

In a briefing to Parliament on Thursday, Rwanda's Finance Minister, Yusuf Murangwa, presented a mixed economic outlook for the country.

The Finance Minister said that the economy is projected to expand at a robust 7.1% in the 2025/26 fiscal year; this represents a slowdown compared to the previous year. Notably, Murangwa did not provide a specific reason for the expected slowdown in growth.

Rwanda's economy is driven primarily by the following sectors: Agriculture accounts for around 30% of Rwanda's GDP and employs over 70% of the population. Key agricultural exports include coffee, tea, and horticulture products.

Tourism is a major driver of economic growth, contributing around 8-10% of GDP. Rwanda is known for its mountain gorilla trekking, safari experiences, and business/conference tourism. Additionally, the manufacturing sector has been growing in importance, now making up around 15% of GDP. Some of the key industries include food processing, construction materials, and textiles.

Other significant sectors include mining, financial services, and ICT. The government has made diversifying the economy and boosting private sector investment key priorities in its development plans.

Murangwa stated that government spending is expected to rise by around 20% in 2025/26, reaching 7.03 trillion Rwandan francs (approximately \$5.01 billion). This increased expenditure will be funded through a combination of domestic revenues (4.11 trillion francs), loans (2.15 trillion francs), and external grants (585.2 billion francs).

However, the government's ambitious spending plans come with significant financial risks. The International Monetary Fund (IMF) has warned that Rwanda's debt-to-GDP ratio is projected to surge from 64% in 2024 to 86.3% by 2026. This sharp increase is largely attributed to the country's investment in large-scale infrastructure projects, such as the construction of the Bugesera International Airport.

Experts have also said that these investments are expected to generate long-term economic benefits; they also come with short-term financial challenges.