Republic of Rwanda

Ministry of Finance and Economic Planning

Budget Factsheet for Fiscal Year 2025/2026

1 The Economic Outlook & the Medium-Term Budget Strategy

1.1 Global context

Rwanda enters FY2025/26 amid a cautiously optimistic global landscape. The world economy is projected to grow at 3.3% in 2025 and 2026, with inflation easing to 4.2% in 2025 and 3.5% in 2026. Sub-Saharan Africa shows resilience, with growth rising from 3.8% in 2024 to 4.2% both in 2025 and 2026. However, persistent risks like geopolitical tensions, climate shocks, and tighter financial conditions demand vigilance.

1.2 Domestic economic performance and outlook

Domestically, Rwanda's economy continues to outperform expectations. In 2024, GDP grew by a robust 8.9%, driven by strong services (10%) and industrial (10%) activity alongside a 5% agricultural rebound. Inflation remains manageable at 6.3% (February 2025), comfortably within the National Bank of Rwanda's 2–8% target band. The external sector shows improvement, with a 1% reduction in the trade deficit fuelled by 6.9% export growth in coffee, minerals, and tea.

Looking ahead, Rwanda's growth is projected to moderate but stay strong at 7.1% in 2025, 7.5% in 2026, 7.4% in 2027, and 7.0% in 2028. Inflation will stabilize to 5% in the medium term, while the current account deficit may widen to 13.7% of GDP due to strategic investments before improving from 2026 onward.

CHART 1: REAL GDP AND GDP PER CAPITA GROWTH PROJECTIONS

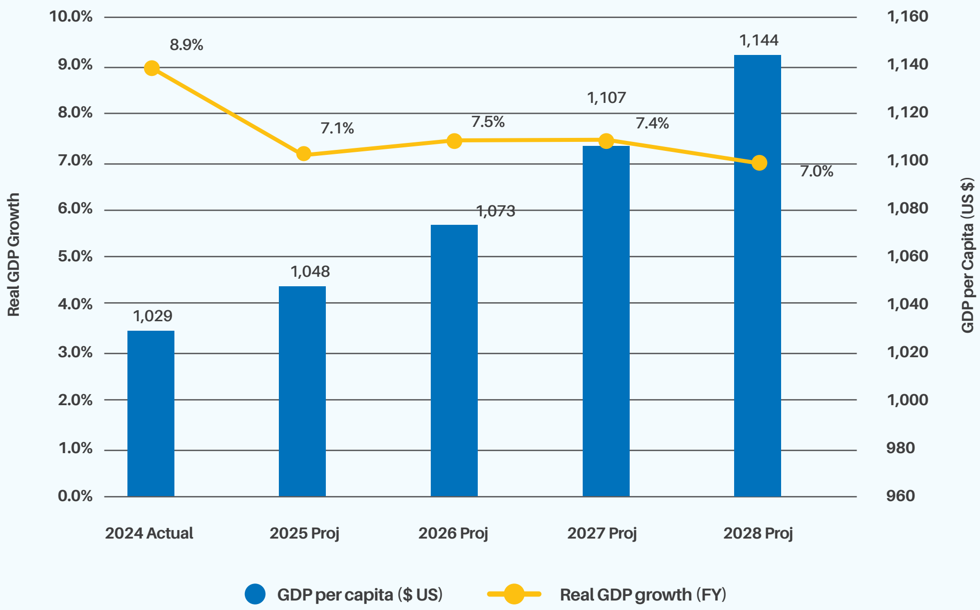


CHART 2: CPI END OF PERIOD % CHANGE PROJECTIONS

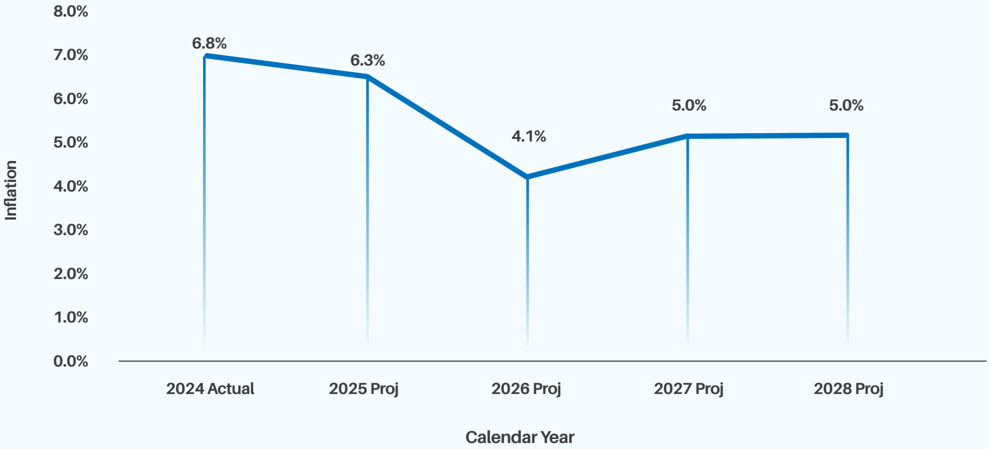


CHART 3: TRADE BALANCE (GOODS) (IN % OF GDP)

