



ANNUAL ECONOMIC BRIEF 2025

Rwanda's Macroeconomic Performance and Structural Transformation

9.4%
GDP growth

Summary

Rwanda's economy delivered a strong and broad-based performance in 2025, with growth accelerating across the year and remaining robust in the final quarter. Real GDP expanded by 6.5% in Q1, 7.8% in Q2, 11.8% in Q3, and 11.2% in Q4, resulting in an annual growth rate of 9.4%. This sustained momentum reflects strong domestic demand, continued public investment, and improving sectoral productivity, positioning Rwanda among the fastest-growing economies in Sub-Saharan Africa.

Growth remained services-led, with the sector contributing over half of GDP in Q4 (51%), supported by strong performance in trade, ICT, transport, and professional services. Industry emerged as a major driver in the second half of the year, with Q4 growth reaching 16%, driven by construction, manufacturing, and a strong rebound in mining. Agriculture also strengthened, growing by 8% in Q4, supported by export crops and improved seasonal performance, contributing to food supply stability.

Macroeconomic stability was maintained, with inflation remaining within the target band, while growth remained largely driven by domestic demand. However, external pressures persisted, including declining exports in Q4 and continued reliance on import-intensive investment. Sustaining this growth trajectory will require accelerated export diversification, strengthen private-sector competitiveness, and continue structural reforms under NST2 and Vision 2050.

Key Insights



- **Strong full-year growth:** GDP growth reached **9.4% in 2025**, reflecting sustained economic momentum across all four quarters and reinforcing Rwanda's position among the fastest-growing economies in the region.



- **Broad-based Q4 performance:** Growth remained robust at **11.2% in Q4**, indicating resilience across key sectors and suggesting that the growth momentum is not short-term but structurally supported.



- **Services dominance:** The services sector accounted for **51% of GDP in Q4**, driven by strong expansion in **ICT (+20%)**, **trade (+15%)**, and **transport (+13%)**, highlighting Rwanda's ongoing structural transformation toward a service-led economy.



- **Industrial acceleration:** Industry recorded strong growth of **16% in Q4**, supported by significant gains in **mining (+44%)**, **construction (+17%)**, and **manufacturing (+11%)**, reflecting increased investment activity and rising productive capacity.



- **Agricultural recovery:** Agriculture expanded by **8% in Q4**, underpinned by a sharp increase in **export crops (+42%)** and improved food production, signaling recovery from previous climate-related constraints.



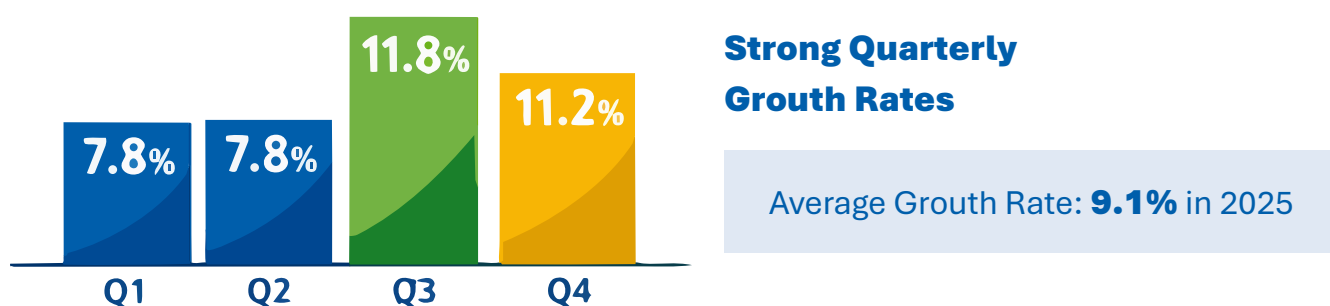
- **Demand-driven growth:** Economic expansion continues to be driven primarily by **household consumption and investment**, although weakening exports in Q4 suggest emerging imbalances in the growth model.



- **External vulnerability:** The **-24% decline in exports in Q4** underscores persistent external sector risks, particularly export concentration and sensitivity to global demand and commodity price fluctuations.

1. Introduction

Rwanda recorded strong and accelerating economic growth throughout 2025, with a clear sequential strengthening across quarters. Growth remained solid at 7.8% year-on-year in both Q1 and Q2, before rising sharply to 11.8% in Q3, signaling a step-change in economic momentum driven by broad-based expansion across agriculture, industry, and services, particularly in construction, manufacturing, trade, and export-oriented agriculture. This upward trajectory continued into Q4, where growth remained high at 11.2%, confirming that the surge observed in Q3 was sustained rather than temporary. In nominal terms, GDP increased to RWF 5,525 billion in Q3 2025 from RWF 4,659 billion in Q3 2024, reflecting both real expansion and price effects. Overall, the sequential quarterly improvements translated into an average growth rate of about 9.1% over Q1–Q4 and a full-year growth of 9.4%, positioning Rwanda among the fastest-growing economies in Sub-Saharan Africa. This consistent and broad-based performance reflects strong domestic demand, continued public investment, and effective implementation of NST2 (2024–2029), aligned with Vision 2050 objectives for sustained economic transformation and productivity growth.



Growth was primarily propelled by strong activity in the services sector, particularly in tourism, transport, Information and Communication Technology (ICT), and financial services, while industry posted notable gains driven by construction, manufacturing, and expansion in energy and industrial parks. After a modest performance in Q1 due to erratic rainfall patterns, agriculture rebounded significantly in Q2, supported by improved season B harvests, productivity-enhancing input distribution, and weather stabilization measures.¹ This sectoral dynamic highlights improving structural resilience, though continued climate risks remain a concern.

The inflation environment remained broadly stable, staying within the National Bank of Rwanda's (BNR) medium-term target range of 2–8%. However, headline inflation averaged close to 7%, driven primarily by imported food inflation, the pass-through effects of elevated global fuel prices, and transport-related cost pressures.² Core inflation remained subdued, indicating that domestic demand pressures were contained despite stronger growth and ongoing fiscal support measures.

