares projected at FRW 701.8 billion and funds for government policy lending estimated at FRW 58.8 billion.

a) Recurrent Expenditures

The allocated amount of FRW 4,298.6 billion in fiscal year 2025/26 is FRW 852.1 billion higher than the allocated amount of FRW 3,446.5 billion in the fiscal year 2024/25 revised budget. The compensation of employees' category is estimated at FRW 1,182.9 billion which is higher by FRW 123 billion in the fiscal 2024/25 revised budget, which reflects the implementation of recent pension reforms, employment growth in civil servants, horizontal promotion and bonuses as well as well as the restructuring of different public institutions.

The other recurrent spending (recurrent non-wage) allocations also include a spending amount of FRW 197.2 billion for Peace Keeping Operations in the fiscal year 2025/26. The allocated envelope for recurrent expenditures in the fiscal year 2024/25 includes an amount of FRW 1,071.1 billion for debt service payments. And increase in subsidies to Rwandair reflecting its expansion.

b) Capital Expenditure

The total capital spending for the fiscal year 2025/26 is estimated at FRW 1,876.9 billion. This figure is FRW 211.4 billion less than the amount of FRW 2,088.3 billion allocated in the revised fiscal year 2024/25 budget. This reduction is attributed to slowdown of foreign financed projects reduced by FRW 38.7 billion as compared to Revised budget of FY 2024/25. The amount for the 2025/26 fiscal year is made of domestically financed projects of FRW 843.3 billion and FRW 1,036.9 billion of foreign financed portion.

c) Policy lending

Outlays under loans in the fiscal year 2025/26 have been estimated at FRW 58.8 billion. This amount is made up of the allocated amount on Economic Recovery equivalent of FRW 24.8 billion and provision for payment of KCC loan amounting to FRW 34 billion.

d) Equity and investment fund shares

In Fiscal Year 2025/26, an estimated amount of FRW 701.8 billion is projected under the category of Equity and Investment Fund shares made of allocation to Bugesera Airport construction account for FRW 699.4 billion, as well as FRW 2.4 billion for BRD.

IV. 2025/26 AND MEDIUM-TERM DETAILED RESOURCE ALLOCATION TO NST2 PILLARS

Policy priorities for the MTEF period are guided by Vision 2050 objectives and priorities embedded in the National Strategy for Transformation (NST2, 2024-2029), Presidential pledges and other strategic documents.

- In the **Economic Transformation Pillar**, the main objective is to accelerate inclusive growth in agriculture, industry and services, increasing climate resilience in all productive sectors, development of domestic manufacturing industries and exports to reduce the trade deficit, developing a vibrant financial sector as well as creating sustainable and decent jobs.
- The **Social Transformation Pillar** will focus on improving the quality and relevance of education, enhancing quality of health and strengthening health systems, enhancing nutrition and early childhood development to reduce stunting as well as promoting graduation from poverty and increasing resilience.
- In the **Transformational Governance Pillar**, the focus will be on improving the quality-of-service delivery and public finance management, ensuring the rule of law, strengthening citizen engagement and participation, sustaining peace and security as well as enhancing international cooperation.

Table 12: 2025/26 Resource allocation per NST2 Pillars

NST Pillar/NST Sector	2025/2026	% Allocation	2026/2027	% Allocation	2027/2028	% Allocation
1 Economic Transformation Pillar	4,465,631,335,774	63%	5,201,915,369,226	67%	5,747,703,990,688	69%
2 Social Transformation Pillar	1,533,847,055,448	22%	1,453,059,476,649	19%	1,485,231,983,551	18%
3 Transformational Governance Pillar	1,033,057,999,747	15%	1,082,849,238,116	14%	1,131,487,446,712	14%
Total	7,032,536,390,969		7,737,824,083,991		8,364,423,420,951	

Source: MINECOFIN

i. Allocation on Economic Transformation Pillar

The supreme objective of the Economic Transformation pillar is to: Accelerate inclusive economic growth and development founded on the Private Sector, knowledge and Rwanda's Natural Resources. The above objective will be achieved by promoting the following priorities among others:

AGRICULTURE

- **Increasing agriculture productivity and postharvest handling facilities to ensure national food and nutrition security**
 - Availing agriculture inputs (seeds, fertilizers and lime) on time
 - Increasing local production and multiplication of seeds for key crops (maize, wheat, soybean, Irish potato, rice, cassava and beans)
 - Increasing crop climate resilience through scaling up the area under irrigation including operationalization of Gabiro Agribusiness Hub
 - Reducing soil erosion through construction of progressive and radical terraces
 - Strengthening extension services including capacity building of extension service providers
 - Developing post-harvest facilities such as warehouses, silos, dryers and drying shelters
 - Increasing the capacity of the National Strategic Grain Reserves (Maize and Beans) etc.