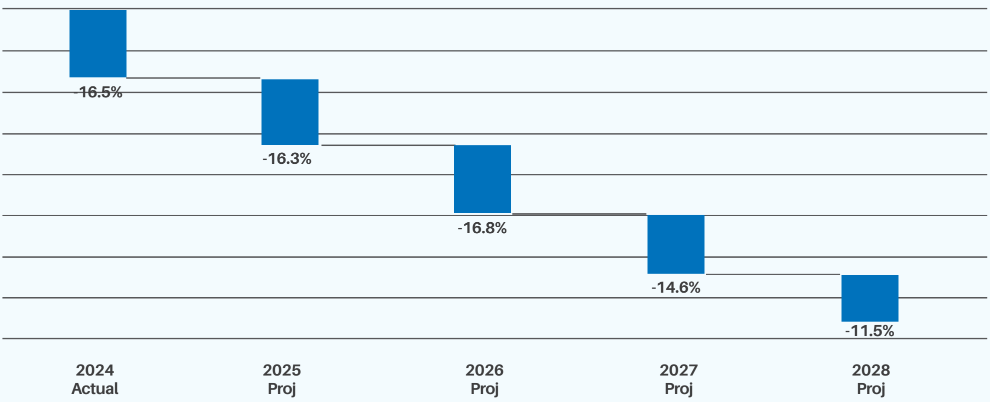
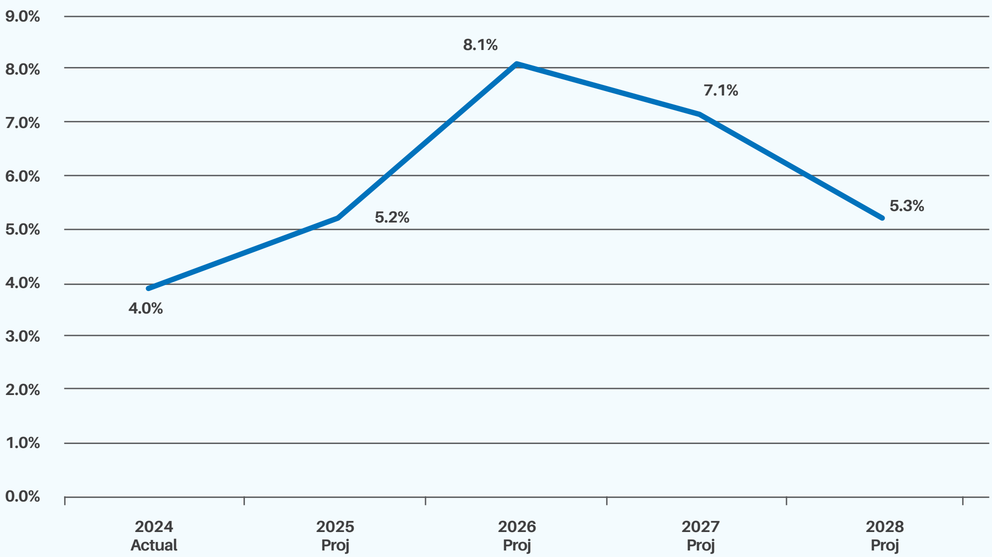


CHART 4: FDI AS A % OF GDP



2 Fiscal Stance for the Fiscal Year 2025/2026 & 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 the New Kigali International 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,

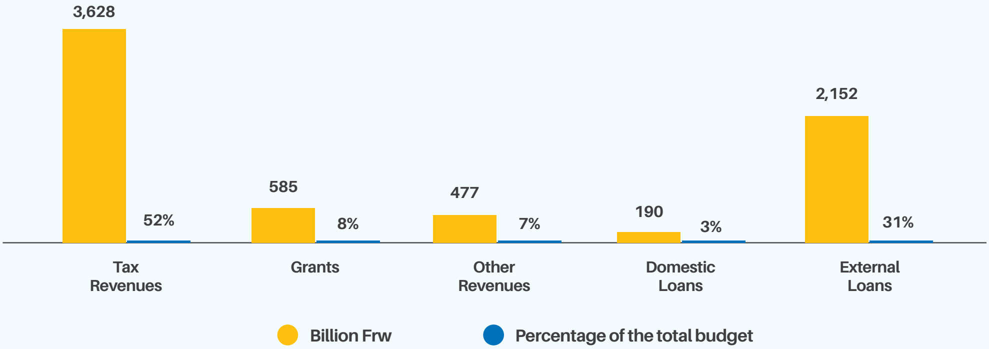
III. In addition, the Government will proceed with reforms aimed at improving the transparency and the efficiency of public financial management and investment practices and enhancing the management of fiscal risks.

