Thriving Amidst Uncertainty: Strategies for Resilient Growth and Development

Rwanda's 2025 / 2026

National Budget Bulletin

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PwC

Content

Rwanda’s budget choices today are laying the foundation for future prosperity, social transformation, and environmental sustainability.

Commentary

As Rwanda embarks on the first year of its new National Strategy for Transformation (NST2), the 2025/26 Budget stands out as a key financial blueprint that will shape the country’s development path for years to come. This budget analysis aims to provide readers with a clear, accessible, and critical overview of the government’s spending plans, priorities, and the economic context shaping these decisions, while offering a more detailed examination of the underlying strategies and their implications.

By probing into the key features of the budget—including its ambitious investments in transformative infrastructure, the deliberate balance between rapid growth and fiscal discipline, and the comprehensive strategies for managing debt and mitigating risks—we aim to illuminate both the significant opportunities and the complex challenges that lie ahead. The 2025/26 Budget is not only a response to immediate economic needs but also a forward-looking plan that seeks to position Rwanda as a resilient, inclusive, and competitive economy in the region.

This Budget Analysis draws on comparative data, sectoral allocations, and policy choices to provide a nuanced understanding of how the government is mobilizing resources, prioritizing high-impact projects, and navigating a volatile global environment. Whether you are a policymaker, business leader, development partner, or engaged citizen, this expanded analysis will help you grasp how Rwanda’s budget choices today are laying the foundation for future prosperity, social transformation, and environmental sustainability, while also highlighting the vigilance required to manage fiscal and implementation risks in a rapidly changing world.

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1

Introduction

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The 2025/26 Budget is the first full-year fiscal framework aligned to Rwanda's National Strategy for Transformation II (NST2, 2024-2029). From the Minister of Finance and Economic Planning's Budget Speech of 12 June 2025, the Government plans to spend FRW 7,032.5 billion, reflecting an increase of more than 20% over the 2024/25 revised budget of FRW 5,816.4 billion. However, the speech clarifies several expenditure classifications, reallocates pillar envelopes, and specifies new tax and tariff measures designed to accelerate domestic resource mobilisation and protect strategic sectors.

The significant rise in the budget reflects the government's decision to accept a temporarily larger budget deficit and higher public debt in order to fund major investments—especially the construction of Kigali International Airport in Bugesera and the expansion of RwandAir.

At the same time, the government is tightening day-to-day (recurrent) spending and working to increase domestic revenue mobilisation. Compared to 2024/25, the 2025/26 budget shows a deliberate shift toward transformative capital projects, with a higher fiscal deficit (rising from 5.5% to 7.4% of GDP) and increased reliance on external loans. This Budget analysis examines whether this strategy is realistic, whether it matches up with key economic and fiscal standards, and whether the way money is being spent will help Rwanda achieve its goals for growth, inclusion, and sustainability.

While the budget demonstrates ambition and a clear focus on transformative investments, it also raises important questions about the sustainability of increased borrowing and the risks associated with concentrating resources in a few large projects. A balanced assessment is needed to weigh these opportunities against potential vulnerabilities, especially in light of the significant year-on-year changes.

2

Global and regional context

3.3%

Global and regional context

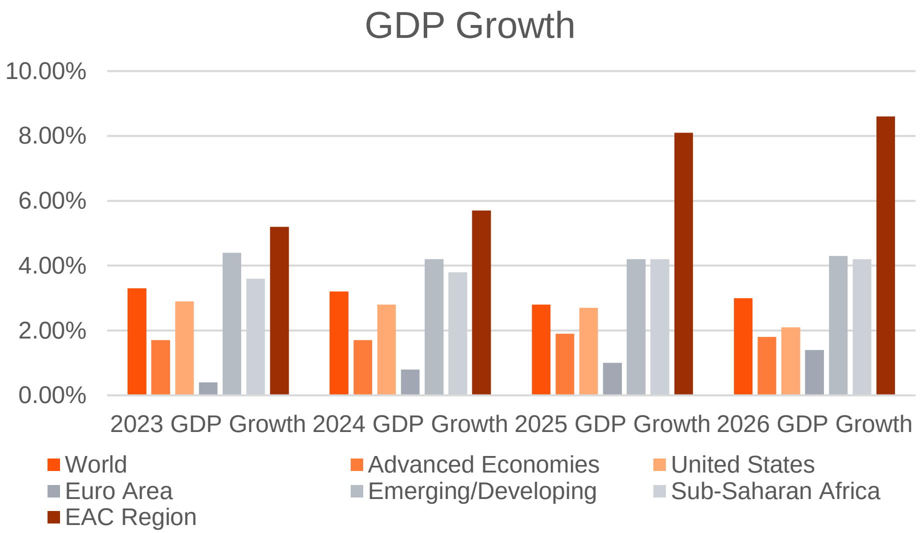
Globally, economic growth was expected to stay modest at 3.3% in both 2025 and 2026