- **Increasing animal productivity**
 - Improving animal health and productivity through vaccination and artificial insemination of cows and pigs (purchase of high merit bulls and sexed semen, construction of Songa Genetic Centre of Excellence and Liquid Nitrogen plant, construction of veterinary clinics, etc.)
 - Distribution of small livestock
 - Increasing area under improved forage
 - Construction, rehabilitation and equipping Milk Collection Centers and Milk Collection Points.
 - Provision of water infrastructures such as rehabilitation of valley dams and dam sheets
 - Increasing fish production through developing aquaculture and fisheries

- **Export crops promotion**
 - Rejuvenation of old coffee trees to boost productivity
 - Increasing area under tea plantation
 - Boosting horticulture exports through increased production and productivity under Agri-export dedicated hubs

- **Agriculture financing**
 - Scaling up Agriculture insurance for crops and livestock
 - Increasing farmers' access to finance through provision of loans and matching grants

INFRASTRUCTURE

Water and Sanitation

- Kanzenze Water Treatment Plant
- Increasing daily water production capacity (including through upgrading of Karengwe Water treatment plant in Rwamagana district)
- Expanding water supply network both in urban and rural areas
- Rehabilitation of Non-functional Rural Water Supply Systems
- Construction of sanitation facilities (Nduba Sanitary Landfill and Auxiliary facilities and Kigali Centralized Sewerage System)

Energy

- Increasing electricity generation capacity (including Construction of Nyabarongo II Hydropower Plant, Arc Power Rwanda, , Kivu watt projects)
- Increasing access to electricity in cells with focus on connecting planned settlements and productive use areas. Also, off-grid solutions to be provided to households in remote areas
- Construction of additional substations across the country
- Improving electricity network reliability through strengthening national grid transmissions and network rehabilitation
- Installation of Distribution Management System (DMS)
- Distribution of improved cooking stoves to reduce biomass use as cooking fuel

Transport

➤ Upgrading National Roads

Upgrading the National Paved Road Network (e.g. Kigali-Muhanga 45Km road, Base-Butaro Road 63Km and Upgrading Prince House-Giporoso-Masaka Road (10 Km))

- Construction and Rehabilitation of Feeder Roads
- Increasing the length of the National Feeder roads network (e.g. Nyacyonga-Mukoto 40Km and Kigali Logistics Platform Connectivity Development 30km)

➤ Urban mobility improvement

- Upgrading of Nyabugogo bus Terminal
- Establishing Dedicated Bus Lanes (DBL)
- Improving junctions in CoK through the Kigali Urban Transport Improvement project (KUTI)

➤ **Aviation Sector Development**

- Establishing of the Center of Excellence for Aviation Skills

➤ **Maritime transport infrastructure development**

- Construction and supply of Nkombo Boat
- Development of Rusizi port
- Operationalization of Rubavu port

➤ **Cross-border transport infrastructure development**

- Upgrading Cross Border Roads (E.g. Upgrading of Nyagisozi - Remera - Nshili border road (18km)
- Burundi-Rwanda Integrated Development Project (BRIDEP)
- Musanze-Cyanika 25km and Bugarama-Bweyeye (60 km)
- Construction of Retaining wall Gatuna OSBP

Urbanization and Rural Settlements

- Payment for Amahoro Stadium contractual commitment
- Extension works for Parliament's commission's block
- Removal of remaining Asbestos from Government Buildings
- Maintenance of Government Buildings
- Conduct a study for mapping, profiling, categorization and prioritization of informal settlements in Rwanda
- Expanding Muzo IDP from 120 Dwelling Units to 180 Dwelling Units

PRIVATE SECTOR DEVELOPMENT AND YOUTH EMPLOYMENT

➤ **Investment attraction in Industrial Development**

- Provision of basic infrastructure to Industrial parks (Musanze and Muhanga Industrial Parks)
- Expropriation for key projects for industrial development (Muhanga Industrial Park and Ruhanga area for building petroleum storage facilities).
- Constructing an Effluent Water Treatment Plant for Bugesera Tannery park
- Expansion of Kigali Logistics Platform
- Constructing and operationalizing advanced factory units to facilitate investors
- Establishing a Center for Ecological and sustainable construction materials

