RWANDA

Population[1] million **14.6**	Poverty[2] millions living on less than \$3.00/day **5.4**
Life expectancy at birth[3] years **67.8**	School enrollment[4] primary (% gross) **149.6**
GDP[5] current US\$, billion **16.7**	GDP per capita[6] current US\$ **1143.2**

Sources: WDI, MFMod, and official data. 1/ 2025. 2/ 2023 (2021 PPPs). 3/ 2023. 4/ 2024. 5/ 2025. 6/ 2025.

Economic growth remained robust in 2025, driven by trade, transport, and construction activities. Inflation remained within its target range, but pressures are amounting following recent tax measures. Significant risks persist, including the potential decline in external financing and climate-related shocks. Poverty reduction is expected to be considerable in the short term if recent trends are sustained.

Key conditions and challenges

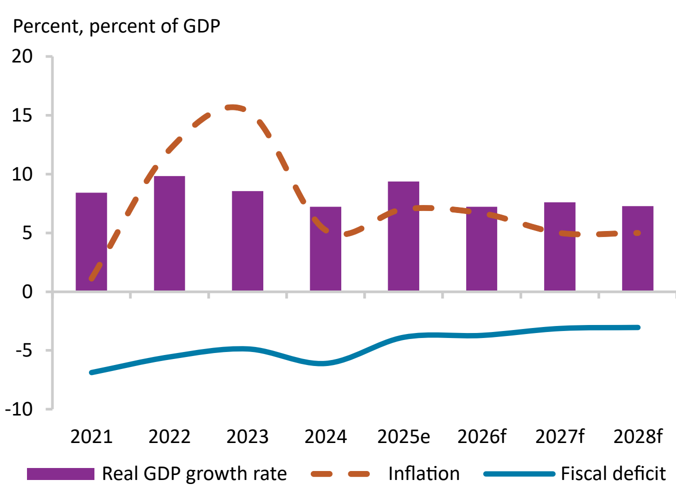
Rwanda has achieved strong development gains over the past two decades, with average GDP growth above 7 percent and the share of the population living in poverty by national standards falling from an imputed 39.8 percent in 2016 to 27.4 percent in 2023, reflecting sustained public investment and effective governance. As Rwanda enters a new phase, sustaining inclusive growth requires a shift toward private sector-led development and the creation of quality jobs, alongside stronger resilience to climate and external shocks. However, private sector job creation remains limited. Economic activity is concentrated in low-value added sectors dominated by microenterprises, with few firms scaling up, leaving youth and women particularly affected. Growth prospects are further constrained by climate change, environmental degradation, and uncertainty in external financing. Rwanda's reliance on climate-sensitive sectors and unplanned urbanization heightens vulnerability, with climate related GDP losses projected at 5–7 percent by 2050.

Recent developments

Growth remained strong in 2025, at 9.4 percent, after averaging 8.5 percent in 2022–2024. Growth was supported by the services, mainly in trade and transport, which generated about 40 percent of new jobs. Driven by construction activities, industrial growth was also strong. Agriculture saw a solid growth of 7.4 percent, a year after subdued growth due to unfavorable weather conditions. On the expenditure side, GDP growth was fueled by a resurgence in investment, coupled with steady household consumption.

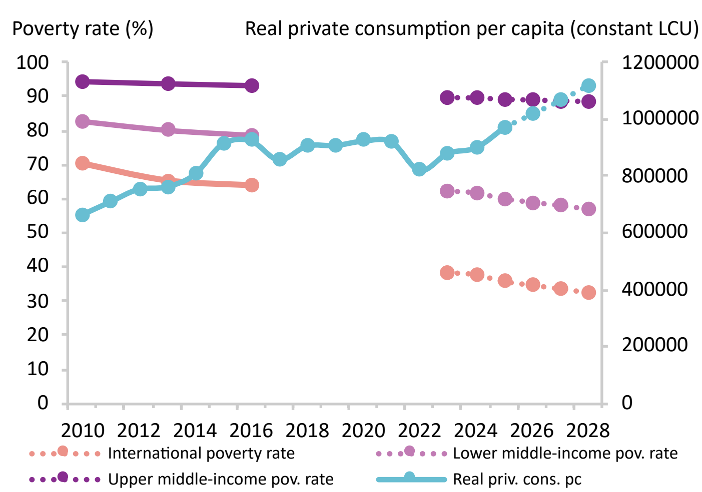
The current account deficit (CAD) is estimated at about 11.7 percent of GDP in 2025, reflecting modest import growth. Tourism receipts and remittance inflows remained strong, while official transfers dropped by about 1 percent of GDP. Increases in merchandise exports were driven by coffee exports benefiting from both higher prices and production volumes, and non-traditional and minerals exports benefiting from higher prices. The CAD was mostly funded through foreign direct investment (FDI) and external borrowing, mostly by the government, but there has also been a reduction in foreign reserves.

FIGURE 1 / Real GDP growth, headline inflation, and fiscal deficit



Sources: National Institute of Statistics of Rwanda, and National Bank of Rwanda.

FIGURE 2 / Actual and projected poverty rates and real private consumption per capita



Source: World Bank. Notes: See footnotes in table on the next page.

