TECHNICAL ASSISTANCE REPORT

RWANDA

Fiscal Transparency Evaluation Update

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Prepared By

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Authoring Department

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Abbreviations and Acronyms

BCG	Budgetary Central Government
BFP	Budget Framework Paper
CFS	Consolidated Financial Statement
EBU	Extrabudgetary Units
FAD	Fiscal Affairs Department
FRS	Fiscal Risk Statement
FY	Fiscal year
FTE	Fiscal Transparency Evaluation
GDP	Gross Domestic Product
GFSM	Government Finance Statistics Manual
GoR	Government of Rwanda
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
MINECOFIN	Ministry of Finance and Economic Planning
MOPFM	Ministerial Order for Public Financial Management
NBR	National Bank of Rwanda
NST	National Strategy for Transformation
OLPFM	Organic Law for Public Financial Management
PPP	Public-Private Partnership
RSSB	Rwanda Social Security Board
RWF	Rwandan franc
SOE	State Owned Enterprises

Preface

In response to a request from the Government of Rwanda (GoR), a mission from the Fiscal Affairs Department (FAD) of the IMF visited Kigali, Rwanda, during the period August 20 – September 2, 2025, to update the 2019 Fiscal Transparency Evaluation (FTE).

The mission team was led by Fritz Bachmair and included Sybi Hida (both Senior Economists, FAD), Phyllis Makau (Public Financial Management Advisor at the IMF's African Regional Technical Assistance Center East), Irina Dubinina, Johann Seiwald, and Adrien Tenne (FAD Experts).

The objective of the mission was to evaluate Rwanda's fiscal transparency practices against the standards set by the IMF's Fiscal Transparency Code. The evaluation focused on the first three pillars of the Code: Fiscal Reporting; Fiscal Forecasting and Budgeting; and Fiscal Risk Analysis and Management.

At the Ministry of Finance and Economic Planning (MINECOFIN), the mission met with the Minister of Finance and Economic Planning, Mr. Murangwa Yusuf, the Minister of State for National Treasury, Mr. Godfrey Kabera, and the Minister of State for Resource Mobilization and Public Investment, Ms. Mutesi Rusagara. The team also held meetings with officials from the Chief Economist's Office, National Budget Department, Accountant General, National Planning and Research Department, National Project Development and Quality Assurance Department, Portfolio Oversight Department, Debt Management Directorate General, Macroeconomic Policy Directorate, National Programs and Projects Oversight Department, Tax Policy Directorate, and the Government Finance Statistics Working Group.

Outside the MINECOFIN, the mission met with the Chairperson of the Parliamentary Standing Committee on National Budget and Patrimony, Ms. Odette Uwamariya, and Members of the Committee, the Auditor General, Mr. Alexis Kamuhire, and his staff, the Acting Permanent Secretary of the Ministry of Infrastructure, the Chief Economist and staff of the National Bank of Rwanda (NBR), the Ministry in Charge of Emergency Management, the Chief Executive Officer of the Rwanda Social Security Board (RSSB), Mr. Regis Rugemanshuro, and his senior management team, senior management of public corporations, including Aviation, Travel and Logistics Holding Limited, RwandAir, and Rwanda Energy Group, and representatives of the National Institute of Statistics, the Rwanda Development Board, the Rwanda National Resources Authority, the Rwanda Mines, Petroleum and Gas Board, and the Rwanda Revenue Authority.

The mission briefed development partners, including representatives from the European Union, World Bank, and the United Nations Development Program.

This evaluation is based on information made available at the time the mission was completed on September 2, 2025.

The mission would like to express its appreciation to the Rwandan authorities and other officials for their excellent collaboration in the conduct of this evaluation. Particular thanks are due to Stella Rusine Nteziryayo, Chief Economist, and Chris Ngugabe, Director General for Macroeconomic Policy, for their extensive support and cooperation.

Executive Summary

This report updates Rwanda's 2019 FTE to assess progress and identify remaining gaps. The FTE reviews Rwanda's performance against the IMF's Fiscal Transparency Code in fiscal reporting, forecasting and budgeting, and fiscal risk analysis and management. In 2019, Rwanda performed best in forecasting and budgeting, was assessed as mostly basic in fiscal reporting, and weaker in fiscal risk analysis. The current assessment finds notable improvements, with ratings increased for nine principles, including major gains in the fiscal risks pillar with five out of 12 principles upgraded, while two principles were upgraded in both the fiscal reporting pillar and fiscal forecasting and budgeting pillar, and one principle was downgraded (Table 0.2).

Rwanda has been exposed to multiple shocks in recent years that have contributed to a decline in the public sector's net worth. The effects of external shocks (COVID-19, inflationary pressure and rising interest rates), natural disasters, and a more expansive fiscal stance have contributed to increases in public and publicly guaranteed debt from 55.9 percent of gross domestic product (GDP) in 2019 to 73.6 percent by the end of 2025. Estimates of the public sector balance sheet indicate a decline in net worth from 63 percent of GDP in FY2017/18 to 48 percent in FY2023/24. The drop is largely driven by increases in debt and pension liabilities, though partially offset by growth in financial and non-financial assets (Table 0.3).

Recent public financial management reforms have enhanced fiscal transparency. The adoption of a new Organic Law for Public Financial Management (OLPFM) in 2022 has reinforced sound fiscal management practices. Full implementation (e.g., of budgetary contingencies, reporting against fiscal objectives, and inclusion of all internally generated revenues of central government agencies in budget documentation) now depends on the adoption of a Ministerial Order for Public Finance Management (MOPFM). The ongoing transition to accrual accounting has led to improvements in the coverage of fiscal reports and will yield further gains when completed. Last year, a Second National Strategy for Transformation (NST) was adopted to guide budget policies in priority areas. Budget documents now better reflect fiscal policy objectives and are supported by performance budgeting and more information on public investment. Fiscal risk management has advanced through the publication of a comprehensive Fiscal Risk Statement (FRS) and an updated legal framework for public corporations.

Further progress can be made, including the comparability and effectiveness of key fiscal documents and transparency beyond the budgetary central government (BCG). The comparability of fiscal information should be improved across several dimensions, including *within* reports (e.g., fiscal indicator tables in the Budget Framework Paper (BFP)); *across* types of reports (e.g., budget execution, fiscal statistics and financial statements); *over time* (e.g., with respect to changes in forecasts); and *between budgets and outturns*, including the presentation by administrative classification. Streamlining key documents like the BFP and FRS with clearer narratives and consolidated data would improve communication. Expanding transparency outside the BCG requires wider institutional coverage in fiscal reports and reporting on key fiscal risks, including public private partnerships, guarantees, and public corporations.

In fiscal reporting, Rwanda has enhanced coverage and internal consistency, but comparability remains limited due to unreconciled differences. More stocks and flows are now covered, including more nonfinancial assets, lending and equity investments, and accrued revenues and expenditures, yet assets and liabilities of public corporations—holding non-equity liabilities equal to 44 percent of GDP—are excluded. While reports reconcile the fiscal balance with financing and debt issued with debt holdings, recent stock-flow adjustments of 6 percent of GDP highlight the benefits of also reconciling net financing with changes in the debt stock. Reporting by administrative classification has been discontinued in budget execution reports since FY2020/21—resulting in a downgrade of the corresponding principle. At the same time, the government shifted to program reporting which informs long term development objectives. Financial statements and fiscal statistics differ in both scope and methodology. The financial statements are prepared on an accrual basis and cover the general government, including RSSB. Fiscal statistics are prepared on a cash basis and cover the general government but include only a limited number of extrabudgetary units. These differences result in a fiscal balance discrepancy of about 3 percent of GDP in FY2022/23, which should be explained and reconciled. Major revisions to historical fiscal statistics are not disclosed.

In fiscal forecasting and budgeting, Rwanda maintains good practices supported by a solid legal framework but has gaps in forecast reconciliation and transparency around public investment. The Medium-Term Budget Framework is transparent and includes detailed macroeconomic forecasts. Public participation in the budget process is extensive. Policy orientation has been strengthened by a national debt objective complementing East African Community criteria, but reporting on the national debt objective is limited and rising debt—with repeatedly delayed timelines—shows no clear path to meeting the national objective. Performance information in the budget has been enhanced by presenting key measurable outputs for each major government policy area. However, transparency in public investment is limited, despite capital spending averaging above 10 percent of GDP. There are further gaps in the publication of both comparisons with independent forecasters and explanations for changes from previous forecasts, although no evidence of systematic forecast bias has been found.

In fiscal risk analysis and management, Rwanda has made significant strides anchored around the FRS, while risk analysis and disclosure can be further strengthened for key risks. The FRS has been steadily expanded since its initial publication in 2020, and now includes sections on macroeconomic risks, specific fiscal risks (e.g., public corporations, debt, PPPs, local governments), and climate change. The RSSB publishes actuarial valuations for pension and health schemes, and debt is managed with a defined strategy. Legal measures have been adopted to strengthen the oversight of public corporations. However, fiscal risk exposure remains high in areas with remaining transparency gaps, particularly with respect to public corporations (subsidies are 15 percent of tax revenue), PPPs (total value of signed PPPs of 32 percent of GDP when including the New Kigali International Airport PPP), and sub-national governments (transfers to them represent 25 percent of central government expenses). Budgetary contingencies to fund potential fiscal risk realizations have been very small and not identifiable in the budget or budget execution reports.

Reforms can contribute to addressing remaining gaps in fiscal transparency; some may produce immediate results, while others require sustained efforts. In the coming months, the government should adopt the MOPFM, reintroduce the administrative classification in budget execution reports, and update the Public Sector Institutional Table. For the FY2026/27 budget, strengthening the BFP and FRS (such as reporting against the fiscal policy objective and including forecast reconciliations) and allocating an identifiable contingency reserve should be considered. Other reforms will need more time to implement and continued capacity development (Table 0.1).

Table 0.1. Summary of Recommendations

Pillar 1: Fiscal Reporting			
Recommendation		**Principle(s)**	**Responsible entities and timeline**[1]
1.1	Expand the institutional coverage of fiscal statistics to the public sector and include assets, liabilities, transactions, and other economic flows relating to PPPs, tax receivables, pensions of civil servants, and natural resources.	1.1.1. 1.1.2. 1.1.3.	Macroeconomic Policy Directorate Medium term
1.2	Improve the internal consistency of fiscal reports by including a reconciliation between financing and the change in the debt stock.	1.3.2.	Macroeconomic Policy Directorate Office of the Accountant General Medium term
1.3	Enhance the comparability of fiscal reports through the reintroduction of the administrative classification and reconciliations of the main fiscal aggregates and balances.	1.3.1. 1.4.3.	Macroeconomic Policy Directorate Short term
Pillar II: Budgeting and Fiscal Forecasting			
2.1	Adopt the Ministerial Order for Public Financial Management to support the implementation of the OLPFM 2022 for budgetary contingencies, reporting against fiscal objectives, and inclusion of all internally generated revenues of central government agencies in budget documentation.	2.2.1.	Cabinet Short term
2.2	Improve the information in the BFP to enable a better debate about the budget, including reporting on fiscal objectives and reconciliations between successive forecasts.	2.1.1. 2.3.1. 2.4.1. 2.4.3.	Macroeconomic Policy Directorate Medium term
2.3	Progressively enhance information on public investment, including cost benefit analyses and project costs.	2.1.4.	National Project Development and Quality Assurance Department Medium term
Pillar III: Fiscal Risk Analysis and Management			
3.1	Further improve the FRS by updating the coverage of risks, including on-lending and investment projects, and strengthening their quantification.	3.1.1. 3.1.2. 3.2.2.	Macroeconomic Policy Directorate Medium term
3.2	Publish an annual report on the overall performance of the portfolio of public corporations, building on internal analysis.	3.3.2.	Portfolio Oversight Department Medium term
3.3	Improve the management of and reporting on PPPs and guarantees by expanding the scope of analysis and reporting in the FRS to all PPPs and guarantees.	3.2.3. 3.2.4.	MINECOFIN Medium to long term
3.4	Include an identifiable allocation for contingencies in the budget and regularly report on its use.	3.2.1.	National Budget Department, Accountant General Short term

[1] Short term is within 12 months, medium term is 1-2 years, and long term is more than 2 years.

Table 0.2. Summary Assessment Against Fiscal Transparency Code

I. Fiscal Reporting	II. Fiscal Forecasting & Budgeting	III. Fiscal Risk Analysis & Management
1.1. Coverage of Institutions	1.1. Budget Unity	1.1. Macroeconomic Risks
1.2. Coverage of Stocks	1.2. Macroeconomic Forecasts	1.2. Specific Fiscal Risks
1.3. Coverage of Flows	1.3. Medium-term Budget Framework	1.3. Long-term Fiscal Sustainability
1.4 Coverage of Tax Expenditures	1.4. Investment Projects	2.1. Budgetary Contingencies
2.1. Frequency of In-Year Reporting	2.1. Fiscal Legislation	2.2. Asset and Liability Management
2.2. Timeliness of Annual Accounts	2.2. Timeliness of Budget Documentation	2.3. Guarantees
3.1. Classification	3.1. Fiscal Policy Objectives	2.4. Public-Private Partnerships
3.2. Internal Consistency	3.2. Performance Information	2.5. Financial Sector
3.3. Historical Revisions	3.3. Public Participation	2.6. Natural Resources
4.1. Statistical Integrity	4.1. Independent Evaluation	2. 7. Environmental Risks
4.2. External Audit	4.2. Supplementary Budget	3.1. Sub-national Governments
4.3. Comparability of Fiscal Data	4.3 Forecast Reconciliation	3.2. Public Corporations

Note: Arrows indicate which ratings of principles improved or deteriorated between the 2019 and 2025 evaluations. Other ratings remained unchanged relative to 2019.

LEVEL OF PRACTICE			
Not Met	Basic	Good	Advanced

Table 0.3. Public Sector Financial Overview

(Percent of GDP, FY2023/24)

	General Government					Public Corporations				Public sector
	Central govern-ment	Social security fund	Local govern -ments	Consoli-dation	**General Govern -ment**	Non-financial	NBR	Other Financial	Consoli-dation	
Transactions										
Revenue	21.1	3.0	5.5	-5.1	24.5	6.1	0.5	2.2	-2.8	30.5
Expenditure	27.9	1.1	5.7	-5.1	29.6	9.4	0.4	1.5	-2.8	38.1
Expense	18.3	1.3	5.7	-5.1	20.2	6.8	0.4	1.5	-2.8	26.2
Investment in nonfinancial assets	9.6	-0.2	0.0	-	9.4	2.6	-	0.0	-	12.0
Net lending/borrowing	**-6.8**	**1.9**	**-0.2**	**-**	**-5.1**	**-3.3**	**0.1**	**0.7**	**-**	**-7.6**
Stocks										
Assets	**112.3**	**13.5**	**1.7**	**-4.1**	**123.9**	**19.3**	**17.8**	**17.7**	**-25.5**	**153.2**
Nonfinancial	85.1	1.3	0.8	-	87.4	14.3	0.2	0.4	-	102.3
Financial	27.2	12.2	0.9	-4.1	36.5	5.0	17.6	17.3	-25.5	50.9
Liabilities	**69.7**	**8.1**	**1.5**	**-4.1**	**75.4**	**19.3**	**17.8**	**17.7**	**-25.5**	**104.8**
Liabilities, other than equity	69.7	0.3	1.5	-4.1	67.7	16.2	14.8	12.6	-15.7	95.6
Civil servants pension entitlements	-	7.8	-	-	7.8	-	-	-	-	7.8
Equity	-	-	-	-	-	3.1	3.0	5.1	-9.8	1.4
Net worth	**42.6**	**5.4**	**0.2**	**-**	**48.5**	**-**	**-**	**-**	**-**	**48.5**
Net financial worth	**-42.5**	**4.1**	**-0.6**	**-**	**-39.0**	**-14.3**	**-0.2**	**-0.4**	**-**	**-53.9**
Memorandum items										
Net financial worth, excluding pensions	-42.5	11.9	-0.6	-	-31.2	-14.3	-0.2	-0.4	-	-46.1
Net present value of social security pensions		23.3			23.3					23.3

Sources: IMF staff estimates, based on the Consolidated Financial Statements of the GoR for FY2023/24, Macro Framework Public Dataset, and financial statements of public sector entities.

Note: The public sector financial overview does not include financial flows or stocks related to PPPs. No data on the public sector's assets and liabilities related to PPPs is available, though the total project costs of all signed PPPs are estimated at 32 percent of GDP when including the New Kigali International Airport PPP.

I. Fiscal Reporting

1. Rwanda has enhanced the coverage and internal consistency of fiscal reports, but comparability remains limited due to unreconciled differences. The Consolidated Financial Statements (CFS) of the GoR for FY2023/2024 include most of the general government entities and reporting of non-financial assets and lending and equity investments has increased, with revenues and expenditures largely accrued. The GoR does not yet produce consolidated financial statements for the public sector. While reports reconcile the fiscal balance with financing and debt issued with debt holdings, recent stock-flow adjustments (6 percent of GDP) highlight the benefits of also reconciling net financing with changes in the debt. Tax expenditure, at 25 percent of total tax revenue, is regularly reported but warrants stricter budgetary control. Reporting by administrative classification has been discontinued in budget execution reports since FY2020/21—resulting in a downgrade of the corresponding principle. At the same time, the government shifted to program reporting which informs long term development objectives. Financial statements and fiscal statistics differ in both scope and methodology. The financial statements are prepared on an accrual basis and cover the general government, including RSSB. Fiscal statistics are prepared on a cash basis and cover the general government but include only a limited number of extrabudgetary units. These differences result in a fiscal balance discrepancy of about 3 percent of GDP in FY2022/23, which should be explained and reconciled. Major revisions to historical fiscal statistics are not disclosed.

2. Table I.1. presents a summary of the key fiscal reports reviewed by the mission. Since 2019, the list of reports has been extended by the Debt Statistics Bulletin, the Annual Economic Report and financial statements of the RSSB.

Table I.1. List of Main Fiscal Reports

REPORT	Author	COVERAGE			ACCOUNTING		PUBLICATION	
		Institutions	Flows	Stocks	Basis	Class.	Freq.	Timeliness
IN-YEAR REPORTS								
Budget execution report	AG, MEPD	BCG	Rev, Exp, Fin	-	Cash	National	Quarterly	45D
Macro-framework Public Dataset	MEPD	BCG	Rev, Exp, Fin	-	Cash	GFSM 2014	Quarterly	45D
Debt Statistical Bulletin	DMD	GG, some SOEs	Exp (interest), Fin (Debt)	Debt	Accrual	National, PSDS	Semi-annual	3M
YEAR-END REPORTS								
Consolidated financial statements of the GoR	AG	CG, LGs	Rev, Exp, Fin	NFA, FA, L	Accrual	IPSAS-based	Annual	11M
Consolidated financial statements of the RSSB	RSSB	SSF	Rev, Exp, Fin	NFA, FA, L	Accrual	IPSAS-based	Annual	11M
Annual Economic Report	MEPD	BCG	Rev, Exp, Fin	Debt	Cash	National	Annual	10M
GFS Statement of Operations and detailed tables	MEPD	GG	Rev, Exp, Fin	-	Cash	GFS 2014	Annual	18M
Medium-Term Debt Strategy	DMD	BCG	-	Debt	Cash	National	Annual	April

REPORT	Author	COVERAGE			ACCOUNTING		PUBLICATION	
		Institutions	Flows	Stocks	Basis	Class.	Freq.	Timeliness
Tax expenditure report	MEPD	-	Tax Exp.	-	-	-	Annual	June
Annual Financial Stability Report	NBR	SSF	Rev, Exp	Assets	Part accrual	National	Annual	6M

Source: IMF staff based on official data.
Note: AG – Accountant General, MEPD – Macroeconomic Policy Department, DMD – Debt management Directorate General, GG – General Government, CG – Central Government, Rev – revenue, Exp – Expenditure, Fin – financial transactions, Tax Exp – Tax Expenditure, NFA – nonfinancial assets, FA – financial assets, L -liabilities, PSDS – Public Sector Debt Statistics, M – month, D – day, SSF – Social Security Fund.

3. **Since 2019, the GoR has enhanced transparency of fiscal reports, but budget execution reports are no longer presented by administrative classifications**. Compared to the 2019 FTE, the rating of two principles has improved, one principle has deteriorated, and nine remain unchanged (Table I.2). While the MINECOFIN presents the budget according to the administrative classification the respective information is no longer presented in fiscal reports. The move to accrual accounting has supported improved coverage in financial statements, but this has only resulted in a rating increase for the coverage of flow. Reconciliations of the fiscal balance with financing as well as debt issued, and debt holdings were introduced in fiscal reports. The implementation of recommendations of the 2019 FTE has contributed to improvements but has only been partial (Table I.3).

Table I.2. Fiscal Reporting: Summary of Changes Compared to 2019

Principle		2019	2025	Reasons for change
1.1.3	Coverage of Flows			The authorities have made concerted efforts in moving to accrual accounting in line with International Public Sector Accounting Standards (IPSAS). Fiscal reports now cover most accrued transactions and revaluations, while full details on other economic flows are not available.
1.3.1	Classification			Reporting by administrative classification has been discontinued in budget execution reports since FY2020/21. At the same time, the government shifted to program reporting which informs long term development objectives.
1.3.2	Internal Consistency			Fiscal reports on the BCG now include two types of reconciliations: fiscal balance and financing and debt issued and debt holdings.

Source: IMF staff.

I.1. Coverage

1.1.1. Coverage of Institutions (Good, Unchanged from 2019)

4. **Fiscal reporting consolidates all general government entities by institutional subsectors in line with international standards, though public corporations remain outside fiscal reports.** The authorities have made progress in expanding the institutional coverage of the CFS for FY2023/24, which includes sectors (lower level of local governments) and most part of local governments' subsidiary entities: public district hospitals and public health centers.[2] Within the institutional subsector of central government, fiscal statistics show a split into BCG and extrabudgetary units (EBUs) and separately present the institutional subsectors of the social security fund and local governments. The coverage of the quarterly budget execution reports remains limited to the BCG. In FY2020/2021, due to capacity issues,

[2] The local public schools were not included in the 2023/24 CFS due to capacity issues.

the authorities stopped reporting fiscal statistics covering public corporations, and currently there is no fiscal report presenting the financial performance or the balance sheet of the entire public sector.

5. Rwanda's public sector comprised 247 legal entities in FY2023/2024 compared to 210 entities in FY2017/2018 (2019 FTE). The institutional structure of the public sector has changed due to the creation of new public entities, and the restructuring and privatization of public corporations. In addition, the public ownership structure changed for some public corporations following the transfer of direct government equity shares to public corporations.[3] The public sector entities are grouped into the following subsectors:

- Central government, which includes 151 BCG entities (ministries and agencies), and 11 extrabudgetary central government entities, which are nonmarket entities under the control of the BCG. These include 4 hospitals, 2 universities, Rwanda Polytechnic, Rwanda Broadcasting Agency, Rwanda Utilities Regulatory Authority, Rwanda Cooperation Initiative, Rwanda Civil Aviation, and Bella Flowers.[4] The increase in the number of BCG entities is due to changes in administrative structure.
- Social Security Fund, managed by RSSB. The Military Medical Insurance, previously classified in the social security fund subsector, is now classified as a public financial corporation by the authorities.
- Local governments, which comprise 28 districts plus the City of Kigali.[5]
- Public Nonfinancial Corporations, comprising 45 corporations owned by the central government entities, RSSB, or public corporations. The GoR fully owns 18 corporations and has majority shareholding in AfriPrecast (85 percent), Gabiro Agribusiness Hub (90 percent), Horizon Sopyrwa (62 percent), and Rwanda Grains and Cereal Corporation (57 percent). RSSB has majority shareholdings in eight enterprises, and the remaining public nonfinancial corporations are owned by Agaciro Development Fund, Aviation Travel & Logistics Holding, Prime Holding, and other public corporations.
- Public Financial Corporations, comprising ten institutions: the NBR, four companies fully owned by the GoR (Military Medical Insurance, Agaciro Development Fund, Rwanda National Investment Trust, and Special Guarantee Fund), Business Development Fund (55 percent equity share owned by the GoR), Sonarwa Life Insurance, fully owned by RSSB, and three institutions with the joint majority shareholding of RSSB and other public corporations (BK Group, Development Bank of Rwanda, Sonarwa General Insurance).