On the external front, the trade deficit widened, reflecting Rwanda's heavy reliance on import-intensive infrastructure projects, rising capital-goods imports, and sustained domestic demand for intermediate goods. Meanwhile, export receipts softened slightly, following an exceptionally strong performance in 2024, particularly in minerals, tea, coffee, and emerging high-value horticultural products. The moderation in global commodity prices and reduced mineral export volumes contributed to the temporary slowdown.³

Despite these economic downturns, Rwanda's overall macroeconomic outlook for 2025 remains favorable, supported by solid domestic activity, strong public-investment stimulus, and improving investor sentiment. However, structural vulnerabilities persist, including exposure to global commodity price volatility, a widening current account deficit, cost-push inflation risks, and the economy's continued dependence on government-led investment to drive growth. Addressing these constraints will be essential for sustaining high growth in line with AfDB and World Bank projections for Rwanda, targeting upper-middle-income status by 2035.

¹ NISR. *Seasonal Agricultural Survey 2025 (Season A & B)*. Kigali, 2025.

² National Bank of Rwanda (BNR). *Monetary Policy and Financial Stability Statement, June 2025*. Kigali, 2025.

³ MINECOFIN. *External Sector Performance Report, Mid-Year 2025*. Kigali, 2025.

Forward looking, sustaining growth rates above 7% in the medium term⁴⁵ will require broad-based productivity gains, deeper integration of the private sector into national value chains, and accelerated diversification of exports into knowledge-intensive services, high-value manufacturing, and digital economy opportunities. This includes strengthening enterprise capabilities, enhancing innovation ecosystems, improving logistics and trade facilitation, and reducing structural bottlenecks in agriculture and energy. With coordinated reforms, Rwanda remains well-positioned to maintain its upward trajectory toward the Vision 2050 transformation pathway.

2. Macroeconomic Context

2.1 Global and Regional Setting

The global economic environment in 2025 remains characterized by moderated growth momentum, reflecting the lingering effects of tight monetary conditions, persistent geopolitical tensions, and subdued global trade flows. The International Monetary Fund (IMF) projects global output growth at approximately 3.1%, broadly unchanged from 2024, as advanced economies adjust to higher-for-longer interest rates while emerging markets navigate currency pressures, rising debt vulnerabilities, and supply-chain realignments.⁶ Global inflation is easing but remains above pre-pandemic averages, particularly in food and energy, constraining real incomes and slowing investment recovery across developing regions. Heightened geopolitical frictions, including disruptions in global shipping routes and volatility in commodity markets, continue to introduce uncertainty into trade and investment patterns.

Against this backdrop, Sub-Saharan Africa (SSA) is expected to grow at 3.5–3.8% in 2025, driven by improved agricultural output, stable service-sector recovery, and selective industrial expansions in fast-growing economies.⁷ However, growth remains highly uneven across the region, with several countries constrained by fiscal pressures, high debt-service costs, and climate-related shocks. In contrast, high performers, including Rwanda (7.8%), Côte d’Ivoire, Tanzania, and Ethiopia, continue to outperform the regional average, supported by strong domestic demand, public investment in productive sectors, and targeted reforms to attract private capital. Rwanda’s performance firmly positions it among the top five fastest-growing economies in SSA for 2025⁸.



Global Growth: **3.1%**
(IMF Projection)



Tight Monetary Conditions &
Geopolitical Tensions



Global Growth: **3.1%**
(IMF Projection)

4 [African Development Bank \(AfDB\). East Africa Economic Outlook 2025. Abidjan, 2025](#)

5 [World Bank. Rwanda Economic Update, 2025.](#)

6 [International Monetary Fund \(IMF\). World Economic Outlook Update, January 2025. Washington, D.C., 2025.](#)

7 [African Development Bank \(AfDB\). African Economic Outlook 2025. Abidjan, 2025.](#)

8 [African Development Bank \(AfDB\). African Economic Outlook 2025. Abidjan, 2025.](#)

Within the East African Community (EAC), economic activity has strengthened overall, underpinned by a robust rebound in services, particularly tourism, transport, ICT, and trade and improved industrial production driven by construction, manufacturing, and energy investments.⁹ Despite these gains, inflationary pressures remain uneven across EAC economies, largely due to currency depreciation, imported energy costs, and rising transport expenses following global fuel price fluctuations. Countries such as Kenya and Uganda have experienced elevated inflation and tighter liquidity conditions compared to Rwanda.

In this regional context, Rwanda stands out for its relatively stable inflation profile, predictable monetary policy stance, and prudent macroeconomic management. The National Bank of Rwanda (BNR) has maintained a measured tightening path that has successfully anchored inflation within the target band while supporting credit expansion to productive sectors.¹⁰ This policy stability, combined with Rwanda's transparent regulatory environment and sustained public-investment drive, continues to bolster investor confidence, attract regional capital flows, and enhance Rwanda's competitiveness within the EAC bloc.

2.2 Domestic Macroeconomic Position

Rwanda's domestic macroeconomic position in 2025 remains firmly aligned with the long-term aspirations articulated under Vision 2050, which sets an ambitious trajectory toward upper-middle-income status by 2035 and high-income status by 2050¹¹. The macroeconomic framework continues to prioritize economic transformation, driven by structural reforms, modernization of infrastructure, accelerated digitalization, and diversification of both the export base and sources of productive employment. These priorities are operationalized through the National Strategy for Transformation II (NST2, 2024–2029), which emphasizes productivity upgrading, human capital development, private-sector dynamism, and enhanced economic competitiveness.¹²

Domestic demand remains the dominant engine of growth in 2025, reflecting strong fiscal stimulus, rising consumption, and expanding private investment. The government's Financial year 2025/26 national budget, totaling Frw 7,032.5 billion, represents a significant 21% year-on-year increase in public expenditure, underscoring the continued use of countercyclical fiscal measures to catalyze recovery, crowd in private investment, and unlock growth multipliers across key sectors.¹³ Major ongoing infrastructure projects including Bugesera International Airport, nationwide transmission and distribution lines, and extensive upgrades to urban and secondary city road networks, continue to stimulate construction activity, enhance logistics efficiency, and improve long-term connectivity to regional markets.



Vision 2025 Goals
upper-middle Income
Status by 2035



**National Strategy
for Transformation II
(NST2)**



**Economic Reforms &
Diversification**

⁹ East African Community (EAC Secretariat). *Regional Economic Performance Report 2025*. Arusha, 2025.

¹⁰ National Bank of Rwanda (BNR). *Monetary Policy and Financial Stability Statement, June 2025*. Kigali, 2025.

¹¹ Government of Rwanda. *Vision 2050*. Kigali, 2020.

¹² Ministry of Finance and Economic Planning (MINECOFIN). *National Strategy for Transformation II (NST2 2024–2029)*. Kigali, 2024.