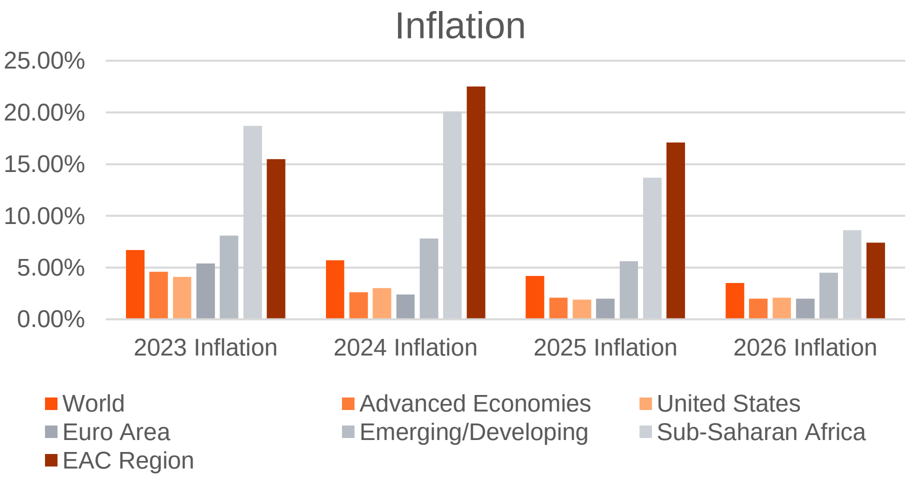
In Sub-Saharan Africa (SSA), the region's economy is recovering, with growth of 3.8% in 2024 and a forecast of 4.2% in 2025-26

Inflation—which means the general rise in prices—has been coming down globally, but it is still about twice as high as it was before the pandemic. Most countries in SSA are facing inflation rates in the double digits (expected to be 13.7% in 2025), which means prices are rising quickly.

Global and regional context

Globally, economic growth is expected to drop to 2.8% from the estimated 3.3% in 2025 and move to 3.0% in 2026. This is due to ongoing problems like disrupted supply chains, high political tensions between countries, and frequent climate-related shocks. Wealthier countries (advanced economies) are now dealing with higher real interest rates than before the COVID-19 pandemic, which makes it harder and more expensive for developing countries to borrow money from abroad. In Sub-Saharan Africa (SSA), the region's economy is recovering, with growth of 3.8% in 2024 and a forecast of 4.2% in 2025-26. However, this average hide big differences: countries that export energy are struggling with unstable prices, while those that import most of their food are vulnerable to bad weather.





Source: PwC Analysis of the Rwanda Budget Framework and Speech

Inflation—which means the general rise in prices—has been coming down globally, but it is still about twice as high as it was before the pandemic. Most countries in SSA are facing inflation rates in the double digits (expected to be 13.7% in 2025), which means prices are rising quickly. To fight this, central banks are raising interest rates (a process called monetary tightening), but this also makes it more expensive for governments to borrow and limits their ability to spend. In this context, Rwanda stands out: it has kept inflation in single digits, has enough foreign currency reserves to cover more than 4.5 months of imports, and has managed its monetary policy (the way it controls money and interest rates) proactively. This gives Rwanda a stability advantage, but it also means the country must work hard to keep the trust of investors. However, maintaining this stability will require continued vigilance, especially as global financial conditions remain uncertain and external shocks could quickly erode these gains