➤ **Export promotion**

- Ensuring standardization and certification of produced goods to promote Made in Rwanda and exports

- Provision of basic infrastructure to Musanze site of the High Value Therapeutic Crops project
 - Provision of basic infrastructure in Kigali Innovation City
 - Supporting companies to trade on international market and e-commerce platforms
- **Tourism promotion**
- Supporting MICE to increase tourism revenues
 - Implementing the strategic partnerships for tourism promotion
- **Mining diversification and value addition**
- Professionalization of small-scale mining through modern equipment usage and skills development to increase productivity
 - Strengthening mine site inspections, traceability, tagging, certification and enforcement of national and regional standards
- **Job Creation**
- Coordinating the National Employment Program through internship opportunities for youth in private and public institutions, operationalization of Sector Skills Council (SSCs) as well as skills/training programs.
 - Support Start-ups and SMEs with job creation potentials to access capital and market.
 - Expanding community based-approaches initiatives to create job opportunities through scaling up the youth road maintenance program.
 - Strengthening responsive job-matching services and Employment service centers.
 - Mainstreaming employment creation in public and private investment with labour-intensive projects in relevant sectors.

FINANCIAL SECTOR DEVELOPMENT

- Consolidation and operationalization of Umurenge SACCOs to District SACCOs towards the establishment of a Cooperative bank
- Enhancing Capital Market stability and efficiency
- Implementing the access to finance for Recovery and Resilience Project
- Strengthening Financial Intelligence Management
- Increasing national savings through various saving schemes (e.g. Ejo Heza, RNIT, etc.)

INFORMATION COMMUNICATION TECHNOLOGY (ICT)

- **Increasing Digital Literacy**
- Promoting digital literacy across all sectors through the Digital Ambassadors
 - Operationalization of Rwanda Coding Academy.

- **Enhancing digital government services**
 - Deploying e-services in key sectors (Justice, Agriculture, Public Finance Management, Social Protection, etc) and implementing digital identification and authentication.
 - Expanding Irembo platform coverage.

- **Strengthening digital infrastructure and data protection**
 - Upgrading and maintaining the Public Key Infrastructure (PKI) and implementing the Geo Hub Project
 - Strengthening Cybersecurity resilience, operationalizing the data protection office.
 - Enhancing data services across the public sector to enhance real-time analysis and decision-making through establishing a Government Data Hub and scaling up Situation Rooms across districts and provinces.

- **Innovation Support**
 - Supporting innovation start-ups to foster growth

- **Network and Internet Connectivity**
 - Enhancing connectivity within government institutions and other public institutions like schools and health facilities.

- **Physical infrastructure development**
 - Renovating Telecom House, constructing the Drone Operation Center (DOC) and installation of public CCTV systems.

CLIMATE, ENVIRONMENT AND NATURAL RESOURCES

- **Landscape restoration and biodiversity conservation**
 - Rehabilitation of urban wetlands
 - Restoration of degraded forests and catchments
 - Ecological restoration and management in the Volcanoes National Park (VNP) expansion area
 - Improving the quality of meteorological services through acquisition of weather radars

- **Catchment restoration and flood control**
 - Managing water flows from the Volcano region as well as implementing catchment restoration measures

- **Water resource management**
 - Constructing Muvumba Dam to increase water availability
 - Equipping the Lake Kivu monitoring laboratory

➤ **Climate finance**

- Supporting public and private projects to access climate finance through INTEGO Facility and IREME Invest

DISASTER PREVENTION AND RESPONSE

- Integrating the floods component into the national Early Warning System
- Operationalization of District emergency command posts
- Constructing and upgrading basic infrastructure (education and health facilities) to support the well-being of refugees and host communities

The table below shows allocation of resources on NST 2 sector under the Economic Transformation Pillar for FY 2025/26 and in the medium term:

Table 13: 2025/26 Resource allocation per NST2 – Economic Transformation Pillar

NST Pillar/NST Sector	2025/2026	% Allocation	2026/2027	% Allocation	2027/2028	% Allocation
1 Economic Transformation Pillar	4,465,631,335,774	63%	5,201,915,369,226	67%	5,747,703,990,688	69%
01 Agriculture	222,302,706,264		305,498,239,448		206,190,497,273	
02 Private sector Development & Youth Employment	132,119,411,881		106,110,955,141		133,782,231,528	
03 Transport	251,813,129,209		262,670,910,842		279,211,803,773	
04 Energy	201,924,127,335		137,263,230,677		135,810,970,440	
06 Urbanization and Rural Settlement	74,911,486,888		76,155,087,391		76,506,817,743	
07 Information Communication Technology (ICT)	97,540,395,182		62,260,369,647		65,245,796,566	
08 Environment and Natural Resources	131,531,009,930		120,974,591,373		122,155,469,920	
09 Financial Sector Development	12,411,214,950		9,225,351,774		58,706,255,164	
16 Public Finance Management (PFM)	3,341,077,854,135		4,121,756,632,933		4,670,094,148,282	

Source; **MINECOFIN**

ii. Allocation on Social Transformation Pillar

EDUCATION

➤ **Ensure access to quality basic education**

- Improving the quality of school infrastructure by constructing G+3 schools in Gasabo, Rubavu and Musanze.
- Construction and equipping Teacher Training Colleges and model demonstration schools.
- Providing adequate teaching and learning materials at all levels
- Supporting the school feeding program in pre-primary, primary and secondary schools.
- Increasing the number of qualified teachers by recruiting new qualified teachers in basic education
- Providing fees waiver for Teacher Training Colleges (TTC) students.
- Preparing and conducting national examinations across the country.
- Conducting comprehensive Assessment and general inspection in Basic Education).

- **Scale up access to market -relevant education in basic TVET**
 - Construction and equipping TVET Centres of Excellence
 - Upgrading existing Technical Secondary Schools (TSS) facilities (dormitories, retaining walls, and workshops).
 - Increasing trained TVET teachers and recruiting new qualified teachers
 - Providing TVET trainings that responds to the labour market needs
 - Providing training consumables to TVET schools

- **Enhance STEM in education**
 - Promoting STEM education by establishing science laboratories in secondary schools
 - Providing study loans for students studying locally
 - Purchasing equipment for Bachelor of Technology program

- **Align and enhance quality of higher education**
 - Strengthening partnerships with top universities in Rwanda to provide high-quality education
 - Implementing Priority Skills for growth Program
 - Construction of Nyagatare Veterinary Complex

- **ICT integration in Education**
 - Providing computers in Basic education

HEALTH

- **Infrastructure Development and Equipment**
 - Procuring medical equipment for existing and new Health facilities.
 - Upgrading of Muhororo, Kabgayi and Ruhengeri Hospitals and construction of a maternity ward at Kibagabaga Hospital

- **Human resource for Health**
 - Recruiting new health professionals and capacity building health care providers.
 - Increasing number of health workforce in various specializations and sub-specializations.

- **Maternal and Child health**
 - Implementing maternal health bundles to manage postpartum haemorrhage (PPH).
 - Scaling up coverage and quality of Antenatal care and promoting delivery in health facilities.

- **Reduced stunting in under five children**
 - Strengthening community-based screening/detection and raising awareness on good feeding practices.
 - Providing multiple micronutrient supplements to pregnant women and Fortified Blended Food.

- **Diseases Prevention and Control**
 - Strengthening the national health system capacity to address communicable diseases including pandemics.
 - Enhancing the prevention of hygiene related diseases, neglected tropical diseases and conducting indoor residual spraying.
 - Enhancing screening and early detection of Non-Communicable Diseases (NCDs).

- **Health Financing**
 - Supporting and strengthening of the Community Based Health Insurance (CBHI).

- **Ensuring Food and Drugs Quality Assurance and Regulation**
 - Strengthening the Testing capacity of Rwanda FDA Laboratory.

Nutrition

- **Strengthening multi sectoral nutrition interventions**
 - Continue implementing and effectively coordinating multisectoral nutrition interventions.
 - Strengthening social protection systems to better identify, target, and support the most vulnerable and at-risk households.

- **Availing of nutrition commodities to eligible population**
 - Providing fortified blended food and Milk support to eligible children, pregnant and lactating women.
 - Promoting the local production of fortified nutritious foods to improve their availability and accessibility.

- **Promoting animal-source food consumption**
 - Promoting the regular consumption of animal-source foods to address chronic malnutrition.

- **Early childhood development and care**
 - Operationalizing the digital child scorecard.
 - Strengthening ECD facilities and capacitating care givers.