¹³ MINECOFIN. *Budget Speech for FY 2025/26*. Kigali, 2025.

Private-sector investment has also strengthened, particularly in manufacturing, ICT, real estate, and green energy. Manufacturing expansion is supported by the Kigali Special Economic Zone (KSEZ) and emerging industrial parks, while the digitalization agenda has spurred growth in fintech, digital trade, and enterprise digital solutions.¹⁴ Credit to the private sector continues to rise, supported by accommodative monetary policy, improved liquidity conditions, and targeted interventions to ease SME financing constraints.

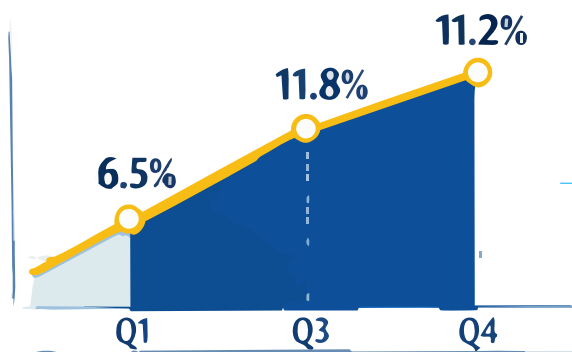
Household consumption has also improved on account of income recovery, especially in services and urban employment alongside expanded access to credit and rising remittances from the diaspora. This has further reinforced domestic demand as a key pillar of economic expansion. However, external demand remains subdued, with global trade volumes moderating due to sluggish growth in major export markets, commodity price adjustments, and geopolitical disruptions affecting shipping routes. As a result, growth in Rwanda’s traditional exports such as minerals, tea, and coffee has decelerated compared to the strong performance recorded in 2024.¹⁵

This imbalance highlights Rwanda’s continued reliance on domestic activity for near-term growth and underscores the urgency of transitioning toward an export-driven, competitiveness-oriented economic model capable of sustaining high growth rates through diversification into higher-value agriculture, manufacturing, and digital services. While Rwanda’s domestic fundamentals remain strong, the macroeconomic environment reinforces the need to deepen private-sector competitiveness, expand export capacity, enhance productivity, and accelerate regional and global market integration to sustain the Vision 2050 transformation path.

3. Output and Growth Dynamics

3.1 Overview

Rwanda’s economic performance remained strong throughout 2025, with growth accelerating from 6.5% in Q1 to 11.8% in Q3, and remaining high at 11.2% in Q4, resulting in an annual growth rate of 9.4%. In nominal terms, GDP reached Frw 6,788 billion in Q4 2025, up from Frw 5,780 billion in Q4 2024, reflecting both real growth and price effects. At the Sectoral level, services accounted for 51% of GDP, followed by agriculture (22%) and industry (21%), indicating a continued shift toward a service-led economy. The strong Q4 performance confirms that growth was sustained across all sectors, with industry and services playing an increasingly prominent role in driving structural transformation.



Frw 6,788 Billion
GDP in Q4 2025

Frw 6,788 Billion
GDP in Q4 2025

¹⁴ Rwanda Development Board (RDB). *Annual Report 2024 sustaining growth, towards transformation*. Kigali, 2024.

¹⁵ MINECOFIN. *External Trade Performance Report, Mid-Year 2025*. Kigali, 2025.

The services sector, accounting for roughly 46–50 percent of GDP, remains the dominant pillar of Rwanda’s economy. Its strong performance is underpinned by continued expansion in trade, transport, information and communication technology (ICT), tourism and hospitality, as well as financial services. In particular, the rapid growth of modern services, especially ICT and fintech, reflects sustained digitalization, increasing adoption of digital platforms, and the emergence of more knowledge-intensive activities. These trends are central to Rwanda’s long-term competitiveness, supporting productivity gains, higher-value employment, and the gradual transition toward a service- and innovation-driven economy.

The industrial sector, contributing approximately 21–23 percent of GDP, has continued to expand steadily, driven by large-scale construction projects such as Bugesera International Airport, rising manufacturing activity within the Kigali Special Economic Zone (KSEZ) and emerging industrial parks, and sustained investment in energy and urban infrastructure. The growing share of industry in GDP reflects gradual diversification into light manufacturing, agri-processing, construction materials, and selected export-oriented industries. This expansion signals strengthening domestic production capacity and deeper industrial linkages, which are critical for reducing import dependence and supporting structural transformation.

Agriculture, which accounts for around 23–24 percent of GDP, remains a cornerstone of Rwanda’s economy and livelihoods, even as its relative share continues to decline gradually. This shift reflects productivity improvements and the broader reallocation of economic activity toward industry and services rather than a weakening of the sector itself. After a modest performance in Q1 due to weather variability, agricultural output strengthened notably during Season B in Q2, improving food availability and helping to ease food-inflation pressures. These developments underscore agriculture’s continued importance for food security, inflation stability, and rural incomes, alongside the ongoing need for climate-resilient investments.

Net product taxes, contributing about 6–7 percent of GDP, have remained stable, mirroring the expansion of overall economic activity and improvements in tax administration. Rising domestic consumption, combined with enhanced compliance and digitalization of tax systems, has supported steady growth in tax revenues. This stability reflects both a broadening economic base and the strengthening of public finance management, reinforcing the link between growth, formalization, and fiscal capacity. The evolving structure of the economy points to gradual diversification away from low-productivity primary agriculture toward higher-productivity services and value-added industry. It also strengthens Rwanda’s prospects for transitioning to an export-driven growth model, with increasing emphasis on manufactured goods, digital services, and high-value agricultural products.

3.2 Demand-Side Composition

Rwanda’s growth in 2025 was largely driven by strong domestic demand, supported by rising consumption and sustained investment. Household consumption increased by 18%, while gross capital formation rose by 22%, reflecting robust private spending and continued investment momentum. Government consumption also expanded by about 9% in the first three quarters, aligned with NST2 priorities to strengthen human capital, expand social protection, and improve service delivery. Increased public spending in sectors such as education, health, and agriculture further reinforced aggregate demand through multiplier effects, particularly in urban and peri-urban areas.

Investment remained a central pillar of growth, with gross capital formation averaging around 27% of GDP, underpinned by both public and private sector activity. Public investment focused on strategic infrastructure, including transport networks, energy systems, airport development, and irrigation, aimed at easing structural bottlenecks and enhancing long-term competitiveness. At the same time, private investment expanded in construction, manufacturing, ICT, and real estate, supported by improvements in the business environment and rising domestic demand.