6. Public sector expenditure is estimated at 38.1 percent of GDP in FY2023/24 on a consolidated basis, up from 35 percent of GDP in FY2017/2018. Table I.3 summarizes the distribution of public sector revenue, expenditure, and net lending/net borrowing across subsector, where:

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[3] For example, the GoR's direct 100 percent shareholding in Ngali Holding and Rwanda Printery Company was transferred to Agaciro Development Fund in 2018.

[4] The 2023/24 CFS fully consolidates only 4 hospitals, 2 universities, Rwanda Polytechnic, and Rwanda Broadcasting Agency. The rest of EBUs – Rwanda Utilities Regulatory Authority, Rwanda Cooperation Initiative, Rwanda Civil Aviation, and Bella Flowers – are consolidated using the equity method (same as for the RSSB, SOEs, and other public institutions). Bella flowers was published in …

[5] The total number of districts changed from 30 in FY2017/2018 to 28 due to the reorganization of two districts, with are now included as the City of Kigali's lower-level administrations. The subsidiary entities of local governments, which are consolidated with respective districts, are not included in calculation. These comprise in total 794 entities, namely 416 sectors (lower level of local governments), 31 public district hospitals, 347 public health centers, and public schools. Other subsidiary entities of local governments including hospitals and health centers owned by Faith Based and other non-government organizations belongs to the economic sector of nonprofit institutions serving households.

- General government expenditure accounted for 29.6 percent of GDP on a consolidated basis, of which 80 percent was spent by the central government, 16 percent by local governments, and 4 percent by the RSSB. General government net borrowing amounted to 5.1 percent of GDP, or 67 percent of the total net borrowing of the public sector.
- Public corporations' expenditure accounted for 11.3 percent of GDP, of which about 60 percent was spent by public nonfinancial corporations. The net borrowing of public corporations amounted to 2.5 percent of GDP, which is driven by the net borrowing of public nonfinancial corporations with 3.3 percent of GDP.

Table I.3. Public Sector Institutions and their Revenue and Expenditure , 2023-24

(Percent of GDP unless stated)

	Number of entities	Revenue	Expenditure	Net lending	Intra-PS expenditure	End-point expenditure	Percent of total
Public Sector	247	30.5	38.1	-7.6		38.1	100.0
General Government	192	24.5	29.6	-5.1	2.3	27.3	71.6
Central Government	162	21.1	27.9	-6.8	7.4	20.5	53.7
Local Government	29	5.5	5.7	-0.2	0.0	5.7	15.0
Social Security Funds	1	3.0	1.1	1.9	0.0	1.1	3.0
Nonfinancial Public Corporations	45	6.1	9.4	-3.3	0.1	9.3	24.4
Financial Public Corporations	10	2.7	1.9	0.7	0.4	1.5	4.0
Central Bank	1	0.5	0.4	0.1	0.0	0.4	1.2
Others	9	2.2	1.5	0.7	0.4	1.1	2.8

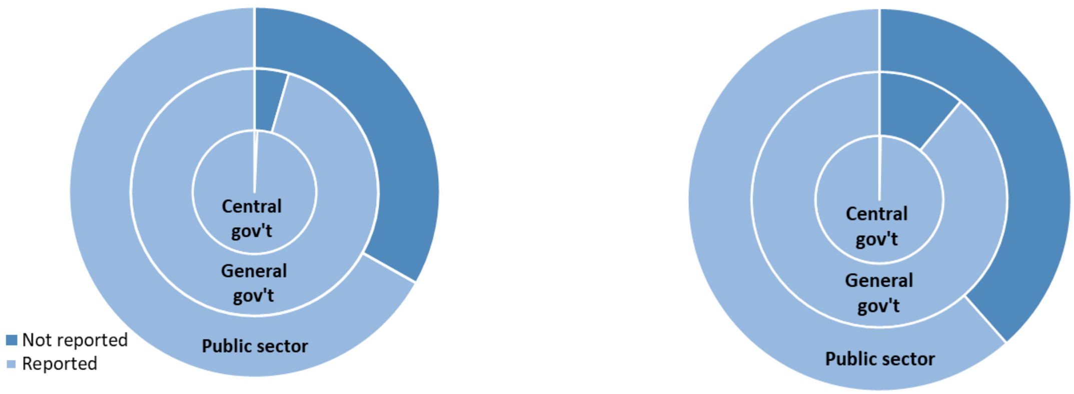
Source: MINECOFIN, NBR, financial statements of individual entities, and IMF staff estimates.

Note: PS = Public sector. Intra-Public Sector expenditure includes subsidies, transfers, property income and taxes paid to other units in the public sector. End-point expenditure is calculated as expenditure minus intra-Public Sector expenditure.

7. **The remaining gaps in the institutional coverage of fiscal reports limit the scope for effective policy analysis and decision-making**. Fiscal reports exclude public corporations, hindering a comprehensive picture of public sector performance and exposure to fiscal risks. Following the established schedule of the fiscal accounting and reporting reform, the GoR is planning to prepare CFS for the overall public sector by including on a line-by-line basis EBUs, RSSB, and public corporations. Figure 1.1. illustrates the size of total public sector expenditure and liabilities not covered in fiscal reporting.

Figure I.1. Coverage of Public Sector Expenditure and Liabilities in CFS, 2023-24

(Percent of expenditure of each level) (Percent of liabilities of each level)



Source: MINECOFIN, NBR, financial statements of individual entities, and IMF staff estimates.

8. **Shareholdings by all public entities should be aggregated to determine the majority ownership when classifying corporations as public or private.** According to international standards, the public corporations sector consists of all resident corporations controlled by government units and/or other public corporations. The 2023 Public Sector Institutional Table[6] and additional list of public corporations provided by the authorities contain only the public corporations with majority shareholding of the GoR (22 public nonfinancial corporations and 6 public financial corporations). However, the list contains holdings, or group (parent) companies[7], where the subsidiaries and some affiliates constitute separate public corporations considering the total amount of equity ownership by general government and/or other public corporations[8]. The stock-taking of shareholdings of all public entities, including local governments and public corporations, is required to update the Public Sector Institutional Table in line with international standards and correctly consolidate all public corporations in fiscal reporting.

9. **Further expanding the institutional coverage of the fiscal reports to the full public sector will provide a more comprehensive picture of public finances.** As a first step, the authorities should review the public equity investments to identify the total amount of shareholdings of general government and other public corporations and complete the list of public sector units. Then the public sector entities should be divided by subsectors of the public sector to clearly split between nonmarket (EBUs of general government) and market (public corporations) and between public nonfinancial corporations and public financial corporations in line with GFSM 2014. The classification of some state-owned enterprises as market or nonmarket in fiscal statistics needs further investigation, given their accumulated losses, negative equity, and substantial financial support from government. Based on the results of this work, the Public Sector Institutional Table should be updated and coordinated. The next step should be expanding the coverage of the GoR GFS report and line-by-line consolidation of the missing EBUs and public

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[6] The Public Sector Institutional Table is published on the MINECOFIN website: https://www.minecofin.gov.rw/index.php?eID=dumpFile&t=f&f=111259&token=be78285126559e6b3c47a644c69cb3dadc42bc94.

[7] Agaciro Development Fund, Aviation Travel &Logistics Holding, Prime Holding, Rwanda Energy Group, Water and Sanitation Corporation.

[8] Examples of public sector entities, for which the total public shareholdings should be aggregated, include: BK Group (RSSB and Agaciro Development Fund respectively hold 34.34 and 22.1 percent with additional shareholding of the National Post Office in the amount of RWF 0.21 billion), Development Bank of Rwanda (RSSB and Agaciro Development Fund respectively hold 35 and 41 percent), Sonarwa General Insurance (RSSB and Agaciro Development Fund respectively hold 79.2 and 1.6 percent).

corporations. Expanding the coverage to the overall public sector requires the availability of detailed financial statements for public corporations. However, annual reports of some public entities are not published, despite a requirement in the OLPFM.

1.1.2. Coverage of Stocks (Basic, Unchanged from 2019)

10. Fiscal reports cover government cash and deposits, and all debt, and the coverage of other government stocks has improved. In addition to previously reported cash and deposits, payables and receivables other than tax arrears (2019 FTE), the CFS for FY2023/2024 also recognized and disclosed certain legacy non-current assets, inventories, and direct government borrowings for the first time. It also reported government lending and equity investments in 33 majority-owned public entities, as well as in three private companies and 15 international institutions where the GoR lacks controlling interest.

11. Despite progress since 2019, fiscal reports still omit certain government assets, liabilities, and details related to public corporations. Government equity shares in three EBUs, RSSB, and various public corporations are reflected in the consolidated statement of financial position for FY2023/2024 as elements of financial investments However, a comprehensive accounting of public assets and liabilities requires full consolidation of all controlled entities on a line-by-line basis, which has not yet been implemented given the transition phase of the GoR to full IPSAS. Additionally, current asset and liability disclosures do not encompass the following:

- Leased and concession assets and liabilities, and accumulated assets and liabilities under PPPs projects.
- Tax arrears totaling RWF 660.7 billion, representing 3.6 percent of GDP.
- Pension liabilities for civil servants, which are estimated at RWF1,423.7 billion, or 7.8 percent of GDP.
- Natural resources (metals and minerals), which according to the World Bank are estimated at RWF2,178.2 billion, or 12 percent of GDP.[9]

12. The recognition of PPPs needs to be reviewed on project-by-project basis. Total project costs of all 60 signed PPP contracts amount to 32 percent of GDP when including the New Kigali International Airport which is equivalent to 17 percent of GDP (Principle 3.2.4.). Total assets and liabilities related to them are unknown (many projects are not yet operational). None of them are currently recognized on the government balance sheet. The MINECOFIN should review the recognition of PPPs in statistical reports and financial statements based on international standards. Under the Government Finance Statistics Manual 2014, PPP assets and liabilities are recorded on the public sector balance sheet if government exercises control and bears most of the economic risks, regardless of legal ownership. Under IPSAS (notably IPSAS 32), recognition is stricter: the asset is recorded on the government balance sheet if the government controls the services and retains residual interest, even if most risks are borne by the private partner.

13. The valuation and recognition of the assets and liabilities in the balance sheet require further consideration. For example, the debt stock in the CFS for FY2023/2024 does not include accrued interest. The difference with the debt stock including accrued interest in the Debt Statistical Bulletin amounts to RWF 243.63 billion, or 1.3 percent of GDP. The Auditor General revealed five on-

[9] The calculations are based on the latest available data (2020) in the World Bank Wealth Accounting database.

lending projects amounting to RWF 307.11 billion, or 1.7 percent of GDP, whose expected period of the first repayments have elapsed, but no amount was recovered. The valuation principles in the Government Finance Statistics Manual 2014 framework and IPSAS provide for the majority of assets and liabilities to be valued at current market values or, as proxies, nominal values for financial instruments and estimates for other assets/liabilities. For non-performing loans, both the nominal value and the fair value should be included as a memorandum item to the balance sheet, and the value of loans that are clearly irrecoverable should be reduced to zero. Related, the management of fiscal risks from lending should be strengthened (Pillar III).

14. If reported in full, the public sector balance sheet would reveal a significant scale of public assets and liabilities, amounting to 153 and 105 percent of GDP, respectively. Based on the fiscal reports and other publicly available data, financial statements of most public nonfinancial corporations and public financial corporations provided by the MINECOFIN, and IMF staff estimates, Rwanda's public sector balance sheet for FY2023/24 is estimated to have 153 percent of GDP of assets, up from 142 percent of GDP in FY2017/2018, and 105 percent of GDP of liabilities on a consolidated basis, up from 79 percent of GDP in FY2017/2018 (Table 0.3). Despite significant improvements in the coverage of stocks in the CFS for 2023/2024, fiscal reports present only a part of public sector assets and liabilities (Figure 1.2). The main composition of the public sector balance sheet is as follows:

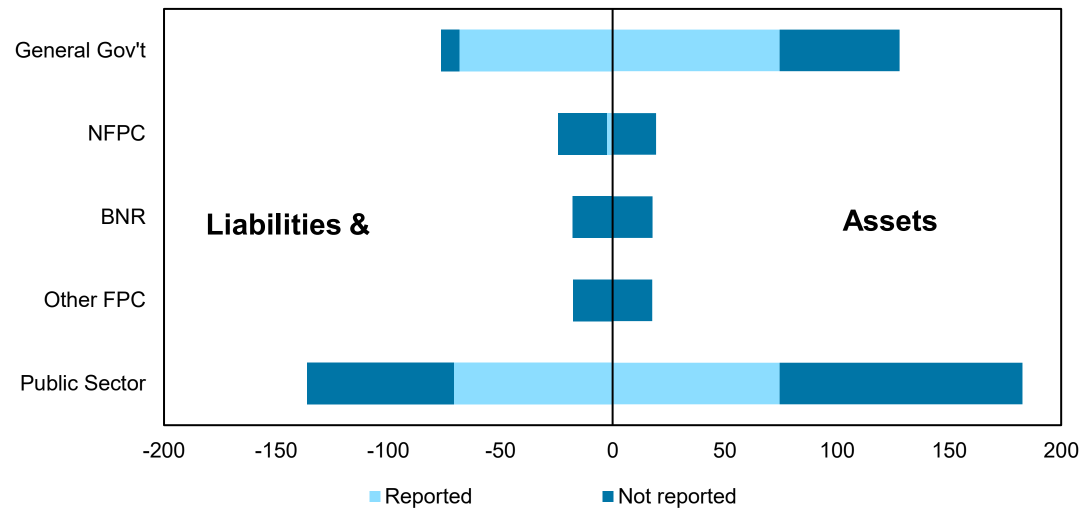
- **Nonfinancial assets** account for 102 percent of GDP (up from 100 percent of GDP in FY2020/2018), broken down to 62 percent of GDP of produced assets of general government10, 12 percent of GDP of government-owned land, and 12 percent of GDP of government non-produced assets (metals and minerals). The nonfinancial assets of public nonfinancial corporations and public financial corporations amount to 14 and 0.6 percent of GDP, respectively.
- **Financial assets** account for 51 percent of GDP on a consolidated basis (up from 42 percent of GDP in FY2017/2018), after eliminating crossholdings of assets and liabilities within the public sector amounting to 25 percent of GDP. The financial assets of general government comprise mainly of cash, equity holdings in and lending to public corporations, as well as tax and other receivables. The remainder is held mostly by the NBR and other public financial corporations.
- **Liabilities account** for 105 percent of GDP, up from 79 percent of GDP in FY2017/2018, on a consolidated basis. The largest item is borrowing by central government (70 percent of GDP, up from 40 percent of GDP in FY2017/2018). This amount excludes 5 percent of GDP of the central government borrowing financed by RSSB and public financial corporations. Borrowing of local governments stands at 1.5 percent of GDP. Accrued-to-date pension obligations for civil servants are estimated to be 7.8 percent of GDP.11 Liabilities of public corporations account for 28 percent of GDP (excluding those financed by general government and other public corporations).

[10] These mainly include infrastructure and other capital stock formed by central and local governments and nonfinancial assets of RSSB. The capital stock of central and local governments was estimated consistent with the approach taken in the 2019 FTE based on the perpetual inventory method. For future estimations, authorities should review the corresponding assumptions made to reflect progress made in accounting for non-financial assets.

[11] For pension entitlements for civil servants calculations are based on the present value of future pension payments derived from the latest actuarial estimate of RSSB, multiplied by the ratio of civil servants to total active members of the pension scheme, consistent with the 2019 FTE.

Figure I.2. Coverage of Public Sector Balance Sheet in Fiscal Reports, 2023-24

(Gross-basis, percent of GDP)

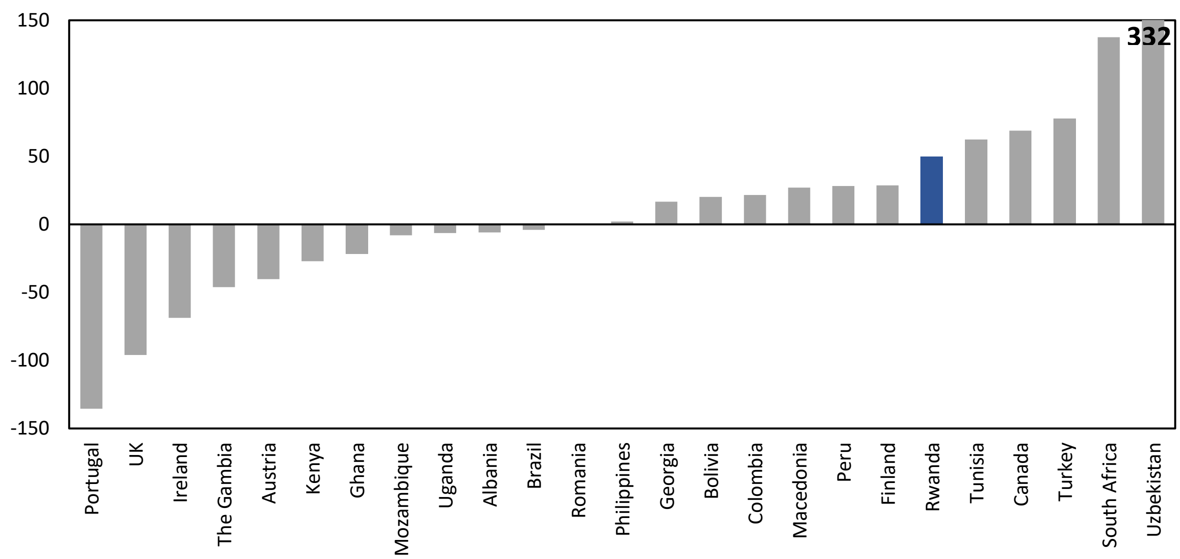


Source: MINECOFIN, RNB, financial statements of RSSB and public corporations, and IMF staff estimates.

15. **While Rwanda's public sector net worth compares positively to other countries, it has declined in recent years from 63 percent of GDP in FY2017/2018 to 48 percent of GDP in FY2023/2024.** Rwanda's public sector net worth compares positively to a sample of other countries for which similar estimates are available (Figure I.3.). The decrease in net worth over the past years is mainly due to the accumulation of liabilities by central government, including borrowing and pension obligations to civil servants, but this has been mitigated by an increase in financial but also non-financial assets (Figure I.4.).

Figure I.3. Public Sector Net Worth in Selected Countries

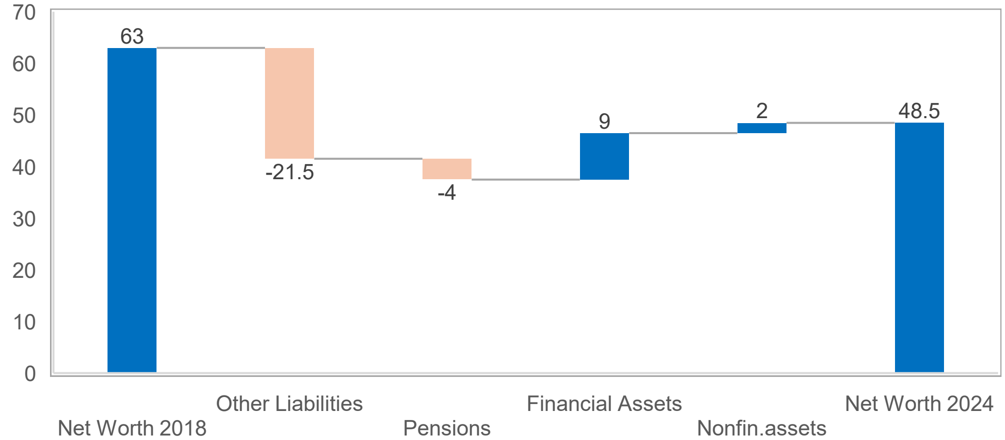
(Percent of GDP)



Source: IMF Public Sector Balance Sheet database (http://data.imf.org/psbs) and FTE reports.
Note: Data refers to different years depending on availability.

Figure I.4. Changes in Net Worth

(Percent of GDP)



Source: IMF staff calculations.

16. **Producing a comprehensive public sector balance sheet facilitates a deeper understanding of the impact of fiscal policies and managing associated vulnerabilities.** Availability of a comprehensive balance sheet facilitates more effective management strategies for assets and liability management (Principle 3.2.2.), allowing policymakers to understand the impact of current fiscal policies on long-term sustainability of public finance. A full balance sheet provides a complete and accurate picture of the overall financial position and net worth of the public sector and its subsectors.

1.1.3. Coverage of Flows (Good, improvement from Basic in 2019)

17. **Fiscal reports cover cash flows, most accrued transactions, and revaluations of revenues, expenditures and financing, but lack comprehensive details on other economic flows.** Since 2019, the authorities have made concerted efforts in moving to accrual accounting. In line with the ongoing reforms to migrate to IPSAS, the GoR has elected to prepare CFS in accordance with the accrual basis of accounting effective July 1, 2023 and adopted some of the IPSAS accrual standards and interpretations.[12] The CFS for FY2023/2024 contains interest revenue accrued using the effective interest method, dividends recognized when government shareholder rights to receive payment have been established, and rental revenue recognized on a straight-line basis over the term of the lease. However, tax revenue, as well as fines, penalties and licenses collected by Rwanda Revenue Authority (62 percent of consolidated revenue in CFS for FY2023/2024) are accounted for on a modified cash basis.[13] Government expenses, except for transfers to public entities (20 percent of unconsolidated expenses in CFS for FY2023/2024), are reported on an accrual basis. Annually accrued civil service pension liabilities are estimated at 0.1 percent of GDP and remain outside of fiscal reporting.

18. **Fiscal reports contain only aggregated amounts of other economic flows without splitting them by categories of assets and liabilities.** The CFS for FY2023/2024 includes only aggregated amounts of other economic flows, for example, profit or gain on sale of non-current assets which are

[12] See Note 4.7.1.9 “Changes in accounting policies” to the 2023/24 CFC.

[13] See Note 4.7.1.7.2 “Consolidated financial statements for year ended 30 June 2024” to the 2023/24 CFS.

recognized as revenue from exchange transactions[14], the amounts of revaluation and foreign exchange gains and losses. The total amount of net foreign exchange losses reflected in the Consolidated Statement of Financial Performance equals to RWF 878.84 billion, or 5 percent of GDP in the 2023/24 CFS, mostly due to losses incurred in translating government borrowing following its first time recognition in CFS as opposed to previous years, when such losses were disclosed in the statement of public debt.[15] In addition to revaluations, other economic flows include other volume changes in assets and liabilities, such as appearances or disappearances of the assets and liabilities from the balance sheet or classification changes. For example, the total amount of adjustments to the opening balance sheet in CFS for FY2023/2024 due to first time recognition of assets and liabilities in the balance sheet amounted to RWF3212.5 billion, or 18 percent of GDP, which is reflected in the Consolidated Statement of Changes in Net assets/Equity. Detailed information on other economic flows would support a full reconciliation of flows with changes in net worth and improve the comprehensiveness and quality of fiscal reports.

1.1.4. Coverage of Tax Expenditures (Good, Unchanged from 2019)

19. The MINECOFIN publishes an annual Tax Expenditure Report by tax policy and sector; however, it does not set limits on the size of tax expenditures nor provide forecasts. The report provides detailed estimates of tax expenditures by tax type and sector/product level and is usually released six months after the fiscal year-end. However, budget documents do not disclose planned new tax expenditures to support budget planning or numerical targets set by law or as policy objective. Recently, the Cabinet approved a comprehensive package of measures focused on broadening the tax base by streamlining tax holidays and tax expenditures. This package in addition to other measures includes ending tax exemptions granted years ago and sunset clauses on value added tax exemptions for zero-emission vehicles and energy equipment. Implementation of the measures will require approval by Parliament.

20. Since 2019, the MINECOFIN has developed the capacity to estimate revenue losses from tax expenditures and has published these estimates from FY2017/2018. Annual tax expenditure reports, included in the State Finance Bill, provide estimates in RWF and as a percentage of GDP, accompanied by analysis and methodology details.[16] Tax expenditures have steadily increased, reaching 3.6 percent of GDP in FY2023/2024, up from 2.4 percent in FY2017/2018, and now account for one-fourth of total tax revenue (Table I.4.). Value added tax reliefs across over 11 sectors—including education, transport, refined petroleum, and financial services—constitute more than half of total tax expenditures in FY2023/2024. Its share has declined due to expanded tax expenditure on customs duties, particularly on vehicles and cereals. The overall magnitude of tax expenditures relative to tax revenue represents a significant revenue loss, with Rwanda ranking eighth highest among Sub-Saharan African countries in this regard.[17]

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[14] See Note 4.7.2 “Accounting policies related to transactions” to the 2023/24 CFS.

[15] See Notes 4.8.18 “Foreign exchange gain” and 4.8.19 “Foreign exchange loss” to the 2023/24 CFS.