3

Rwanda Budget Analysis

8.9%

Rwanda's economic growth in 2024

This strong performance is commendable and reflects effective policy choices

1. Rwanda's Economy in 2024

Rwanda's economy grew by 8.9% in 2024, continuing its record as one of Africa's fastest-growing countries. This strong performance is commendable and reflects effective policy choices, but sustaining such high growth rates may become more challenging as the global environment becomes less favorable and as the country faces the limits of rapid expansion. The services sector (which includes things like tourism, trade, and transport) was the main driver, adding 5.2 percentage points to growth, thanks to a strong recovery after COVID-19. The industrial sector (factories, construction, and manufacturing) contributed 1.8 points, helped by more construction and a shift toward making higher-value products like metal goods, chemicals, and textiles. Agriculture grew by 5%, thanks to good weather and better use of farming inputs—important because most Rwandans work in this sector

Year	GDP Growth	Services (pp)	Industry (pp)	Agriculture (pp)
2021	10.9%	5.6	2.4	1.6
2022	8.2%	5.7	0.9	0.4
2023	8.2%	5.5	1.9	0.4
2024	8.9%	5.2	1.8	1.2

pp = percentage points

Source: PwC Analysis of the Rwanda Budget Framework and Speech

Indicator	Feb 2024	Feb 2025
Headline Inflation	4.9%	6.3%
Food & Non-Alcoholic Beverages	6.3%	4.5%
Transport Inflation	8.1%	17.4%
Core Inflation	6.2%	6.2%

Key indicators of improved economic stability

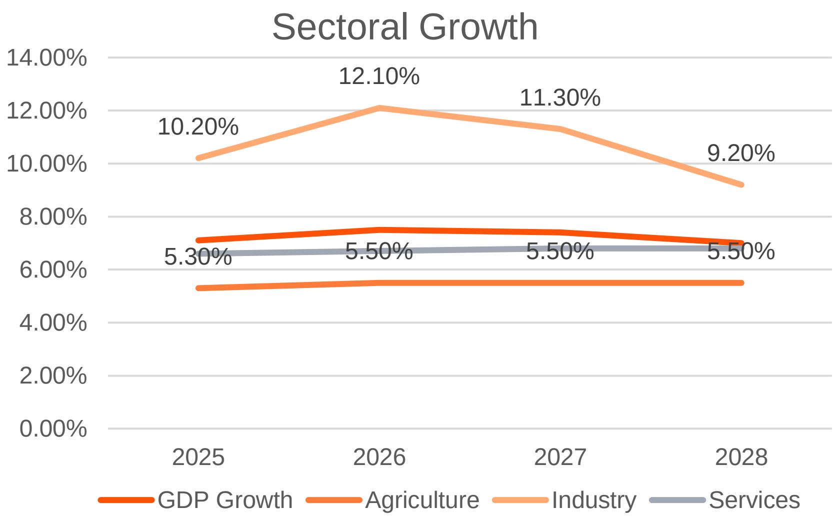
- Headline inflation (the overall rise in prices) was 6.3%, staying within the National Bank of Rwanda's target range of 2-8%.
- Rwanda's foreign currency reserves could pay for 4.5 months of imports, which is better than most countries in the region.
- The Rwandan franc lost value against the US dollar by 9.5%, which is much less than the 18% drop in 2023. This improvement is due to a smaller trade deficit and reforms in the foreign exchange market.
- Public debt (the total amount the government owes) increased to 78.7% of GDP in nominal terms, or 58.5% when adjusted for present value (PV). This is still below the 70% PV limit set by the IMF and World Bank for safe debt levels. Importantly, 87.7% of Rwanda's debt is concessional, meaning it comes with low interest rates and long repayment periods, which helps keep debt payments manageable even as the total amount rises. Nevertheless, the rising debt burden warrants close monitoring, especially as future borrowing costs could increase and as large repayments, such as the Eurobond maturing in 2031, approach

2. What to expect for Rwanda's economy (2025-2028)

Looking ahead

2.1 Growth

The budget expects economic growth to slow slightly to 7.1% in 2025, then remain steady at around 7.0 -7.5% through 2028. This slowdown matches the global trend and reflects plans to reduce public investment after 2026. Still, Rwanda's growth will be about three percentage points higher than the average for Sub-Saharan Africa each year. While these projections are optimistic and reflect confidence in the country's economic fundamentals, they depend on the successful implementation of large projects and continued macroeconomic stability. Any delays or underperformance in key sectors could put these targets at risk.



