

RWANDA

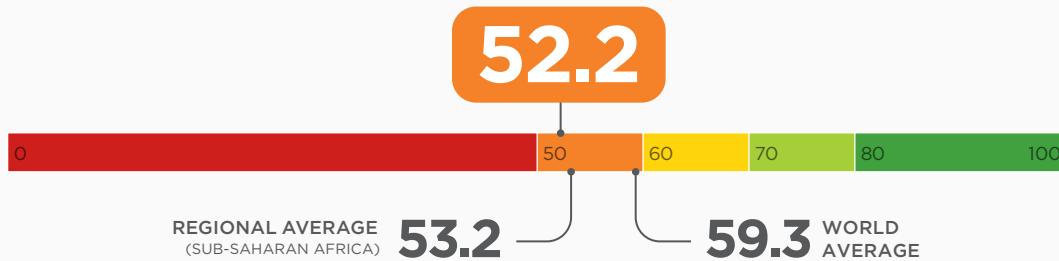
WORLD RANK: **137** | REGIONAL RANK: **30**

ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

Rwanda's economic freedom score is 52.2, making its economy the 137th freest in the 2023 *Index*. Its score is 4.9 points lower than last year. Rwanda is ranked 30th out of 47 countries in the Sub-Saharan Africa region, and its economic freedom score is below the world and regional averages.

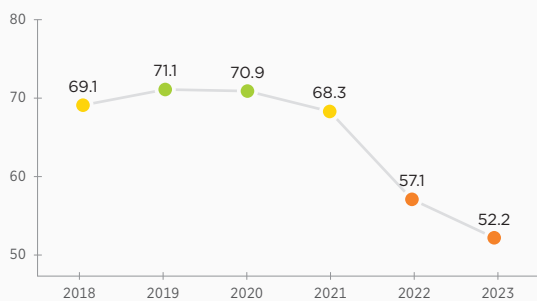
Reforms have supported economic expansion and a gradual reduction in poverty, but the weak rule of law and persistent corruption discourage long-term economic development. Accelerating judicial reforms, along with continued efforts to streamline public administration, would help to sustain economic growth and further broaden improvements in living standards.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1997): +13.9

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
13.3 million

GDP (PPP):
\$32.9 billion
10.2% growth in 2021
5-year compound annual growth 5.8%
\$2,540 per capita

UNEMPLOYMENT:
16.5%

INFLATION (CPI):
0.8%

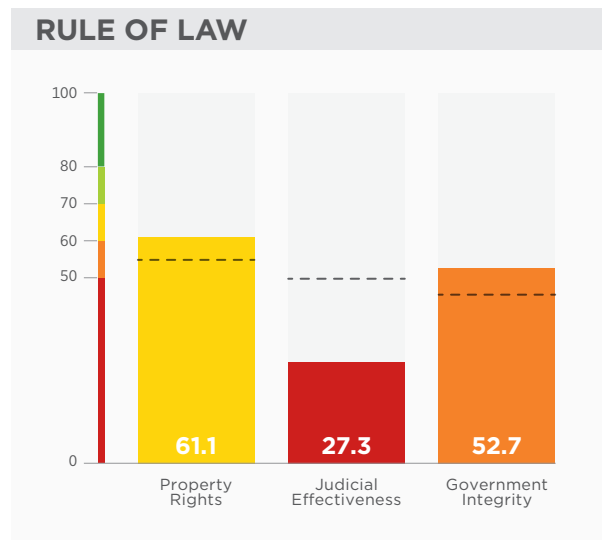
FDI INFLOW:
\$211.9 million

PUBLIC DEBT:
66.6% of GDP

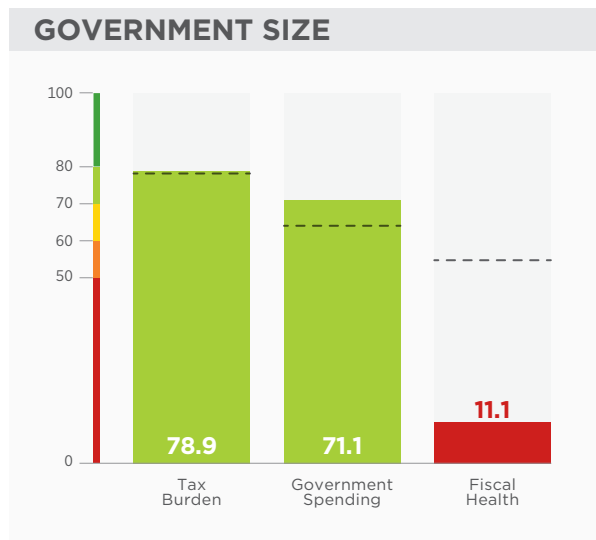
2021 data unless otherwise noted. Data compiled as of September 2022