[16] The methodology is based on the Value-Added Tax Expenditure model built by the IMF staff during a Capacity Building mission in 2018 (Baar D., and Chandler W. 2018. “Rwanda: The Identification of Tax Expenditures” Fiscal Affairs Department, IMF). The methodology has been regularly modified by the MINECOFIN.

[17] Schneider, T, and others. 2025. “Tax expenditures in Sub-Saharan Africa.” IMF Fiscal Affairs Department.

Table I.4. Tax Expenditure
(RWF Billion, unless stated)

Fiscal year	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Value added tax	118	133	141	173	205	249	323
Income Tax	23	33	41	55	76	51	48
Imported Duties	49	80	110	145	170	259	272
Total tax expenditure	**190**	**246**	**293**	**373**	**451**	**558**	**643**
In percent of GDP	2.4	2.8	3.1	3.6	3.8	3.7	3.6
In percent of Tax Revenue	15.8	17.6	19.9	23.0	24.0	24.4	24.8

Sources: Tax Expenditure Report FY2023/24, MINECOFIN.

I.2. Frequency and Timeliness

1.2.1. Frequency of In-Year Fiscal Reporting (Basic, Unchanged from 2019)

21. In-year fiscal reports are published quarterly within 45 days, while monthly reports are not disseminated in the absence of legal requirements. This practice has remained unchanged since 2019, despite the adoption of the OLPFM 2022. Article 73 stipulates that a Ministerial Order determines the format, frequency and contents of reporting by public sector entities. The existing Ministerial Order relating to Financial Regulations provides for the preparation and publication of quarterly budget execution reports for all entities covered by the OLPFM within 45 days after the end of the quarter. These deadlines have been complied with in recent years (Table I.5.). The Ministerial Order relating to Financial Regulations requires chief budget managers to prepare and submit monthly budget execution reports by the 15th day of the following month.

22. Quarterly budget execution reports provide comprehensive information on budget performance. They give a comprehensive overview of the implementation of the approved budget, detailing actual revenue collection by source and comparing it to targets, along with the breakdown of expenditures by program and economic classification. The reports include analysis of reallocations, supplementary budgets, and budget financing. These reports form a basis for the preparation of the revised budget that is submitted to the Cabinet and subsequently Parliament in January.

Table I.5. Publication Dates for In-year Budget Execution Reports covering BCG

Period	Publication of budget execution report
Q4 (April-June) 2022/2023	August 15, 2023
Q1 (July-September) 2023/2024	November 15, 2023
Q2 (October-December) 2023/2024	February 15, 2024
Q3 (January-March) 2023/2024	May 15, 2024
Q4 (April-June) 2023/2024	August 15, 2024
Q1 (July-September) 2024/2025	November 15, 2024
Q2 (October-December) 2024/2025	February 15, 2025
Q3 (January-March) 2024/2025	May 15, 2025

Source: MINECOFIN.

1.2.2. Timeliness of Annual Financial Statements (Basic, Unchanged from 2019)

23. The MINECOFIN continues to publish audited Annual Financial Statements within 11 months after the end of the financial year, complying with legal requirements. Article 79 of the OLPFM requires the MINECOFIN to prepare and submit to the Office of the Auditor General of State Finances the CFS no later than 30 September of the following financial year. This is adhered to by the MINECOFIN. However, the CFS of GoR are required to be published together with the audit report, which has to be tabled before Parliament prior to the commencement of the budget session in early May. These deadlines have been met in recent years (Table I.6.).

Table I.6. Publication Dates for Audited CFS

Fiscal year	Publication of audited CFSs
2019/20	May 18, 2021
2020/21	May 21, 2022
2021/22	May 16, 2023
2022/23	May 14, 2024
2023/24	May 20, 2025

Source: Submission by Accountant General MINECOFIN.

24. The time lag in publishing audited CFS\ reduces their usefulness in the budget process for the subsequent year. In line with Article 79 of the OLPFM, MINECOFIN publishes the audited CFS in May, within one month of the audit report presented to Parliament. However, an 11-month delay means that the financial information is relatively outdated by the time it is made public, reducing its relevance for evaluating government performance and fiscal health. This lag hinders the ability of policy makers to incorporate audit findings into the preparation of subsequent budgets, hence limiting oversight. Timely publication of audited financial statements is crucial for ensuring transparency, accountability, and informed decision-making by stakeholders, including policymakers, and the public. The Government should strive to publish audited CFSs within nine months after the end of the financial year in the future, supported by the GoR's comprehensive and integrated accounting system.

I.3. Quality

1.3.1. Classification (Not met, Deteriorated from Advanced in 2019)

Fiscal reports present outturns by economic, functional, and program classifications, but the GoR has discontinued reporting on the administrative classification. Economic and functional classifications are consistent with the GFSM 2014. Quarterly budget execution reports include separate annexes and tables on the budget execution by (i) program and sub-program; (ii) economic; and (ii) functional classifications. An annual GFS table presents transactions of general government by economic classification, which is in accordance with the GFSM 2014. Classifications across different reports are harmonized by the standard chart of accounts, which accords with international good practices and has been rolled out to all central and local government entities. Reporting by administrative classification has been discontinued in budget execution reports since FY2020/21. At the same time, the government shifted to program reporting which informs long term development objectives.

25. Reintroducing the administrative classification into budget execution reports will help strengthen accountability of budget entities. Reporting on the administrative classification supports controlling budget implementation and holds budget entities accountable for their financial performance. Fiscal Transparency Handbook 2018 indicates that out of a set of 110 countries for which Public Expenditure and Financial Accountability assessments are available nearly all classify their budgets using administrative and economic classifications. The MINECOFIN continues publishing the budget by administrative classification in several annexes of the Law on State Finances. Presenting the budget execution by administrative classification will align it with the budget and make transparent how budget entities implement the appropriations authorized by Parliament.

1.3.2. Internal Consistency (Good, Improved from Not Met in 2019)

26. Fiscal reports include reconciliations between fiscal balance and financing as well as debt issued and debt holdings for the BCG. The GFSM 2014-based Statement of Operations included in the Macro Framework Public Dataset Table reconciles BCG Net Lending/Net Borrowing with financing transactions in time series FY2013/2014-FY2023/2024 (preliminary actuals) and FY2024/2025-FY2028/2029 (projections). The average discrepancy between the fiscal balance and financing over FY2020/2021-FY2023/2024 for BCG was around 0.2 percent of GDP. Since FY2019/2020, the reconciliation of fiscal balance with financing transactions in the GFSM 2014 format has been added to the provisional fiscal outturn table of the quarterly budget execution report on BCG.

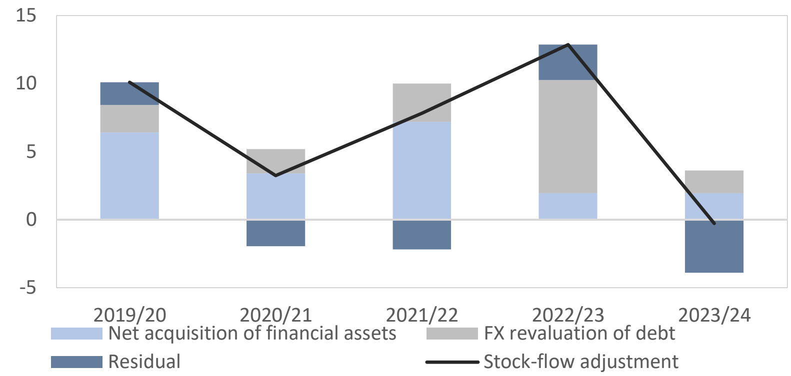
27. The Debt Management Directorate General reconciles debt issued and debt holdings statistics with creditors on an annual basis. The reconciliation is conducted through accessing international financial institutions' databases, reconciliation with the NBR data on secondary holders of government debt securities, and bilateral correspondence with creditors. The Public Debt Statistical Bulletin presents the ownership distribution of BCG domestic and external debt, splitting external creditors by lender category (official and private creditors) and creditor type (Bilateral, Multilateral, Commercial Banks, Suppliers and Bond holders) and domestic creditors relating to debt securities by categories (Banks, Non-banks Financial Institutions, Insurance Companies, Private Companies, Other Investors). As of June 30, 2024, around 95 percent of domestic debt was held by banks, other financial institutions and insurance companies. For external debt, multilateral creditors held 74 percent, the rest equally split between bilateral creditors and commercial creditors. The split of creditors in line with the GFSM 2014 classification by counterparts' sectors[18] would provide for better consistency and international comparability of fiscal reports.

28. Differences between government deficit/net financing and the change in the stock of debt are not reconciled but large. Stock-flow adjustments for the general government for the last four years have been large, averaging 6 percent of GDP annually (Figure I.5). This was mainly due to the significant depreciation of the Rwandan franc which depreciated about 37 percent against the United States dollar over this period and a very large share of debt denominated in foreign currency (88.5 percent as of June 2025, Principle 3.1.1.), as well as the acquisitions of financial assets by the RSSB. However, there have also been significant residuals that cannot be easily explained in the absence of additional detail on other economic flows (Principle 1.1.3). The mean absolute residual over the last five years was 2.5 percent of GDP and increased significantly in FY2023/24.

[18] For more detail, see Table A8.4 Classifications of the Counterparty of Transactions and Stock Positions in Financial Assets and Liabilities by Institutional Sector in the GFSM 2014.

Figure I.5. Changes in the Debt Stock Not Explained by the Fiscal Balance

(Percent of GDP, General Government)



Note: Changes in the debt stock depicted here do not equal changes in debt/GDP over time which would require a more complete decomposition of debt dynamics (as shown, for example, in Ormaechea, Leonardo Martinez, 2021).
Source: The GoR GFS report, CFS for FY2023/2024, Debt Statistics Bulletin, and IMF staff estimates.

1.3.3. Historical Revisions (Not Met, Unchanged from 2019)

29. **No historical revisions to fiscal statistics have been made, and there is no established policy for such revisions.** On the MINECOFIN website, annual GFS tables are available from FY2013/2014 onward, but no revisions have been made to the historical time series. The MINECOFIN produces annual GFS Statement of Operations and detailed tables after the audited CFSs of the GoR and the RSSB become available. This mitigates the need for significant revisions due to the completion and audit of financial statements but has created a time lag of 16-18 months between the reporting period and data dissemination, which limits the usefulness of the reports for fiscal planning.

30. **The MINECOFIN should consider publishing provisional annual GFS reports within six months after the reference year, which would subsequently require historical revisions.** Provisional GFS reports would facilitate macroeconomic forecasting and fiscal planning. Following the preparation of such provisional annual GFS, they should be subsequently updated with more complete and higher-quality data based on the audited financial statements and covering an increased number of reporting entities. Furthermore, given the ongoing transition of the GoR towards IPSAS and the progressive recognition of public sector assets and liabilities, the adjustments and other changes to the numbers reported in the previous year's financial statements (prior-year adjustments) will continue to affect the opening balance sheet in CFS of the GoR and, consecutively, the annual GFS balance sheet (once it will be published, Principle 1.1.2.). For example, the adjustments and changes in the opening balance in the FY2023/2024 CFS amounted to 17 percent of GDP. Revisions may also result from changes in methodology (for example, the shift from cash to modified cash or accrual accounting) or changes in the institutional coverage (for example, because of newly recognized EBUs). Hence, the GoR should develop and apply a policy for historical revisions in line with sound international practices of explaining and disclosing all major revisions to fiscal statistics (typically, revisions of one percent of GDP or larger).[19]

[19] For example, in South Africa revisions are explained either as notes to the data release or as specific analytical articles accompanying the revised data (for more detail, see https://www.resbank.co.za/content/dam/sarb/publications/quarterly-bulletins/notes-to-tables/2021/04Notes%20to%20tables.pdf and https://www.resbank.co.za/en/home/publications/publication-detail-pages/quarterly-bulletins/notes-to-tables/2024/NotestotablesQuarterlyBulletinDecember2024).

I.4. Integrity

1.4.1. Statistical Integrity (Good, Unchanged from 2019)

34. The MINECOFIN compiles and disseminates fiscal statistics taking into consideration international standards on a best effort basis. The independent National Institute of Statistics of Rwanda does not have a direct role in compiling fiscal statistics but provides methodological advice through the GFS Technical Working Group. The authorities disseminate General Government Operations, Central Government Operations, and Central Government Gross Debt on the National Summary Data Page under the IMF Enhanced General Data Dissemination System. In addition, the Macroeconomic Policy Directorate General compiles and publishes annual GFS in the GFSM 2014 format based on the audited CFS. The annual GFS submission to the IMF's Statistics Department contains a Statement of Operations and detailed tables for revenue, expense (economic classification), and transactions in assets and liabilities. The authorities have discontinued publishing the GFS balance sheet since FY2020/2021 due to capacity issues.

1.4.2. External Audit (Basic, Unchanged from 2019)

31. The audit opinion of the Auditor General discusses the reliability of the CFSs but does not yet include a statement on the true and fair view due to the ongoing transition to IPSAS. The independence of the Office of the Auditor General is enshrined in the constitution and Law on the Office of the Auditor General and the office has around 260 staff. Audits are undertaken in accordance with the International Standards of Supreme Audit Institutions comprising compliance, financial, and value for money audits. The MINECOFIN publishes the audited financial statements along with the Auditor General's opinion**.** The published annual report of the Auditor General states the Auditor General's opinion that financial statements are prepared in accordance with the OLPFM and related accounting policies for the preparation of the financial position, financial performance, and cash flows.

32. Since 2019, audit opinions on the financial statements of audited entities have improved. For FY2023/2024, audit reports were prepared for 96 percent of public entities excluding district hospitals (207). 94 percent of the financial statements of these entities received an unqualified opinion and only 6 percent, or 13 entities, received a qualified (nine) or adverse (four) opinion. However, 80 percent of the 31 district hospitals, which are owned by local governments, received a qualified or adverse opinion. The quality of reporting has improved significantly since the 2019 FTE when only half of the financial statements have received an unqualified opinion. The Auditor General highlighted that public entities recognized noncurrent assets for the first time in their financial statements leading to significant adjustments in their financial statements and delays in the audits. Irregularities reported by the Auditor General include overstatement and understatement of disclosed amounts in fixed assets registers and financial statements, assets with no estimated values, or the absence of title deeds for disclosed assets. These were observed in 11 local governments, seven ministries (such as Ministry of Economy), and several government agencies (such as RDB, school inspection).

33. The Office of the Auditor General will express a "true and fair view" opinion once the government's financial statements are prepared in full compliance with IPSAS.. To enable the Auditor General to issue a fair presentation opinion, the consolidated financial statements should be prepared in compliance with IPSAS. The financial statements may be described as complying with IPSAS only if they comply with all requirements of IPSASs. After the end of the transition period to the full implementation of IPSAS, the Auditor General can present the true and fair view. The Auditor General expects the transition period to end in three years in line with IPSAS 33 (First-time Adoption of Accrual Basis IPSASs) and to present a true and fair statement then.

1.4.3. Comparability of Fiscal Data (Basic, Unchanged from 2019)

34. Budget execution reports are comparable with the national budget. The BFP contains medium term fiscal projections in a format comparable with the quarterly budget execution reports, which includes the comparisons of projected amounts with provisional actuals. This comparison broadly follows the GFSM 2014 analytic framework and presents BCG revenue, expense, net acquisition of non-financial assets (split by foreign and domestically financed), and financing (net acquisition of financial assets and net incurrence of liabilities). All balancing items (net operating balance, net lending/borrowing and overall deficit) are presented both including and excluding grants.

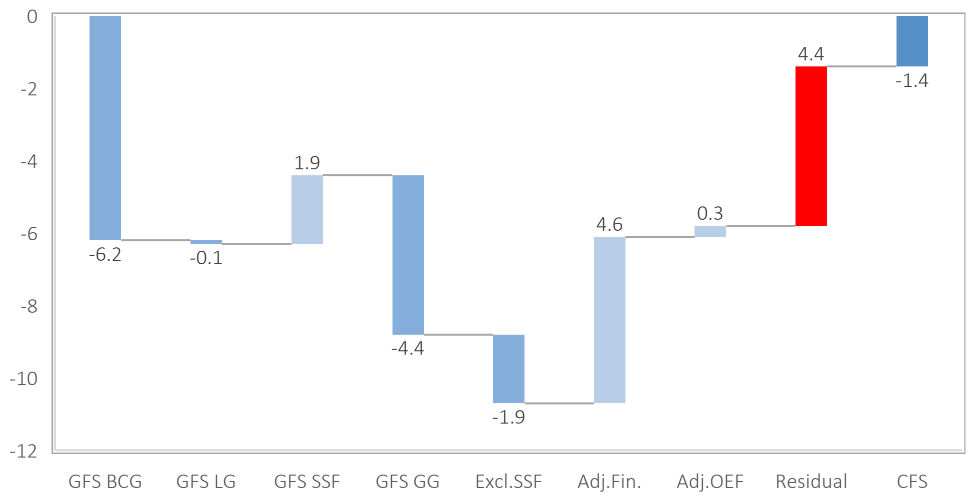
35. There is no published reconciliation of the budget outturn with final accounts or fiscal statistics. The CFS contains a comparison between budget and actual amounts, but the respective data have different coverage and accounting bases without explanations.[20] Key differences include that the budget is prepared on a cash basis and actual amounts represent a mixture of accrued and cash amounts. Additional differences are attributable to own source revenues not captured in the budget, the accounting adjustments made during the audit, and gains or losses, which are not budget items. Even though the annual GFS Statement of Operations contains a separate column on BCG and the budget execution report refers to GFSM 2014, there is no bridge table or explanation reconciling the differences between the budget outturn for BCG and the annual GFS for general government.

36. Differences in fiscal balances between the fiscal statistics and final accounts have been sizeable. The difference between the general government net borrowing in the annual GFS Statement of Operations (4.4 percent of GDP) and the deficit reported in the CFS (1.4 percent of GDP) was 3 percent of GDP for FY2022/2023. The respective reports differ in coverage, classification, and consolidation approaches. In order to reconcile the balances in fiscal statistics and CFS, adjustments are required for net lending of the social security fund, which is excluded from CFS, and financing transactions (including disbursements and repayments of government borrowing and lending, which were part of CFS revenue and expense in FY2022/2023 but no longer from FY2023/24 onward), as well as foreign exchange gains and losses, reflected as part of revenue and expenditure in CFS for FY2022/2023. After making these adjustments, an residual of 4.4 percent of GDP remains, which cannot be explained using the available information (Figure I.6).

[20] According to the comparison table "Consolidated Statement of Comparison of Budget versus Actual Amounts" in the CFS for FY2023/2024, the execution of total consolidated revenue and expenditure amounts to 102 and 108 percent of the revised budget.

Figure I.6. Reconciliation of Fiscal Balances in Fiscal Statistics and CFS for FY2022-23

(Percent of GDP)



Source: The GoR GFS report and CFS for FY2022/2023, and IMF staff estimates.
Note: LG = Local Governments; SSF = Social Security Fund; Adj.Fin. = Adjustments related to financing; Adj.OEF = Adjustments related to other economic flows.

37. It is common in many countries to continue to have the budget, fiscal statistics and financial accounts prepared on different basis, but reconciliations should be disclosed to inform the user of the reasons for the differences in the data.[21] Reconciliation (or transition or derivation) tables detail all the adjustments that need to be made to fiscal aggregates and balances in the national presentation to reconcile with the corresponding aggregates and balances in fiscal statistics and financial statements. Such tables differ among countries depending on the format and degree of available detail in the source data. However, the general principle is applying the adjustments in a consistent manner to the source data to derive the fiscal statistics and financial statistics (details, aggregates, and balances). For example, the Ministry of Economy and Finance of Uzbekistan prepares a transition table from the national presentation of the consolidated budget to the GFSM 2014-based fiscal statistics included in the Fiscal Strategy and the Budget Message for 2025–2027 (Box I.1).

[21] For example, in terms of the European Union's Deficit and Debt reporting, all EU members countries are required to complete a notification table (Table 2A) that explains the transition between the public accounts budget balance and the central government surplus/deficit as reported in the deficit and debt tables. See https://ec.europa.eu/eurostat/web/government-finance-statistics/excessive-deficit-procedure/edp-notification-tables. Also, the UK's Whole of Government accounts include a standard chapter on comparison to national accounts. See https://www.imf.org/en/Publications/CR/Issues/2016/12/31/United-Kingdom-Fiscal-Transparency-Evaluation-44395.

Box I.1: Uzbekistan: Transition from the National Presentation to the GFSM 2014 for FY2025

bill sums	Revenue	Expenditure	Balance	Balance in % of GDP
A. Consolidated Republican and Local Budget, incl. UFRD and State Targeted Funds	**437 771**	**484 341**	**-46 570**	**-3,0**
A1 Consolidated Republican and Local Budget	325 055	347 074	-22 018	
A2. State Targeted Funds	64 330	62 231	2 098	
A3. UFRD	16 000	22 750	-6 750	
A4. Off-budget accounts	32 386	32 386	0	
A5. Externally financed expenditure and lending		19 900	-19 900	
B. Transition to international standards	**-16 524**	**-29 435**	**12 911**	**0,8**
Excluding (-) financing operations:	**-16 524**	**-29 435**	**12 911**	**0,8**
Inflows from financing operations:	-16 524	-160	-16 364	
UFRD	-15 801		-15 801	
EBFs loans granted	-723	-160	-563	
Privatization Fund			0	
EBFs borrowing			0	
Outflows from financing operations:	0	-29 275	29 275	
Externally financed lending		-6 633	6 633	
UFRD equity injections		-7 229	7 229	
UFRD policy lending		-15 413	15 413	
C. GFS M2014 revenue, expenditure and net lending/borrowing (A+B)	**421 247**	**454 906**	**-33 659**	**-2,2**
D. Policy lending (+)	**16 524**	**29 435**	**-12 911**	**-0,8**
UFRD				
receipts from repaid loans	15 801		15 801	
policy lending		15 413	-15 413	
equity injections		7 229	-7 229	
Externally financed lending (through the budget)		6 633	-6 633	
Policy lending by EBFs	723	160	563	
D. Overall fiscal balance (C+D)	**437 771**	**484 341**	**-46 570**	**-3,0**

Source: Fiscal Strategy and the Budget Message for 2025-2027.

I.5. Recommendations

Recommendation I.1. Expand the institutional coverage of fiscal statistics to the public sector and include assets, liabilities, transactions, and other economic flows relating to PPPs, tax receivables, pensions of civil servants, and natural resources.

- Update the Public Sector Institutional Table to include all publicly owned units (reflecting shareholdings of RSSB, local governments and public corporations) and classify market units and nonmarket units in line with GFSM 2014 standards.
- Prepare annual GFS reports based on the updated Public Sector Institutional Table and include a public sector balance sheet.*

Recommendation I.2. Improve the internal consistency of fiscal reports by including a reconciliation between financing and the change in the debt stock. Reconcile net lending/net borrowing with the change in the stock of government debt taking into consideration net acquisitions of financial assets, instrument coverage, and adjustments for revaluations and other volume changes.*

Recommendation I.3. Enhance the comparability of fiscal reports through the reintroduction of the administrative classification and reconciliations of the main fiscal aggregates and balances.

- Reintroduce the administrative classification of expenditure in the budget execution reports.*
- Reconcile budget execution reports with the CFS and GFS at least at the level of main aggregates (revenue, expenditure, fiscal balance, financing) providing explanations about differences.*

Note: Bullets marked with an asterisk (*) relate directly to standards set in the Fiscal Transparency Code.