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).

3 Summary of the 2025/2026 fiscal year budget

The total resources estimated for the fiscal year 2025/2026 will amount to **Frw 7,032.5 billion**. This amount is comprised of domestic revenues through taxes, other fees/fines collections, domestic borrowing and financial assets drawdown as well as External grants and loans from Development Partners. The projected financing and spending for the FY 2025/2026 budget are reflected in charts 5 and 6 below.

CHART 5: FUNDING SOURCES FOR THE BUDGET (BILLION FRW)



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 (MTRS).

External Loans: 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 the New Kigali International 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 the New Kigali International airport and Rwandair projects.

The total domestic resources and external loans combined account for 91.7% of the entire budget of 2025/2026 fiscal year.

Other revenues (non-tax 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.

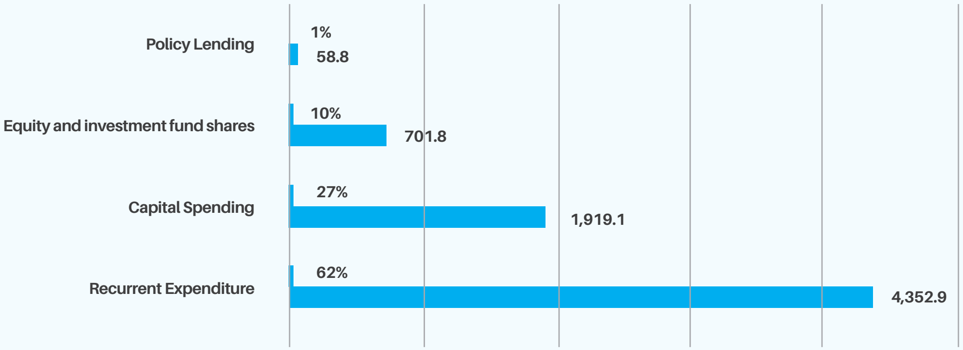
Grants: The amount of **Frw 585.2 billion** projected for the fiscal year 2025/26 is made of budgetary grants of Frw 145.9 billion and capital grants of FRW 439.3 billion. Projected grants are less by FRW 36 billion compared to FRW 621.2 billion of revised budget FY 2024/25.

Budgetary grants: The amount of **Frw 145.9 billion** is **Frw 34.7 billion** lower than the **Frw 180.6 billion** amount projected in the revised budget for the fiscal year 2024/2025.

Capital grants: The estimated figure of **Frw 439.3** billion in the fiscal year 2025/26 is **Frw 1.3 billion** less compared to the amount of **Frw 440.7 billion** projected in the revised budget of the current fiscal year 2024/25.

CHART 6: TOTAL STATE EXPENDITURES (BILLION FRW)

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** representing a 21% increase.



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 the New Kigali International Airport construction account for Frw 699.4 billion, as well as Frw 2.4 billion for BRD.

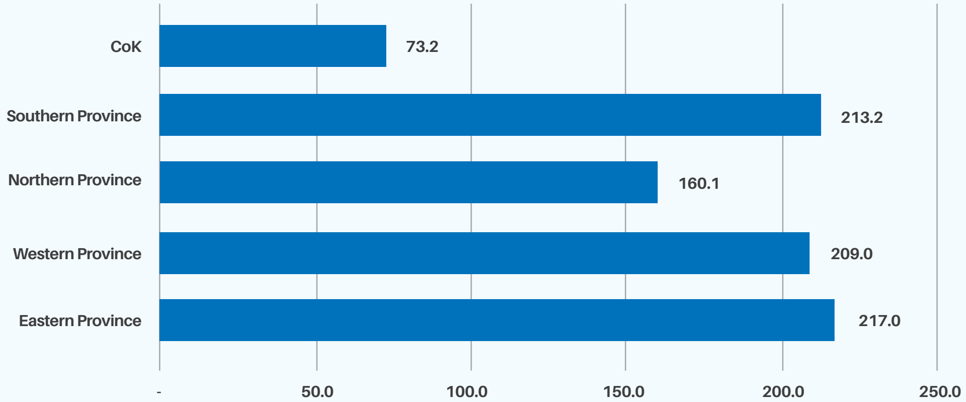
Recurrent Expenditures: The allocated amount of **Frw 4,352.9 billion** in fiscal year 2025/26 is **Frw 826.4 billion** higher than the allocated amount of **Frw 3,526.5 billion** in the fiscal year 2024/25 revised budget. The compensation of employees' category is estimated at Frw 1,168.5 billion which is higher by Frw 108.5 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.