On the external side, performance was mixed across the year. In the first three quarters, exports of goods and services grew by about 16%, driven by tourism recovery, services exports, and strong performance in tea, coffee, and selected manufactured goods, while imports increased modestly by around 4%. In Q4, exports declined sharply by 24% and imports fell by 5%, reflecting weaker external demand and persistent structural imbalances. Government consumption also declined by 15% in Q4, indicating fiscal adjustment toward year-end. Overall, the demand-side dynamics underscore the central role of domestic demand in driving growth, while highlighting the need to strengthen export competitiveness, deepen private investment, and reduce reliance on imports to sustain momentum.

4. Sectoral Performance



4.1 Agriculture

Agriculture remains central to Rwanda's economy and rural livelihoods, employing over 60% of the workforce and serving as the primary income source for most households. However, despite its importance, the sector's contribution to overall GDP growth has remained relatively modest, constrained by low productivity, limited commercialization, and persistent climate-related vulnerabilities affecting seasonal output.

In 2025, agricultural performance improved progressively across quarters, reflecting both recovery and the impact of ongoing policy interventions. Growth was subdued at 2% in Q1 due to erratic rainfall and localized crop losses, before strengthening to 8% in Q2, supported by favorable weather conditions and a sharp increase in export crops (+42%). Momentum continued in Q3, with growth accelerating to 10%, driven by strong performance in export crops (+35%), livestock (+6%), and fishing (+34%), alongside moderate food crop growth. This upward trend was sustained in Q4, where agriculture expanded by 8%, contributing 2.0 percentage points to overall GDP growth, underpinned by export crops (+42%) and improved food production (+4%). The sequential improvement highlights the positive effects of NST2-aligned investments in irrigation, input distribution, and extension services.

With improvements, agriculture continues to face structural challenges. Mechanization levels remain low, especially among smallholder farmers; post-harvest losses are estimated at 15–20%, undermining food security and farmer incomes¹⁶. In addition, fragmented market linkages for perishable and high-value crops limit commercialization and value addition, underscoring the need for sustained reforms to enhance resilience, productivity, and market integration in the sector.

4.2 Industry



Industrial activity strengthened significantly throughout 2025, with a clear acceleration across quarters, underscoring its growing role in Rwanda's structural transformation. Growth increased from 9% in Q1 and 7% in Q2 to 17% in Q3, before remaining strong at 16% in Q4, contributing 3.4 percentage points to overall GDP growth. This sustained expansion reflects broad-based performance across construction, manufacturing, and mining, driven by rising domestic demand, public investment, and expanding industrial capacity.

Manufacturing performance was particularly robust, supported by Rwanda's ongoing urbanization and infrastructure development agenda. Key subsectors recorded strong gains, including metals and machinery (19–22%), non-metallic minerals (21–23%), and chemicals, reflecting increased demand for

¹⁶ Rwanda Agriculture and Animal Resources Development Board (RAB). *Post-Harvest Loss Assessment Report 2024*. Kigali, 2024.

construction inputs and growing domestic production capabilities. In Q3 alone, manufacturing grew by 14%, driven by non-metallic minerals (+44%), metal products (+28%), chemicals (+25%), and food processing (+12%), highlighting both import substitution and strengthening industrial linkages. These trends point to the emergence of more dynamic SME clusters and improved capacity within industrial parks.

Momentum was sustained into Q4, with industry expanding by 16%, led by a surge in mining and quarrying (+44%), alongside continued strength in construction (+17%) and manufacturing (+11%). The strong performance of mining reflects both favorable commodity dynamics and increased extraction activity, while construction continues to benefit from large-scale infrastructure investments. Overall, the sector's consistent and broad-based growth confirms its increasing contribution to domestic production, value addition, and Rwanda's transition toward a more industrialized economy.

Growth in chemicals, rubber, and plastics ranged between 15–24%, driven by strong demand for packaging materials, plastics, paints, and basic industrial chemicals, signaling deeper integration of manufacturing into domestic value chains. In contrast, food processing expanded at a more modest pace (2–10%), constrained by elevated input costs and ongoing supply-chain pressures. Still, value addition in dairy, beverages, milling, and processed foods remained stable, underscoring the subsector's resilience and its strategic role in supporting both food security and agro-industrial transformation.

The construction sector expanded by 13% in Q1, moderated to 5% in Q2, and then accelerated sharply to 20% in Q3 2025, before easing slightly but remaining strong at 17% in Q4. This sustained performance reflects continued momentum in large-scale public and private investments, including Bugesera International Airport, urban road upgrades, housing developments, and expansion of energy transmission and distribution infrastructure.

The mining sector contracted in Q1 2025 due to lower global mineral prices and supply-chain disruptions, but rebounded in Q2 (+12%) and strengthened further in Q3 (+14%). This recovery accelerated significantly in Q4, with mining and quarrying surging by 44%, reflecting both improved global conditions and increased extraction activity, and reinforcing its contribution to overall industrial growth.

4.3 Services



The services sector remained the dominant engine of Rwanda's economic activity throughout 2025, sustaining strong and broad-based growth across quarters. After expanding by 9% in both Q1 and Q2, services growth increased to 10% in Q3, contributing 5.5 percentage points to overall GDP growth. This performance was driven by strong gains in wholesale and retail trade (+20%), ICT (+17%), financial services (+10%), and transport (+9%), reflecting robust domestic demand and continued digital and market expansion,

although declines were recorded in hotels and restaurants (–3%) and health services (–16%)¹⁷. In Q4 2025, services growth moderated slightly to 8% but remained a major contributor, adding 3.9 percentage points to overall GDP growth. The sector continued to be led by ICT (+20%), professional services (+19%), trade (+15%), and transport (+13%), underscoring its central role in driving economic activity¹⁸. However, performance remained uneven, with contractions in hospitality (–1%), public administration (–10%), and health services (–40%) highlighting underlying sectoral disparities. Overall, the services sector continues to anchor Rwanda's growth, reflecting its increasing importance in the country's structural transformation toward a service-led economy.

¹⁷ National Institute of Statistics of Rwanda (2026). *Gross Domestic Product 2025 Annual report*.

