



Navigating headwinds, building resilience

Rwanda's 2026/27 Budget Bulletin

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PwC



Message from the Head of Tax and Fiscal Policy – PwC Rwanda

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This bulletin was prepared by PwC Rwanda as an independent public interest analysis following the FY 2026/27 National Budget speech delivered by the Honourable Minister of Finance and Economic Planning on 11 June 2026

Dear Readers,

Rwanda's FY 2026/27 budget of FRW 7,796.3 billion arrives at a moment that demands both ambition and honesty. The ambition is clear: a 12.1% spending increase, a generational airport bet, and a fiscal consolidation path that narrows the deficit from 5.7% to 3.0% over three years. The honesty must come from us.

Inflation has surged to 12.9% well beyond the Central Bank's comfort zone and far above the projections of 10.4% that underpinned the budget framework paper. The social sector's share of spending continues to shrink even as poverty persists at 16%.

The NKIA equity injection of FRW 474.2 billion is a bold, transformative investment that could redefine Rwanda's economic positioning though, like all mega-investments, its success depends on rigorous execution. And the 2031 Eurobond maturity of approximately USD 400 million while manageable given the government's existing liability management framework warrants early preparation.

We commend the government's ambition and its track record of disciplined fiscal management Rwanda's growth story over the past decade is one Africa's most compelling. But ambition must be stress-tested.

We ask whether the assumptions underpinning this budget are resilient enough, whether the balance between economic transformation and social protection is optimally calibrated, and whether the margin for error which has narrowed considerably has been adequately built into contingency planning.

A budget built on 6.8% growth, inflation returning to single digits, and flagship projects delivering on schedule is credible but all three must hold simultaneously, and prudent planning requires preparing for the possibility that they may not.

This bulletin is our independent contribution to that conversation. We encourage every reader policymaker, business leader, farmer, student to engage with these numbers critically. They belong to you.

The Big Picture: What the Minister told the Nation

FRW
7,796.3
billion

On 11 June 2026, the Honourable Yusuf Murangwa, Minister of Finance and Economic Planning, rose before Parliament and presented a budget of FRW 7,796.3 billion a 12.1% increase from last year's revised allocation of FRW 6,952.1 billion. The Minister's theme **"Deepening Regional Integration and Economic Resilience through Improved Regional Security, Domestic Revenue Mobilisation and Digital Transformation for Inclusive Growth"** was chosen jointly by all EAC Finance Ministers at a meeting held on 15 May 2026, with the objective of reinforcing measures aimed at sustaining economic recovery, mitigating the effects of the Middle East conflict, and improving the welfare of citizens.

The theme is also aligned with the Second National Strategy for Transformation (NST2).

12.1%

This budget is a plan for how the government will raise and spend money on your behalf. At roughly FRW 565,000 per citizen (based on a population of approximately 13.8 million), it determines the quality of roads you drive on, the schools your children attend, and the hospitals that serve your family. The 12.1% increase means more services and infrastructure compared to last year, while the narrowing deficit (from 5.7% to 4.8%) means the government is borrowing less relative to what it earns a sign of improving financial health

Your Budget at a Glance

Before we dive deeper, here are the headline numbers the Minister presented on 11 June 2026

Indicator	Value
Total Budget	✅ FRW 7,796.3 billion
Budget Increase from 2025/26	✅ 12.1% (from FRW 6,952.1 bn)
GDP Growth (Actual 2025)	✅ 9.4%
GDP Growth (Projected 2026)	⚠️ 6.8%
Fiscal Deficit	✅ 4.8% of GDP (down from 5.7%)
Inflation Rate (March 2026)	⚠️ 9.2%
Inflation Rate (May 2026)	⚠️ 12.9%
Inflation Rate (Projected 2026)	⚠️ Above 8%
Public Debt to GDP	73.6% (down from 74.5%)
Tax Revenue Target	✅ FRW 4,429.1 billion
Tax-to-GDP Ratio	⚠️ 15.5%
Foreign Exchange Reserves	⚠️ 4.1 months of imports
USD Exchange Rate Depreciation (2025)	✅ 4.4%

What Drives This Budget: Strategic directions and priorities

In his budget speech, the Minister identified four broad strategic directions guiding the 2026/27 budget:

- **Addressing inflation and supporting economic growth** with headline inflation reaching 12.9% in May 2026, taming rising prices is the most urgent priority.
- **Accelerating economic development and social transformation** fast-tracking infrastructure projects, agricultural modernisation, and human capital investments under NST2.
- **Addressing disasters and climate change** building resilience against weather extremes, expanding early warning systems, and investing in climate-smart agriculture.

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These strategic directions translate into five cross-cutting themes visible throughout the budget allocations:

- **Fiscal consolidation with growth:** The government is closing the gap between what it earns and what it spends the deficit shrinks from 5.7% to 4.8% of GDP while still increasing total spending by 12.1%, achieved not by cutting services but by collecting more tax revenue.
- **Infrastructure-led transformation:** NKIA, road networks, energy projects, and industrial parks form the backbone of the economic strategy, with the Minister specifically noting continued emphasis on support to RwandAir operations.
- **Financial deepening:** From the Cooperative Bank to KIFC, from EjoHeza to capital markets development, the budget supports a comprehensive financial sector modernisation agenda that underpins private sector growth.
- **Human capital investment:** Education (FRW 888.7 billion) and health (FRW 489.7 billion) together receive over FRW 1.37 trillion, recognising that sustainable growth requires a skilled, healthy workforce.
- **Climate and resilience:** Green budget tagging, climate finance mechanisms, and landscape restoration signal Rwanda's commitment to sustainable development that accounts for environmental constraints.

Rwanda's Economic Scorecard: Why we can be cautiously proud

Before understanding where the money is going, let's take stock of where Rwanda stands. The numbers are impressive but not without caveats.

Rwanda's economy grew by a remarkable **9.4%** in 2025, significantly exceeding the **7%** projection and ranking among Africa's fastest-growing countries. Growth accelerated through the year, with particularly strong momentum in the second half:

Quarter	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Full Year 2025
GDP Growth	6.5%	7.8%	11.8%	11.2%	9.4%

A **9.4%** growth rate is exceptional almost three times faster than the global average. In practical terms, this translates to more jobs created, more businesses opening, higher tax revenues, and gradually rising household incomes. The acceleration in Q3 and Q4 suggests strong momentum going into the new fiscal year though the projected slowdown to **6.8%** in 2026 means the pace of job creation and business expansion may ease somewhat.