Capital Expenditures: The total capital spending for the fiscal year 2025/26 is estimated at **Frw 1,919.1 billion**. This figure is **Frw 220.1 billion** less than the amount of **Frw 2,139.3 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.

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.

CHART 7: DECENTRALIZED BUDGET ALLOCATIONS BY PROVINCE & CITY OF KIGALI (COK) (BILLION FRW)

The decentralized budget allocations include earmarked transfers from central government and block grants to support districts' operations. The Earmarked transfers budget allocations include among others school feeding, capitation grant, seeds and fertilizers subsidies. These allocations however do not include districts' internally generated revenues which is approved by the district/CoK councils.



4 2025/26 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. The Economic Transformation pillar takes the lion's share of the resources at **Frw 4,417.2 billion** amounting to **62.8%** of the total budget. Social transformation will take up **Frw 1,526.9 billion** amounting to **21.7%** while Transformational Governance is allocated **Frw 1,088.4 billion** representing **15.5%** of the total budget.

Prioritization has been guided by the following critical elements and considerations;

a) Priorities for enhanced delivery of NST2 and Vision 2050;

b) Ensuring food security;

c) Increasing Job creation, private investment promotion and financial inclusion;

d) Promoting the export-oriented industrial sector by reducing the trade deficit between imports and exports;

e) Increasing access to quality infrastructure (housing, water, electricity, transport);

f) Leveraging ICT and innovation to improve service delivery across all sectors;

g) Enhancing resilience to environment and climate change;

h) Ensuring access to quality health and education;

i) Promoting sustainable graduation from poverty and improving nutrition;

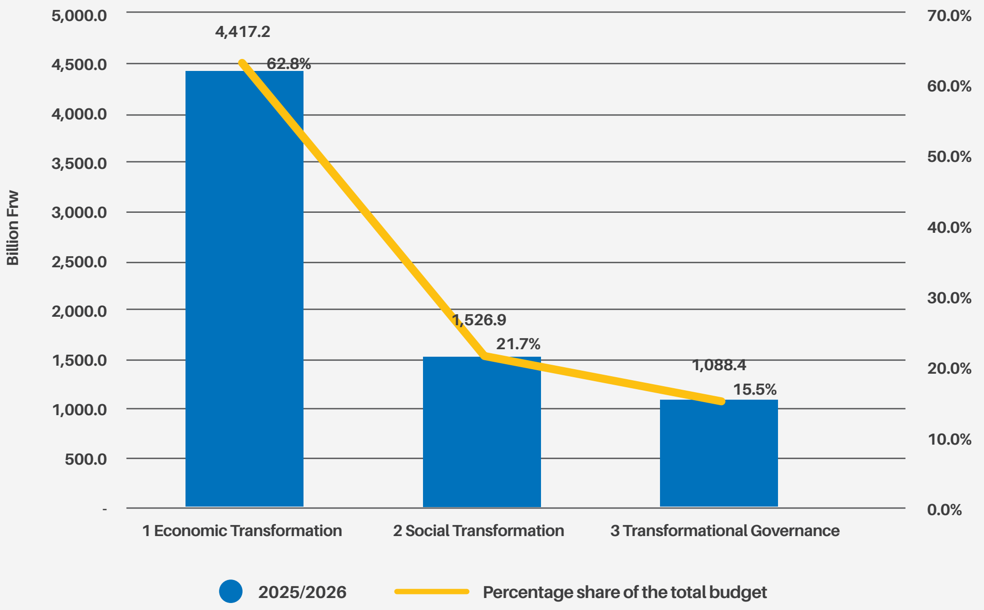
j) Enhancing justice system, citizen participation and engagement;

k) Accelerating the implementation of ongoing projects;

l) Prioritizing key interventions that bring transformative and sustainable development;

m) Enhanced Private Sector & Civil Society Engagement;

Chart 8: FY 2025/2026 Budget Allocation by NST2 Pillars



5 Links to budget documents and different budget stakeholders

- MINECOFIN: https://www.minecofin.gov.rw/
- Parliament: https://www.parliament.gov.rw/
- Office of the Auditor General: https://www.oag.gov.rw/index.php?id=2

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