Source: PwC Analysis of the Rwanda Budget Framework and Speech

2.2 Sectoral dynamics

The industrial sector is expected to grow by 10-12% per year from 2025 to 2027, thanks to new industrial parks and major infrastructure projects. Agriculture is projected to grow steadily at 5.5%, assuming good weather and expanded irrigation (especially through the Gabiro Agribusiness Hub). The services sector is expected to grow by 6.6-6.8%, depending on continued regional trade and a recovery in tourism.

2.3 External sector

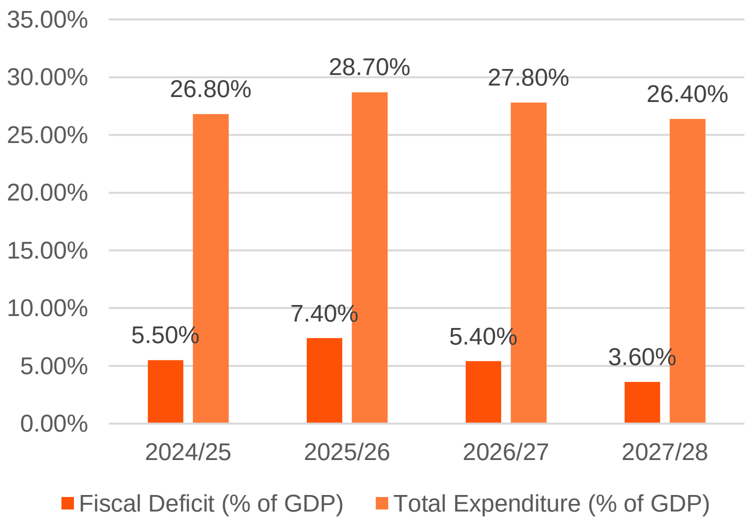
Rwanda's current-account deficit (the gap between what the country earns from exports and what it spends on imports and other payments abroad) will widen to 13.7% of GDP in 2025, peaking at 15.7% in 2026. This is mainly because of increased imports of equipment and materials for big projects. However, these projects are expected to boost exports in the future (for example, in aviation, agro-processing, and energy). Rwanda's foreign reserves will still cover more than 4.5 months of imports, reducing the risk of running out of foreign currency. The Rwandan franc is expected to lose about 8.9% of its value in 2025, which is moderate compared to other countries in the region, but it shows that there are still challenges in getting enough foreign currency.

2.4 Inflation and monetary aggregates

Inflation is expected to fall to about 5% by the end of 2025. The amount of money in the economy (broad money) is projected to grow by 23.6% in 2025, which is a sign of an expansionary policy. However, this matches the expected growth in loans to the private sector (17.6%), showing that the government is supporting growth without risking a big jump in prices.

3. How the Government plans to manage spending and debt

The government plans for a budget deficit of 7.4% of GDP in 2025/26. This is intentionally higher than the East African Community (EAC) target of 3% and Rwanda's own medium-term goal of less than 5%. The willingness to temporarily exceed these benchmarks reflects a bold commitment to transformative investment, but it also introduces fiscal risks if growth or revenue projections fall short.



Source: PwC Analysis of the Rwanda Budget Framework and Speech

The government's approach is based on three main strategies:

1. Investing heavily upfront in major capital projects (capex), especially Kigali International Airport in Bugsera (with FRW 699 billion in equity) and expanding RwandAir's fleet and routes. These investments are expected to increase export earnings and attract foreign direct investment (FDI) linked to aviation.
2. Controlling day-to-day (recurrent) spending by freezing non-essential salary increases and strictly limiting new hiring outside of education, health, and security. The government wage bill is 4.0% of GDP, which is lower than in many similar low-income countries (where it is often 6-8%).
3. Gradually reducing the deficit: as the big projects are completed, the deficit is expected to fall to 5.4% in 2026/27 and 3.6% in 2027/28, thanks to lower capital spending and better tax collection (tax buoyancy).

Debt outlook

Even with more borrowing, forecasts show that the present value (PV) of debt will stay below 65% of GDP, which is under the 70% limit set by international standards. The cost of paying interest and repaying debt (debt service) will be 23% of government revenue in 2025/26, which is below the 30% warning level. However, Rwanda faces a large repayment when its Eurobond matures in 2031, so careful planning (such as setting aside funds in advance or refinancing) will be important. The government's prudent approach to debt management is a strength, but the increasing reliance on external loans and the concentration of debt in a few large projects could expose the country to refinancing and exchange rate risks.