SOCIAL PROTECTION

- **Enhancing households' empowerment to sustainably graduate out of poverty**
 - Operationalizing the Social Registry to effectively identify and support vulnerable households.
 - Supporting vulnerable households through the VUP programs, financial loans, productive assets and skills transfer initiatives.
 - Promoting entrepreneurship in refugee camps and host communities by facilitating access to loans and matching grants.

- **Social Protection safety nets**
 - Providing direct support, nutrition sensitive support, shock responsive social protection, to eligible vulnerable households.
 - Protecting and assisting refugees, asylum seekers and returnees.
 - Mobilizing NGOs and CSOs to support social protection activities.

- **Persons with Disabilities inclusion and advocacy**
 - Providing assistive devices and medical rehabilitation services to PwDs.
 - Operationalizing the Disability Management Information System.

- **Increased access of vulnerable groups to high quality social care services**
 - Providing rehabilitation and skills development to delinquents.
 - Supporting the reintegration of delinquents and reunification of street children with their families.

- **Effective and efficient disaster risk management and resilience to shocks**
 - Supporting disaster-affected households and relocate households from high-risk zones
 - Construction of houses for households to be resettled from areas neighbouring the Volcano National Park.
 - Equipping strategic stores with relief and recovery items.

SPORTS DEVELOPMENT

- **Developing and managing sports talent and infrastructure**
 - Establishing a national talent development program
 - Strengthening the governance, administration, and management capacity of sports organizations and personnel

- Developing and maintaining world-class sports infrastructure to attract international events.
- **Hosting and participating in International Sports Events**
 - Organizing and hosting international sports events and meetings
 - Supporting national teams qualified for international competitions

YOUTH EMPOWERMENT

- Implementing the Joint Youth Program (civic engagement, skills development and entrepreneurship support)
- Promoting youth empowerment through job creation e.g., Road maintenance, youth in Agriculture, etc.
- Sensitizing youth for increased participation in youth programs i.e. Art Rwanda Ubuhanzi, Youth Connekt, etc.
- Supporting the establishment of Youthconnekt Africa Hub

GENDER AND FAMILY

- **Enhance positive attitudes & practices towards gender equality**
 - Scaling up of the Gender transformative approach focusing on transforming and challenging negative gender norms.
- **Strengthen family cohesion related interventions**
 - Strengthening Umugoroba w'Imiryango and Inshuti z'Umuryango and capacities of families placed in IDPMV on family cohesion.
 - Conducting an integrated campaign to prevent Gender Based Violence (GBV) & Child Abuse (CA).
- **Strengthen Gender-Based Violence and Child Abuse Preventive and Response Mechanisms**
 - Providing support (Medical & Non-Medical services) to GBV & Child abuse victims reached at Isange one-stop Centers.
- **Child protection and family reintegration**
 - Ensuring reintegration of street children and orphans into families.
- **Women's Economic Empowerment and mobilization initiatives**
 - Support fresh graduates (young women and girls) with a professional internship program in leadership.
 - Support women and girls to acquire skills in male-dominated trades

The table below shows the allocation of resources on Social Transformation Pillar for FY 2025/26 and in the medium term:

Table 14: 2025/26 Resource allocation per NST2 – Social Transformation Pillar

NST Pillar/NST Sector	2025/2026	% Allocation	2026/2027	% Allocation	2027/2028	% Allocation
2 Social Transformation Pillar	1,533,847,055,448	22%	1,453,059,476,649	19%	1,485,231,983,551	18%
05 Water and Sanitation	165,083,432,717		80,652,812,258		83,935,331,287	
10 Social Protection	92,891,260,697		66,763,513,884		71,154,082,905	
11 Health	462,736,081,186		490,713,367,777		494,716,412,578	
12 Education	813,136,280,848		814,929,782,730		835,426,156,781	

Source; MINECOFIN

iii. Allocation on Transformational Governance Pillar

JUSTICE, RECONCILIATION, LAW AND ORDER

➤ **Increasing access to quality Justice**

- Supporting Abunzi and facilitating MAJ staff representing vulnerable people and minors before domestic courts.
- Reinforcing the capacity of decentralized prosecution entities to be able to implement Alternative Dispute Resolution (ADR) and reduce case backlog in courts.
- Hiring Contractual Judges and Judicial Staff to reduce case backlog

➤ **Legal and Digital Transformation**

- Digitizing court files
- Providing equipment for the Digital Court Reporting System (DCRS)
- Hosting and maintenance Laws of Rwanda web portal

➤ **Institutional Capacity Building**

- Strengthening capacities of national and sub-national institutions and systems to deliver quality justice services for all people

➤ **Strengthening law enforcement**

- Conducting investigations with scientific evidence by acquiring crime scene equipment as well as procuring forensic services.

