Rwanda has reduced its 2025/26 national budget by Rwf80.4 billion after securing cheaper financing for the construction of the new Kigali International Airport in Bugesera, Finance and Economic Planning Minister Yusuf Murangwa told lawmakers.

The revised budget drops from Rwf7,032.5 billion to Rwf6,952.1 billion, according to a draft amendment presented Thursday before the Chamber of Deputies. Lawmakers approved the bill for further scrutiny by the parliamentary budget committee before a final vote.

Murangwa said the adjustment largely reflects improved borrowing terms for the airport's second phase. Earlier financing plans had included nearly $400 million in commercial loans as a contingency measure under what he described as a "worst-case scenario." Commercial borrowing typically carries higher interest rates.

Subsequent negotiations with development partners — particularly the World Bank — resulted in a 95% guarantee for the airport project, enabling Rwanda to access financing at significantly lower interest rates and draw funds only as needed.

"Construction activities will continue without interruption," Murangwa said. "But we will now borrow at a lower cost and at the time we actually need the funds."

The improved financing terms reduced planned airport-related spending in the 2025/26 fiscal year by Rwf168.2 billion, contributing to the overall budget cut.

The revision also reflects changes to the repayment schedule of RwandAir loans. Payments that had been planned for 2025/26 will now begin gradually in the 2026/27 fiscal year, easing short-term fiscal pressure.

Despite the overall reduction, development spending is set to rise. External financing for development projects — largely from grants and concessional loans — is projected to increase by Rwf250.5 billion. As a result, the development budget will grow by Rwf253.3 billion, from Rwf1,862.5 billion to Rwf2,115.8 billion.

Meanwhile, recurrent expenditure is expected to decline by Rwf198 billion, from Rwf4,312.9 billion to Rwf4,114.9 billion.

Murangwa said the revisions followed a detailed review of budget execution and funding needs for the remainder of the fiscal year, with additional resources redirected to priority development projects aimed at sustaining economic growth.