Table I.7. Summary Assessment: Fiscal Reporting

Principle		Assessment	Importance	Recs
I.1.1	**Coverage of Institutions**	**Good:** Fiscal reports consolidate general government entities but not the public sector. The list of public sector units by subsector needs to be updated.	**High:** Expenditure of public corporations excluded from fiscal reports account for 11.3 percent of GDP.	**I.1**
I.1.2	**Coverage of Stocks**	**Basic:** Fiscal reports cover General Government cash and deposits, financial investments and debt, but there is no report on all public financial assets, liabilities, or net worth.	**High:** Public corporations' non-equity liabilities amount to 44 percent of GDP. Total value of signed PPPs when including the New Kigali International Airport PPP is estimated at 32 percent of GDP.	**I.1**
I.1.3	**Coverage of Flows**	**Good:** Fiscal reports cover cash flows and certain accrued transactions but do not provide details on other economic flows (gains/losses and other volume changes).	**Medium:** Net foreign exchange losses for General Government constitute around five percent of GDP for FY2023/2024 due to losses incurred with the first-time recognition of debt in CFS.	**I.1**
I.1.4	**Coverage of Tax Expenditures**	**Good:** Historical and sectoral estimates of tax expenditures are published annually, but there is no control on their size or budgetary objectives.	**High:** Tax expenditures have steadily increased and now account for 25 percent of total tax revenue.	
I.2.1	**Frequency of In-Year Reporting**	**Basic:** Quarterly fiscal reports are published within 45 days. Monthly reports prepared but not published.	**Low:** Statutory deadline has been complied with in recent years.	
I.2.2	**Timeliness of Annual Financial Statements**	**Basic:** The annual audited accounts are published within 11 months after the end of the financial year.	**Medium**: The presentation of financial statements after budget submission to Parliament reduces their usefulness to inform decision-making.	
I.3.1	**Classification**	**Not met:** Fiscal reports present economic, functional, and program classifications but administrative classifications have been discontinued.	**Medium:** Administrative classification is a key accountability tool, identifying inputs of specific entities in achieving strategic transformation goals.	**I.3**
I.3.2	**Internal Consistency**	**Good:** Fiscal reports reconcile fiscal balance with financing and debt issued and debt holdings, but not net financing with changes in debt stock.	**High:** Average discrepancy between the fiscal balance and financing over FY2020/2021-2023/2024 was around 0.2 percent of GDP, but stock-flow adjustments were 6 percent of GDP in FY2023/24.	**I.2**
I.3.3	**Historical Revisions**	**Not met:** Fiscal statistics are not revised.	**Low:** Annual GFS reports are based on audited financial statements, and there is no indication of major changes in historical data.	
I.4.1	**Statistical Integrity**	**Good**: MINECOFIN compiles and disseminates fiscal statistics based on international standards.	**Low:** The independent National Institute for Statistics advises on fiscal statistics through the GFS Technical Working Group.	
I.4.2	**External Audit**	**Basic:** Financial statements include an audit opinion on their reliability by the Auditor General but not yet true and fair view.	**Low:** An opinion on the true and fair view requires full implementation of IPSAS which is expected in three years. 94 percent of audited public institutions received an unqualified opinion for FY2023/24, up from only half in 2019.	
I.4.3	**Comparability of Fiscal Data**	**Basic:** The budget execution report is prepared on the same basis as the fiscal forecast. Explanations on the differences between budget execution reports and CFS or GFS tables are missing.	**High:** The difference between the general government net borrowing in the annual GFS and the deficit reported in the CFS was 3.0 percent of GDP for FY2022/2023.	**I.3**

II. Fiscal Forecasting and Budgeting

38. Rwanda continues to perform well in the overall transparency of its fiscal forecasting and budgeting practices. This is underpinned by a strong legal framework, well-functioning medium-term budget framework, as well as good practices in macroeconomic forecasting, performance information, public participation in the budget process, and supplementary budgets. Policy orientation has been strengthened by stating the fiscal path with a timebound debt objective and projected fiscal deficits for three years derived from debt sustainability analysis in the BFP, but reporting on the objective is limited. Key gaps remain in independent evaluation and forecast reconciliation. Table II.1 presents a summary of the principal fiscal forecasting and budget documents.

Table II.1. Main Fiscal Forecasting and Budget Documents

Document	Description	Timing
National Strategy for Transformation (NST)	National development plan with thematic priorities and pillars, and macroeconomic framework for 2017-2024 (NST1) and 2025-2029 (NST2).	Once every 5-7 years
Planning and Budget Outlook Paper	Information about macroeconomic indicators and aggregate resource envelope approved by Cabinet and submitted to Parliament.	January
BFP	Strategic objectives, budget priorities, macroeconomic indicators, and fiscal projections.	April
Draft Law on State Finances	Draft budget law including draft budget estimates.	April
Budget Speech	Update on economic policy and budget priorities, highlights of previous year's achievements and of budget provisions for coming year.	June
Law on State Finances	Enactment of the budget, key principles governing execution of the budget, detailed annexes with revenue, expenditure, and financing projections for fiscal year and medium-term.	June
Draft Revised Law on State Finances	Draft of revised budget at mid-year, detailed annexes with revised revenue, expenditure, and financing.	January
Revised Law on State Finances	Enactment of revised budget at mid-year, detailed annexes with revised revenue, expenditure, and financing.	March
Annual Economic Report	Update on macroeconomic developments, and on outlook for the fiscal year and medium-term.	May
Macro-framework Public Dataset	Detailed file with fiscal framework and underlying macroeconomic assumptions.	Ad hoc

Source: IMF staff.

39. Since 2019, the GoR has enhanced transparency of the budget documentation in several areas whereby some achievements have not yet resulted in improved ratings. Compared to the 2019 FTE, the rating of two principles has increased, while ten remain unchanged (Table II.2). Medium-term Budget Frameworks now present more detailed information on outturns and medium-term forecasts. The introduction of an annex for performance budgeting operationalizes the NST1 and NST2 by presenting the main outputs with measurable indicators for key programs. Budget documents now better reflect fiscal policy objectives and are supported by performance budgeting and more information on public investment such as the pipeline of investment projects, and the citizen budget is published earlier. The implementation of recommendations of the 2019 FTE has contributed to the noted improvements but has only been partial (Table II.3).

Table II.2. Fiscal Forecasting and Budgeting: Summary of Changes Compared to 2019

Principle		2019	2025	Reasons for change
2.1.3	Medium-Term Budget Framework			Annexes to the BFP now include more detailed information on outturns and medium-term forecasts.
2.3.2	Performance Information			The new annex on performance budgeting covers outputs with measurable indicators for key programs of all sectors of the NST1 and 2.

Source: IMF staff.

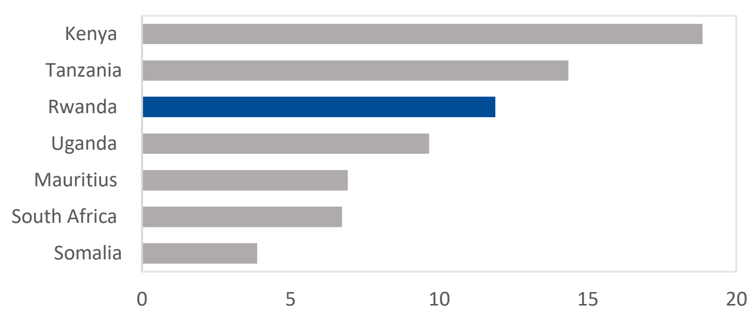
II.1. Comprehensiveness

2.1.1. Budget Unity (Basic, Unchanged)

40. Budget documentation covers gross revenue, expenditure and financing of the central government's budgetary entities but not all internally generated revenue or social security funds. Currently, the budget estimates cover revenue and expenditure of central government entities, including both current and capital expenditure and domestically and externally financed expenditure. They also include transfers made to EBUs, as well as grants and loan financing. However, they do not include internally generated revenues and the corresponding expenditure of EBUs. Nor are planned revenues and expenditure of RSSB[22] (to be classified as social security funds) included in the budget documentation. However, budget coverage has increased by bringing several internally generated revenues for central government agencies on the budget such as Rwanda Development Board, Rwanda Mining Board, and Rwanda Correctional Service. This resulted in a decrease of internally generated revenue currently not reflected in the budget documentation from 7 percent in 2019 to 2.8 percent of general government revenue in the FY2025/26 budget which is a significant improvement. Overall, own source revenues amounted to about 12 percent of total general government revenues in Rwanda in 2023, slightly above the average for selected peer countries (Figure II.1.)

Figure II.1. Own Source Revenues

(In percent of total general government revenues, 2024 or 2023 if 2024 was not available)



Sources: IMF Government Finance Statistics Database; IMF staff calculations.

41. Reporting on RSSB in budget documentation is important given that pension reform might have significant impact on public finances. RSSB administers pensions, health, hazard accident, and maternal leave schemes. These are mainly financed through employers' and employees' contributions. Some programs for health cover beneficiaries with no contributions so that alternative funding sources are used including a small part also from the central budget, mainly contributions for civil servants.

[22] Net income of the RSSB amounts to 2.3 percent of GDP in 2023/24, benefits paid to 1 percent of GDP, and contributions to 2.2 percent of GDP.

Revenues of RSSB are significant at 3.4 percent of GDP and expenditure at 1.2 percent of GDP (Principle 1.1.1). The approved pension reform is expected to place additional pressure on already tight fiscal space also over the long term (Box II.1).[23] This issue highlights the importance of including an annex to the budget revenue (contributions and other financial sources) and expenditures on a gross basis in order to understand the fiscal position, fiscal risks and the impact of new policies of RSSB.

Box II.1: 2025 Pension Reform

Rwanda's 2025 pension reform doubles contribution rates from 6 to 12 percent in 2025 and will gradually rise to 20 percent by 2030, with contributions now calculated on the full gross salary rather than just basic pay and housing allowances. Pension benefits have been substantially increased, with the minimum monthly pension rising from RWF 13,000 to RWF 33,710, alongside higher payouts across all categories. The reform aims to ensure long-term sustainability as life expectancy rise and mobilize domestic investment capital.

Rwanda's pension reform is financed through a combination of contributions from both employers and employee. To ensure timely implementation and to ease the transition for public sector workers, the government has allocated additional funds (RWF 44.9 billion) within the revised 2024/2025 national budget to cover the increased pension contributions for its employees.

Source: RSSB, Revised Budget 2024/25, IMF 2025 Fifth Review.

42. GoR plans the full inclusion of EBUs into budget documents once the MOPFM is adopted. Upon approval of the draft MOPFM, the MINECOFIN will issue guidelines for the implementation of an annex for internally generated revenues and respective expenditure of EBU. A timely approval of the MOPFM could enable the implementation for the FY2026/27 budget. The publication of RSSB's revenues and expenditure in an annex will require more preparation steps, in particular a legal backing in the OLPFM.

2.1.2. Macroeconomic Forecasts (Good, Unchanged)

43. Budget documentation provides medium-term forecasts of key macroeconomic variables, with discussions on underlying assumptions at the aggregate but not component-level. The Planning and Budget Outlook Paper and the BFP present three-year forecasts, including GDP growth by sector, key external sector components, monetary aggregates, and fiscal indicators in accordance with Article 34 OLPFM. Macroeconomic forecasts are published in a dataset on the MINECOFIN website. While the BFP does not include inflation projections , medium-term projections, with the GDP deflator, are provided in the Planning and Budget Outlook Paper on a calendar year basis. However, the analysis and assumptions focus on aggregate data, and both papers lack a detailed explanation of forecasts for the main macroeconomic indicators and GDP components, their relationships with each other, and reasons for any deviations from previously projected trends.

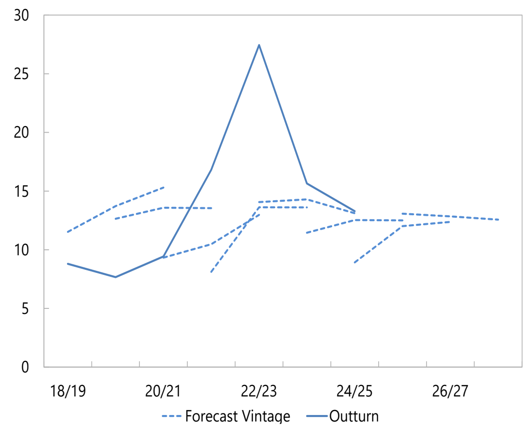
44. The presentation and analysis of macroeconomic forecasts have remained unchanged since the 2019 FTE, with a negative bias to economic growth projections. Although the MINECOFIN has developed forecasting capacity and models, the assumptions underlying components of GDP and other macroeconomic indicators are neither disclosed nor discussed, though they are discussed with the IMF under the current Fund-supported program. Post-pandemic nominal GDP forecasts have been conservative with average underestimation of 7 percentage points for the budget year and 5 and 6

[23] IMF: Rwanda: Fifth Review Under the Policy Coordination Instrument and Request for the Modification of End-June 2025. See also the discussion in principle 3.1.3 Long-Term Fiscal Sustainability.

percentage points for the two outer years (Figures II.2.), indicated by the MINECOFIN staff as a chosen approach to support budget credibility. However, there is no explanation whether higher nominal GDP growth was due to inflation surprises or outperformance in economic activity. For instance, inflation in FY2022/23 was 14 percent from 8.5 percent projected in the BFP FY2022-2025.

Figure II.2. BFP Nominal GDP Growth Forecasts vs. Outturns

(Percent)



Sources: Respective BFPs, MINECOFIN.

45. Expanding the analysis and disclosure of assumptions behind macroeconomic forecasts in the BFP would enhance understanding and credibility. As the MINECOFIN has the capacity to produce credible forecasts, incorporating it will require minimal efforts to comply with the advanced requirements of the fiscal transparency code. A concise summary of assumptions, accompanied by narrative explanations of key sectoral outlooks, expenditure-side GDP components, forecasts for medium-term GDP deflators (or inflation), and supported by quantitative analysis would strengthen the credibility of the BFP. A similar approach is presented in the Medium-Term Budget Policy Statement published by the National Treasury of South Africa.[24]

2.1.3. Medium-Term Budget Framework (Advanced, Improved from Good in 2019)

46. The BFP and its annexes include the outturn of the two preceding years and medium-term projections of the main fiscal aggregates by economic category and by program. Outturns of the preceding years, covering macroeconomic indicators and the main fiscal aggregates for the BCG (including revenues, expenditure, the fiscal balance, and financing data) are presented as an annex to the BFP. Medium-term projections, covering the next budget year and two additional outer years, are presented and discussed in the core BFP document, which includes projections of revenues, expenditures and financing by economic category. Detailed information at program level is available in the annexes. Forecasts are also presented in the Planning and Budget Outlook Paper and the newly published Economic Bulletin (first publication in May 2025).

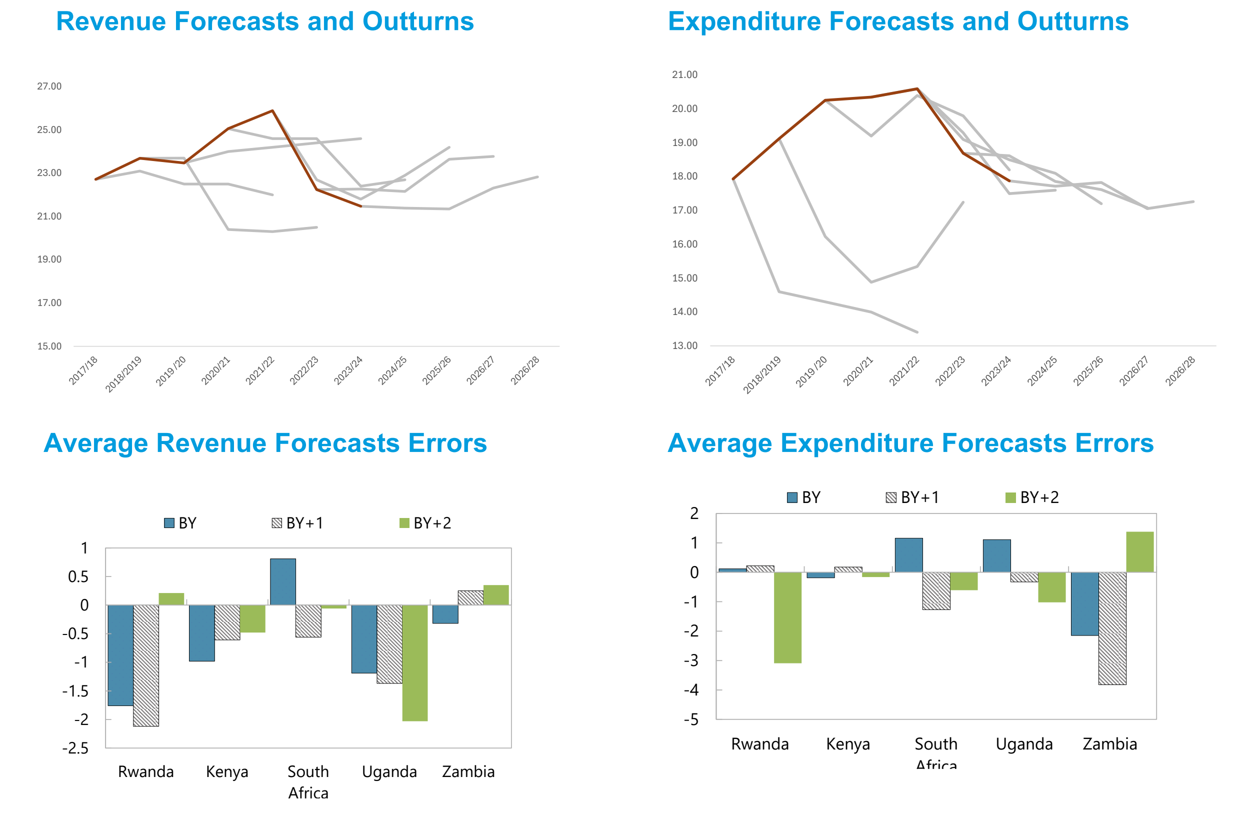
47. Since 2019, the BFP documentation has been strengthened, with more comprehensive annexes although their presentation has not been consistent over time. Up to the FY2016/17 BFP no annexes were presented. Starting in FY2017/18, annexes were provided, and they have progressively been strengthened, starting with budget annexes and information regarding transfers to districts, and now

[24] https://www.treasury.gov.za/documents/mtbps/default.aspx

include explanatory notes, a tax expenditure report and a document on gender budgeting. However, some annexes are not systematically included. For instance, the FRS (first published in 2020) was included as an annex of the BFP only for FY2021/22 and F2023/24. More importantly, an annex on investments (pipeline and medium-term investments) was presented in FY2021/22 and FY2023/24 but not in the latest BFP documentation. Ensuring the consistency of information presented would be key to support comparability and monitoring of fiscal policy changes over time.

48. **Forecasts have tended to overestimate revenues and expenditure after COVID-19.** On average over the past three years, revenue was overestimated by an average of 1.3 percent of GDP for the budget year and by 1 percent of GDP for the first outer year. Expenditure forecasts are more accurate and, contrary to the trend noted in the 2019 FTE, have recently been overestimated. On average over the past 3 years, expenditure was overestimated by 0.6 percent of GDP for the next budget year and by 0.4 percent of GDP for the first outer year. The MINECOFIN has been more optimistic than regional peers for budget year and first outer year, both on revenue and expenditure forecasts (Figure II.3.).

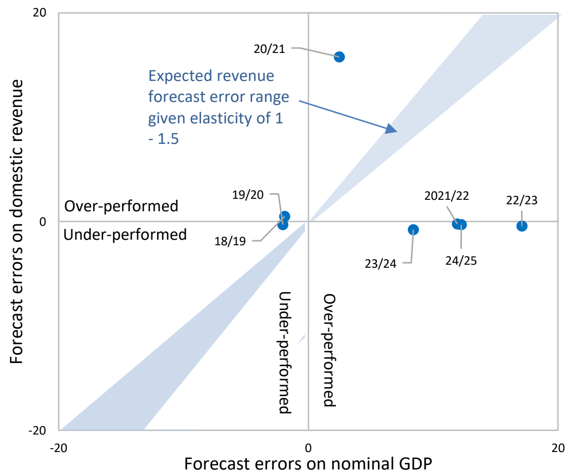
Figure II.3. Forecasts and Outturns for Revenue and Expenditure
(Percent of GDP)



Sources: MINECOFIN; IMF staff.
Note: Positive values in the two lower hand charts denote underestimation. Average forecast errors have been calculated for the last three years available and by subtracting forecasts from outturns. Red lines = outturns, grey lines = forecasts, BY = budget year.

49. **Revenues have been overestimated even though nominal GDP has exceeded forecasts in recent years.** Underpinning this divergence, tax revenue forecast errors have not been correlated with nominal GDP forecast errors. Observed elasticities of revenue to nominal growth have all fallen outside the expected range of between 1–1.5 (Figure II.4.). While the underestimation of nominal GDP growth has been a deliberate approach chosen by the MINECOFIN, the observed relationship points to structural problems—inadequate methods and weak assumptions—in revenue forecasting.

Figure II.4. Budget Forecast Errors on Nominal GDP and Tax Revenue
(FY2021/2022 – FY2024/2025, percent of GDP)



Sources: Respective BFPs, MINECOFIN.

2.1.4. Investment projects (Basic, Unchanged from 2019)

55. All major projects are contracted via open and competitive tendering, but neither total obligations under multi-annual investment projects nor cost-benefit analyses are disclosed. In particular:

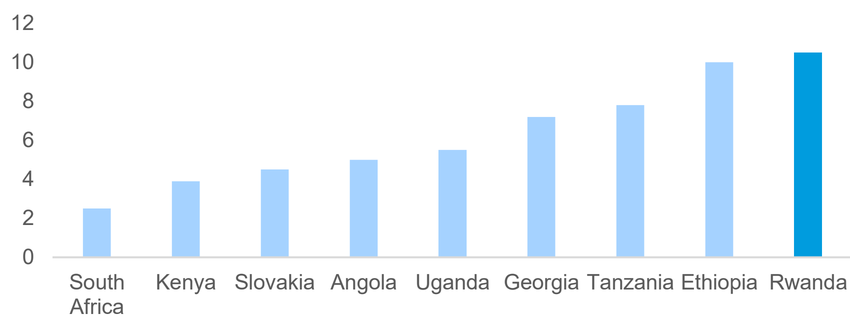
- Open, transparent, and competitive procurement is required for projects above RWF 10 million under the 2018 procurement law. The Rwanda Public Procurement Authority oversees compliance and publishes guidance and annual reports. For externally financed projects, development partner rules—typically open competitive tendering—apply.[25] The New Kigali International Airport was not procured through an open and competitive tender but instead developed through a directly negotiated equity partnership with Qatar Investment Authority.
- Budget documents include medium-term investment plans but not total project costs. Projections of capital spending for the general government are forecast at the project level by budget agencies and local governments and published in the BFP, with a specific annex focusing on projects (not yet published on the MINECOFIN website for FY2025/26). While this annex is a strong improvement from the 2019 FTE, it falls short of the government disclosing the value of its total obligations under multi-annual investment projects which we extend beyond the BFP horizon.
- A comprehensive framework governs project appraisal, with MINECOFIN guidelines incorporating climate considerations and differentiating by project size.[26] They set out procedures, including risk and cost-benefit analysis, but cost-benefit analyses are not published.

50. Public investment is a central pillar of Rwanda's development strategy. Vision 2050, implemented through NST2 (2024–2029), guides project selection and alignment with national priorities. Over the past five years, about 38 percent of annual spending has been allocated to public investment,

[25] The 2023 Public Investment Management Assessment rated procurement as high on design and effectiveness, highlighting the strong standards of procurement practice in Rwanda.
[26] Cabinet has further approved an updated investment policy to include climate aspects and the government publishes a consolidated report on climate sensitivity for major projects in the pipeline by sector.

including major projects such as RwandAir expansion and the new Kigali International Airport to support trade and tourism. Public net investment has exceeded 10 percent of GDP in recent years, high relative to peers (Figure II.5).

Figure II.5. General Government Investment Spending for Selected Countries
(Percent of GDP, 2024 or latest data available)



Source: MINECOFIN, World Bank, IMF Staff.

51. The publication of cost-benefit analysis would improve scrutiny and investment management would benefit from information on total project costs. The publication of cost-benefit analysis, at least for the major projects, would increase the scrutiny from key stakeholders. This will be a strong incentive to ensure the quality and consistency of the documents and the resulting investment decisions. Information on total project costs and the multi-annual execution of projects is scarce. The lack of publication of total project costs implies that no cost overruns are made public or explained to guide budget decision-making.

II.2. Orderliness

2.2.1. Fiscal Legislation (Advanced, Unchanged from 2019)

52. The legal framework clearly defines a timetable for the budget process, key contents of budget documentation, and the powers of the legislature to amend the budget proposal. In 2022, the OLPFM replaced the 2013 Organic Law on State Finances and Property. The OLPFM includes the following elements in the respective articles:

- A timetable for budget preparation and approval requiring the BFP to be submitted to Parliament by April 30 (Article 34), comments from Parliament to be submitted to Cabinet by May 31 (Article 34), and the budget to be approved by June 30 (Article 37) with further details regulated in ministerial orders.
- The key content requirements for the executive's budget proposal (Article 34 and Article 40).
- The stipulation of powers of the Parliament to revise the proposed budget without altering the fiscal balance (Article 10).

53. Compared to the 2013 Organic Law on State Finances and Property, provisions on important reform initiatives and innovation were integrated in the OLPFM. In particular, the OLPFM now includes (1) the coverage of the institutional table for the entire public financial management system (move to public sector, including public corporations), (2) accounting standards, (3) fiscal risk management, (4) the introduction of gender budgeting, and (5) provisions for performance budgeting.