¹⁸ National Institute of Statistics of Rwanda (2026). *Gross Domestic Product 2025 Annual report*

The continued dynamism of ICT stands out as a transformative driver of Rwanda’s structural shift toward a knowledge-based economy. The sector’s rapid growth reflects the impact of the Digital Transformation Strategy (2020–2030), investments in Kigali Innovation City, and the expansion of the FinTech ecosystem, including initiatives such as UNDP’s timbuktoo, which are strengthening startup activity, digital payments, and innovation capacity across the region.¹⁹

4.4 Structural Interpretation

The first three quarters of 2025 reinforces Rwanda’s ongoing transition toward a service-led, knowledge-driven economic structure, underpinned by strong performance in ICT, trade, financial services, and professional activities. This shift reflects deliberate policy choices under Vision 2050 and NST2, which prioritize innovation, digital transformation, human capital development, and the expansion of high-value service industries. The growing prominence of ICT and financial services, together contributing significantly to GDP growth, signals the emergence of a modern economic base capable of supporting productivity gains, job creation, and competitiveness in regional and global markets.

Further, the economy is exhibiting deepening industrial linkages, with manufacturing diversification into metals, machinery, non-metallic minerals, and chemicals indicating early success in import substitution and value addition strategies.²⁰ These developments suggest strengthening domestic supply chains, particularly for construction materials, consumer goods, and agro-processing. The strong rebound in agriculture in Q2 highlights the critical role of climate-resilient investments, including irrigation expansion, improved input systems, and climate-smart technologies, which are essential for stabilizing food systems and sustaining broad-based growth.³ All these dynamics highlight a maturing economic structure, one increasingly driven by modern services, supported by expanding industrial capacity, and anchored in more resilient and productive agriculture.

5. Prices, Monetary Policy and Exchange Rate Dynamics

5.1 Inflation Trends

Inflationary pressures remained moderate but persistent during the first half of 2025, with headline inflation averaging 6.5–7.0% between January and June. This level reflects the combined effects of global price adjustments, higher import costs, and seasonal food supply fluctuations. Food inflation reached 8–9%, driven by early-season crop shortfalls and elevated import dependence for selected staples, while restaurant and hospitality prices rose by nearly 18% by June, reflecting higher operational costs, fuel-related transport disruptions, and increased demand from tourism and urban consumption.²¹ The pressure on services inflation also intensified, particularly in transport and accommodation, mirroring trends observed across the East African region.



Rising Import Costs



Food Supply Fluctuations



Higher Fuel Prices

¹⁹ Government of Rwanda. *Digital Transformation Strategy 2020–2030*. Kigali, 2020

²⁰ Rwanda Development Board (RDB). *Annual Report 2024 sustaining growth, towards transformation*. Kigali, 2024.

²¹ NISR. *Consumer Price Index Report, January–June 2025*. Kigali, 2025.

Underlying the inflationary uptick were three key drivers: (i) imported fuel and food prices, amplified by global commodity market volatility and mild currency depreciation; (ii) seasonal variations in domestic food supply, which kept food inflation elevated in Q1 before easing slightly in Q2; and (iii) rising service-sector costs, especially in transport, hotels, and restaurants. Despite these pressures, inflation remained within the National Bank of Rwanda's (NBR) medium-term target band of 2–8%, supported by prudent monetary policy, exchange-rate adjustment, and improved domestic food production following strong Season B harvests.²² NBR projects an average annual inflation rate of 6.5% for 2025, indicating a broadly stable outlook, though risks related to imported inflation, climate variability, and global supply-chain disruptions persist.

5.2 Monetary Policy

Monetary policy remained broadly supportive of macroeconomic stability during the first three quarters of 2025, with the National Bank of Rwanda (NBR) maintaining the Central Bank Rate (CBR) at 6.5%. This stance reflects a careful balancing act, containing inflationary pressures, especially from imported food and fuel, while avoiding excessive tightening that could slow credit expansion to productive sectors. The NBR's approach has been anchored in its medium-term inflation target of 2–8%, a framework designed to ensure predictability and market confidence.

To reinforce financial sector stability and support private-sector investment, the NBR continued to operate liquidity-support facilities, particularly targeting banks that extend credit to export-oriented firms, manufacturers, and SMEs, sectors critical to Rwanda's structural transformation.²³ As a result, real interest rates remained positive, signaling strong monetary credibility and anchoring inflation expectations. Credit to the private sector continued to grow steadily, with notable allocations to construction, manufacturing, trade finance, and emerging ICT ventures. Meanwhile, the quality of the loan portfolio improved, with non-performing loans (NPLs) stabilizing below 6%, indicating strengthening financial resilience and prudent risk management across the banking sector.²⁴ These measures have supported robust economic activity while safeguarding macroeconomic stability.

5.3 Exchange Rate and External Prices

The Rwandan franc (RWF) experienced a moderate depreciation of approximately 3% against the US dollar by mid-2025, reflecting broad global currency realignments driven by a stronger US dollar, tighter global financial conditions, and reduced portfolio flows to emerging and frontier markets.²⁵ The depreciation remained within expected parameters and did not trigger destabilizing pressures, owing to Rwanda's prudent monetary policy, effective liquidity management, and minimal exposure to volatile short-term capital flows.

External-sector resilience was further supported by adequate foreign-exchange reserves, which stood at roughly 4.7 months of import cover as of March 2025, within the comfort threshold recommended for small open economies.²⁶ While the reserve position remains sufficient to cushion short-term external shocks, it shows the importance of sustained reserve accumulation in the face of rising import-intensive public investment, higher global energy costs, and continued currency volatility in key trading partners. Strengthening export diversification, expanding service exports (ICT, tourism), and enhancing mining value chains will be central to maintaining external stability in the medium term.

²² National Bank of Rwanda (NBR). *Monetary Policy and Financial Stability Statement, June 2025*. Kigali, 2025.

²³ NBR. *MPC Press Release – February 2025*. Kigali, 2025.

²⁴ National Bank of Rwanda (NBR). *Monetary Policy and Financial Stability Statement, May 2025*. Kigali, 2025.

²⁵ National Bank of Rwanda (NBR). *Monetary Policy and Financial Stability Statement, June 2025*. Kigali, 2025.

²⁶ Ministry of Finance and Economic Planning (MINECOFIN). *Economic Update, 2025*.