4. Where the Government's money comes from (2025/26)

The government expects to collect FRW 4,105.2 billion in domestic revenue (money raised within Rwanda, mainly through taxes), making up 58% of total resources. This represents a substantial increase from the previous year's domestic revenue of FRW 3,427.6 billion, reflecting both economic growth and the impact of new tax policy measures. The 20% year-on-year growth is ambitious but reasonable given the expected 8% growth in nominal GDP and ongoing reforms like expanding electronic invoicing, digitizing customs, and adjusting taxes on fuel, telecommunication equipment, alcohol, and digital services. The relationship between tax revenue and economic growth (tax/GDP elasticity) is estimated at 1.2, (which means that for every 1% increase in GDP, tax revenue is expected to rise by 1.2%) supporting the credibility of this target, though it could be affected by changes in global commodity prices.

Source	Amount (Billion FRW)	% of Total
Domestic Revenue	4,105.2	58%
- Tax Revenue	3,628.0	
- Other Revenue	477.2	
External Grants	585.2	8%
- Budgetary Grants	145.9	
- Capital Grants	439.3	
External Loans	2,151.9	31%
Domestic Borrowing	136.6	2%
Drawdown of Assets	53.7	1%
Total Resources	**7,032.5**	**100%**

Source: PwC Analysis of the Rwanda Budget Framework and Speech

The growing share of domestic revenue in total resources also signals progress toward greater fiscal self-reliance compared to the previous year.

External grants (money given by donors that does not need to be repaid) make up 8% of resources, a slight decrease from the previous year's 9% share. This trend reflects a gradual shift as donors move from direct budget support to more complex financing models

Rwanda is responding by making use of development finance institutions (DFIs) and climate finance opportunities. The declining share of grants highlights the importance of strengthening domestic revenue and diversifying financing sources.

New tax and Tariff Policy measures

External loans (borrowing from abroad) will rise to 31% of resources in 2025/26, up from 28% in the previous year. This increase of FRW 648.4 billion is primarily to finance major infrastructure projects. The government is focusing on loans from multilateral institutions like the World Bank (IDA) and African Development Bank (AfDB), which offer favorable terms (concessional loans), and only taking on more expensive loans for projects that can generate enough income to pay them back. This increases Rwanda's exposure to foreign currency risk, so the government is also working to develop the local bond market (which will make up 2% of resources in 2025/26) and encourage local investors to participate. The higher reliance on external loans compared to last year underscores the government's strategic focus on transformative investments but also highlights the need for prudent debt management.

New tax and Tariff Policy measures

To operationalise the theme "Inclusive economic transformation through domestic resource mobilisation and resilient strategic investment," the budget introduced a detailed package of Common External Tariff (CET) and domestic tax incentives:

- **Green transition incentives** – Extension of zero-rated import duty on electric and hybrid vehicles and electric motorcycles.
- **Tourism promotion** – High-end tourism vehicles (> USD 60,000) to pay normal duties only up to the CIF value of USD 60,000; the incremental value is duty-free.
- **Strategic commodity adjustments**
  - **Rice:** 45 % or USD 345/MT (was 75 % or USD 345/MT).
  - **Wheat grain:** duty reduced to 0% (was 35%).
  - **Sugar:** 25% for 70,000 MT quota (was 100% or USD 460/MT).
- **Industrial deepening** – Capital machinery and raw materials for textiles, garments, footwear, and a broad list of manufacturing inputs will enter at 0% duty.
- **Infrastructure & logistics** – Road tractors for semi-trailers, heavy-duty trucks (> 20 t), and buses (≥ 50 seats) qualify for 0-10% rates (was 25%).
- **Cashless economy** – Smart cards, point-of-sale devices and electronic cash registers now zero-rated.
- **Made-in-Rwanda protection** – Finished steel tubes, wheelbarrows, and specified handbags face the maximum 35% CET while their raw materials enter duty-free.

These measures materially affect the medium-term revenue mix and import composition. While they may forego some customs receipts, the net effect is expected to be revenue-neutral after accounting for higher domestic value-added taxes and corporate profit taxes generated by local industry.

