Strengthening corporate governance in Rwanda's state-owned companies: A critical step toward national development

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Why corporate governance reform must begin with effective boards

Rwanda has long relied on state-owned companies (SOCs) to deliver critical infrastructure, stimulate industrialization and advance social development. However, despite their strategic importance, the full potential of these enterprises remains untapped. At the heart of this challenge lies a foundational issue: corporate governance.

In response, the Government of Rwanda has recently taken significant steps to address governance shortcomings. Two key reforms signal a new era: the presidential order n° 067/01 of 28/08/2024 on state-owned companies and the introduction of a new code of corporate governance for state-owned and state-controlled companies in March 2025. These frameworks aim to instil core pillars of effective corporate governance, enhance accountability and transparency and reinforce the oversight capacity of boards of directors.

Corporate governance as a catalyst for transformation

Globally, sound corporate governance is recognised as the engine of improved institutional performance, especially in public enterprises. The World Bank and OECD have long emphasised that effective governance safeguards public assets and ensures strategic continuity.

In Rwanda, this understanding has now been translated into policy. The presidential order n° 067/01 of 28/08/2024 on state-owned companies clearly defines the responsibilities of boards, the appointment process and performance monitoring mechanisms. Coupled with introduction of a new code of corporate governance for state-owned and state-controlled companies in March 2025, these reforms aim to professionalise the leadership of SOCs.

Board performance: the litmus test of corporate governance

Boards of directors are the cornerstone of strategic oversight and accountability in any organisation. In state-owned companies (SOCs), where public resources are at stake and mandates are often tied to national development goals, the role of the board becomes even more critical. However, the only performance audit report issued by the Auditor General on effectiveness of the boards released in 2013 provides troubling insights into the state of board governance. That report, which covered 13 institutions, identified major shortcomings in strategic planning, risk management and performance evaluation. Many institutions lacked strategic plans and risk management policies and had no mechanisms for senior management performance evaluation.

In terms of legal compliance, only 62% of the audited boards had valid mandates. In addition, nearly 40% of board members were appointed without prior consultation, which often results in disengaged participation due to schedule conflicts or lack of preparation.

Moreover, most boards failed to provide induction training for new members, and none of the institutions assessed offered ongoing professional development. No performance evaluations of individual board members, board committees or boards as a whole had been conducted.

Unfortunately, the issue still lingers. The Auditor General's report for the year ended June 2023 found that 12 entities either lacked functioning boards or could not convene meetings due to lack of quorum. This trend threatens the performance of these institutions.

However, the new reforms seek to reverse this trend. The new code of corporate governance for state-owned and state-controlled companies mandates annual evaluations of board performance as well as structured induction for new members to address the very gaps identified in corporate governance of state-owned companies.

Boards that adhere to the new code will bring professional competence, independence and strategic thinking qualities previously undermined by insufficient oversight.

Reimagining Rwanda's SOCs through governance

As Rwanda charts its course toward Vision 2050, unlocking the value of SOCs is imperative. These enterprises can no longer afford to operate under outdated governance structures. The reforms being introduced reflect a deeper recognition by the state that public enterprises are only as strong as their governance frameworks.

These reforms are not merely technical. They are transformational. By enforcing compliance with the presidential order n° 067/01 of 28/08/2024 on state-owned companies and the new code of corporate governance for state-owned and state-controlled companies, Rwanda is sending a powerful message that performance, accountability and integrity are non-negotiable in its journey to 2050.

A call to action

The effectiveness of boards in SOCs is no longer just an institutional concern. It is a national imperative. Policymakers, regulators and appointing authorities must now walk the talk and ensure full implementation of the governance code, monitor board performance and treat board appointments as strategic decisions.

Corporate governance reform is not a one-off event but a continuous journey. With robust, accountable and capable boards in place, Rwanda's state-owned companies can become the engines of inclusive and sustainable growth driving the nation steadily toward its Vision 2050 goals.

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