In February 2026, inflation reached 9.2 percent, above the upper bound of the 2–8 percent target. This reflects increases in regulated prices such as electricity tariffs and health services, and new indirect taxes since July 2025, especially the new fuel levies. To contain inflation pressures, the policy rate was raised by cumulative 75 basis points since August 2025 to 7.25 percent in February 2026. The Rwandan franc depreciated by 5.3 percent y/y in 2025, a slower pace than the 9.4 percent depreciation recorded previously.

Fiscal deficit narrowed in FY25, as the government advanced its consolidation agenda. Tax revenue remained almost unchanged as percent of GDP while grants declined by 1 percent of GDP offset by a 2.7 percentage points reduction in public expenditure, mainly through reductions in capital spending (-0.6 percent in domestically financed and -0.7 percent in foreign-financed capital), as well as lower spending on goods and services (-1.3 percent of GDP). The deficit was mostly financed through external concessional borrowing. Public and publicly guaranteed debt is estimated at about 72.5 percent by end-2025.

Outlook

Growth is projected to remain above 7 percent in 2026–28, driven by robust investment, including the construction of the New Kigali International Airport and strong momentum in services. The CAD is projected to widen in 2026 due to imports required for the airport construction and will be covered through strong FDI inflows and government borrowing. Inflation is expected to temporarily remain closer to the upper band of its 2–8 percent target due to the pass-through of recently implemented regulated prices adjustments and tax measures.

The fiscal deficit is projected to narrow gradually over 2026–28 due to a mix of revenue efforts (value-added tax on mobile phones, increases in fuel levy, gaming taxes, excise tax hikes, and improved customs controls) and expenditure rationalization and addressing fiscal risks, including by containing current expenditure and reprioritization of investments, enhancing state-owned enterprise oversight and governance, and advancing the privatization agenda to mitigate contingency risks. Public debt is expected to peak at around 78 percent of GDP in 2027 before gradually declining over the medium term. The international poverty rate is projected to fall to 32.7 percent by 2028.

Outlook faces downside risks. Tighter external financing conditions, including heightened uncertainty around concessional financing, and underperformance in domestic resource mobilization are the main risks to Rwanda’s fiscal sustainability. Advancing fiscal consolidation and supporting external competitiveness with real effective exchange rate adjustment are essential for mitigating these risks. Building resilience to weather and climate shocks, alongside investing a robust social safety net to protect the most vulnerable are essential for ensuring sustainable and inclusive growth. Additionally, the ongoing conflict in the Middle East could exert considerable pressure on balance of payments and contribute to rising inflation, primarily through increased fuel and fertilizer costs. Higher oil prices could also contribute to increased poverty and food insecurity.

Recent history and projections	2023	2024	2025e	2026f	2027f	2028f
Real GDP growth, at constant market prices	8.6	7.2	9.4	7.2	7.6	7.3
Private consumption	9.8	4.4	10.3	7.0	7.0	7.2
Government consumption	0.8	17.8	1.5	5.8	6.8	11.4
Gross fixed capital investment	15.5	2.6	9.3	10.5	7.7	4.4
Exports, goods and services	20.4	22.4	-15.5	10.6	8.6	7.9
Imports, goods and services	25.8	5.1	-9.0	10.8	6.6	6.6
Real GDP growth, at constant factor prices	9.3	7.2	8.9	7.2	7.6	7.3
Agriculture	4.9	3.2	7.4	5.5	5.2	5.1
Industry	8.5	7.5	11.2	9.2	8.6	8.8
Services	11.6	8.7	8.5	7.1	8.1	7.4
Employment rate (% of working-age population, 15 years+)	55.8	55.9	55.9	55.9	55.9	55.9
Inflation (consumer price index)	15.4	5.2	7.0	6.7	5.0	5.0
Current account balance (% of GDP)	-10.8	-11.1	-10.5	-11.5	-10.2	-8.6
Net foreign direct investment inflow (% of GDP)	3.1	3.5	3.6	6.2	6.3	4.7
Fiscal balance (% of GDP)	-4.9	-6.2	-3.9	-3.7	-3.1	-3.1
Revenues (% of GDP)	21.3	20.4	20.2	20.7	20.7	20.7
Debt (% of GDP)	70.0	73.8	72.4	77.0	78.4	78.0
Primary balance (% of GDP)	-2.8	-3.9	-1.6	-1.4	-0.9	-1.0
International poverty rate ($3.00 in 2021 PPP)[1,2]	38.6	38.0	36.0	34.9	33.8	32.7
Lower middle-income poverty rate ($4.20 in 2021 PPP)[1,2]	62.2	61.7	60.0	59.0	58.0	57.0
Upper middle-income poverty rate ($8.30 in 2021 PPP)[1,2]	89.8	89.7	89.2	88.9	88.6	88.3
GHG emissions growth (mtCO2e)	1.5	3.2	3.4	3.9	4.7	4.5

Source: World Bank, Fiscal Policy & Growth Department. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast. Data in annual percent change unless indicated otherwise.
1/ Calculations based on 2010-EICV-III, 2016-EICV-V, and 2023-EICV7. Actual data: 2023. Nowcast: 2024-2025. Forecasts are from 2026 to 2028.
2/ Projection using average elasticity (2010-2016) with pass-through = 0.5 based on private consumption per capita in constant LCU.