Who powered this growth? Services dominate at **52%** of GDP, followed by Industry at **22%** and Agriculture at **20%**. The services sector's dominance marks Rwanda's shift toward a service economy but it also creates concentration risk, as COVID-19 painfully demonstrated. Meanwhile, agriculture still employs roughly 60% of the population yet contributes only 20% of output a productivity gap that explains persistent rural poverty.

How Rwanda earns from the global market

Indicator	Value (USD mn)	Change
Coffee exports	139.2	+54.1%
Minerals (3Ts: tin, tantalum, tungsten)	338.2	+46.2%
Remittances	639.8	+27.3%
Foreign Direct Investment (FDI)	609.2	+14.7%
Tourism receipts	604.5	+4.7%
Tea exports	117.5	+3.9%

Putting these numbers in perspective

Rwanda's coffee exports of USD 139.2 million are equivalent to the annual wages of approximately 46,000 workers earning the average formal sector salary. The USD 604.5 million in tourism receipts could fund the entire health budget. And here's a striking fact: the USD 639.8 million in remittances sent home by Rwandans abroad now exceeds what the government receives in foreign grants (USD 548.3 million) meaning the diaspora contributes more to the economy than traditional foreign aid.

The overall balance of payments recorded a deficit of USD 298.4 million, improved from USD 575.5 million in 2024. As the Minister noted in his speech, the trade deficit decreased by 1.9% in 2025 from USD 2.4 billion to USD 2.3 billion, but is projected to increase by 17.5% in 2026 to reach USD 2.7 billion, mainly due to increased imports related to major construction projects. Gross official reserves of 4.1 months of import cover remain within the EAC convergence criterion (minimum 4 months), though the margin of comfort is thin.

What does this mean for you? Coffee farmers: your beans are earning 54% more on international markets if you're not seeing that increase in your pocket, ask your cooperative about price-sharing agreements. Families with members abroad: remittances are now a major source of foreign exchange, larger than tourism receipts and tea combined.

The World Around Us: Why you should care about global headwinds

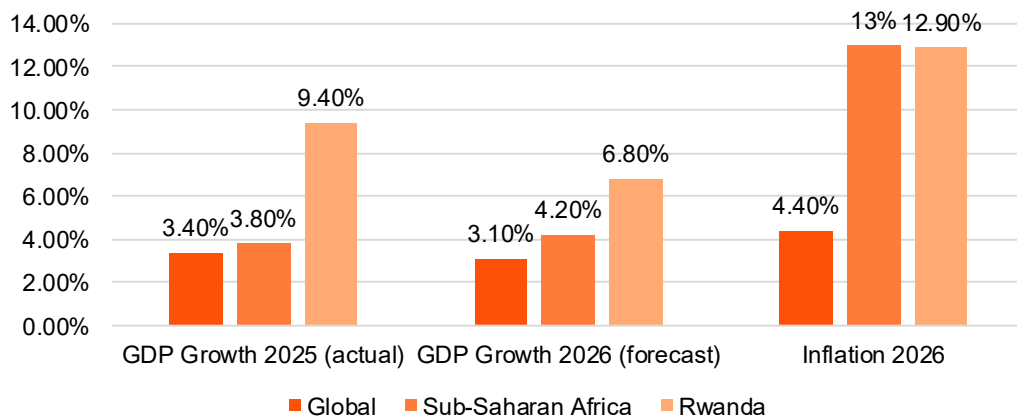
The Minister's speech acknowledged a truth that affects every Rwandan household: Rwanda does not budget in isolation. Global growth is projected to slow to 3.1% in 2026 below the two-decade average of 3.7%. Global inflation remains sticky at 4.4%, the Middle East conflict threatens energy prices, and donor countries facing their own pressures are reducing foreign aid.

What does this mean at your kitchen table? When oil prices rise due to the Middle East conflict, you feel it at the petrol station and in transport fares. Fertilizer price increases mean farmers pay more to grow food, eventually raising market prices for everyone. And when donors pull back, the government must find other ways to fund services which is exactly what this budget attempts to do.

Despite these headwinds, Rwanda maintains a stability advantage. Its diversified export base, strong institutional credibility, the EAC regional market, and its positioning as a safe destination in a turbulent region continue to attract investment and tourism.

How Rwanda compares

Indicator	Global	Sub-Saharan Africa	Rwanda
GDP Growth 2025 (actual)	3.4%	3.8%	9.4%
GDP Growth 2026 (forecast)	3.1%	4.2%	6.8%
Inflation 2026	4.4%	~13%	12.9% (May 2026)
Growth ranking	—	—	Top 5 in Africa



Rwanda stands out: it posted 9.4% growth in 2025, has kept inflation in single-to-low-double digits, maintains foreign reserves covering 4.0+ months of imports, and manages monetary policy proactively. The East African Community region is expected to grow at 5.4% in 2026, positioning the EAC among Africa's fastest-growing regions.

Conversely, Rwanda benefits from structural advantages that many peers lack: strong institutional credibility that maintains investor confidence; and a positioning as a safe, stable destination in a turbulent region. The EAC regional market offers growth opportunities less dependent on global demand cycles.