5. How the government plans to spend the Money (2025/26)

Category	Amount (Billion FRW)
Recurrent Expenditures	4,298.6
- Salaries	1,182.9
- Debt Service	1,071.1
Capital Expenditures	1,876.9
- Domestically Financed	843.3
- Externally Financed	1,036.9
Equity & Investment Fund	701.8
- Bugesera Airport	699.4
- Development Bank of Rwanda	2.4
Policy Lending	58.8
Total Expenditure	7,032.5

Source: PwC Analysis of the Rwanda Budget Framework and Speech

Recurrent Expenditure (FRW 4,298.6 billion): This is the money spent on running government services, such as salaries and routine operations. This represents an increase of FRW 852.1 billion from the previous year, reflecting higher allocations for salaries, debt service, and essential services.

Salaries will cost FRW 1,182.9 billion, up by FRW 123 billion compared to last year, partly due to pension reforms and employment growth in key sectors. Salaries make up 28% of all recurrent spending, showing that the government is being careful with wage costs. Debt service (paying interest and repaying loans) will be FRW 1,071.1 billion, about 15% of total spending. This is manageable for now, but it is increasing, so it's important that new projects are carefully evaluated to make sure they are worth the investment. The year-on-year rise in recurrent expenditure highlights the government's effort to balance essential service delivery with fiscal discipline.

Capital Expenditure (FRW 1,876.9 billion): This is money spent on building things like roads, airports, and other infrastructure. Capital spending is down by FRW 211.4 billion (11%) from last year because some foreign-funded projects have been delayed to make room for the big investment in RwandAir. While putting so much money into aviation is a risk, it is expected to bring big benefits, such as more business tourism (MICE: Meetings, Incentives, Conferences, and Exhibitions) and better cargo logistics. However, the heavy concentration of capital in a single sector increases vulnerability if projected returns do not materialize. The reduction in other capital expenditures compared to last year demonstrates a focused and disciplined approach to investment planning but also means that benefits in other sectors may be delayed. To avoid the cost overruns that have affected other large projects in the region, the government needs strong systems for evaluating costs and making sure contracts are fair and transparent. Diversifying investments and maintaining flexibility to adjust plans if needed will be important for managing these risks.

Equity & Investment Fund (FRW 701.8 billion): Almost all of this is for Airport in Bugesera, which marks a sharp rise in equity and investment fund allocations compared to the previous year. The government is treating this as an equity investment (owning a share of the project) rather than a loan, which makes it harder to predict future returns. While this approach could yield significant long-term benefits, it also exposes public finances to commercial risks. The substantial increase in this category compared to last year demonstrates a strategic shift toward large-scale, transformative projects. It's important to consider what might happen if the airport does not perform as well as expected, and to have contingency plans in place.

6. How the Budget is divided among sectors (2025/26)

NST2 Pillar	Original Allocation	Revised Allocation
Economic Transformation	FRW 4,465.6 bn (63 %)	FRW 4,417.2 bn (62.8 %)
Social Transformation	FRW 1,533.8 bn (22 %)	FRW 1,526.9 bn (21.7 %)
Transformational Governance	FRW 1,033.1 bn (15 %)	FRW 1,088.3 bn (15.5 %)

Source: PwC Analysis of the Rwanda Budget Framework and Speech

While the proportional shares change only marginally, Governance receives an additional FRW 55 billion—mainly to strengthen justice delivery, security operations, and election preparedness

6.1 Economic Transformation (63%)

Rwanda is dedicating 63% of its budget to economic transformation, which is not only much more than the 40-45% seen in similar countries but also an increase in absolute terms from the previous year. The actual amount allocated to this pillar has grown by over FRW 700 billion compared to 2024/25, reflecting the government's prioritization of sectors that drive growth, such as infrastructure, industry, and agriculture. Most of this money goes to transport (like airports and roads) and energy. While this prioritization can drive long-term development, it may also crowd out spending in other important areas if not carefully balanced. The key challenge is to make sure that other policies—such as making trade easier, developing special economic zones, and improving skills—help the private sector take advantage of these investments

6.1 Social Transformation (22%)

While the share of the budget for social sectors is slightly lower than last year, the actual amount of money allocated to this pillar is increasing. This supports ongoing improvements in education (like building schools and hiring teachers) and health (such as upgrading hospitals and supporting maternal health programs). Rwanda's spending per person on social services remains high compared to other low-income countries, which helps address concerns about fairness and inclusion. However, the marginal decrease in the share of the budget, combined with tight controls on recurrent spending and hiring, could eventually affect the quality-of-service delivery if maintained for too long.