5.4 Policy Implications

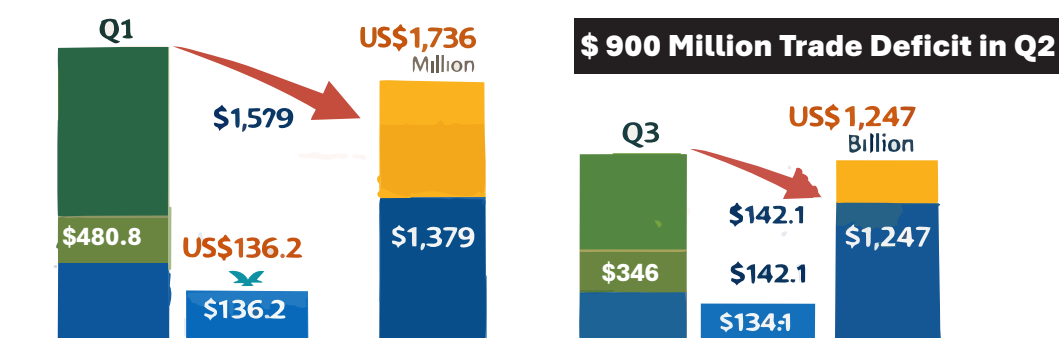
Inflation management will remain a central priority in the second half of 2025, particularly given the persistence of external price pressures and exchange-rate sensitivities across the region. A policy mix combining a tight but non-restrictive monetary stance with targeted liquidity support, especially for export-oriented and SME financing, remains appropriate for maintaining price stability without undermining growth dynamics. Over the medium-term, the National Bank of Rwanda (NBR) will need to balance vigilance against imported inflation with the objective of sustaining credit flows to productive sectors, which continue to be critical for manufacturing expansion, construction activity, and service-sector dynamism.

Beyond monetary policy, deeper structural measures will be necessary to mitigate medium-term inflation risks. Strengthening domestic food supply chains, through improved storage, aggregation centers, irrigation expansion, and market linkages, will help reduce seasonal volatility and exposure to global food prices. Promoting renewable and locally generated energy, particularly solar and hydro investments, can also alleviate reliance on imported fuel, which remains a significant driver of transport and production costs. These structural interventions will support overall macroeconomic stability, enhance resilience to external shocks, and reinforce the foundations for sustained, inclusive growth.

6. External Sector Performance

6.1 Trade Trends

Rwanda's external trade position weakened in the first three quarters of 2025, reflecting softer global demand and sustained import requirements associated with major infrastructure projects. Total formal external trade declined from US\$1.995 billion in Q1 to US\$1.736 billion in Q2 2025, driven by a sharper contraction in exports relative to imports. Domestic exports fell from US\$480.8 million to US\$346 million, largely due to lower global mineral prices and weaker demand in key markets. Imports, although moderating, ranged from US\$1.379 billion to US\$1.247 billion, remained high owing to machinery, construction materials, cement, fuels, and other capital-intensive goods supporting public and private investment. Re-exports remained relatively stable, averaging US\$135–142 million, supported by Rwanda's logistics and warehousing activities.



Major Export Products



Gold



Tea



Coffee



Cassiterite

The resulting trade deficit expanded to approximately US\$900 million in Q2, highlighting Rwanda's continued reliance on import-intensive growth. Major export items during the period included gold, tea, coffee, and cassiterite, which together account for the largest share of merchandise export earnings. Non-traditional exports, such as horticulture (Avocado, Chilli, and Fresh vegetables), garments, and essential oils, recorded gradual growth, though not sufficient to offset declines in minerals. External demand conditions remained subdued, particularly in Europe and the Middle East, reflecting slower economic activity, geopolitical tensions, and tighter financial conditions globally. Strengthening export diversification and enhancing competitiveness remain critical to narrowing the trade gap over the medium term.

6.2 Services and Tourism

Tourism remains a cornerstone of Rwanda's services-led growth, though performance in early 2025 showed a mild slowdown compared to the exceptionally strong rebound experienced in 2024. Tourism receipts, which exceeded US\$600 million in 2024, softened slightly in Q1–Q2 2025 as global travel patterns normalized following the post-pandemic surge and as households in key markets adjusted spending in response to persistent global inflation.²⁷ Despite this moderation, Rwanda's strategic investments in conservation, premium ecotourism, and high-end hospitality continue to anchor the sector's competitiveness.

Crucially, the MICE subsector (Meetings, Incentives, Conferences, and Exhibitions) remains a strong driver of foreign exchange earnings. Rwanda maintained its position among Africa's top conference destinations, supported by the Kigali Convention Centre, modern hotel infrastructure, and targeted promotional efforts by the Rwanda Convention Bureau. High-profile continental and global events hosted in Kigali, help offset the slowdown in leisure tourism, underscoring the resilience and diversification of Rwanda's tourism portfolio. Continued expansion of regional air connectivity and investments in service quality are expected to strengthen sector performance in the second half of the year.

6.3 External Debt and Financing

External borrowing represents roughly one-third of the FY 2025/26 national budget, reflecting continued investment in infrastructure, energy, agriculture, and human capital systems.²⁸ The IMF's Debt Sustainability Analysis (2025) maintains Rwanda at a moderate risk of debt distress, with strong repayment capacity supported by stable economic growth and prudent debt management practices. However, as infrastructure spending increases, maintaining long-term sustainability will require careful balancing of concessional borrowing with alternative financing instruments. The expansion of blended finance, climate-linked funding, and potential issuance of green bonds offers viable pathways to mobilize capital while preserving debt sustainability.²⁹



²⁷ Rwanda Development Board (RDB). *Annual Performance Report 2024*. Kigali, 2025

²⁸ MINECOFIN. *Budget Framework Paper FY 2025/26*. Kigali, 2025

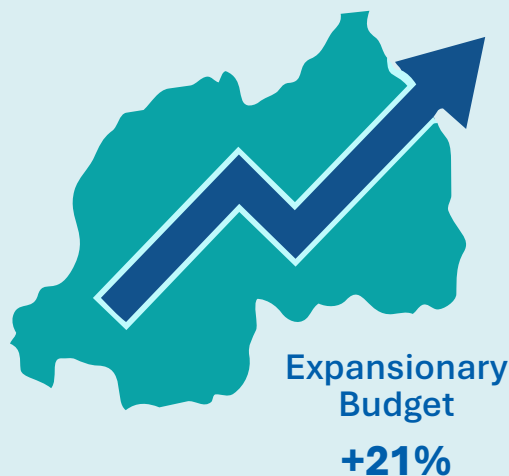
²⁹ IMF. *Rwanda Debt Sustainability Analysis, 2025*. Washington, D.C., 2025.