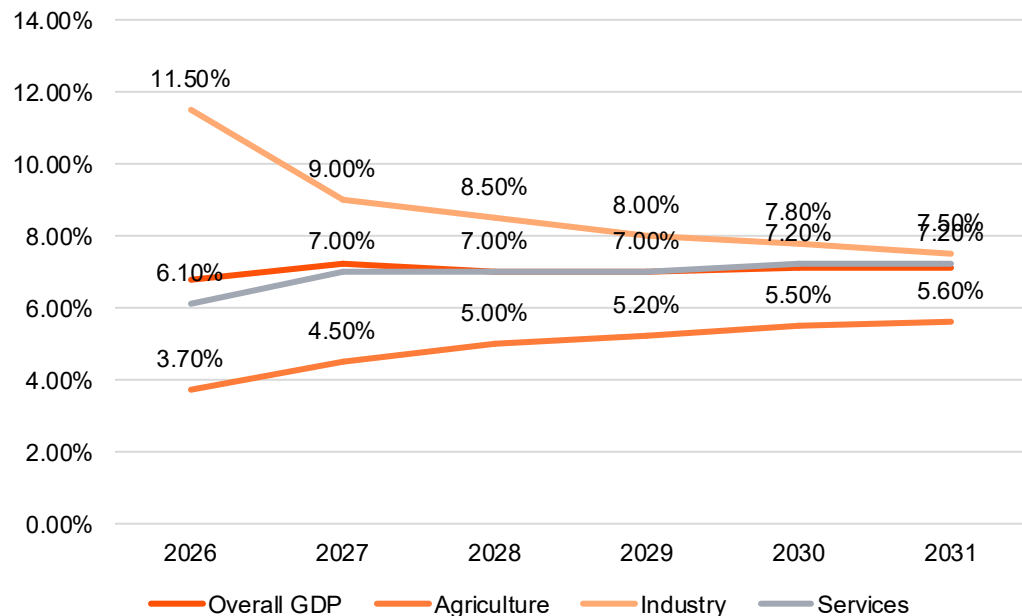
That said, the global slowdown still affects Rwanda through several channels ordinary citizens can feel:

- weaker global demand means lower prices for coffee, tea, and minerals less income for farmers and mining communities;
- more expensive international lending means the government pays more interest on new loans, leaving less for schools and hospitals; and
- donor countries under their own budget pressures have already reduced grants by 15.6% this year.

Looking Ahead: What to expect from 2026 to 2031

Rwanda's strong 2025 performance provides a solid launchpad, but the road ahead is not without turbulence. As referenced in the Minister's speech, GDP growth is projected to moderate to 6.8% in 2026, rebound to 7.2% in 2027, and stabilise at 7.0% in the medium-term.

Sector	2026	2027	2028	2029	2030	2031
Overall GDP	6.8%	7.2%	7.0%	7.0%	7.1%	7.1%
Agriculture	3.7%	4.5%	5.0%	5.2%	5.5%	5.6%
Industry	11.5%	9.0%	8.5%	8.0%	7.8%	7.5%
Services	6.1%	7.0%	7.0%	7.0%	7.2%	7.2%



- **Industry** is expected to lead at 10-12% growth (2025-2027), driven primarily by NKIA construction (15.1%) and new industrial parks.
- **Agriculture** is projected at a modest 3.7% in 2026, constrained by weather uncertainty but supported by the Gabiro Agribusiness Hub and Muvumba Dam investments.
- **Services** should grow by 6.1%, a deceleration from 9.0% in 2025, reflecting tourism capacity constraints and higher interest rates though ICT remains a bright spot with continued double-digit growth.

Don't panic about growth slowing to 6.8% this is still among the fastest in Africa. It's like a sprinter who ran a personal best (9.4%) last year settling into a still-impressive pace. The government is planning for these challenges by tightening spending and boosting tax collection.

Our view: Rwanda's consistent track record of exceeding growth projections and the government's demonstrated ability to pivot quickly when conditions change provides genuine grounds for confidence. The 6.8% target assumes inflation returns to the 2-8% range; with headline inflation at 12.9%, this assumption warrants monitoring but not alarm given Rwanda's policy agility. The government's emphasis on agriculture, youth employment, and digital transformation in the Minister's speech signals awareness that headline GDP must translate into jobs and rising household incomes across all sectors the quality of growth matters as much as the quantity.

The Trade Gap: Where the money flows

The current account deficit the gap between what Rwanda earns from the world and what it pays out is projected to widen significantly from USD 1,933.3 million in 2025 to USD 2,599.5 million in 2026. As the Minister confirmed, the main reason is increased imports related to major construction projects, particularly NKIA. Exports are projected to grow to USD 2,768.1 million, but imports will surge to USD 5,564.9 million.

Imagine Rwanda as a household: in 2025, the household earned USD 2,446 million from selling goods abroad plus USD 1,125 million from services (tourism, transport), but it spent USD 4,826 million buying goods from abroad. The gap had to be covered by borrowing, investments from abroad (FDI), or running down savings. In 2026, this gap widens further because of equipment purchases for the new airport an investment that should eventually help earn more foreign currency through increased tourism and trade.

The silver lining: foreign investors are expected to pour USD 1,007.1 million into Rwanda (nearly double the USD 609.2 million in 2025), largely for aviation and infrastructure projects. Foreign currency reserves will dip slightly to 4.0 months of import cover still meeting the regional minimum but with less cushion



The Price Squeeze: Inflation is eating your budget

Perhaps the most immediate concern flagged in the budget framework is inflation. Headline inflation hit 9.2% in March 2026 and has since accelerated sharply reaching 13.0% in April 2026 and 12.9% in May 2026, as confirmed in the Minister's budget speech. Core inflation stands at 8.0%, indicating price pressures are becoming broad-based, not just food-driven. The Minister confirmed that inflation is projected to remain above 8% during 2026 a sobering outlook for household budgets.

With inflation at 12.9% as of May 2026, if your monthly expenses were FRW 200,000 a year ago, you now need approximately FRW 225,800 for the same goods FRW 25,800 more each month. The biggest increases are in housing costs and utilities, compounded by sharp rises in the prices of petroleum products, gas, and mineral fertilisers caused by the Middle East conflict, as well as disruptions in global supply chains. The Central Bank has raised its rate from 6.5% to 7.25% to fight this a deliberate tightening designed to cool price pressures while maintaining sufficient credit for business expansion (private sector lending is still expected to grow 17.3%). The trade-off is real: controlling inflation protects your purchasing power at the market, but higher loan rates make it harder to start or expand a business.



The total money supply is projected to grow at 16.5% in 2026, slowing to 14.0% in 2027 a sign the Central Bank is gently applying the brakes. The Rwandan Franc is expected to lose about 5% of its value against the US dollar in 2026, meaning imported goods (fuel, electronics, some foods) will become slightly more expensive.