54. A ministerial order has been drafted to support implementation of the OLPFM. The draft Ministerial Order for Public Financial Management[27] (MOPFM) is under review of the law reform commission. It will replace the Ministerial Order Relating to Financial Regulations based on the 2013 Organic Law on State Finances and Property. After approval expected in October it will enter into force immediately**.** The MOPFM specifies many areas regulated in the OLPFM and thus provides the basis for its implementation (Box II.2). The implementation of the MOPFM will support improvements in fiscal transparency discussed in this report such as budgetary contingencies, reporting against fiscal objectives, and inclusion of internally generated revenues of central government agencies in budget documentation.

Box II.2: Content of the Draft MOPFM

The draft MOPFM covers a broad range of topics, including the following:
Responsibilities of different organizations within the budget cycle (within and outside the Ministry of Finance)
Overall timeframe for planning and budget preparation*
Content of the fiscal documents (medium-term expenditure framework, BFP, Planning and Budget Outlook Paper)*
Criteria and procedure for the use of budgetary reserves (impromptu budget lines)*
Rules for budget reallocations*
Revenue management (e.g., revenue mobilisation)
Expenditure management (e.g., annual expenditure plans, payment of salaries)
Public financial assets and liability management (e.g., cash management, imprests, treasury single account, borrowing by central government entities and public institutions)*
Public property management (e.g., registration, rules on acquisition, transfer and disposal)
Accounting and financial reporting (e.g., accounting standards, chart of accounts, procedures budget execution reporting and financial statements)*
Fiscal risk management (e.g., committees, internal audit)*
Source: IMF Staff.
Note: Topics related to this report are highlighted by an asterisk.

2.2.2. Timeliness of Budget Documents (Good, Unchanged from 2019)

55. The budget is submitted to Parliament at least two months before the start of the fiscal year (July 1) and approved and published before the start of the fiscal year. The OLPFM requires that the budget (BFP and draft Law on State Finances) are submitted no later than end April, and this has been followed for the past three years, with publication occurring within a few days once the parliament has approved the BFP. The Law on State Finances is resubmitted incorporating Parliaments' comments, and Parliament approved the budget prior to the beginning of the financial year on July 1. Dates assessed by the FTC are bolded in Table II.3.

Table II.3. Key Dates in the Budget Calendar

Stage	Prescribed Deadline	Actual						
		2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Original Budget								
MINECOFIN issues First BCC	N/A	Oct 31	Oct 23	Oct 30	Oct 29	Sept 27	Oct 18	Oct 31
MINECOFIN submits BFP and draft LSF to Parliament	**Apr 30**	**Apr 16**	**May 18**	**May 5**	**May 13**	**Apr 20**	**Apr 25**	**Apr 17**
Parliament approves BFP	N/A	Apr 30	May 21	May 12	May 19	May 3	May 6	May 8
Government publishes BFP plus annexes	N/A	Apr 30	May 21	May 12	May 19	May 4	May 6	May 9
Parliament approves budget	**Jun 30**	**Jun 27**	**Jun 29**	**Jun 28**	**Jun 29**	**Jun 27**	**June 5**	**Jun 25**
Budget published in Official Gazette	Jun 30	June 30	June 30	June 30	Jun 30	Jun 30	June 29	July 1
MINECOFIN publishes Citizen's Guide to Budget	N/A	Dec 29	Dec 29	Sept 17	Aug 9	Aug 16	Jul 30	Jul 16

[27] Equivalent to public financial management regulations.

Revised Budget								
MINECOFIN submits revised budget to Parliament	N/A	Dec 28	Jan 28	Jan 18	Jan 30	Jan 30	Jan 25	N/A
Parliament approves revised budget	N/A	Feb 26	Feb 22	Feb 2	Feb 2	Feb 28	Feb 2	N/A
Revised budget published in Official Gazette	N/A	May 13	Mar 4	Mar 7	Mar 7	Mar 22	Mar 18	N/A

Source: MINECOFIN.

Note: BCC = Budget call circular, LSF = Law on State Finances.

56. **Since 2019, the timeliness of several budget documents has improved**. While the MINECOFIN started publishing the draft annexes with detailed budget only in FY2018/19 it has become regular practice. The date of publication has improved to only a few days after the end of April. The lag between approval of the budget and publication of the Citizen's Guide to the Budget has been further reduced from December in FY2019/2020 to mid-July in FY2025/2026. The draft budget submitted to Parliament continues to not be published, only the revised budget is published after approval as required under the OLPFM.

57. **Parliament is informed about budget developments throughout the year and has adequate time to scrutinize and approve the annual budget.** Throughout the entire budget cycle, the Parliamentary Committee on Budget and Patrimony is informed about the budget process and developments through other fiscal documents starting with the first budget call circular in October. At this time consultations are started with the public. In addition, quarterly budget execution reports are discussed regularly, which gives the Committee a good understanding of fiscal developments.

II.3. Policy Orientation

2.3.1. Fiscal Policy Objectives (Basic, Unchanged from 2019)

58. **Rwanda continues reporting periodically on its performance against supra-national fiscal objectives which are both precise and time bound.** As a member of the East African Community, Rwanda has subscribed to the macroeconomic convergence criteria which include a ceiling of 50 of GDP on the net present value of debt and a ceiling of 3 percent of GDP on the fiscal deficit. The GoR periodically prepares and submits a Medium-Term Convergence Program report to the EAC Secretariat and the MINECOFIN publishes the report, which contains a detailed account of performance against the targets and the medium-term trajectory.[28]

59. **A national fiscal objective for debt now complements the fiscal targets of the East African Community**. In an improvement compared to the 2019 FTE, the government now states a precise and timebound numerical objective for debt. The OLPFM 2022 requires numerical fiscal objectives over the medium term (Article 26), but it does not include a specific reference value. The BFP and in more detail the Planning and Budget Outlook Paper set debt targets to be achieved over the medium term and include projections for debt and the fiscal deficit for three years. Coverage of the fiscal objective is general government but does not include the RSSB.

60. **Despite the presence of a national debt target, the Government has not been able to put the fiscal position on a trajectory to meet the target in recent years.** The target has been set at 65 percent of debt to GDP, but actual debt levels have been on an increasing trajectory and projections have

[28] This report was most recently published in December 2024 (Medium-Term Convergence Program 2023/24 – 2026/27, https://www.minecofin.gov.rw/index.php?eID=dumpFile&t=f&f=135990&token=894fb8576ab965b608c4e926bafafa9129c7bb83).

often been missed for the budget and outer years, with the exception of 2025. Subsequently, the timeline for compliance with the 65 percent of GDP debt ceiling has been extended several times (Table II.4.).

Table II.4. Targets for Nominal Public Debt Compared to Projections and Actuals
(Percent of GDP)

Calendar year	2021	2022	2023	2024	2025	2026	2027	2028
Target (BFP)	65 by 2030	65 by 2030	65 by 2030	65 by 2030	65 by 2031	65 by 2033		
Projections								
PBOP 2023/24-2025/26			73.6	76.1	76.6	75.0		
PBOP 2024/25-2026/27				71.6	78.0	77.2		
PBOP 2025/26-2027/28					77.5	80.0	78.9	
PBOP 2026/27-2028/29						75	77.7	79.1
Actual	73.3	67.5	73.5	78.7	75.0			

Source: BFPs, Planning and Budget Outlook Papers, and budget execution reports.
Note: PBOP = Planning and Budget Outlook Paper. Actuals are as of the time of publication, i.e., before a GDP rebasing in September 2025. The actual for 2025 is a projection based on rebased GDP.

61. **Reporting on the national debt target is required but has been limited.** Article 26 of the OLPFM requires the mid-year consolidated budget execution report to assess compliance with fiscal objectives, for the current fiscal year and the preceding fiscal year, including an explanation and justification for any deviation. However, budget execution reports include only a short discussion on the deficit for the budget year, do not specifically refer to the performance against numerical fiscal objectives. and not explicitly refer to the East African Community’s debt and deficit targets. Furthermore, the alignment between national and East African Community fiscal targets needs strengthening. While the national debt target is defined in nominal terms, the East African Community’s target defined in present value terms. The Medium-Term Convergence Program does not explicitly refer to national fiscal objectives and does not present a reconciliation, but authorities use the same macro framework data and report that target levels are aligned with the national fiscal objectives.

62. **Reporting against the national fiscal objectives should be improved considering the regular timeline extensions for the debt target in recent years.** The draft MOPFM further specifies the reporting requirement on the realization of the fiscal objectives included in the OLPFM. The BFP and budget execution reports should include a formal discussion of performance against objectives that explain revisions of the fiscal objectives compared to previous BFPs, as well as any deviations of actuals from projections, and be reconciled with the East African Community’s convergence criteria.29

2.3.2. Performance Information (Good, Improved from Basic in 2019)

63. **The performance budgeting annex presents key measurable outputs for each major government policy area and performance against the targets is reported.** The presentation aims at operationalizing the implementation of the NST1 and 2 and presents key outputs for the most relevant programs to implement the objectives of the NST1 and 2. Outputs are closely linked to allocations indicated in the annex together with performance targets. The budget documentation only mentions program objectives, but no outcome indicators and targets are presented. Outcomes (with some targets) are presented in NST1 and 2 and sector strategies. Performance contracts (Imihigo)[30] published by

[29] Senegal, for example, provides in its convergence program both a retrospective look at past ratios and a strategy for meeting the criteria in the next five years.
[30] Under these arrangements, performance contracts are entered into with every ministry, district, and board. The contracts include key outcomes, outputs, indicators, and targets, along with the associated budgeted resources and they are published.

budget entities include operational objectives and outputs and are aligned with the information in the budget. The achievements for key outputs are presented in the budget execution report with the most relevant indicators taken from reports of the budget entities. In addition, reporting on performance indicators is provided in the internal reports of the National Program and Project Monitoring Directorate in the MINECOFIN which draws from the same information base.

64. **Since 2019, pilots have been institutionalized as regular practice covering all priority programs for the NST implementation.** The implementation of a roadmap to advance the piloting and implementation of Performance Based Budgeting as indicated in the 2019 FTE has been supported by the IMF. The format of the performance budgeting annex was introduced in FY2019/20 and started with pilots and was gradually expanded to the entire central government budget. The pilots were presented in annexes to the Law on State Finances which were slightly adapted from year to year. The MINECOFIN plans to use FY2025/26 as basis for the institutionalized format**.** The information in the FY2025/26 budget covers all three pillars and 16 sectors of the NST2 and includes specific output indicators for priority programs covering 30 percent of the developing budget in the FY2025/26 budget. For example, for the agriculture sector a program 'To increase productivity, production and quality of agriculture and livestock' is measured by 10 indicators such as quantity of inorganic fertilizers distributed and used by farmers, quantity of certified seeds (Wheat) produced, and ha of area under SSIT Irrigation developed.

65. **The gradual expansion of program budgeting should be continued to include a systematic presentation of outcome objectives and measurable indicators**. Progressing towards outcome presentation should be a priority. The NST2 includes the key objectives with some indicators, which provides the basis for including them systematically in the performance budget annex. The current presentation could be adapted to add the indicators with targets.

2.3.3. Public Participation (Good, Unchanged from 2019)

66. **A Citizen's Guide to the Budget is prepared annually with relevant information which presents implications of the budget for the typical citizen but not different demographic groups**. It sets out an economic outlook and tax policy measures, aggregate budget spending and revenues, the budget's role in supporting the NST2, spending on climate change and environment, gender priorities and achievements, and the impact of the budget on the lives of citizens, with a focus on information on projects in the districts. No summary of the implications of the budget for different demographic groups is included. While information on gender budgeting includes measures referring to gender priorities, no assessment of the implications of the budget on men and women is published. The guide is presented in an easily readable format in three languages (English, French and Kinyarwanda). The main shortcoming identified in the 2019 FTE was its publication several months after approval of the budget. This has improved significantly to July in the recent budget. However, ideally the citizen budget accompanies the draft budget to help citizens better understand its implications at the time of budget discussions. Another improvement is the publication of a citizen guide for the FY2023/24 revised budget.

67. **The budget process provides for the participation of citizens and stakeholder groups**. Budget proposals are discussed at each level of sub-national government, including village, cell, sector, and district. Budget discussions with citizens are held at the time of budget formulation and the media coverage on the budget includes reference to the views of citizens and stakeholder groups on budget priorities. In addition, the Parliamentary Committee on Budget and National Patrimony engages in consultation when the budget process starts with the first budget call circular in October until the time the

budget is debated in May. NGOs play an important role in preparing and debating the budget. The Rwanda Civil Society Platform, an umbrella for civil society organizations, makes proposals for annual budgets, advises the Government and Parliament, and takes part in parliamentary budget hearings.

II.4. Credibility

2.4.1. Independent Evaluation (Not Met, Unchanged from 2019)

68. **Budget documentation does not report any comparison of the Government's forecasts with those of independent forecasters, and no independent entity evaluates the forecasts.** Neither the BFP nor any other budget document include any comparison of the economic and fiscal forecasts with forecasts prepared by other independent forecasters, nor are they evaluated by an independent entity. The Parliamentary Committee on National Budget and Patrimony scrutinizes the draft budget (BFP and draft Law on State Finances), but their examination of the budget does not include a formal evaluation of the economic and fiscal forecasts. GDP and revenue forecasts have been conservative and expenditure forecasts are not significantly biased with the average forecast error post-Covid overestimating total expenditure by 0.5 percent (Principles 2.1.2 Macroeconomic Forecasts, 2.1.3 Medium-Term Budget Framework).

69. **The Parliamentary Directorate for Research and Analysis has been tasked in recent years with the review of the draft budget to support the work of the Committee on Budget and Patrimony.** The directorate is part of parliamentary administration and independent of GoR but does not have an explicit mandate or terms of reference. The directorate has five staff who also provide support to other parliamentary committees. The analysis provided is focused on sectoral allocations rather than fiscal sustainability and reports are not published. While the analysis provided strengthens parliamentary oversight it does not qualify as an independent entity evaluating the credibility of the budget. The Kenyan Parliamentary Budget Office is an example of a regional and well-established entity.

70. **The absence of an institutionalized arrangement for independent scrutiny of the forecasts reinforces the value of disclosing a comparison with forecasts of other organizations.** The MINECOFIN should systematically use forecasts produced by national organizations as well as international organizations and include comparative forecasts in an annex to the BFP with explanations of key differences to further strengthen the credibility of its forecasts. Under the current Fund-supported program fiscal objectives and budgets are discussed regularly with the IMF. This has resulted in broadly aligned forecasts for real GDP and deficit. However, comparison to forecasts from the World Bank and the African Development Bank show more significant deviations in recent years (Table II.5).

Table II.5. Real GDP Growth and Deficit Forecasts for the Budget Year by Forecaster

Fiscal year	2022/23	2023/24	2024/25	2025/26
Real GDP growth (percent)				
MINECOFIN	6.7	6.7	6.5	7.5
IMF	6.7	6.7	6.5	7.5
World Bank	8.2	8.9	7	7.3
African Development Bank	8.3	8.9	7.8	7.5
Fiscal balance (percent of GDP)				
MINECOFIN	-6.9	-6.5	-5.5	-7.4
IMF	-6.9	-6.5	-5.2	-7.4
African Development Bank	-7	-6.4	-5.6	-3.8

Sources: BFPs, IMF Article IV staff reports, African Development Bank (including African Economic Outlook 2025), information from MINECOFIN.

2.4.2. Supplementary Budget (Good, Unchanged from 2019)

71. The OLPFM requires a revised budget prior to material changes to total budgeted expenditure. The OLPFM provides for a revised budget (Article 45), and a revised emergency budget (Article 46). It is subject to the same process as the original budget of scrutiny by the Parliamentary Committee on Budget and National Patrimony. Based on the mid-year budget execution report the Minister of Finance may submit a draft revised budget. A draft revised emergency budget may be submitted at any time deemed necessary during the fiscal year in case of a major unexpected event requiring additional expenditure. Before preparing a draft revised emergency budget, all possibilities of reallocations and the use of the budget contingency (impromptu budget line) must be exhausted.

72. While some reallocations require parliamentary approval, the executive still has the power to significantly alter the original composition of the budget without legislative approval. There are clear rules permitting but also limiting reallocations of budgeted amounts during the year (Article 51). During budget execution, the Chief Budget Manager is allowed to make reallocation of appropriations under the State budget between different chapters within the same program, up to a cumulative maximum of twenty percent of the total budget of that program. The Minister of Finance may carry out reallocation of appropriations under the State budget between different programs within the same entity, up to a cumulative maximum of ten percent of the total budget of that entity. Reallocations from employment costs to other expenditure categories and across entities are not permitted without parliamentary approval.

73. Supplementary budgets have been significant relative to the original approved budgets in COVID-19 years but have declined more recently. On average, supplementary budgets have increased expenditure by 6.8 percent of the original budget between FY2019/20 and FY2023/24, driven by large variations during COVID-19 (Figure II.6.). During budget execution several factors have reduced expenditure by 6.9 percent of the original budget on average, resulting in an average overall variation of only 0.1 percent between original budgets and actuals. In FY2022/23 and FY2023/24, supplementary budgets were lower at 2.3 and 1.7 percent of the original budget. Actual reallocations have been modest in recent years averaging 0.7 percent of budgeted expenditures over the past five years whereby only 0.2 percent were allocations between programs.

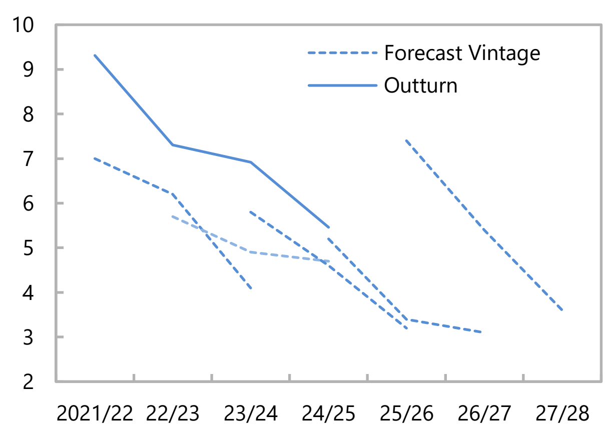
Figure II.6. Supplementary Budgets and Execution
(Percent of total expenditure)

Sources: Law on State Finances, Revised Law on State Finances, Budget execution reports.

2.4.3. Forecast Reconciliation (Not met, Unchanged from 2019)

74. **Budget documentation presents neither the differences between successive forecast vintages nor key factors behind these changes.** While successive BFPs include updated macroeconomic frameworks and fiscal forecasts, they lack disclosure of deviations from prior forecasts and the fiscal impact of new policies. Practices have remained unchanged since the 2019 FTE. Although various factors and initiatives are discussed, their quantitative impact on major fiscal indicators like the budget deficit and public debt is not provided. Over the past four years, forecast errors on the budget deficit have been significant, averaging between 1 and 2 percentage points of GDP across successive forecast vintages (Figure II. 7.).

Figure II.7. Budget Deficit Forecasts and Actuals by Fiscal Year
(Percent of GDP)



Sources: Respective BFPs, MINECONFIN.

75. **Rapid progress could be made in improving the reconciliation of fiscal forecasts.** This can be achieved in the next BFP for FY2026/27 by including a table showing at an aggregate level the differences between the forecast for revenues, expenditures, and financing for the upcoming fiscal year and the forecasts made in the previous BFP. Progressively, the analysis can be expanded highlighting the main components: new policy decisions; changes to economic outlook;

and accounting and forecast methods. Box II.3 provides two examples of how forecast reconciliation could be used to identify the major causes of change between forecasts and outturn. The first example provides an estimate for Rwanda of the main factors for deviations in debt levels relative to forecasts in the BFP FY2022/23–FY2024/25. The second summarizes the fiscal forecast evaluation conducted by the United Kingdom's Office for Budget Responsibility.

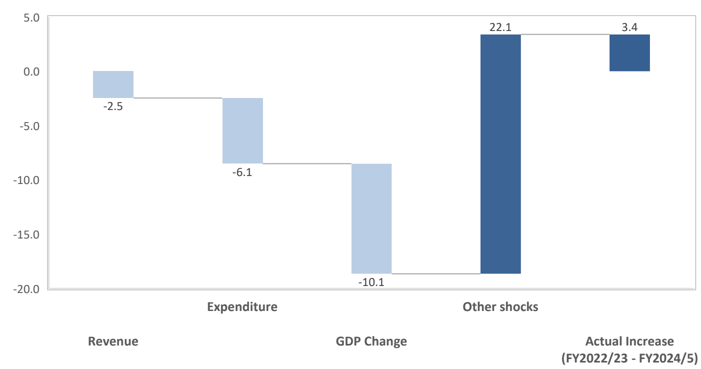
Box II.3. Examples of Forecast Reconciliation

Illustration for Rwanda

Figures II.8 illustrate the decomposition of errors in the 2022 gross debt forecast. Since the BFPs do not include public debt projections, the forecasts are sourced from the Planning and Budget Outlook Paper published in January 2023. The Outlook Paper projected public debt at 76.6 percent of GDP by the end of FY2024/25, but the latest estimate shows a debt level, including guarantees, of 80 percent, 3.4 percent of GDP higher than forecast.[31] While revenues performed better than projected in FY2021/22 and expenditures were below expected levels for the ensuing three years, these gains were insufficient to offset other unexpected deviations (shocks) such as exchange rate depreciation, acquisition of financial assets, and realization of contingent liabilities. Additionally, a higher nominal GDP positively influenced the debt-to-GDP ratio. The error decomposition could be further refined by including more factors affecting debt dynamics, such as exchange rate or interest rate changes. However, the estimates are provided only for illustrative purposes.

Figure II.8. Decomposition of Errors in the Forecast of Public Debt

(Percent of GDP)



Sources: IMF Staff Estimates.

Example United Kingdom

The Office for Budget Responsibility was created in 2010 to provide independent and authoritative analysis of the UK public finances. Twice a year, it publishes a set of forecasts for the economy and public finances over the coming five years, and it uses these forecasts to assess the Government's progress against its fiscal targets. In this regard, it publishes an annual Forecast Evaluation Report, which assesses how past forecasts compare with actual outcomes, identifying errors and factors driving differences. The July 2025 report introduces a revised format that evaluates recent fiscal years comprehensively, updates accuracy assessments since 2010, examines forecasts up to five years ahead, compares its forecasts with external ones, and reviews how forecasts adapt to shocks. It also focuses on challenging areas about forecast technics and integrates lessons into modelling improvements. The current report uses finalized economic data for accuracy, marking a shift from previous reports that relied on provisional figures, ensuring evaluations reflect true forecasting performance. Data, tables, and charts presented in the report are published in a database in Microsoft-Excel format, as shown below.

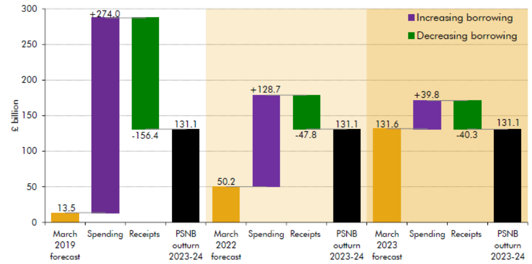
[31] Actual numbers shown for GDP are as of the time of the mission, i.e., not reflecting the September 2025 GDP rebasing, to allow for a comparison with projections which were made before rebasing.

Table 3.5: Nominal GDP growth and GDP deflator inflation

	Nominal GDP			GDP deflator		
	One-year ahead	Two-year ahead	Five-year ahead	One-year ahead	Two-year ahead	Five-year ahead
Annual growth in 2023-24 (per cent)						
Outturn	6.4	6.4	6.4	6.1	6.1	6.1
Forecast	2.8	4.4	3.6	2.5	2.4	2.0
Difference (percentage point)	3.7	2.1	2.8	3.6	3.7	4.1
Cumulative growth to 2023-24 (per cent)						
Outturn	6.4	16.6	26.7	6.1	13.6	21.9
Forecast	2.8	11.0	18.6	2.5	6.6	10.1
Difference (percentage point)	3.7	5.6	8.0	3.6	7.1	11.8

Source: ONS, OBR

Chart 3.7: Contributions to the changes in borrowing forecast and 2023-24 outturn



Source: ONS, OBR

Source: United Kingdom Office for Budget Responsibility, https://obr.uk/fer/forecast-evaluation-report-july-2025/.