7. Fiscal Policy and Domestic Demand

7.1 Fiscal Stance

Rwanda's FY 2025/26 budget, amounting to **Frw 7,032.5 billion**, represents a **21%** increase over the previous fiscal year, one of the most expansionary fiscal packages in the past five years.³⁰ The budget composition of **62%** recurrent spending and **38%** capital expenditure reflects the government's sustained commitment to public investment in priority sectors, including infrastructure, energy, human capital, agriculture, and digital transformation. This spending pattern aligns with NST2 objectives to accelerate structural transformation, enhance productivity, and expand economic opportunities.

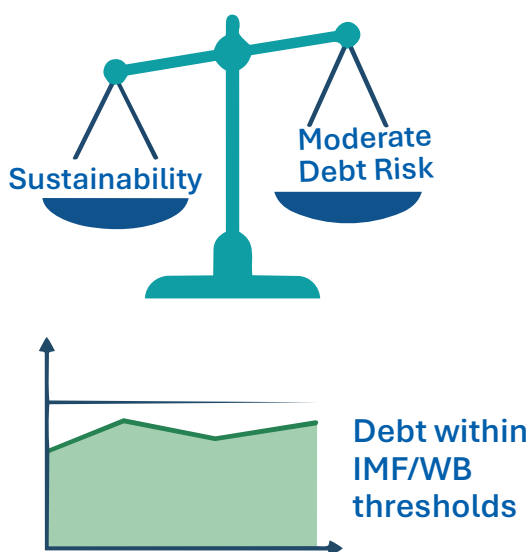
Key Focus Areas: Infrastructure, Energy, Human Capital, Agriculture, Digital Transformation



Revenue performance has remained strong, supported by ongoing tax reforms, digitalization of revenue collection, and improved compliance through platforms such as E-Tax and E-Procurement. Domestic revenue mobilization, accounting for approximately 58% of the national

budget continues to strengthen fiscal resilience, even amid higher public investment needs.³¹ Despite rising expenditures, Rwanda maintains a credible medium-term fiscal consolidation path, supported by prudent fiscal management, improved revenue administration, and gradual reduction of exceptional COVID-19-era spending. Continued mobilization of domestic resources, efficiency gains in public financial management, and expansion of the tax base remains important to sustaining fiscal stability as development spending intensifies.

7.2 Fiscal Risks and Sustainability



Rwanda's public debt, estimated at approximately 68% of GDP at end-2024, remains sustainable and within the thresholds set under the joint IMF–World Bank Debt Sustainability Framework (DSF).³² The country continues to be assessed as facing a moderate risk of debt distress, supported by a strong track record of macroeconomic management, disciplined fiscal consolidation efforts, and predictable budget support from development partners. However, the rising share of external borrowing, financing nearly one-third of the FY 2025/26 budget, introduces heightened exposure to foreign-exchange shocks, especially in an environment of global monetary tightening and a stronger US dollar.³³

³⁰ Ministry of Finance and Economic Planning (MINECOFIN). *Budget Speech for FY 2025/26*. Kigali, 2025.

³¹ MINECOFIN. *Budget Framework Paper 2025/26*. Kigali, 2024.

³² IMF & World Bank. *Rwanda: Joint Debt Sustainability Analysis, 2024*. Washington, D.C., 2024.

³³ Ministry of Finance and Economic Planning (MINECOFIN). *Budget Framework Paper FY 2025/26*. Kigali, 2025.

As infrastructure investments continue to expand, fiscal vigilance will be essential. Strengthening fiscal buffers, improving the efficiency of public spending, and prioritizing high-return, growth-enhancing projects will help safeguard long-term sustainability. Improvements and continued efforts in domestic revenue mobilization, including digital tax systems and broadening the tax base, are also critical for reducing reliance on external financing. Looking forward, diversifying financing instruments, such as blended finance models, public-private partnerships, and potential sovereign green bonds, could offer more sustainable avenues for development financing while mitigating debt-accumulation pressures.

8. Risks and Uncertainties

8.1 Domestic Risks

Rwanda's 2025 performance highlights strong growth but also underscores persistent domestic risks that could affect the sustainability of this momentum going forward. Agricultural volatility remains the most significant structural risk, as climate-related shocks, including irregular rainfall, floods, and dry spells, continue to affect seasonal output. Despite the sector's recovery during the year, its high dependence on weather conditions leaves rural incomes, food security, and inflation vulnerable to future disruptions.

Inflationary pressures also remain a concern, particularly in urban areas where food, transport, and housing costs are sensitive to import prices and supply-chain dynamics. Rising rental and transport costs, especially in Kigali continue to put pressure on household purchasing power. In addition, execution risks in large public investment projects persist. Delays related to procurement processes, financing constraints, or implementation capacity could limit the expected multiplier effects of infrastructure spending, thereby moderating industrial growth, private-sector crowd-in, and overall economic expansion.

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Agricultural Volatility



Urban Inflationary Pressures



Public Investment Execution Risks

8.2 External Risks



Commodity Price Volatility



Regional Instability

Rwanda's external position in 2025 remained exposed to global and regional shocks, despite strong domestic growth. Commodity price volatility and geopolitical tensions continue to pose risks to the external sector, particularly through fluctuations in oil prices and demand for key exports such as minerals, tea, and coffee. The sharp decline in exports observed in Q4 highlights the economy's sensitivity to external demand conditions, with implications for the trade balance, exchange rate stability, and inflation.

Regional instability, particularly in the Democratic Republic of Congo (DRC), also presents ongoing risks. Disruptions to cross-border trade corridors, increased logistics costs, and reduced demand in regional markets could affect Rwanda's export performance and broader economic activity. Furthermore, tightening global financial conditions remain a key concern. Higher global interest rates and reduced access to concessional financing could increase borrowing costs, constrain fiscal space, and heighten debt-servicing pressures. As Rwanda continues to

finance large-scale infrastructure investments under NST2 and Vision 2050, managing these external risks will be critical to preserving macroeconomic stability and sustaining long-term growth.