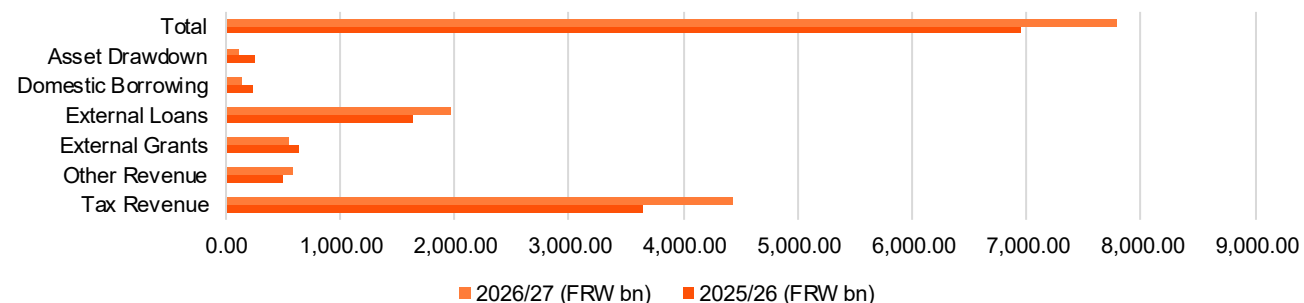
Our view: The government rightly identified inflation as its first strategic priority, and the BNR's proactive rate increase to 7.25% demonstrates institutional resolve. However, with inflation at 12.9% already exceeding the budget framework's 10.4% projection, the revenue and expenditure assumptions may benefit from recalibration. Complementary supply-side measures strategic food reserves, import diversification, and targeted support for vulnerable households would strengthen the government's hand alongside monetary tightening.

Where the Money Comes From: Rwanda paying its own way

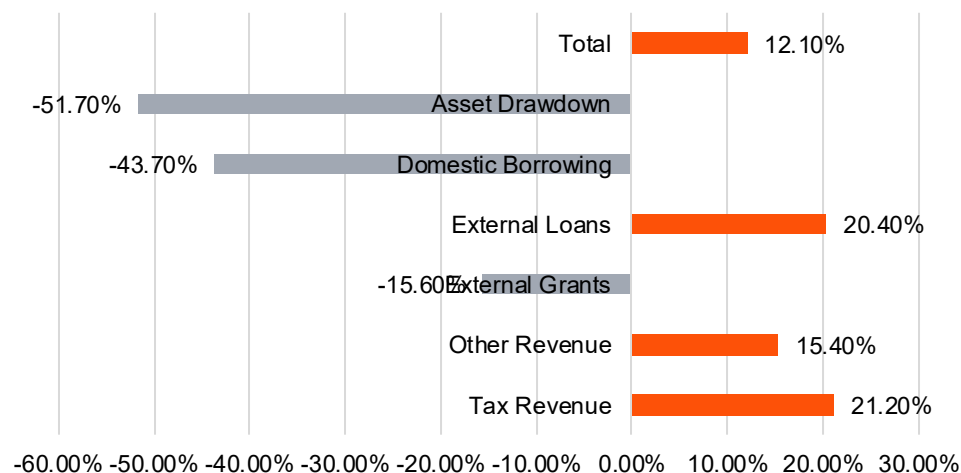
As emphasised in the Minister's speech, Rwanda is increasingly funding itself. For every FRW 100 the government spends, nearly FRW 57 comes from taxes, FRW 25 from external loans, FRW 7 from foreign grants, and the remainder from other revenues and borrowing.

The structural shift is unmistakable in the year-on-year comparison:

Source	2025/26 (FRW bn)	2026/27 (FRW bn)	Change
Tax Revenue	3,655.3	4,429.1	+21.2%
Other Revenue	504.8	582.4	+15.4%
External Grants	649.6	548.3	-15.6%
External Loans	1,639.8	1,974.1	+20.4%
Domestic Borrowing	246.6	138.8	-43.7%
Asset Drawdown	256.0	123.6	-51.7%
Total	6,952.1	7,796.3	+12.1%



Percentage Change



The tax-to-GDP ratio of 15.5%, rising to 16.1% by FY 2028/29, reflects the government's commitment to broadening the domestic revenue base as emphasised in the Minister's budget speech. At 15.5%, tax collection still trails the African average of 16-18%, suggesting meaningful room for improvement.

Where your tax Francs come from: Half of all tax revenue (50.6%) comes from taxes on goods and services mainly VAT (18%) that you pay every time you buy airtime, fuel, beer, or electronics. Income taxes (41.6%) come from salaries and business profits if you earn a formal salary, PAYE is deducted before you receive your pay. Property taxes remain tiny at just 0.3% Rwanda barely taxes land and buildings compared to other countries, though this may change.

The critical difference between grants and loans cannot be overstated: grants are free, but loans must be repaid with interest. Every franc that shifts from grants to concessional loans at 2% interest over 20 years means Rwanda pays back FRW 122 for every FRW 100 borrowed. This is precisely why growing domestic tax revenue matters it's the only sustainable source of "free" funding.

Building a Stronger Tax Base: The reform agenda

The Minister confirmed that overall domestic resources combined with externally financed loans account for 93% of the entire 2026/27 budget, with domestic revenues projected at FRW 5,273.8 billion. The ambitious 21.2% tax revenue growth target reflects the government's Medium-Term Revenue Strategy (MTRS), which focuses on several key reform areas:

Digital tax administration expanding Electronic Billing Machines (EBMs), integrating tax systems with banking data, and leveraging AI-driven risk assessment for audit targeting. If you run a business, expect more EBM enforcement and digital monitoring of transactions.

Digital economy taxation with e-payments reaching 332% of GDP, the taxation of digital transactions, platform businesses, and cross-border digital services represents a significant frontier. The government must balance its ambition to capture digital revenue with the imperative not to stifle the innovation and financial inclusion that make Rwanda's digital economy a regional standout.

Property tax reform currently contributing only FRW 13.9 billion (less than 0.3% of all taxes), property taxes have significant untapped potential. For context, many countries raise 1-3% of GDP from property taxes alone. Rwanda raising even 1% would generate over FRW 290 billion enough to fund the entire social protection budget twice over. If you own property in Kigali or other growing towns, expect assessments to increase.

International taxation strengthening transfer pricing enforcement, implementing OECD/G20 Inclusive Framework provisions, and expanding the tax treaty network.