II.5. Recommendations

Recommendation II.1. Adopt the Ministerial Order for Public Financial Management to support the implementation of the OLPFM 2022 for budgetary contingencies, reporting against fiscal objectives, and inclusion of all internally generated revenues of central government agencies in budget documentation.

Recommendation II.2. Improve the information in the BFP to enable a better debate about the budget, including reporting on performance against fiscal objectives and reconciliations between successive forecasts.

- Include an annex detailing internally generated revenue and corresponding expenditure of EBUs.*
- Add a formal discussion of performance against the fiscal objectives on the fiscal balance and debt that explains any deviation and reconciles with the East African Community's convergence criteria.*
- Incorporate a comparison of the government's macroeconomic and fiscal projections with the latest projections produced by national and international organizations.*
- Reconcile changes in key fiscal aggregates between successive forecasts, highlighting the main components: new policy decisions; changes to the economic outlook; and accounting and forecast methods.*

Recommendation II.3. Progressively enhance information on public investment, including CBAs and project costs.

- Publish appraisal documents, including CBAs, for major projects.*
- Publish total project costs and obligations for the government, including multi-year projections, contingent liabilities (e.g., guarantees) and maintenance costs, reflecting all projects, including PPPs.*

Note: Bullets marked with an asterisk (*) relate directly to standards set in the Fiscal Transparency Code.

Table II.6. Summary Assessment: Fiscal Forecasting and Budgeting

Principle		Assessment	Importance	Recs
2.1.1.	**Budget Unity**	**Basic**: Budget documentation reflects central government revenues, expenditures, and financing but neither all internally generated revenues of EBUs nor RSSB.	**Medium**: Internally generated revenues amount to 2.8 percent of general government revenue, and total revenue of RSSB is 3.4 percent of GDP.	**II.2**
2.1.2.	**Macro Forecasts**	**Good:** Fiscal projections presented in budget documentation are based on macroeconomic forecasts with explanations of key variables.	**Low:** Growth forecasts have been conservative to support budget credibility.	
2.1.3.	**Medium-Term Budget Framework**	**Advanced**: BFP and its annexes include the outturn of the two preceding years and medium-term projections by economic category and program.	**Medium:** Over past three years, revenue was overestimated by an average of 1.3 percent of GDP for the budget year and by 1 percent for the first outer year.	
2.1.4.	**Investment Projects**	**Basic:** All major projects are required to be contracted by open tender; cost-benefit analyses are conducted but not published; and total obligations are not disclosed.	**High:** Public investment amounts to around 30 percent of government expenditure, public sector net investment in non-financial assets represented 12.1 percent of GDP in FY2023/24.	**II.3**
2.2.1.	**Fiscal Legislation**	**Advanced**: The legal framework sets out the budget calendar, stipulates the minimum content of the budget proposal and defines the legislature's power to amend it.	**High**: The legal framework is comprehensive, but the new MOPFM has not yet been fully implemented due to lack of a ministerial order..	**II.1**
2.2.2.	**Timeliness of Budget Documents**	**Good**: The BFP and budget estimates are submitted two months before the start of the fiscal year and the approved budget is published by the start of the fiscal year.	**Low:** Parliament and civil society confirmed having sufficient time for budget scrutiny, and they start reviewing budget documents with the budget call circular.	
2.3.1.	**Fiscal Policy Objectives**	**Basic:** The GoR continues reporting on supranational fiscal objectives and has set a national debt target for which reporting is limited.	**High:** The timeline for the debt target was repeatedly delayed amid rising debt levels and worsened debt sustainability. Budgets have not shown a path to meeting the fiscal objective.	**II.2**
2.3.2.	**Performance Information**	**Good:** Budget documentation includes measurable targets for the outputs to be delivered under each major government policy area which operationalizes the NST2.	**Low**: Implementation of performance-based budgeting was piloted and gradually progressed in a phased manner.	
2.3.3.	**Public Participation**	**Good**: A Citizen's Guide is published with substantial information on economic performance and prospects but not by demographic groups, and the budget process allows for citizen participation.	**Low**: Civil society expresses broad satisfaction with opportunities for participation in the budget process.	
2.4.1.	**Independent Evaluation**	**Not met:** Neither comparisons of government's economic and fiscal projections against those of other agencies nor independent evaluations are published.	**Low**: Forecast errors do not suggest significant biases. Budget debates are informed by outside analysis.	**II.2**
2.4.2.	**Supplementary Budget**	**Good:** A revised budget is submitted after the mid-year review, prior to which reallocations are permitted within limits specified in the OLPFM which could alter budget composition significantly (e.g., 10 percent between programs of an entity).	**Medium:** Supplementary budgets amounted to 6.8 percent of the original budget on average (driven by COVID) and reallocations averaged around 0.7 percent of total expenditure in the previous five financial years.	
2.4.3.	**Forecast Reconciliation**	**Not met:** Budget documentation does not explain changes from previous fiscal forecasts.	**High:** Changes between forecast vintages for the fiscal balance are substantial, averaging 1 to 2 percentage points of GDP.	**II.2**

III. Fiscal Risk Analysis and Management

76. Rwanda's fiscal risk disclosure is anchored around the annual FRS. In the 2019 FTE, eight out of 12 principles were assessed as not met, recognizing that much information was being produced in some form for internal purposes but not published. Starting in 2020, an FRS has been published annually and has been the cornerstone of fiscal risk related publications (Table III.1). The FRS has been steadily expanded since its initial publication, and now includes sections on macroeconomic risks, specific fiscal risks and climate change. This has been supported through the creation of a fiscal risk register and a Fiscal Risk Committee at the MINECOFIN with significant technical assistance from the IMF.

Table III.1. Main Fiscal Risk Analysis and Management Documents

Document	Description	Timing
FRS	Description and assessment of the main fiscal risks and mitigation measures	April
Medium-Term Debt Strategy	Presentation of the debt management strategy, description of current debt dynamics, risk analysis and medium-term projections	April
Public Debt Statistical Bulletin	Key figures on public and publicly guaranteed debt	March and September
RSSB Financial Statements	Financial statements of the RSSB, including actuarial valuations for pension and health schemes	October
Annual Report of the NBR	Description of the financial sector, analysis of its stability, presentation of the Deposit Guarantee Fund	October
Monetary Policy and Financial Stability Statement Report	Financial sector stability assessment	March and September
Annual Disasters Effects Report	Analysis of the impacts of natural disasters over the past 12 months	January
Disaster Management Strategies	Management, prevention and mitigation of natural disasters at national, local and sectoral levels	Pluriannual
Financial Statements of Some Public Corporations	Financial situation of the main public corporations	Annual, depending on the public corporation

Source: IMF staff.

77. Since 2019, the GoR has strongly improved fiscal risk management and analysis, resulting in an improved rating for five out of 12 principles. The publication of the FRS has been the main instrument supporting improvements across half the principles of the third pillar (Table III.2). Main risks are now identified, discussed and analyzed. A quantitative assessment, mostly focused on magnitude, is disclosed for most of the main risks. Several ongoing initiatives (e.g., risks related to PPPs, natural resources, and the financial sector) should support further improvements when implemented. The management of fiscal risks has also become more proactive, with mitigation measures discussed and evaluated against the importance of the respective fiscal risks. Progress has been enabled by the implementation of several recommendations of the 2019 FTE (Table III.3).

Table III.2. Fiscal Risk Analysis and Management: Summary of Changes Compared to 2019

Principle		2019	2025	Reasons for change
3.1.1.	Macroeconomic Risks			Discussion on sensitivity of the main macroeconomic parameters and alternative scenarios presented in the BFP and the FRS.
3.1.2.	Specific Fiscal Risks			Publication of an annual FRS, assessing the main fiscal risks.
3.1.3.	Long-term Fiscal Sustainability			Actuarial valuation of the main pension and health schemes published in the financial statements of the RSSB.
3.2.7.	Environmental Risks			Fiscal risks resulting from natural disasters and climate change assessed in the FRS.
3.3.1.	Sub-national Governments			Summary information on the financial condition and performance of the local governments provided in the FRS and in the CFS.

Source: IMF staff.

III.1. Risk Disclosure and Analysis

3.1.1. Macroeconomic Risks (Basic, Improved from Not Met in 2019)

78. The FRS includes a discussion of sensitivities, macroeconomic scenarios and probabilistic forecasts—the missing pieces are sensitivity analysis and the impact of macro scenarios on the main fiscal aggregates. The FRS discusses risks to the global and domestic economic outlook and the underlying drivers of uncertainty. While the FRS presents a discussion of the sensitivity of fiscal forecasts to major macroeconomic assumptions[32], it does not contain sufficiently developed sensitivity analysis. The quantification of the impact of changes to several key macroeconomic assumptions on the main fiscal aggregates is missing. For instance, exchange rate depreciation has had a significant impact on the debt level due to a very large share of debt denominated in foreign currency (88.5 percent as of June 2025; Principle 2.4.3.).

79. The macroeconomic shock scenario presented is benign and no full impact on public finances is presented. The shock scenario considers external and domestic risks such as geopolitical developments, aid reductions, exchange rate depreciation, and increased financing needs due to higher spending and lower revenue. However, the size of shocks is benign relative to recent experience.[33] Scenarios are only presented for the budget year, not the medium-term. Only the scenario impact on tax revenues is presented without an analysis of the impact on the fiscal balance or debt.[34]

80. The disclosure of macroeconomic risks has improved significantly since 2019. While MINECOFIN staff had the capacity to produce a range of macroeconomic risk analyses before 2019, these were used only internally and not published. The enhanced discussion of global and domestic economic risks, the introduction of scenarios, and the inclusion of forecast error analysis have significantly strengthened the transparency around macroeconomic risks. Using forecast error analysis, the FRS now features probabilistic fan charts for nominal GDP growth and revenue, along with visual comparisons of revised budget forecasts versus actual outcomes for nominal GDP growth, fiscal balance, revenue, grants, and expenditures.

81. Macroeconomic volatility has increased across the region since 2019, driven by the COVID-19 pandemic and other global shocks. Figure III.1 illustrates the relationship between the volatility of nominal GDP and revenue, measured by the standard deviation of their growth rates, with economic volatility rising compared to pre-2019 levels. While Rwanda's GDP is quite volatile, revenues are less sensitive to GDP compared to some peers. Also, revenue sensitivity to GDP volatility has declined, with average elasticity falling below one between 2019 and 2023, down from above one percent during 2007 to 2018 (Figure III.2).

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[32] Including an estimated GDP growth elasticity of tax revenue, where a 1 percentage point increase in nominal GDP growth raises tax revenue by 1.1 percent.

[33] For example, real GDP growth only deviates 0.6 percentage points from the baseline (6.9 percent in the shock scenario versus 7.5 percent in the baseline). Exchange rate depreciation exceeds the baseline by about 2 percentage points.

[34] Considering large historical stock-flow adjustments (Principle 1.3.2.), the impact of macroeconomic shocks on debt levels should be added to the analysis.

Figure III.1. Volatility of Nominal GDP Growth and Revenue (Standard deviation)

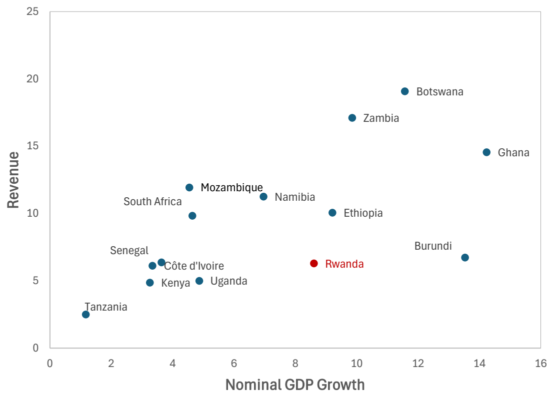
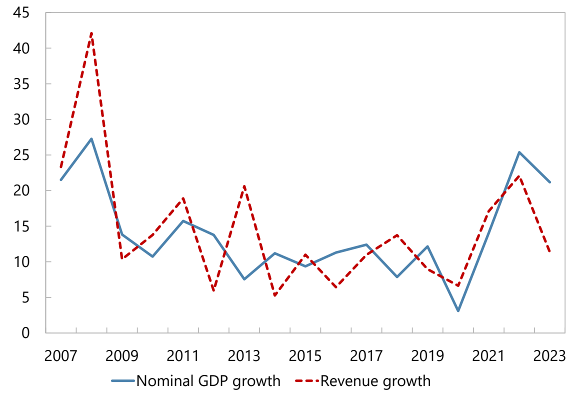


Figure III.2. Nominal GDP and Revenue Growth (Percent)



Sources: IMF World Economic Outlook.

82. **Progressing from sensitivities to full sensitivity analysis in the FRS would be straightforward.** The FY2026/27 statement should combine qualitative discussion with quantitative estimates of key macroeconomic shocks—such as oil prices, exchange rates, tourism demand, aid flows, and coffee prices—calibrated using historical volatility and forecast errors (illustration in Box III.1.). Scenario analysis should also incorporate larger, historically grounded shocks and clearly show impacts on the fiscal balance and debt.

Box III.1. Illustration of Sensitivity Analysis

Sensitivity analysis can start with simple estimates of the impact of the main macroeconomic risks on fiscal indicators, and included in the FRS. These estimates can be presented as a simple table. An illustrative example is presented below for four macroeconomic assumptions: (i) a lower GDP growth by 6 percent (about one standard deviation over 2007-2023); (ii) a higher interest rate by 1 percent for government securities on domestic interest payments; (iii) a 10 percent depreciation in exchange rate; and (iv) higher trade barriers. Other assumptions can be added to measure their estimated impact.

in RWF Billion and percent of GDP	Revene			Expenditure			Budget Balance			Public Debt
	2025/26	2026/27	2027/28	2025/26	2026/27	2027/28	2025/26	2026/27	2027/28	2027/28
6 percent point decrease in nominal GDP Growth										
in percent of GDP										
1 percent point increase in Gov Sec Interest Rate										
in percent of GDP										
10 percent depriciation of the exhange rate										
in percent of GDP										
Higher trade barriers										
in percent of GDP										

More sophisticated sensitivity analyses are published by different government forecasting authorities. For example, The United Kingdom Office for Budget Responsibility includes estimates, also presented with charts, to assess the sensitivity of the change in the current budget to changes in growth, the economy-wide effective tax rate, gilt yields on government debt issued over the forecast, and inflation. Analysis and data are published on its website. https://obr.uk/efo/economic-and-fiscal-outlook-march-2025/.
Source: IMF staff.

3.1.2. Specific Fiscal Risks (Good, Improved from Not Met in 2019)

83. **Since 2020, an annual FRS has been published, covering the main fiscal risks and providing estimates of their magnitude but not likelihood.** The FRS covers the main fiscal risks (Box III.2) and mitigation measures. The FRS has progressively improved from the first edition to include estimates of the magnitude or exposure of the Central Government in most cases. In some instances,

estimates are not presented or shown in a more limited approach (e.g., financial sector, pensions). Likelihood is seldom discussed, with a probabilistic approach presented only for macroeconomic risks and fiscal risks from selected public corporations. By publishing an FRS, Rwanda also complies with requirements of the East African Community's fiscal surveillance action plan.

Box III.2. The FRS in Rwanda

The FRS covers the main fiscal risks, including:

- A chapter on macroeconomic risks.
- A chapter on climate-change related fiscal risks.
- A chapter on specific fiscal risks, including public corporations, debt, PPPs, pensions, local governments, financial sector performance and natural disasters.
- A chapter on mitigation measures.

Quantitative assessment within the FRS is mainly supported by an assessment of the magnitude of the risks, including the impact on main fiscal aggregates for macroeconomic risks; climate change related impacts and natural disasters; the exposure related to loan guarantees; an analysis of some PPP projects; and financial information on selected public corporations.

Some fiscal risks are analyzed qualitatively, including financial sector exposure; pensions; and local governments.

Source: IMF staff.

84. The FRS can be further improved by extending its coverage and deepening analysis. Table III.3 provides a summary of selected fiscal risks in Rwanda and indicates the current coverage in the FRS, as well as the level of current analysis. The coverage of the FRS could be progressively further expanded to include (on-)lending, public investments, and a separate chapter on guarantees, while quantitative analysis could be deepened to more systematically include likelihood estimates. The Macroeconomic Policy Department is maintaining an internal fiscal risk register, consolidating identified fiscal risks. However, the fiscal risk register is yet to be fully aligned with the FRS, some of the identified main risks not being detailed in the published documents (e.g., commodity price increase). Leveraging the fiscal risk register to update the FRS and ensuring the consistency would allow for an improved monitoring and management of fiscal risks in Rwanda.

Table III.3. Selected Specific Fiscal Risks

Source of Fiscal Risk	Exposure		Assessment in the FRS	Main sources of information
	RWF (Bn)	GDP (%)		
Guarantees				
Explicit debt guarantees on public corporations	310	1.4	Magnitude	FRS, Statistic Debt Bulletin
Insured deposits	256	1.2	Not included	NBR Annual Report
Standardized Guarantee Schemes	Not disclosed		Not included	Specific websites and reports
Explicit payment guarantees on PPPs	Not disclosed		Qualitative	FRS
Public Corporations				
Transfers from the GoR to Public Corporations	420	2.0	Magnitude	FRS, Public sector financial overview
Taxes, Interest and dividends paid by Public Corporations to GoR	89	0.4	Magnitude	Financial statements
Liabilities of public corporations (excluding NBR)	6,802	31.6	Partial (likelihood)	Public sector financial overview
PPPs				
Total value of projects[1]	6,849	31.8	Magnitude	FRS
Total investment costs for the public sector	Not disclosed		Not included	Not published
Total future commitments (e.g., service payments)	Not disclosed		Not included	Not published
Total future receipts	Not disclosed		Not included	Not published
Contingent liabilities (e.g., payment guarantees)	Not disclosed		Qualitative	Not published
Local governments				
Transfers from the GoR	853	4.0	Magnitude	FRS, Budget, CFS
Liabilities	279	1.3	Not included	Public sector financial overview, CFS
Natural Disasters (Mitigation budget)	188	0.9	Magnitude	FRS, Budget
Natural Resources (Value of Reserves)	2,178	10.1	Not included	World Bank
On-lending	574	2.7	Not included	Public Debt Department
Financial sector				
Total assets of the financial sector	14,300	66.5	Not included	BNR
Government equity holdings in financial institutions (excl. NBR)	Not consolidated		Not included	Financial statements of the financial institutions
Insured deposits	256	1.2	Not included	NBR Annual Report
Long-term fiscal risks				
Pensions liabilities (PV of future obligations)	4,285	19.9	Not included	RSSB financial statements
Public debt (percent of GDP in 20 years)	n/a	48.2	Not included	IMF 5th review
Climate-Change (impact on debt in 50 years – Hot scenario)	n/a	+7.1 p.p.	Magnitude	FRS

Source: IMF staff.

1 … List of PPP projects includes all projects mentioned in FY2025/26 FRS (total project value of US$ 2.2 billion) as well as the New Kigali International Airport PPP (total value of the airport project: US$2.6bn), converted at June 30, 2025, exchange rate of RWF 1,435 per US$.

Note: Exposures in RWF are as per the latest date available. When expressed in percent of GDP they are calculated using the rebased FY24/2025 GDP of RWF 21,512 billion.

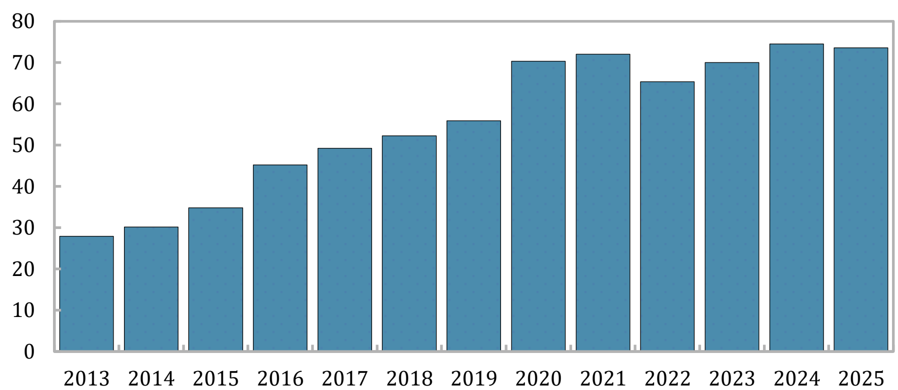
3.1.3. Long-term Fiscal Sustainability Analysis (Basic, Improved from Not Met in 2019)

85. **The GoR publishes long-term projections of the main fiscal aggregates and main health and pension schemes, with the latter not based on a range of assumptions.** In a strong improvement from 2019, long-term forecasts have been included in several documents. The FRS now includes 75-years forecasts of the main fiscal aggregates (primary expenditure, primary balance, debt-to-GDP ratio) based on five alternative climate scenarios provided by FAD’s Quantitative Climate Risk Assessment Fiscal Tool as part of the assessment of fiscal risks related to climate change. The Medium-Term Debt Management Strategy includes summary indicators of the debt sustainability analysis for the

next 5 years[35] without providing scenario analysis. The RSSB is managing the main health and pensions schemes and provides regularly updated assessments of the long-term sustainability of those schemes in its financial statements, providing actuarial analysis over the next 50 years, based on a central macroeconomic and demographic scenario, without discussing the sensitivities of the projections to a range of macroeconomic or demographic assumptions.

86. Long-term fiscal sustainability risks have been increasing with rises in public debt and social security liabilities. Public debt stood at 73.6 percent of GDP at the end of 2025, up by 46 percentage points since 2013 (Figure III.3), resulting in an increase of the risk of debt distress from low to moderate in December 2020. It is expected to decrease over the long-term to 45.4 percent of GDP in 2045 under the IMF's Debt Sustainability Analysis. However, sensitivity of public debt to recent major events (e.g., COVID-19 pandemic, May 2023 Floods, fiscal impacts of major projects such as the construction of the Kigali Convention Center) underlines the need for alternative scenarios and sensitivity analysis. The net present value of social security pensions, managed by RSSB, is estimated at 23.3 percent of GDP (Table 0.3), up from 7.4 percent of GDP in FY2017/18, and are projected to increase as more pensioners will accrue benefits. The main pension scheme is projected to become insolvent in 2050.

Figure III.3. Public and Publicly Guaranteed Debt
(Percent of GDP)



Source: MINECOFIN.

87. To illustrate long-term uncertainty, multiple scenarios for fiscal sustainability should be published, including health and social security spending. Currently, only climate change scenarios are presented. However, long-term projections are also sensitive to other macroeconomic and demographic assumptions such as productivity, labor market participation, cost inflation, and population growth. This uncertainty can be illustrated in the long-term projections shown in the FRS, debt sustainability analysis[36], as well as the RSSB's financial statements.

[35] Previous vintages of the Medium-Term Debt Strategy included projections for the next 10 years. Technical assistance was provided by the IMF MCM department to support the development and improvement of the debt sustainability analysis.

[36] Authorities have already committed to the publication of a debt sustainability analysis report under a World Bank development policy operation.

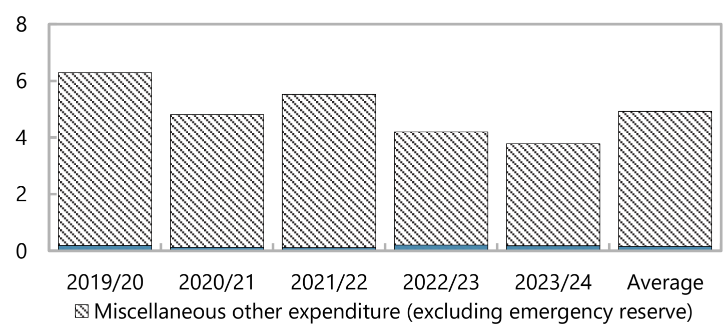
III.2. Risk Management

3.2.1. Budgetary Contingencies (Not Met, Unchanged from 2019)

88. **The OLPFM provides for the establishment of an emergency budget reserve as a contingency not exceeding three percent of the total budgeted expenditures**. The appropriation for the budget reserve (impromptu budget line) is to be allocated in the budget of the MINECOFIN to meet unexpected expenditure (Article 29). When using the budgetary reserve, receiving budget entities entity get a transfer from the impromptu lines in the MINECOFIN budget. A budget entity is required to justify the purpose of the funds. Article 46 of the Ministerial Order Relating to Financial Regulations defines criteria for the emergency budget reserves. It is defined as an urgent, unforeseen, and unavoidable expenditure that was not provided for in the budget and which does not exceed available funds. It requires the Minister of Finance to report quarterly to Parliament on the use of emergency reserve funds.