6.3 Transformational Governance (15%)

This stable share of the budget is consistent with the previous year, supporting reforms in the justice system, anti-corruption efforts, and the rollout of digital government services. These are all important for attracting investment and maintaining public trust. The steady allocation underscores the continued importance of governance and public sector reforms. Continued investment in governance and transparency will be essential to ensure that the benefits of economic transformation are widely shared and that public confidence remains strong.

7. Main projects and programmes

8M

7.1 Aviation Hub Strategy

The plan is to make Kigali a major regional air travel hub by building Bugesera Airport (which will be able to handle 8 million passengers in its first phase) and expanding RwandAir's fleet. This is an ambitious and potentially transformative project, but it also carries significant commercial and operational risks. To make sure this investment pays off, the government will need strong public-private partnership (PPP) structures, fair user fees, and backup plans in case passenger numbers are lower than expected.

80%

7.2 Energy expansion

The Nyabarongo II hydropower project (which will generate 43 megawatts) and expanded electricity connections are expected to bring electricity access above 80% by 2026. Changes to electricity prices (tariff reforms) and subsidies for off-grid solar power will help keep energy affordable while limiting the need for government support to the national utility.

7%

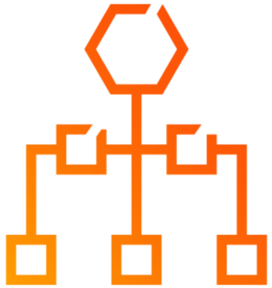
7.3 Agricultural modernisation

The area under irrigation will increase by 15,600 hectares, and efforts will be made to reduce post-harvest losses from 10% to 7%. Connecting farmers to agro-processing parks is key to turning higher productivity into better incomes for rural households.

60%

7.4 Digital transformation

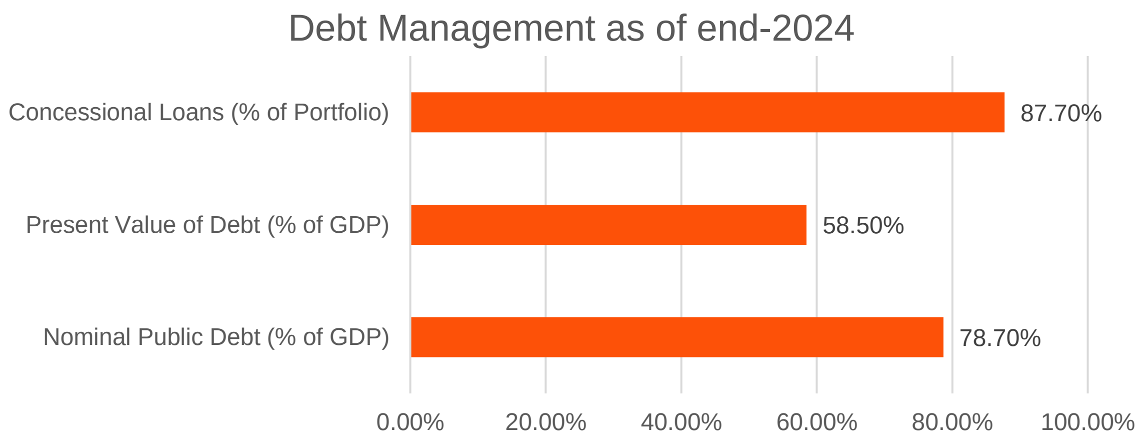
Investments in data centers, cyber-security, and cross-border e-commerce platforms will help Rwanda reach its goal of delivering 60% of public services digitally by 2027.



8. How the Government plans to manage debt

The government's debt management strategy focuses on:

- Keeping more than 80% of borrowing on concessional terms (loans with low interest rates and long repayment periods) from international organizations.
- Preferring fixed-rate loans, which protect against rising global interest rates.
- Developing the local debt market by issuing longer-term bonds (over 15 years), introducing bonds that adjust for inflation (to attract pension funds), and improving systems so that bonds can be easily bought and sold.