Where the Money Goes: The Government's priorities revealed

The expenditure side of the budget reveals what the government truly values. Total spending of FRW 7,796.3 billion represents 24.2% of GDP a decrease from 25.4% in the prior year, meaning the government is spending more in absolute terms but less as a share of the growing economy

Inside the economic transformation pillar

Sub-sector	FRW bn	Key Focus Areas
Public Finance Management	3,348.4	Debt management, fiscal operations
Agriculture	352.6	Irrigation, seeds, fertilisers, post-harvest
Energy	350.2	Nyabarongo II hydro, grid expansion, off-grid solar
Transport	305.3	Roads, NKIA expressway, urban mobility
Private Sector & Youth	195.3	Industrial parks, export promotion, jobs
Environment & Climate	147.4	Wetland restoration, Muvumba Dam, climate finance
Urbanisation	145.5	Settlements, government buildings
ICT	121.7	Digital services, cybersecurity, connectivity
Financial Sector	24.2	SACCOs consolidation, capital markets

Keeping the lights on vs. building for tomorrow:

- **Recurrent expenditure (including salaries): FRW 4,785.5 billion (61%)** salaries for teachers, nurses, and civil servants; operational costs; and debt payments
- **Development expenditure (including policy lending): FRW 3,010.8 billion (39%)** roads, schools, hospitals, energy projects, and strategic investments

Domestically financed capital grew 47.6%, meaning Rwanda is increasingly building its own infrastructure with its own money rather than relying on foreign project grants.

According to the Minister's budget speech, the three pillars of national strategy receive the following allocations: Economic Transformation takes the lion's share at FRW 4,900.9 billion (62.86%), Social Transformation receives FRW 1,711.3 billion (21.95%), and Transformational Governance gets FRW 1,184.1 billion (15.19%).

Spending nearly 63% on economic growth is bold comparable countries typically spend 40-45%. The rationale is front-loading infrastructure investment, but this concentration carries risk.

Our view: The government's logic invest heavily in economic infrastructure now, reap the returns later is sound in principle and has delivered results: Rwanda's GDP per capita has more than tripled since 2000, and poverty fell from 57% to 16% over the same period. The challenge ahead is maintaining that poverty reduction momentum even as the social sector's share declines from 22% toward 17% by 2028/29. We encourage the government to consider a minimum floor for social sector allocations to ensure the most vulnerable continue to benefit from the broader transformation.

Investing in People: Education, Health, and Safety nets

01

Education

FRW 888.7 billion school construction, teacher recruitment, school feeding, TVET centres, and university study loans

02

Health

FRW 489.7 billion hospital upgrades at Muhororo, Kabgayi, Ruhengeri, and Kibagabaga; maternal health; and CBHI strengthening

03

Social protection

FRW 153.2 billion VUP cash transfers, Girinka, and safety nets for the most vulnerable

04

Water & Sanitation

FRW 138.3 billion the Kanzenze Water Treatment Plant and rural water expansion

Our view: Rwanda's social achievements near-universal health coverage through CBHI, a school feeding programme reaching millions, and VUP/Girinka programmes that have demonstrably reduced extreme poverty are among Africa's most impressive. The question is whether these gains can be sustained as the sector's share of spending declines from 22% toward 17% by 2028/29, particularly with inflation at 12.9% eroding the real value of cash transfers.

Per-student spending remains low by regional standards, and health spending falls short of the Abuja Declaration target of 15% of total budget. With young people (under 30) making up over 60% of the population, the FRW 195.3 billion for Private Sector and Youth employment including the internship and apprenticeship schemes highlighted in the Minister's speech deserves close monitoring to ensure it translates into concrete job creation.

Running the Country: Governance Allocations

The Transformational Governance pillar (FRW 1,184.1 billion per the Minister's speech) funds the institutional architecture that makes everything else work:

Sub-sector	FRW bn
Justice, Reconciliation, Law & Order	696.5
Governance & Decentralisation	318.3
Public Finance Management	111.7
Sports & Culture	9.3

Key governance investments include the 2026 Local Government elections, digital court file transformation to modernise the justice system, and the African Centre for Genocide Prevention establishing Rwanda as a global leader in genocide prevention and transitional justice.



The NKIA Gamble: Rwanda's biggest bet

The New Kigali International Airport is arguably the single most consequential fiscal decision in this budget. With FRW 474.2 billion in equity this year alone, here's the logic: Rwanda's current airport limits flights and passengers. A modern airport handling 8+ million passengers would bring more airlines, more tourists, more cargo exports, and make RwandAir competitive as a regional carrier

It is like buying a fertile land on credit

Think of it like a farmer buying a much larger plot of fertile land on credit costly upfront, but if managed well, the harvests more than repay the investment. The NKIA investment is structured as equity rather than concessional debt a deliberate choice that reflects the government's confidence in the project's long-term commercial viability and avoids adding to the concessional debt stock. Rwanda's strong track record of delivering complex projects from the Kigali Convention Centre to the ongoing Nyabarongo II hydropower plant (now at 67.4% completion) provides reasonable assurance that project governance capacity exists.



Our view

NKIA has the potential to be genuinely transformative for Rwanda's economy. We encourage the government to build on its existing transparency practices by publishing periodic progress updates including cost tracking and passenger projections so that citizens and investors can participate in the project's success story as it unfolds

Beyond NKIA: Other flagship projects shaping Rwanda's future

The budget's ambitions extend well beyond the airport. The flagship projects represent the government's biggest strategic bets:

- **Energy:** The Nyabarongo II Hydropower Plant, Arc Power expansion, and Kivu Watt methane-to-power project aim to increase Rwanda's installed generation capacity and reduce reliance on expensive thermal power.
- **Agriculture:** The Gabiro Agribusiness Hub and Strategic Grain Reserves will transform agricultural value chains through agro-processing and cold storage, while ensuring food security.
- **Transport:** The Kigali-Muhanga road (45 km) and Base-Butaro road (63 km) are critical corridors connecting economic zones and improving rural accessibility. The NKIA expressway (11.6 km) will link the new airport to Kigali city centre.
- **Industry:** Kigali Innovation City and Industrial Parks in Musanze, Muhanga, and Rwamagana are creating special economic zones to attract manufacturing FDI and promote value-added production.
- **Water:** The Muvumba Dam a multi-purpose dam supporting irrigation, water supply, and flood control in the Eastern Province.
- **Finance:** The Cooperative Bank establishment from 30 District SACCOs will consolidate microfinance infrastructure to improve financial intermediation for rural populations.
- **Social infrastructure:** G+3 multi-story school construction in Gasabo, Rubavu, and Musanze districts; hospital upgrades at Muhororo, Kabgayi, Ruhengeri, and Kibagabaga; and expanded school feeding programmes.
- **Urbanisation:** Continuation of the Nyabisindu model village construction (2,029 housing units) in Gasabo District, and resettlement support for people affected by the Nyabarongo II hydropower project across Gakenke, Rulindo, Kamonyi, Nyabihu, and Ngororero Districts.
- **Digital transformation:** Further expansion of electronic services (e-services) across key sectors including justice, agriculture, public financial management, and social protection, alongside continued implementation of the digital national identity system.
- **Youth and employment:** Coordinating the national job creation programme through youth internships and apprenticeship schemes, strengthening labour-intensive projects, and promoting professional mining activities for increased productivity and value addition.
- **Gender equality and family development:** Strengthening family development initiatives such as *Umugoroba w'Imiryango* and *Inshuti z'Umuryango*, and continuing efforts to prevent and combat gender-based violence and child abuse.
- **Governance and civic values:** Supporting Itorero programmes and civic education, strengthening the Kinyarwanda language and cultural values, and monitoring and combating genocide denial and the ideology of the 1994 Genocide against the Tutsi.

Managing Rwanda's Debt: Walking the Tightrope

**Public
debt
stands at
73.6% of
GDP**

Public debt stands at 73.6% of GDP the highest among EAC peers, but notably more concessional than Kenya's or Uganda's. The good news: 89.2% of foreign debt carries concessional terms, and the ratio is falling from 74.5% last year. The government targets 65% by 2033.

The most significant medium-term event is the 2031 Eurobond maturity approximately USD 400 million that must be repaid in one lump sum. Think of it like a large business loan where you've been paying only interest each year but must repay the entire principal at once. The government has signalled awareness of this through its active liability management strategy and preference for fixed-rate instruments sensible safeguards that position Rwanda well for early refinancing when market conditions allow.

Debt servicing already consumes FRW 1,215.1 billion for every FRW 100 the government collects, about FRW 24 goes straight to lenders, money that cannot build a classroom or equip a hospital. Medium-term projections show this rising to FRW 1,350 billion by FY 2028/29. If this ratio rises above 30%, it starts squeezing education, health, and other spending

Who does Rwanda owe

Rwanda's total public debt of approximately USD 14.1 billion (as of December 2025) is split roughly 60:40 between foreign and domestic lenders.

To put Rwanda's position in regional context: Kenya carries public debt of approximately 70% of GDP, Uganda around 50%, and Tanzania roughly 40%. Rwanda's ratio of 73.6% is the highest among its EAC peers, though its debt composition is notably more concessional (89.2%) than Kenya's or Uganda's, which carry larger shares of commercial borrowing.

The domestic debt market has developed significantly, with Treasury bond subscription rates reaching 293% meaning for every FRW 100 billion the government wanted to borrow locally, investors offered FRW 293 billion.

This is a vote of confidence in Rwanda's financial management, but there's a trade-off: heavy domestic borrowing crowds out private sector credit, which is why domestic borrowing was deliberately cut from FRW 246.6 billion to FRW 138.8 billion to make sure local banks still have money to lend for your house, your motorcycle, or your small business.



The Eurobond carries an interest rate of 5.5%, with Rwanda paying roughly USD 26.5 million annually in interest.

Our view

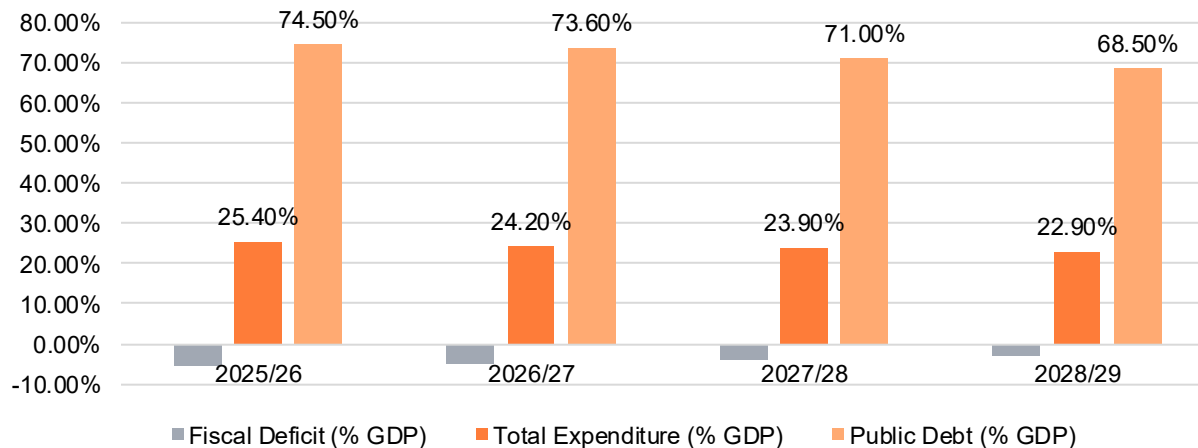
The government's proactive debt management 89.2% concessional, deliberate reduction of domestic borrowing to protect private sector credit, and a clear 65% debt-to-GDP target by 2033 reflects genuine fiscal discipline that international partners have consistently recognised. We encourage formalising the Eurobond preparation through a dedicated sinking fund, building on the existing liability management framework. The widening current account gap (USD 1.9 billion to USD 2.6 billion) is largely temporary, driven by NKIA imports that should eventually generate offsetting tourism and cargo revenues

The Fiscal Consolidation Path: Spending less, Delivering more

As the Minister outlined, the government plans to narrow the fiscal deficit from 5.7% in 2025/26 to 4.8% this year, reaching 3.0% by FY 2028/29. This consolidation is achieved through three channels: supporting domestic revenue mobilisation, implementing spending rationalisation, and continuing public financial management reforms.