89. **In practice, the emergency budget reserve is neither identifiable in the budget nor transparently reported.** The Chart of Accounts includes an economic sub-item code (285103) titled "other contingencies and emergencies" but this is contained within the item (2851) "miscellaneous other expenditures", which includes eighteen different sub-items per the Chart of Accounts. The sub-item "other contingencies and emergencies" is small. It represents 4.9 percent of the sub-item "miscellaneous other expenditures" or 0.2 percent of total expenditure on average over the past six years (Figure III.4). Budget execution reports do not contain any discussion on the use of the emergency budget reserve

Figure III.4. Miscellaneous Other Expenditure and Emergency Budget Reserve
(Percent of Total Expenditure)



Source: Budget Estimates, MINECOFIN, IMF staff.

90. **The MINECOFIN should include an identifiable and appropriately sized allocation for contingencies in the budget and regularly report on its use.** The draft MOPFM sets out the authority to establish rules for the application, utilization, and reporting on the emergency budget reserve and includes some changes compared to current regulations. It updates criteria and procedures for the use of these funds to cover urgent, unpredictable, unavoidable, and unabsorbable expenditure. Implementation will require an update of the Chart of Accounts and the MINECOFIN is working on its implementation. The MOPFM builds the legal basis for implementing a transparent budget reserve. Supplementary budgets have been large in recent years (Principle 2.4.2.), and natural disasters are increasing in frequency and severity with climate change (Principle 3.2.7.). A more appropriately sized contingency would strengthen budget management and credibility; international practice typically sets it at 1–3 percent of total expenditure (e.g., South Africa 1.3 percent, Tunisia 2 percent).

3.2.2. Management of Assets and Liabilities (Basic, Unchanged from 2019)

91. Government borrowing is authorized by law, and risks surrounding debt—but not other financial assets and liabilities—are analyzed and sufficiently disclosed. Chapter V of the OLPFM establishes the authority for the government to borrow and provides procedures for setting borrowing limits and debt management. Strategies for meeting the government's financing needs while minimizing costs, managing risks, and developing the domestic market are presented in the respective medium-term debt strategies which have been published annually since FY2025/2016. The Medium-Term Debt Strategy FY2025/2026 – FY2027/2008, published in June 2025, sets the medium-term objectives for financing the government budget with a balanced cost and risks approach. It discusses three main risks—refinancing, interest rate, and foreign exchange—and revises costs and risks benchmarks set in the 2023 Medium-Term Debt Strategy. While the long maturity of debt mitigates refinancing risks, foreign currency risk is particularly elevated with close to 90 percent of the debt portfolio exposed to currency risk. In 2023, the MINECOFIN outlined four strategies, published in the 2023 Medium-Term Debt Strategy, considering both their anticipated costs and associated risks.

- Strategy 1 – "Status quo" financing towards more external concessional borrowing.
- Strategy 2 – Financing towards more external bilateral semi-concessional debt.
- Strategy 3 – Financing towards more external commercial debt.
- Strategy 4 – Gradual lengthening of domestic debt maturity profile.

For each strategy, costs and risks were estimated until the end of June 2026 and Strategy 2 was chosen as the most practical strategy to implement. The benchmarks of this strategy were also reviewed in the 2025 Medium-Term Debt Strategy with target date end June FY2027 (Table III.4).

Table III.4. Cost and Risk Indicators of Debt Management Strategy

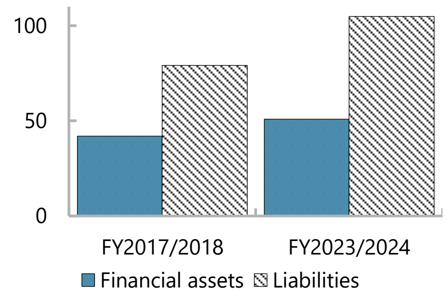
		June 2025 Actual	Benchmarks for June 2027
Nominal debt as percent of GDP		76.4	Max. 75
Present value debt as percent of GDP		52.7	Max. 65
Interest payment as percent of GDP		2.9	Max. 5
Implied interest rate (percent)			
Refinancing risk	Debt maturing in 1yr (percent of total)		
	Debt maturing in 1yr (percent of GDP)	4.8	
	Average time maturity External Portfolio (years)	19	
	Average time maturity Domestic Portfolio (years)		
	Average time maturity Total Portfolio (years)	19	Min. 10
Interest rate risk	Average time to refixing (years)	17.8	Min. 10
	Debt refixing in 1yr (percent of total)		
	Fixed rate debt (percent of total)	91.7	Min. 80
	Treasury bills (percent of total)		
Foreign currency risk	Foreign exchange debt as percent of total	88.5	Max. 95
	Short-term foreign exchange debt as percent of reserves	11.4	Max. 15

Source: Medium-Term Debt Strategy FY2023/2024 – FY2025/2026 April 2023; Medium-Term Debt Strategy FY2025/2026 – FY2027/2008 MINECOFIN.

Note: Ratios relative to GDP are as presented in the Medium-term Debt Strategy, i.e., based on GDP numbers before rebasing in September 2025.

92. Reporting on public sector assets and liabilities has improved, but progress in analyzing and disclosing associated risks has been partial. Since the 2019 FTE, the MINECOFIN has enhanced its capacity to expand financial reporting for public entities, as evidenced by improved CFS for FY2023/2024, but still not all public corporations publish their financial statements (Principle 1.1.1). Consequently, and with the creation of new entities, public sector financial assets increased by approximately 9 percent of GDP, and liabilities rose by 26 percent of GDP compared to 2019 estimates (Figure III.5.). However, risk disclosure remains limited; for example, there is no comprehensive reporting on lending activities, including on-lending, despite concerns over non-performing loans that may require write-offs. Additionally, analysis and discussions regarding public corporations, which manage most central government financial assets, are incomplete (Principle 3.3.2). Positive developments include the social security system, where the RSSB discloses actuarial liability estimates, and the FRS has expanded to include long-term projections using FAD's Quantitative Climate Risk Assessment Fiscal Tool.

Figure III.5. Public Financial Assets and Liabilities
(Percent of GDP)



Source: IMF staff estimates.

93. **With improved coverage of fiscal reports, the MINECOFIN should progressively expand risk analysis of financial assets and liabilities beyond debt, starting with lending.** Government loans—about 4.2 percent of GDP in FY2023/24, largely on-lent to public corporations—are significant and expose fiscal risks, particularly where entities such as the Rwanda Energy Group face repayment difficulties. Lending activities should be fully reported in quarterly execution reports and their risks analyzed in the FRS, alongside stronger reporting on public corporation performance to enhance transparency and accountability. Over time, this should evolve into a comprehensive balance sheet approach covering all public sector assets and liabilities, in line with international practice, where countries such as South Africa, Georgia, Indonesia, Australia, New Zealand, and Uruguay use integrated asset-liability management to assess fiscal sustainability, guide investment decisions, and better manage fiscal risks, including those related to state-owned enterprises.

3.2.3. Guarantees (Not Met, unchanged from 2019)

94. **Government debt guarantees are disclosed annually by beneficiary and gross exposure, but standardized guarantees and payment guarantees in PPPs are not.** In a strong improvement from the 2019 FTE, information on debt guarantees is now more detailed. However, reporting remains heterogenous depending on the type of guarantees (see Table III.6.). In particular:

- Debt guarantees to public corporations are monitored by the Debt Management Directorate General at the MINECOFIN and included in the stock of public and publicly guaranteed debt. Reporting on these guarantees includes beneficiaries, exposure and currency, and is presented in both the Statistical Debt Bulletin and the FRS. Exposure from debt guarantees at the end of 2024 amounted to RWF 310bn (1.6 percent of rebased 2024 GDP), well within the range of comparable countries (Figure III.5.).
- A deposit insurance scheme is managed by the deposit guarantee fund. Yearly information on this scheme, including the exposure, is published in the annual report of the NBR. Insured deposits

amounted to RWF 256bn as of June 2024 (1.4 percent of rebased FY2023/24 GDP), and this exposure is expected to increase with the upcoming doubling of the ceiling for insured deposits (see Principle 3.2.6 for additional details).

- There is no consolidated disclosure of standardized guarantees schemes. Several standardized guarantees schemes are managed by financial public corporations or other financial institutions (e.g., Business Development Fund, Special Guarantee Fund, Export Credit Guarantee Facility managed by the Development Bank of Rwanda, Economic Recovery Fund). Limited information on these schemes is provided in the annual financial statements of the respective financial institutions, but there is no information on the exposure those schemes create for the GoR, the size of the schemes or standard financial information (e.g., default rate, financial losses, type of beneficiaries). Information on standardized guarantees schemes is not monitored by the MINECONFIN at a consolidated level. Most of the schemes are delegated to the financial corporations operating them without central monitoring of the GoR's exposure.
- Payment guarantees are granted for some power purchase agreements related to PPP contracts. They are qualitatively discussed in the FRS section on PPPs and mainly concern the energy sector (Rwanda Energy Group and Water and Sanitation Corporation), but no estimates exist of the exposure they create and their financial impacts.

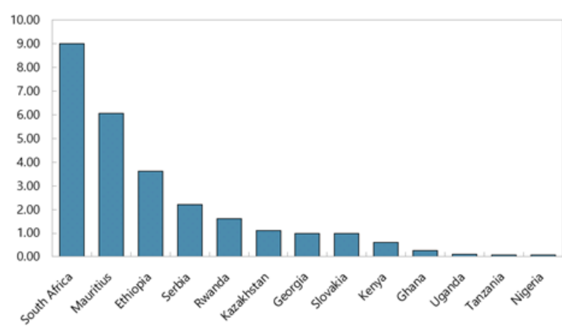
Table III.5. Types of Guarantees

Type of Guarantees	Exposure		Assessment	Main sources of information
	RWF (Bn)	GDP (%)		
Explicit debt guarantees to public corporations	310	1.6	Maximum exposure	FRS, Statistic Debt Bulletin
Insured deposits	256	1.4	Maximum exposure	NBR Annual Report
Standardized Guarantee Schemes	Not disclosed		Qualitative	Specific websites and reports
Payment guarantees on PPPs	Not disclosed		Qualitative	FRS

Source: FRS, Debt Statistical Bulletin, NBR annual report, IMF staff.

Note: Guarantees are as of end 2024 and insured deposits as of June 2024.

Figure III.6. Debt guarantees
(Percent of GDP)



Source: IMF staff estimates, Uganda report on public debt guarantees and other financial grants 2023-2024, Kenyan MTDS 2024, Ethiopian Annual Report 2022-2023, Nigeria Annual Report 2024, Eurostat, MINECOFIN 2024-2026, Annual Statements of the Government of the Republic of Mauritius 2024, Georgia Annual Comprehensive Financial Report 2024.

95. **Neither the stock of guarantees nor the flow of new guarantees is limited by law.** Debt guarantees are included in the stock of public and publicly guaranteed debt, for which a target is set in the BFP. However, there are no explicit limits on the stock or flow of guarantees. The OLPFM empowers the Minister to authorize guarantees and provides that the Minister may, for each fiscal year, request Parliament to set a limit on the total government guarantees and securities (Article 58), but this has not been the case in recent years.

96. Consolidating and strengthening the disclosure of all guarantees, including standardized and payment guarantees would improve transparency and risk management. Consolidating the assessment of all types of guarantees in a dedicated chapter of the FRS would ensure that the total exposure of the GoR to those explicit contingent liabilities is centralized and well managed by the MINECOFIN. This should include a quantification of the exposure from standardized guarantees and payment guarantees on power purchase agreements. In a subsequent step, quantitative analysis could be deepened to include a probabilistic approach, strengthening the current assessment for debt guarantees based on maximum exposure.[37]

3.2.4. Public Private Partnerships (Not Met, Unchanged from 2019)

97. Published information on PPPs has improved since 2019, but total rights, obligations, and other exposures are not disclosed. The FRS includes a chapter on PPPs, providing an overview of the PPP portfolio and the current legal framework. Sources of fiscal risks are identified and qualitatively discussed. Deeper quantitative analysis is provided for four selected projects, representing a third of total PPP asset values for disclosed PPPs (excluding the New Kigali International Airport). Apart from the FRS, some information on PPPs is available in several government entities (e.g., Rwanda Development Board website, National Investment Policy) but not quantified. PPPs are not yet recognized in the Government financial statements, as required under IPSAS 32 when specific control criteria are met. Overall, there is no comprehensive information on the total rights, obligations and other exposures related to PPPs, notably not on the New Kigali International Airport PPP for which current cost estimates total 17.3 percent of GDP (Box III.3).[38]

Box III.3. The New Kigali International Airport

The New Kigali International Airport project is a greenfield project located approximately 25–30 km south of Kigali. It is designed to replace the current Kigali International Airport as Rwanda's primary aviation gateway and is currently the country's largest infrastructure project.

The project is structured as a PPP (Build-Own-Operate model) with Qatar Investment Authority holding 60 percent of the infrastructure and the GoR the remaining 40 percent. The airport is developed through a joint venture between the two shareholders.

Total expected costs related to the construction of the New Kigali International Airport have increased from US$1.5 billion to US$2.6 billion until 2029, representing 17.3 percent of FY2024/25 GDP.

Source: IMF Staff.

98. The PPP portfolio is sizeable, concentrated and growing, doubling in size with the New Kigali International Airport PPP. There are 38 active PPP projects in Rwanda, representing 4 percent of GDP in capital stock. However, the portfolio is expected to grow quickly in the coming years, with 21 additional projects in preliminary phases (from negotiations to construction), resulting in a portfolio of signed PPPs representing 14.5 percent of FY 2024/25 GDP, as reported in the FRS (with energy projects representing 93 percent of the total).[39] Including the New Kigali International Airport PPP, estimated at a total cost of US$2.6bn or 17.3 percent of GDP and not included in the FRS, the portfolio of signed PPPs will more than double in size, reaching 32 percent of FY 2024/25 GDP.

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[37] See for instance the report on contingent liabilities produced by the DIPRES in Chile (available at https://www.dipres.gob.cl/598/w3-propertyvalue-16136.html#recuadros_articulo_4779_group_pvid_35869)
[38] and [39] Using rebased FY2024/25 GDP and the June 30, 2025, exchange rate of 1,435 RWF per US$.

99. The current PPP framework gives a strong role to the Rwanda Development Board while the MINECOFIN participates in the decision making but lacks a dedicated analytical function. The 2016 PPP law and the 2018 PPP guidelines give a spearheading role to the Rwanda Development Board, which provides the secretariat of the PPP steering committee and manages PPPs through the Strategic Investment Department which is considered a PPP unit in the guidelines. The Rwanda Development Board also leads the technical committee, a project specific committee facilitating the review and approval activities that is comprised of a team of experts from multiple government stakeholders. The MINECOFIN is involved in the decision-making process and part of the various committees as a permanent member, providing analysis on fiscal impacts. The analysis of fiscal implications of PPPs at the MINECOFIN is exercised by the member appointed to the Steering Committee. However, there is no dedicated analytical function at the MINECOFIN to support senior management in the analysis of fiscal implications of PPPs. There are no legal limits on obligations related to PPPs.

100. Several initiatives are ongoing to improve PPP fiscal risk management and oversight. An ongoing project with the World Bank aims to update the PPP law and the PPP guidelines, strengthening the role of the MINECOFIN in PPP approval and oversight, as well as the control over fiscal obligations and exposure related to PPPs. Leveraging the PPP Fiscal Risk Assessment Model developed by the IMF and the World Bank, some fiscal risks have already been identified for four projects, highlighting both direct financial exposure (e.g., grants) and contingent liabilities (e.g., payment guarantees). The model has, however, not been applied to a larger share of the PPP portfolio. Expanding the coverage of reported PPPs to ensure all projects are captured, including the PPP for the New Kigali International Airport, and strengthening the analysis and quantification of obligations and exposure would be key to better manage fiscal risks.[40]

3.2.5. Financial Sector Exposure (Good, Unchanged from 2019)

101. Explicit support to the financial sector through deposit insurance, direct ownership, and financing mechanisms is disclosed annually in separate documents. Explicit support includes (i) the Deposit Guarantee Fund, managing the deposits insurance scheme. At end of June 2025, the Deposit Guarantee Fund had RWF 31bn assets, up 25 percent from RWF 25bn one year ago; (ii) direct or indirect ownership in nine national financial institutions;[41] (iii) direct ownership in international financial institutions (African Reinsurance Corporation, African Risk Capacity); and (iv) financing mechanisms (Export Credit Guarantee Facility, National Agricultural Insurance Scheme through Access to Finance Rwanda). This support is disclosed and quantified within the annual report of the NBR for the Deposit Guarantee Fund and the annual financial statements of the respective financial institutions. It is, however, not consolidated, impeding a comprehensive understanding of the GoR's exposure.

102. Assessments of financial sector stability are published by the NBR without including scenario analysis. Financial sector stability assessments are performed by the NBR and published every six months in the Monetary Policy and Financial Stability Statements reports. Published information on the financial sector has improved since 2019, with extended analysis of the financial sector and its

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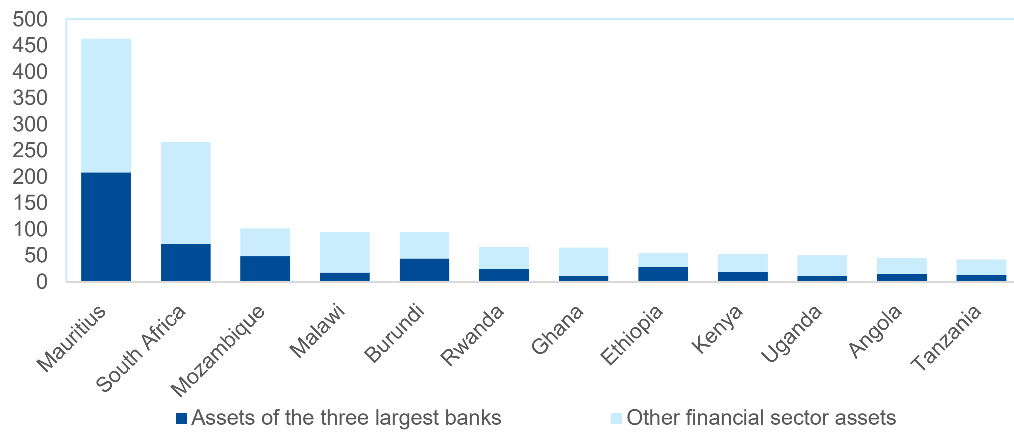
[40] See for instance the PPP annex in the South African budget review. The 2017 South African budget review proposes a detailed annex on PPPs and their fiscal and financial impacts.

[41] Direct ownership: Agaciro, Business Development Fund, Rwanda National Investment Trust, NBR, Military Medical Insurance, Special Guarantee Fund. Indirect ownership through RSSB and Agaciro: Bank of Kigali, Development Bank of Rwanda, Sonarwa General Insurance.

different components (e.g., Banks, Insurances, Micro-Financial Institutions or MFIs). There is no scenario analysis (macroeconomic or financial) supporting the financial sector stability assessment.

103. The financial sector is moderate in size and largely sound. Rwanda's financial sector is moderate in size relative to peers (total financial sector assets of RWF 14.3 trillion or 66.5 percent of FY2024/25 GDP) and is characterized by a larger non-bank financial segment compared to the assets of its three largest banks (Figure III.7.). This structure suggests a comparatively more developed non-bank sector, while the banking system remains relatively small in scale. However, credit is rapidly growing, outstanding loans having increased by 10.5 percent and 39.5 percent for banks and microfinance institutions respectively. Non-performing loans for banks were 2.8 percent of total loans at the end of June 2025, below the NBR's ceiling benchmark of five percent. Overall, financial institutions exceed regulatory requirements and Rwanda's financial soundness indicators compare well with other countries of the region (Table III.6.). Financial sector assets. As of end of June 2024, insured deposits were estimated by the NBR (see 2024 NBR annual report) at RWF 256bn (1.4 percent of rebased FY2023/24 GDP). The upcoming doubling of insured deposits, from RWF500,000 to RWF1m per depositor per bank or microfinance institution, will increase the contingent liabilities from the Deposit Guarantee Fund, decreasing its coverage ratio (9.7 percent at the end of June 2024). The Deposit Guarantee Fund does not have sufficient assets to cover the failure of any of the three main banks.

Figure III.7. Financial Sector Assets
(percent of GDP)



Source: World Bank Global Financial Indicators Database, Orbis, IMF IFS and MFS Database, IMF staff calculations.

Table III.6. Financial Soundness Indicators
(Percent)

	Non-Performing Loans to Total Loans	Provisions to Non-Performing Loans	Liquid Assets to Short Term Liabilities	Regulatory Capital to Risk Weighted Assets	Return on Assets
Rwanda	**2.8**	**110.8**	**71.3**	**20.5**	**4.8**
Burundi	12.7	82.8	19.9	24.0	2.2
Malawi	5.1	33.4	58.6	20.1	8.8
Kenya	13.6	46.8	38.3	19.4	4.2
Mauritius	3.7	62.7	69.8	22.2	2.6

Namibia	5.6	53.5	19.3	17.5	3.3
South Africa	4.5	47.7	34.0	16.3	2.1
Tanzania	6.4	52.1	29.1	18.6	3.5
Uganda	4.5	60.3	58.0	25.4	4.1

Source: IMF Financial Soundness Indicators Database, April 2025; NBR statistics for Rwanda as of June 2025 except for liquid assets to short term liability.

104. The MINECOFIN should provide a consolidated discussion of explicit support to the financial sector to ensure a comprehensive view of potential risks and their evolution. Current direct exposure of the GoR is not consolidated and analysis of fiscal risks in the FRS is limited to the monitoring of the financial sector stability. Focusing on the direct and explicit liabilities would support effective management of those risks. Including sensitivity and alternative macroeconomic scenarios in the financial sector analysis provided by the NBR would help highlight the main fault lines in the financial sector.

3.2.6. Natural Resource Stocks and Flows (Not Met, Unchanged from 2019)

105. Neither annual estimates of the volume of gold and other mining resources, nor fiscal revenues related to their sales are published. Rwanda's main natural resources are gold and the 3T's minerals (Tungsten, Tin and Tantalum). Fossil fuels (e.g., oil, gas) are in the exploration phase. Several initiatives, led by the Rwandan Mines, Petroleum and Gas Board, are currently being deployed to increase economic use of natural resources[42] as part of a three-year exploration program (2023-2026). These initiatives exclusively focus on potential target areas for gold and lithium. As part of this program, the Board is planning to provide reporting on some resources in accordance with international standards by 2026. However, current information is limited, with no disclosure of annual estimates of the volume of major natural resources. Only monthly export data are published by the NBR[43], but fiscal revenues are neither disclosed regularly nor reflected in the budget documentation.

106. Natural resource exploitation has limited impact on fiscal flows, but reserves of natural resources could be sizeable, highlighting the benefits of stronger resources management. Royalties and other revenues (e.g., licenses) currently represent less than one percent of total government revenue. Exports of natural resources amount to three percent of GDP, reaching US$1.7bn in 2024, up from US$373m in 2017. Natural resources (metals and minerals) are estimated at around 12 percent of GDP (not including oil, gas and other fossil fuels) and have been included in the FTE's balance sheet estimates (Principle 1.1.2.). The GoR aims to develop the exploitation of its natural resources. To support adequate natural resources management, international practices require that both volume and flows statistics related to natural resources be published[44], while monitoring and reporting of fiscal revenues will limit fiscal risks related to natural resources.