8.3 Risk Mitigation



a) **Strengthening climate-resilient agriculture and storage systems:** Building resilience in agriculture is essential to reduce vulnerability to climate shocks, which continue to affect food supply, inflation, and rural incomes. Priority measures include expanding irrigation coverage, scaling up drought-tolerant and high-yield seed varieties, enhancing soil-fertility management, and investing in early-warning systems for weather and crop conditions. Improved post-harvest handling, through modern storage facilities, aggregation centers, and cold-chain systems, will reduce losses, stabilize food availability, and moderate price volatility, particularly in urban markets.



b) **Accelerating regional value chains under the AfCFTA:** Deepening regional integration through the African Continental Free Trade Area (AfCFTA) can help diversify markets, reduce over-reliance on a few export destinations, and strengthen Rwanda's manufacturing and agro-processing base. Fast-tracking standards harmonization, logistics improvements, cross-border payments, and coordinated industrial clusters (e.g., in textiles, agro-processing, and pharmaceuticals) will enable Rwanda to integrate more effectively into East African and continental value chains. This will also help cushion the economy from global commodity-price fluctuations and external demand shocks.



c) **Expanding domestic capital markets to reduce external dependence:** Developing deeper and more liquid domestic capital markets will help mobilize long-term financing for infrastructure, SMEs, and green investments while reducing reliance on external borrowing. Key priorities include strengthening government bond markets, promoting corporate bonds, expanding pension-fund participation, and accelerating digital financial-market platforms. Advancing blended-finance instruments, green bonds, and diaspora investment vehicles can also broaden the investor base and improve resilience against external financing constraints.

9. Policy Implications and Strategic Recommendations

The full-year performance of 2025 underscores both Rwanda's macroeconomic resilience and the importance of sustaining structural reforms to maintain high and inclusive growth. The following policy implications and recommendations are intended to guide decision-makers in strengthening macroeconomic stability, accelerating structural transformation, and enhancing long-term competitiveness.

- **Monetary-fiscal coordination:** Maintaining a tight but flexible monetary stance remains essential to anchoring inflation expectations, particularly in the context of global commodity volatility. At the same time, fiscal policy should continue prioritizing high-productivity public investments, such as energy, transport, irrigation, and digital infrastructure, that crowd in private-sector finance. Closer coordination between the National Bank of Rwanda (NBR) and the Ministry of Finance and Economic Planning (MINECOFIN) will help ensure that liquidity management, interest-rate policy, and public expenditure reinforce rather than offset one another.



- **Export diversification:** Rwanda must accelerate the shift from reliance on a narrow set of exports, gold, tea, coffee, and a few minerals, toward next-generation export sectors. This includes agro-processing, light manufacturing, ICT-enabled services, and creative and cultural industries, which have strong potential for value addition, job creation, and resilience against global shocks. Targeted incentives, export-readiness programs, and trade facilitation reforms will be essential to scale these sectors.



- **Agriculture modernization:** Given agriculture's central role in employment, poverty reduction, and inflation stability, modernization efforts should intensify. Priority areas include scaling irrigation infrastructure, expanding input finance through the Agriculture Finance Facility (AFF), and strengthening cooperative-based value chains. These measures will improve yields, stabilize food supply, and protect rural incomes from climate-related volatility.



- **Industrial competitiveness:** Improving the competitiveness of Rwanda's manufacturing and industrial sectors requires reducing logistics, energy, and transport costs, which remain higher than regional benchmarks. Leveraging Special Economic Zones (SEZs), enforcing local content policies, and supporting SME upgrading can stimulate domestic supply chains and deepen value addition. Strategic investment in industrial innovation and technology adoption should be encouraged.



- **Inclusive human capital development:** To fully capitalize on demographic dividends, Rwanda must strengthen TVET systems, expand digital literacy, and scale entrepreneurship support for youth and women. Aligning skills development with market demands, especially in ICT, agribusiness, construction, and manufacturing, will enable Rwanda to supply the skilled workforce needed for emerging high-productivity sectors.



- **Debt and external management:** While debt distress risk remains moderate, vigilance is warranted as external borrowing increases. Rwanda should enhance fiscal transparency, prioritize high-return public investments, and diversify financing toward concessional climate finance, green bonds, and blended finance instruments. Strengthening foreign-exchange reserves remains critical to mitigating external shocks and maintaining macroeconomic confidence.



- **Digital and financial inclusion:** Expanding the digital economy and improving access to finance are essential for unlocking MSME growth. Priority actions include scaling fintech solutions such as mobile-based credit scoring, digital payment platforms, and SME financing tools. These innovations will broaden financial access, deepen financial inclusion, and improve credit allocation to high-potential enterprises across the country.

10. Conclusion

Rwanda's economic performance in 2025 reflects strong, sustained, and broad-based growth, underpinned by resilience, structural transformation, and coherent policy implementation. Growth remained robust at 7.8% in both Q1 and Q2 before accelerating in the second half of the year, culminating in full-year GDP growth of 9.4%. This performance highlights the strength of domestic fundamentals, anchored in robust public investment, rising private-sector activity, and expanding services and industrial output, within the strategic framework of NST2 and Vision 2050.

Sectoral dynamics confirm Rwanda's continued transition toward a more diversified and modern economy. Services remained the dominant driver, supported by strong performance in trade, ICT, financial services, and transport, while industry accelerated through manufacturing expansion, construction activity, and a rebound in mining. Agriculture showed signs of recovery, particularly from Q2 onward, driven by improved weather conditions and increased use of inputs, though productivity constraints and climate vulnerabilities persist. Together, these trends point to strengthening linkages across sectors and gradual movement toward higher value-added production.

On the demand side, growth was largely driven by domestic consumption and investment, reflecting rising household incomes, continued public spending, and strong capital formation. However, external sector performance remained uneven, with export growth in the first three quarters offset by a sharp contraction in Q4, highlighting ongoing vulnerabilities related to export concentration and global demand conditions. While inflation remained broadly contained and macroeconomic management stable, these external pressures contributed to a widening trade deficit and underscore the importance of strengthening external resilience.

Looking ahead, sustaining high and inclusive growth will require accelerated export diversification, deeper private-sector development, and continued investment in productivity-enhancing sectors. Priorities include advancing digital transformation, modernizing agriculture, strengthening industrial competitiveness, and leveraging regional integration opportunities under the AfCFTA. At the same time, prudent fiscal management, strengthened external buffers, and innovative financing approaches, such as blended finance and green instruments will be critical to maintaining macroeconomic stability while supporting Rwanda's long-term development ambitions under NST2 and Vision 2050.

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