Indicator	2025/26	2026/27	2027/28	2028/29
Fiscal Deficit (% GDP)	-5.7%	-4.8%	-4.1%	-3.0%
Total Expenditure (% GDP)	25.4%	24.2%	23.9%	22.9%
Public Debt (% GDP)	74.5%	73.6%	71.0%	68.5%

Fiscal Indicators



In practical terms: expect the government to be stricter about tax collection electronic billing enforcement, customs accuracy and more careful about approving new spending.

Rwanda's budget management is guided by the Organic Budget Law and Medium-Term Fiscal Framework, supplemented by practical tools: an integrated computer system for tracking every franc spent (IFMIS), programme-based budgets that link spending to measurable results, and performance contracts (imihigo) that hold officials accountable for delivery.

The government's debt strategy focuses on maximising concessional funding, preferring fixed-rate instruments, deepening the domestic bond market, and leveraging climate finance through green bonds.

Your Financial System: A quiet strength

Rwanda's financial sector tells a reassuring story. Total assets grew 23.7% to FRW 15.9 trillion, banks maintain capital buffers well above minimums (21.9% vs. 15% required), and non-performing loans fell to just 2.5%. Financial inclusion reached 96% of adults, EjoHeza has 4.75 million subscribers, and e-payments reached 332% of GDP.

A transformative development: the consolidation of 30 District SACCOs into a Cooperative Bank will pool resources into one stronger institution. Think of it as 30 small shops merging into one well-stocked supermarket: your savings become safer because the bank is bigger and better regulated; you can access larger loans for farming equipment or business expansion; you get modern banking services (mobile banking, debit cards, inter-district transfers); and interest rates on savings could improve because the bank can invest more efficiently.

The banking sector's NPL ratio declined from 4.8% in 2021 to 2.5% in 2025, reflecting improved credit risk management. Private sector credit grew 21.6% to FRW 5,275.2 billion, supporting business expansion. The insurance sector's total assets rose to FRW 1,304 billion with private insurer solvency ratios at 307% (well above the 100% minimum). Pension fund assets grew 35.3% to FRW 2,774 billion these long-term savings pools are increasingly important sources of patient capital for infrastructure and real estate development.

The Rwanda Stock Exchange posted strong performance with the Rwanda Share Index rising 14% and market capitalisation reaching FRW 3,842 billion. KIFC was ranked 3rd in Africa in the Global Financial Centers Index, with over 200 financial entities registered. Rwanda maintains its Fitch B+ sovereign credit rating with stable outlook.

Our view

Rwanda's financial sector achievements are remarkable 96% inclusion, Fitch B+ credit rating, and KIFC ranked 3rd in Africa are milestones few peers can match.

The next frontier is depth: moving from account ownership to active financial health through regular saving and responsible borrowing. With the central bank rate at 7.25%, households with variable-rate loans should plan for higher repayments.

Climate: Protecting Rwanda's greatest asset

The budget commendably integrates climate across all sectors, with 8-10% of total expenditure classified as climate-relevant. Addressing the impacts of disasters and climate change was explicitly identified in the Minister's speech as one of four strategic directions for the budget. Key investments include the Muvumba Dam for water security, landscape restoration, early warning systems, and climate-smart agriculture. The Minister also highlighted the completion of wetland rehabilitation in Kigali City, restoration of degraded forests, and acquisition of advanced weather radar systems to improve meteorological services.

For farmers especially, this matters: climate change is not abstract. It's the unpredictable rains that destroy harvests, the flooding that damages homes, and the rising temperatures affecting coffee and tea yields. Investments in drought-resistant seeds, water harvesting, and crop insurance provide a safety net against increasingly unpredictable weather.

Rwanda has developed innovative climate finance mechanisms including:

- the INTEGO Facility (channeling domestic and international resources toward climate adaptation);
- IREME Invest (de-risking private sector investments in renewable energy, e-mobility, and sustainable agriculture through blended finance); and
- the Green Exchange on RSE a dedicated platform for trading green financial instruments, positioning Kigali as a hub for sustainable finance in East Africa.

Rwanda's Updated Nationally Determined Contribution commits to reducing greenhouse gas emissions by 38% below business-as-usual by 2030, conditional on international support.



What Could Go Wrong and What Safeguards exist

Every budget rests on assumptions. The government has identified the key risks and, commendably, built mitigation strategies into the fiscal framework:

Risk	Likelihood / Impact	Government Safeguard
Geopolitical (Middle East conflict)	High / High	Energy diversification, strategic reserves
Inflation (12.9% and rising)	High / High	BNR rate hike to 7.25%, food import diversification
NKIA execution	Medium / High	Phased execution, strong project governance track record
Eurobond 2031 maturity	Medium / High	Active liability management, concessional focus
Climate shocks	High / Medium	Climate-smart agriculture, early warning systems
Current account widening	Medium / High	FDI attraction (USD 1 billion projected), export promotion

The truth will likely fall between two extremes.

Under an optimistic scenario, the Middle East conflict resolves, NKIA delivers on time, tourism rebounds, and tax reforms yield 16%+ tax-to-GDP resulting in 7%+ growth and upper-middle-income status on schedule.

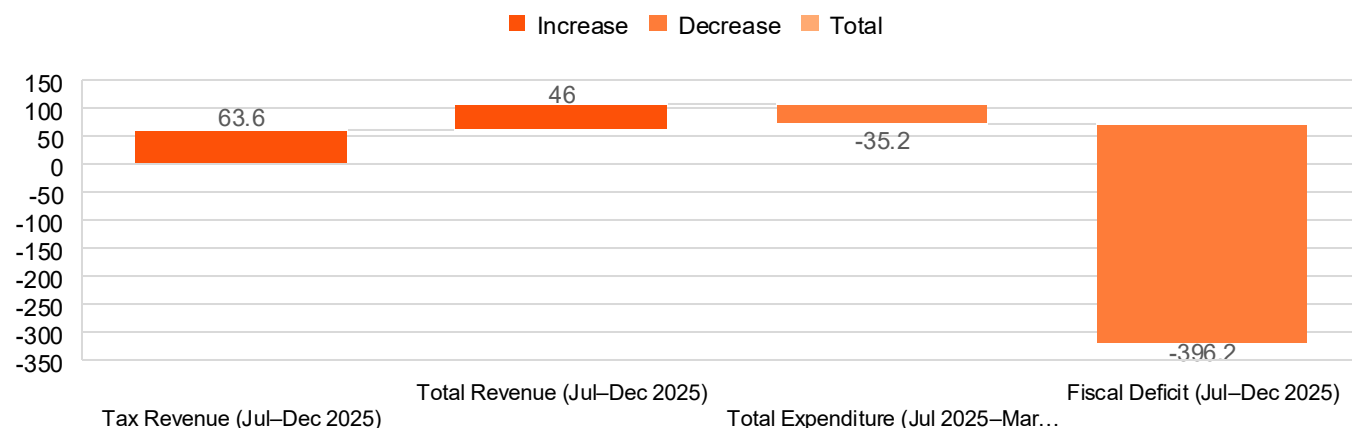
Under a pessimistic scenario, energy prices spike, projects face 15-20% overruns, and inflation remains persistently above 12% pushing growth to 4-5% and requiring difficult spending adjustments.