3.2.7. Environmental Risks (Advanced, Improved from Basic in 2019)

107. The main fiscal risks from natural disasters are identified, disclosed and quantified, and managed based on published strategies. They are primarily disclosed in the FRS, which includes a

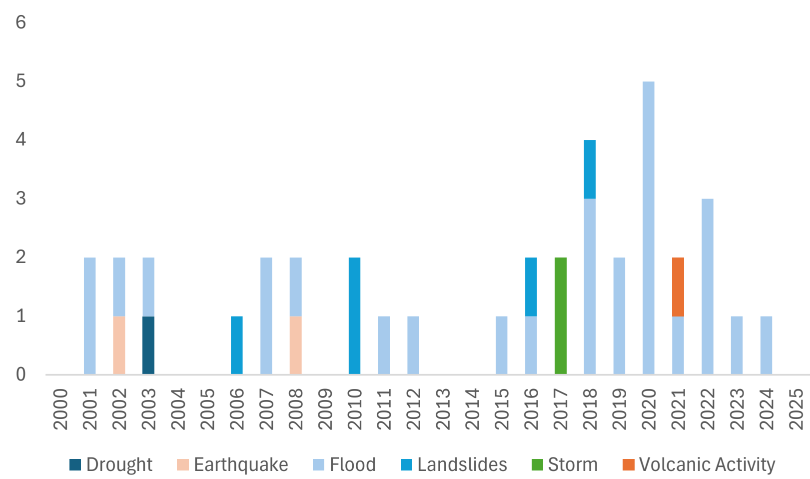
[42] See for instance May 2025 Investment Pitchbook available at https://www.rmb.gov.rw/publications/reports.
[43] National Bank of Rwanda.
[44] See for instance Extractive Industries Transparency Initiative (https://eiti.org/) standards.

dedicated chapter on natural disasters, their historical occurrence, and historical budget allocation to support disaster management activities. The latter highlights that measures are already in place to mitigate those fiscal risks. The FRS also includes a dedicated chapter on fiscal risks related to climate change, including discussions on direct risks from natural disasters resulting from climate change. The Ministry in Charge of Emergency Management publishes statistics on past natural disasters, notably in its Annual Disaster Effect Report, as well as several sectoral risk mitigation strategies.

108. The occurrence of natural disasters has been increasing, exacerbated by climate change, with both short-term and long-term impacts. Rwanda is experiencing rising temperatures, in line with global and continental patterns. Rainfall has remained stable, but distribution has become more volatile with more extreme events. As a result, natural disasters have become more frequent (Figure III.8.) and their impacts more pronounced, with the May 2023 floods a recent example (resulting in rehabilitation and reconstruction costs estimated at 3 percent of GDP for the next five years, of which RWF126.2m have already been executed at end of 2024).

Figure III.8. Occurrences of Natural Disasters

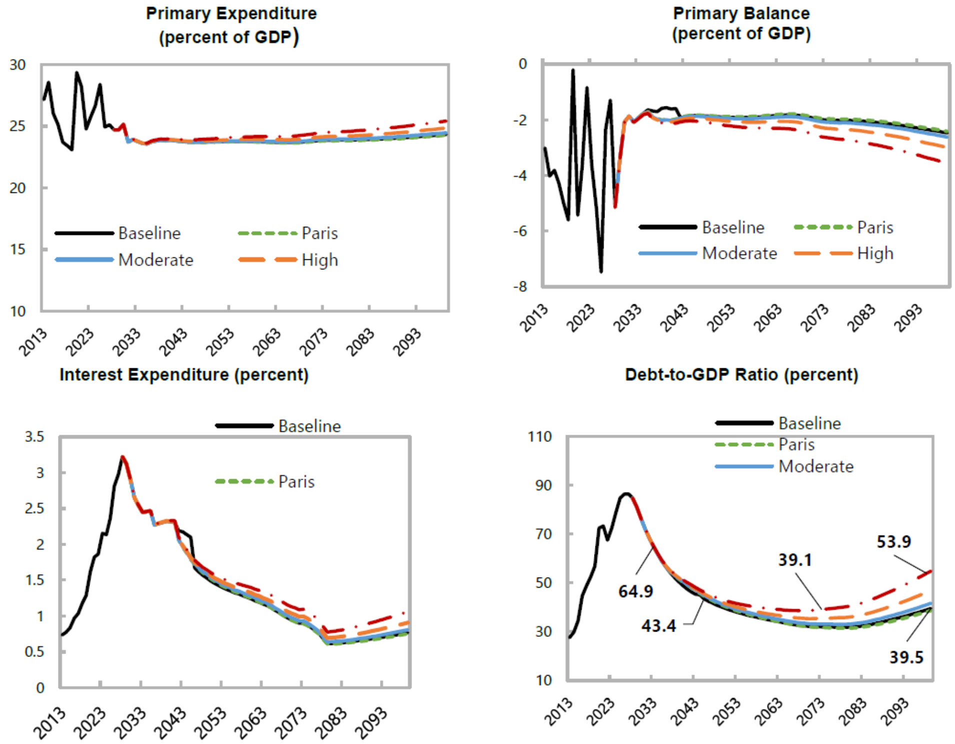
(Number of disasters)



Source: EM-DAT database, IMF staff.

109. Rwanda has been improving the analysis and management of environmental risks. Rwanda is enhancing disaster mitigation and adaptation through initiatives led by the Ministry in Charge of Emergency Management (e.g., local responses coordination, updated risk mitigation strategies, development of more resilient infrastructure). The MINECOFIN has also increased its capacities, notably by adopting Quantitative Climate Risk Assessment Fiscal Tool, which provides an understanding of long-term impacts on main fiscal aggregates, highlighting the need for risk mitigation and adaptation (Figure III.9). A National Climate and Nature Finance Strategy (2024-2030) has also been published. Strengthened analysis of past events and their fiscal impacts could help refining short-term estimates, better supporting budget allocations for natural disasters management.

Figure III.9. Effects of Climate Change on Fiscal Projections



Source: Rwandan FRS, FY2025/26.

III.3. Fiscal Coordination

3.3.1. Sub-National Governments (Basic, Improved from Not Met in 2019)

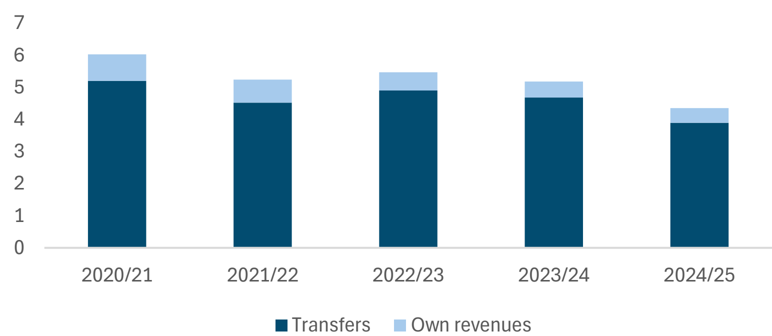
110. The financial condition and performance of sub-national governments are published annually. There are 28 local governments in Rwanda, 27 districts and the City of Kigali. Since the 2019 evaluation, several documents have been published, providing information on the financial performance of the local governments, including

- The CFSs annually provides consolidated revenue, expenses, assets and liabilities for local governments.
- All sub-national governments' financial statements are audited by the Office of the Auditor General, and a summary review of those audits is included in its published annual report.
- The FRS has a chapter on sub-national governments, providing a qualitative analysis on their financial condition, mainly based on a consolidated view of their revenues (transfers and own revenues).

111. There is no numerical limit on the liabilities or borrowing of sub-national governments but strict rules and authorization requirements. Article 56 of the new OLPFM provides that decentralized entities may borrow funds upon authorization by the Minister of Finance, and that guidelines should be enacted related to the maximum amount of borrowing without prior authorization. However, such guidelines have not been published yet. Borrowing of local governments is limited by Article 57 of the OLPFM to the financing of development projects.

112. **Sub-national governments' liabilities are small and composed mostly of accounts payable while they are heavily dependent on central government transfers.** Assets of the local governments represent 1.7 percent of GDP, while their liabilities amount to 1.5 percent of GDP, of which 1.4 percent of GDP are accounts payable. Annual transfers from the central government represent close to five percent of GDP and 25 percent of the GoR's expenses (16 percent of expenditure) on average over the past five years. Own revenues are limited, representing less than one percent of GDP and between 10 and 14 percent of the consolidated budgets of the local governments over the past five years (Figure III.10). Deficits have been below 0.5 percent of GDP on average in recent years.

Figure III.10. Local Government Revenue over the Past Five Years
(Percent of GDP)



Source: FRS, IMF staff.

113. **Publishing individual financial statements and setting a limit on the borrowing of local governments would improve monitoring and mitigation of fiscal risks.** Article 78 of the OLPFM provides that individual financial statements of local governments must be published. This is currently not the case. Providing individual financial statements will increase transparency on the financial condition and performance of individual local governments and support deeper analysis in the FRS. The financial performance of main local governments could be analyzed, including the execution of the transfers, the performance of revenue collection and the evolution of their liabilities (including account payables). Providing an effective limit on the borrowing of local governments would further ensure that fiscal risks remain contained.

3.3.2. Public Corporations (Basic, Unchanged from 2019)

114. **All transfers to public corporations are appropriated at ministry level and reported, but no comprehensive report on their financial performance is published.** Information on transfers, which are classified as subsidies, to public corporations is included in the CFS at an aggregated level. No public corporation is distributing dividends. The CFS for FY2023/24 reports equity investments of the government, total lending, subsidies, and capital transfers to public corporations. While some public corporations publish their financial statements on their websites, this is not a standard practice across the sector, although required by the OLPFM 2022 (Principle 1.1.1). The FRS for FY2025/2026 includes the level of grants provided to three public corporations to cover quasi-fiscal activities but lacks analysis of the related activities, including their associated costs, undertaken by these public corporations. It also includes a table with the number of public corporations (32 in total), of which two are classified as non-

commercial public corporations, five as public financial corporations, and 25 as non-financial SOEs.[45] However, the limited coverage and content in the FRS, particularly regarding the largest public corporations, hinders the public's ability to accurately assess their overall financial performance, social costs, and benefits.

115. The MINECOFIN has made progress in strengthening fiscal risks analysis from public corporations since the 2019 FTE. The FRS for FY2025/26 includes an in-depth forward-looking financial assessment of five public nonfinancial corporations based on quantitative assessments generated by FAD's SOE Health Check and Stress Test tools. It also identifies risk mitigation measures to address key vulnerabilities.

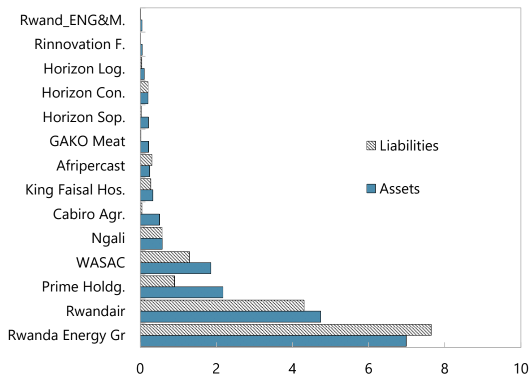
116. The legal framework for public corporations has been strengthened and consolidated. A 2024 Presidential Order defines requirements for establishing state-owned enterprises and Board oversight, while the 2025 Code of Corporate Governance for State-Owned and State-Controlled Companies sets standards on operational independence, external audits, and environmental and social risk management. Supported by the International Finance Corporation and aligned with the Organisation for Economic Co-operation and Development Guidelines on Corporate Governance of State-Owned Enterprises, reforms also include efforts to formalize Board selection based on qualifications. Although no single ownership policy exists, principles are embedded across the presidential order, national investment policy, organic law on public finance, and the 2019 Comprehensive Standard Operating Procedure Framework for Government-Controlled Companies.

117. Public corporations pose significant fiscal risks to the government. Public nonfinancial corporations held liabilities other than equity amounting to about 16.2 percent of GDP and controlled 19.3 percent of assets in FY2023/2024. Collectively, they incurred an operating loss of about one percent of GDP. Assets and liabilities are concentrated in six of the public nonfinancial corporations, which account for more than 90 percent of the public nonfinancial corporations' sector. Similar, the losses are skewed to the largest public corporations, such as RwandAir, Rwanda Energy Group (also with negative equity), and Prime Holdings (Figure III.11). To support their operations, the government has provided subsidies, which peaked at 3 percent of GDP in FY2021/2022—primarily due to the COVID-19 pandemic—and have since remained elevated at over 2 percent of GDP during the past two fiscal years. On-lent loans also increased over the last three years, accounting for about 3 percent of GDP in FY2023/24. In recent years, subsidies have also been provided to public financial corporations, though at smaller levels—totaling less than 0.2 percent of GDP.

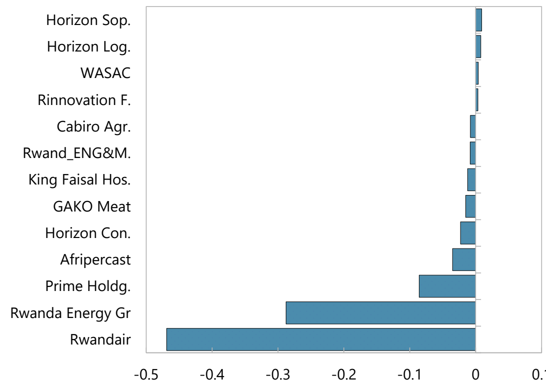
[45] As shown in principle 1.1.1., however, the public sector includes 45 public nonfinancial corporations, and 9 public financial corporations, including the NBR, when applying international statistical standards.

Figure III.11. Financial Position of Select Public Nonfinancial Corporations, FY2023/2024
(Percent of GDP)

Asset and Liablities



Net Operating Profit



Sources: IMF staff estimates based on individual public corporation financial statements.

118. **Building on internal analysis, the MINECOFIN should publish an annual report on the overall performance of the portfolio of public corporations.** Over recent years, the MINECOFIN has strengthened its capacity to analyze the financial and non-financial performance of public corporations, creating a comprehensive database used for internal purposes. Publishing an annual performance report would enhance transparency and accountability of public corporations. This practice is common internationally, with countries like France including such reports in budget laws, and Estonia and Sweden submitting them to parliament. Several Sub-Saharan African countries, including Ghana and Seychelles, also publish similar reports. Although the formats vary, these reports generally cover both financial and non-financial information. Lithuania, for example, set SOE transparency requirements and regularly publishes annual reports (Box III.4). The publication of the annual performance report should be accompanied by a requirement for all public corporations to publish their financial statements on their websites.

Box III.4. Example Lithuania: SOE Annual Report

The Government of Lithuania has set out guidelines for the transparency of SOEs to achieve openness, active ownership, and good governance. The guidelines prescribe a framework of corporate reporting applicable to all Lithuanian SOEs that puts SOEs on an equal footing with private companies and is consistent with the Organisation for Economic Co-operation and Development Guidelines on Corporate Governance of SOEs. Consolidated reports for the SOE sector are published quarterly, within three months of the end of the period, and a consolidated annual report is presented no later than April 30. The transparency guidelines require individual SOEs to present the following information in their 6-month interim and annual reports:

- Business strategy, financial and nonfinancial targets, opportunities and threats
- Assessment of performance relative to targets
- Dividend policy
- Description of significant events during the financial year
- Description of services or products
- Description of major customer groups
- Description of investment of fixed assets and future investment plans
- Analysis of annual labor costs
- Description of social policy obligations
- Information about compliance with transparency guidelines

Source: Governance Coordination Center of the Republic of Lithuania: Annual Review, State-owned Enterprises in Lithuania, 2021/2022, https://governance.lt/wp-content/uploads/2022/11/VKC-VVI-Metine-Ataskaita_2022_EN_WEB_08.pdf.

III.4. Recommendations

Recommendation III.1. Further improve the FRS by updating the coverage of risks, including on-lending and investment projects, and strengthening their quantification.

- Include sensitivity analysis for macroeconomic risks and enhance scenario analysis.*
- Further strengthen the quantification of fiscal risks by detailing the magnitude of their fiscal impacts and including their likelihood.*
- Update and expand the FRS to include key underreported fiscal risks by including chapters on (i) on on-lending and (ii) fiscal risks related to investment projects.

Recommendation III.2. Publish an annual report on the overall performance of the portfolio of public corporations, building on existing internal analysis.

Recommendation III.3. Improve the management of and reporting on PPPs and guarantees by expanding the scope of analysis and reporting in the FRS to all PPPs and guarantees.

- Strengthen the capacity for fiscal risk analysis of PPPs at the MINECOFIN, from project initiation to implementation, to support the review of new PPPs by the Fiscal Risk Committee and their monitoring.
- Expand the section on PPPs in the FRS to comprehensively cover the PPP portfolio and detail long-term fiscal commitments and contingent liabilities related to them, expanding on the work done for the four projects presented in the latest FRS and including the New Kigali International Airport PPP*
- Create a dedicated chapter on guarantees in the FRS, expanding the coverage to include standardized guarantees and quantifying the exposure from government guarantees on power purchase agreements of the Water and Sanitation Corporation and the Rwanda Energy Group.

Recommendation III.4. Include an identifiable allocation for contingencies in the budget and regularly report on its use.*

Note: Bullets marked with an asterisk (*) relate directly to standards set in the Fiscal Transparency Code.

Table III.7. Summary Assessment: Fiscal Risk Analysis and Management

Principle		Assessment	Importance	Recs
3.1.1.	**Macroeconomic Risks**	**Basic:** FRS includes a basic discussion of sensitivities and macroeconomic scenarios but full sensitivity analysis and fiscal impact of macro scenarios are missing.	**Medium**: Macroeconomic volatility increased in region in recent years with Rwanda average among peers.	**III.1**
3.1.2.	**Specific Fiscal Risks**	**Good:** FRS is published and includes an assessment of the magnitude of the main fiscal risks. Likelihood is not estimated in most cases.	**High:** Fiscal risks are large, with some risks not reported (e.g., lending, representing 4.2 percent of GDP) or not fully quantified (e.g., PPPs).	**III.1**
3.1.3.	**Long-term Fiscal Sustainability**	**Basic:** Long-range forecasts are published for main fiscal aggregates and main health and social security funds (including pensions) without discussing sensitivity to a range of macroeconomic assumptions.	**Medium:** Debt reached 73.6 percent of GDP at end 2025, up 46 percentage points over 12 years, while social security pension amount to 23 percent of GDP.	
3.2.1.	**Budgetary Contingencies**	**Not Met:** Contingency allocation is subsumed under miscellaneous other expenditure and not transparent in the State Finance Law without any reporting on its use.	**Medium:** Contingency allocations have been small but supplementary budgets sizeable (below 0.2 percent and 6.8 percent of total expenditure, respectively).	**III.4**
3.2.2.	**Asset & Liability Management**	**Basic:** All borrowing is authorized by law and the risks surrounding debt are analyzed and disclosed in the Medium-Term Debt Strategy, while disclosure of risks on main financial assets and other liabilities is limited.	**High:** Some financial assets create significant exposure for the GoR (e.g., lending at 4.2 percent, public corporation equity at 11 percent of GDP).	**III.1**
3.2.3.	**Guarantees**	**Not Met**: Exposure of the GoR related to standardized guarantees and PPP payment guarantees is unknown and not consolidated or analyzed.	**Medium:** Debt guarantees 2 percent, insured deposits 2 percent of GDP, expected to increase with the doubling of the guaranteed amount. Standardized and PPP-related guarantees are not quantified.	**III.3**
3.2.4.	**Public Private Partnerships**	**Not Met**: The FRS contains information on PPPs, but this is not comprehensive, with key information on government exposure missing.	**High:** Signed PPPs total project cost is estimated at 32 percent of GDP when including the New Kigali International Airport PPP.	**III.3**
3.2.5.	**Financial Sector Exposure**	**Good:** Explicit support to the financial sector is disclosed annually and quantified, as well as an assessment of the financial sector's stability, which does not include alternative scenarios.	**Low:** The financial sector is well capitalized. Explicit support from the GoR through deposit insurance is growing from a low 1.4 percent of GDP.	
3.2.6.	**Natural Resources**	**Not met:** Neither annual estimates of the volume and value of natural resource assets, nor the volume and value of previous year's sales and fiscal revenues are published.	**Low:** Contribution from mining exports to GDP is 3 percent, while royalties and licenses represent less than 1 percent of GoR's revenues.	
3.2.7.	**Environmental Risks**	**Advanced:** Main fiscal risks from natural disasters, included those related to climate change, are disclosed, quantified, and managed through published strategies.	**Medium:** Natural disasters are recurrent and increasing with climate change, with total reconstruction costs of May 2023 floods estimated at 3 percent of GDP.	
3.3.1.	**Sub-national Governments**	**Basic:** Summary financial condition and performance of sub-national governments are published annually, but there is no limit on their borrowing or liabilities.	**Low:** Liabilities at 1.5 percent of GDP, mostly in accounts payable with very little borrowing.	
3.3.2.	**Public Corporations**	**Basic:** Transfers to public corporations are included in the budget law, but there is no published report on their overall financial performance.	**High:** Total subsidies to SOEs account for 15 percent of tax revenue. Nine SOEs are assessed as high to very high risk.	**III.2**

Annex 1. Implementation of 2019 FTE Recommendations

Recommendations in 2019 FTE		Implementation status
1.1	**Expand the institutional coverage of fiscal statistics and improve the timeliness, following a phased approach.**	**Not implemented.** The Public Sector Institutional Table was updated in 2023.46 The authorities still need to stock-take shareholding of districts, the RSSB, and public corporations to compile an inventory of all public corporations. There has been no progress in developing a policy for historic revisions to fiscal statistics. Provisional data on annual general government operations is not published. The institutional coverage of annual GFS is still general government, and the timeliness of publication remains more than 12 months after the reference year.
1.2	**Expand the balance sheet coverage of fiscal reports, following a phased approach.**	**Partially implemented.** The GoR GFS report does not include assets and liabilities of the RSSB, any public corporations, nor any other balance sheet data. The CFS for FY2023/2024 incorporates some legacy non-current assets (e.g., equity investments in controlled entities and lending to domestic corporations), inventories and direct borrowings by the GoR, local government entities, and other government entities. Part of legacy non-current assets and liabilities is not recognized on the face of the CFS but listed in the Other Important Disclosures section. The CFS includes statements by six clusters; one of them specifies local governments' financial assets and liabilities.
1.3	**Make "Volume II" of the consolidated financial statements of GoR publishable and publish in the MINECOFIN website as the explanatory annexes to disclose audit opinions and reconciliations.**	**Partially implemented.** According to the MINECOFIN, the information from "Volume II" is now included in the CFS, and "Volume II" is no longer prepared. The MINECOFIN publishes the audit opinion along with the audited consolidated financial statements. An aggregated reconciliation table on debt was included in the notes to the CFS for FY 2023/2024 without instrument-by-instrument split. Reconciliation tables between gross financing transactions and budget balances or between main fiscal aggregates in the CFS and annual GFS tables are still missing. There is no stock-flow adjustments table with required decompositions, and a statement of other economic flows of general government is not published.
2.1	**Expand the content of budget documentation to address gaps in disclosure.**	**Partially implemented** Some recommended annexes have not yet been included in budget documentation (detailing internally generated revenue and corresponding expenditure for all central government entities; reporting on the use of the emergency budget reserve; and on the social security fund sector). A Public Investment Management Assessment was undertaken by the IMF, an action plan to strengthen public investment management was developed, and a template for feasibility studies and cost benefit analysis is published. The full cost of multi-year investment projects and medium-term budget estimates/outturns for the two preceding years are presented but for pipeline projects only. Cost benefit analysis and feasibility studies on major projects are not yet published.
2.2	**Improve the analysis and discussion of the macroeconomic context for fiscal forecasts and budget projections.**	**Partially implemented** The BFP includes a section with the path for deficit and debt but reporting on deviations of actual fiscal performance is limited. The comparison of GoR's forecasts with those of international agencies and an analysis of factors contributing to revisions of fiscal forecasts have not yet been published. A study on regional experience with the Parliamentary Budge Office has not been undertaken.

[46] A next update is planned for fall 2025 with the support of the IMF's Statistics Department.

3.1	**Improve the analysis and disclosure of fiscal risks. A framework for monitoring, analyzing and disclosing fiscal risks should be established, and a fiscal risk statement should be published.**	**Largely implemented.** Fiscal risk register, fiscal risk committee and FRS have been introduced. Information on loan guarantees is disclosed. There is no consolidated PPP risk register. A risk summary report is presented in the FRS but does not cover all obligations and exposures created by PPP (e.g., no details on long-term commitments). More detailed risk analysis is provided for four projects, representing a third of the portfolio Disclosures in the CFS have been partially expanded.
3.2	**Improve transparency around the management of fiscal risks.**	**Partially implemented.** The draft Ministerial Order Determining the Modalities for Decentralized Entities Debt Issuance has not been adopted. Control over the debt of local governments has been strengthened by the OLPFM 2022, but no limits are set. The 2024 Presidential Order on State-owned Companies determines prerequisites for the establishment of a State-owned company and additional rules for its management. It states the main objectives for the State acting as a shareholder of public corporations. The Code of Corporate Governance for State-owned and State-controlled companies published in 2025 provides the foundation for performance monitoring, and governance. The National Investment Policy details the role of public corporations regarding public investment. However, some elements of a full-fledged SOE ownership policy are missing (e.g., dividend policy, principles around financial assistance).

Source: IMF staff.

Note: Implementation status assessed at the level of recommendations on a scale of not implemented, partially implemented, largely implemented, and fully implemented.