Source: PwC Analysis of the Rwanda Budget Framework and Speech

Keep more than 80% of borrowing on concessional terms

- Managing big repayments, especially the Eurobond due in 2031, by planning ahead with options like buying back debt or refinancing to avoid sudden spikes in payments.
- Using climate finance, such as green bonds, to access cheaper funding and support Rwanda's environmental goals.

9. Plans for Banking and Finance

The goal is to keep real interest rates (the rate after subtracting inflation) positive.

- The National Bank of Rwanda (NBR) is expected to keep interest rates steady or slightly higher, balancing the need to control inflation (rising prices) with the need to support lending to businesses and households. The goal is to keep real interest rates (the rate after subtracting inflation) positive, which helps keep people's expectations about prices stable.

- Small community banks (Umurenge SACCOs) are being merged into larger district-level entities to reduce management risks and prepare for the launch of a Cooperative Bank, which should help attract rural savings and lower the cost of borrowing.

- The Kigali International Financial Centre is working on new rules and systems for financial technology (fintech), sustainable finance, and resolving disputes, all aimed at attracting investment managers from across the region. It's important that regulators keep up with these changes to prevent financial problems and maintain Rwanda's reputation as a safe place to do business.

10. Climate and environmental spending

A positive step toward transparency and sustainability

Rwanda is one of the few low-income countries that systematically tracks how much of its budget supports climate goals (a process called Green Tagging). Early estimates show that 14% of the 2025/26 budget is spent on activities that help the climate (climate-positive), while 4% goes to activities that may harm the environment (called "brown" spending). This is a positive step toward transparency and sustainability. Shifting more money from brown to green spending over time could help Rwanda access cheaper climate finance and meet its international climate commitments, but it will require careful planning to ensure that economic and social objectives are also met.

Climate Tagging Category	% of 2025/26 Budget
Green (climate-positive)	14%
Brown (potentially harmful)	4%

Source: PwC Analysis of the Rwanda Budget Framework and Speech

11. Possible risks and how the Government plans to handle them

Macroeconomic risks

If the US or Europe's economies slow down more than expected, Rwanda could receive less money from remittances (money sent home by Rwandans abroad) and tourism, making it harder to pay for imports. To manage this, Rwanda is building up its foreign currency reserves and working to diversify exports (for example, by growing more horticultural products and business process outsourcing services).

Fiscal risks

If grants from donors are delayed or tax revenues fall short, the government might have to borrow more within Rwanda, which could make it harder for businesses to get loans. The government plans to review its finances every quarter and has set aside emergency funds to deal with such situations.

Climate and disaster risks

Extreme weather could damage crops and infrastructure. Rwanda is expanding crop insurance and making sure new roads are built to withstand harsh conditions.

Project implementation risks

Big infrastructure projects often go over budget (by 12-15% on average in the region). Rwanda is strengthening its project management agencies, hiring independent engineers, and using contracts that reward good performance to keep costs under control.

Debt risks

If global interest rates rise, it will cost more to borrow money on non-concessional terms. Rwanda plans to borrow from concessional sources first, issue longer-term local bonds, and stay in close contact with credit rating agencies to keep its good reputation.

Price volatility risk

The tariff reforms add a new Price volatility risk: any abrupt surge in global wheat, rice, or sugar prices could widen the import bill, potentially straining reserves. Mitigation: Agricultural loan guarantees, strategic grain reserves and gradual domestic substitution will need to be considered

Conclusion

The 2025/26 Budget is both bold and careful

Bold in its commitment to major investments that can transform the economy, and careful in its efforts to control wage costs, target subsidies, and plan for a gradual return to lower deficits. Compared to the previous year, the 2025/26 budget reflects a significant increase in total resources and expenditure, a higher fiscal deficit, and a strategic reallocation toward transformative projects. The budget's strengths lie in its strategic focus, prudent debt management, and commitment to climate and social goals. However, the ambitious scale of investment, reliance on a few large projects, and tight controls on recurrent spending introduce risks that must be managed proactively. The comparative analysis with the previous year highlights both the opportunities created by increased investment and the need for vigilance in managing fiscal and implementation risks.

Success will depend on strong project management, close monitoring of debt, flexibility to adjust to changing circumstances, and a relentless focus on raising more money within Rwanda. If the plan is carried out as intended—and if risks are managed effectively—Rwanda will not only maintain economic stability but also lay the groundwork for an inclusive, environmentally friendly, and innovative economy that can keep growing at over 7% a year for many years to come.

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