Rwanda's track record of pragmatic policy-making and institutional quality provides a meaningful buffer. The Minister's explicit acknowledgement of these risks in his speech and the government's commitment to monitoring developments closely and implementing appropriate mitigation measures is itself a sign of governance maturity.

Did the Government Deliver Last Year? A quick scorecard

The original FY 2025/26 budget of FRW 7,032.5 billion (approved by Parliament in June 2025) was revised downward to FRW 6,952.1 billion in February 2026

Item	Target (FRW bn)	Actual (FRW bn)	Variance	Verdict
Tax Revenue (Jul–Dec 2025)	1,789.5	1,853.1	+63.6	✅ Above target
Total Revenue (Jul–Dec 2025)	2,348.1	2,394.2	+46.0	✅ Above target
Total Expenditure (Jul 2025–Mar 2026)	4,399.3	4,364.2	-35.2	⚠️ Slightly under-spent
Fiscal Deficit (Jul–Dec 2025)	865.7	469.5	-396.2	✅ Better than planned



The picture that emerges from the execution data is broadly positive, with revenue exceeding targets but spending lagging slightly behind. In the first half (July–December 2025), tax revenue outperformed its target by FRW 63.6 billion, and total revenue exceeded targets by FRW 46 billion.

However, the government under-spent by FRW 282.3 billion in the same period and while this flatters the deficit number, it also means some planned services, projects, or payments were delayed.

For the full nine months (July 2025–March 2026), the Minister reported total expenditures of RWF 4,364.2 billion against a projected RWF 4,399.3 billion a much narrower shortfall of RWF 35.2 billion, mainly due to delays in procurement of goods and services. The Minister expressed confidence that the remaining period of the fiscal year would proceed as planned.

The Road Ahead: Our assessment

The Minister's budget, as presented on 11 June 2026, is neither timid nor reckless. It strikes a careful balance between ambitious development spending and fiscal prudence. However, the margin for error is narrow. Three conditions must hold simultaneously: tax collection must keep growing, non-essential spending must stay controlled, and flagship projects must deliver on time and on budget. If any one slips, the fiscal plan could unravel.

Critical watchpoints for the year ahead:

- **Inflation management** if inflation stays above target, real incomes erode and consolidation stalls, and the households least able to absorb price increases bear the heaviest burden
- **NKIA execution** the airport is generational, but construction megaprojects have a well-documented history of overruns, and Rwanda cannot afford to let optimism substitute for rigorous cost control



- **Debt sustainability** the 2031 Eurobond looms large, and early refinancing planning is not optional, it is essential
- **Revenue mobilisation** the government must demonstrate that widening the tax net is accompanied by visible improvements in service delivery, so that citizens see the return on their compliance

Rwanda's underlying economic fundamentals remain reasonably strong. Diversification efforts in agriculture, tourism, technology, and financial services are bearing fruit. The private sector is growing. Regional integration is deepening. These assets provide a solid foundation upon which to build, even as near-term headwinds test the nation's resilience.

What we recommend

This budget reflects a government that knows where it wants to go and has a credible plan for getting there. The challenge lies in execution under genuinely difficult conditions. Based on our analysis, we offer seven recommendations to strengthen the path ahead:

Close the inflation gap. The government rightly prioritises inflation, but the budget's underlying assumptions may need recalibrating given May 2026 data. The BNR should be prepared for additional tightening, complemented by supply-side measures strategic food reserves, import diversification rather than relying on monetary policy alone.

Protect social spending. Establish a binding minimum floor for education, health, water, and social protection as a share of total spending. The current trajectory from 22% toward 17% is unsustainable for a country where 16% of citizens live below the poverty line and inflation is eroding their purchasing power daily.

- **Get ahead of the Eurobond.** 2031 is five years away, but refinancing planning must begin now. Establish a sinking fund, explore early partial buybacks, and diversify the investor base for sovereign debt before global conditions potentially tighten further.
- **Strengthen NKIA transparency.** Build on Rwanda's strong governance track record by publishing cost benchmarks, completion timelines, and passenger traffic projections. Transparent reporting will bolster investor confidence, enable public participation in the project's success story, and demonstrate the same accountability standards that have earned Rwanda international credibility.
- **Accelerate revenue mobilisation with visible returns.** Push the tax-to-GDP ratio toward 16% through property taxes, digital economy taxation, and informal sector integration

but pair every compliance push with demonstrable improvements in public services, so citizens see the return on their taxes.

- **Scale climate resilience faster.** With agriculture employing 60% of the population and rainfall increasingly unpredictable, the current 8-10% climate-relevant spend may not be enough. Larger fiscal buffers and faster deployment of early warning systems are essential.
- **Open the books.** Publish quarterly budget execution reports in citizen-friendly formats. Strengthen the Auditor General's real-time monitoring capacity. Enable parliamentary budget committees to exercise meaningful oversight, not just ceremonial approval.



This bulletin was prepared by PwC Rwanda as an independent public interest analysis following the FY 2026/27 National Budget speech delivered by the Honourable Minister of Finance and Economic Planning on 11 June 2026

Data sources: MINECOFIN Budget Framework Paper FY 2026/27; Budget Speech on the Draft Law Establishing the State Budget for FY 2026/27 (11 June 2026); National Bank of Rwanda (BNR) Financial Stability Report 2025; IMF World Economic Outlook, April 2026; World Bank Rwanda Economic Update; National Institute of Statistics of Rwanda (NISR); EAC Secretariat reports; and other publicly available sources.

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