Internal security

➤ **Security and crime prevention**

- Enhancing community participation and awareness on crime prevention
- Enhancing bilateral, regional, and international security cooperation

- **International and Regional security cooperation**
 - Contributing to peace and security missions through bilateral, regional, and international cooperation.
- **Firefighting and emergency services**
 - Acquisition of firefighting trucks.
- **Correctional services and reintegration**
 - Ensuring effective correction, rehabilitation, and reintegration services.
 - Improving management of correctional facilities through acquisition and use of ICT equipment
 - Construction of Halfway Social Reintegration Center.
 - Constructing and equipping TVET centers in six correctional facilities (CFs) to support reintegration efforts.

The table below shows the allocation of resources for Transformational Governance Pillar for FY 2025/26 in the medium term:

Table 15: 2025/26 Resource allocation per NST2 – Transformational Governance Pillar

NST Pillar/NST Sector	2025/2026	% Allocation	2026/2027	% Allocation	2027/2028	% Allocation
3 Transformational Governance Pillar	1,033,057,999,747	15%	1,082,849,238,116	14%	1,131,487,446,712	14%
13 Governance and Decentralization	307,375,621,548		345,902,593,007		349,637,223,248	
14 Justice, Reconciliation, Law and Order (JRLO)	610,195,974,612		622,131,434,699		663,518,386,123	
15 Sports and Culture	8,639,308,845		8,820,345,874		9,939,244,844	
16 Public Finance Management (PFM)	106,847,094,742		105,994,864,536		108,392,592,497	

Source; MINECOFIN

GOVERNANCE AND DECENTRALIZATION

- **Enhancing citizen-centered local development and effective service delivery:**
 - Enhance citizen participation in decision-making for improved service delivery, local development, and accountability
 - Strengthening M&E of Local Economic Development programs
 - Support low-performing districts in planning
 - Providing support to the forum of political organizations
 - Support institutional development of Media organizations
- **Election Preparation and Management**
 - Organizing and holding of the 2026 Local Government elections (voter register and civic education)

NATIONAL UNITY AND CIVIC ENGAGEMENT

- **Enhancing Civic engagement and culture preservation**
 - Preparing and conducting Itorero activities at different levels including Indangamirwa
 - Reinforcing and promote the correct use of Kinyarwanda and cultural values
 - Supporting Itorero and civic engagement activities
 - Promoting Heroism culture
- **Prevention and fight against Genocide ideology**
 - Documenting and preserving administrative archives on Rwandan History and Genocide
 - Operationalising the African Centre for Genocide Prevention
 - Monitoring and countering genocide denial and ideology through outreaches in schools and communities
- **Community Resilience**
 - Ensure healthcare access for the neediest genocide survivors
 - Providing financial, material and education support to eligible needy genocide survivors

FOREIGN AFFAIRS AND INTERNATIONAL COOPERATION

- Strengthening diplomatic relations through bilateral and multilateral cooperation with other countries
- Enhancing regional integration and international positioning
- Expand market access for Rwandan goods and services by providing an enabling environment for Rwandan exports

PUBLIC FINANCE MANAGEMENT (PFM)

- Supporting PFM Reforms Basket Fund Projects (including IFMIS, SDMS, IPSAS, etc.)
- Supporting availability of quality statistics for effective decision-based planning and decision making
- Boosting domestic revenue collection to fund national development through implementing Electronic Single Window Phase3 and enhancing E-Tax system.
- Strengthening public procurement to ensure value-for-money of public funds

V. POSSIBLE DOWNSIDE RISKS TO ECONOMIC PERFORMANCE AND BUDGET IMPLEMENTATION

The outlook remains uncertain as the global economy continues to face several challenges, including but not limited to ongoing geopolitical tensions coupled with global trade frictions and climate-related shocks intensifying across. The global economy remains stable, though the level of resilience differs significantly among countries.

The BFP has factored out on Government's continued measures on monitoring of both domestic and external economic developments closely and will take all necessary steps to ensure that the macroeconomic projections presented and the budget for 2025/26 is fully implemented. In doing so, Government will endeavour to uphold its main policy objectives of promoting growth and welfare of the population through economic recovery measures whilst maintaining macro-economic stability.