BACKGROUND: Decades of violence followed independence from Belgium in 1959. In 1994, Paul Kagame's Tutsi-led Rwandan Patriotic Front seized power after state-sponsored genocide killed an estimated 800,000 people, mostly Tutsis. Kagame has been president since 2000 and was reelected in 2010 and 2017 amid allegations of fraud, intimidation, and violence. In 2015, voters approved a constitutional change that would permit him to govern until 2034 and strengthen his rule. In July 2021, Rwanda deployed 1,000 security service personnel to Mozambique to fight an insurgency linked to Islamic State terrorists. Tourism, minerals, coffee, and tea are the main sources of foreign exchange.

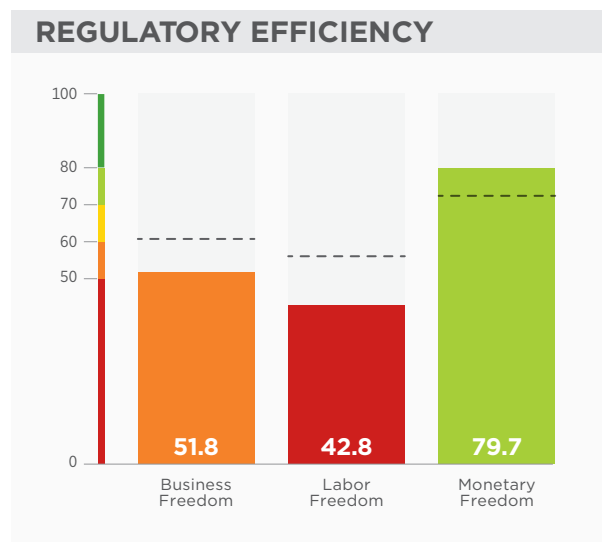
12 ECONOMIC FREEDOMS | RWANDA



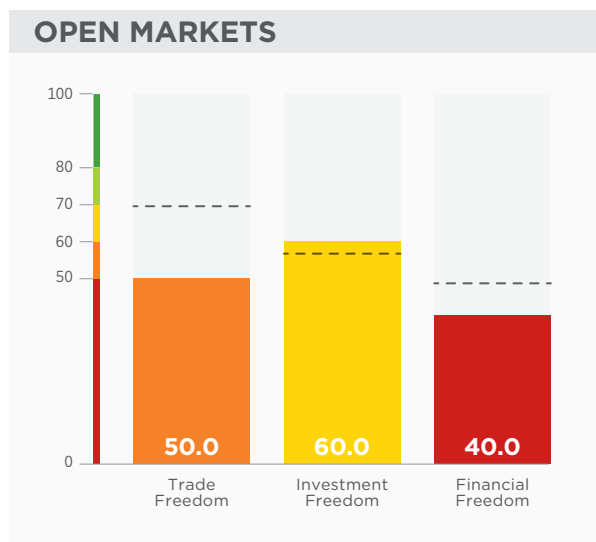
The overall rule of law is weak in Rwanda. The country's property rights score is above the world average; its judicial effectiveness score is below the world average; and its government integrity score is above the world average.



The top individual and corporate tax rates are 30 percent. The tax burden equals 17.7 percent of GDP. Three-year government spending and budget balance averages are, respectively, 31.1 percent and -7.2 percent of GDP. Public debt equals 66.6 percent of GDP.



Legislative actions have helped to improve the business environment, but the pace of reform is slower than in previous years. Despite relatively flexible labor regulations, a more vibrant formal labor market has yet to develop. Monetary stability is relatively well maintained.



The trade-weighted average tariff rate is 17.5 percent. Foreign investment is generally welcome, and the investment code provides for equal treatment of foreigners and nationals for many types of activity. The financial sector is dominated by banking and expanding, albeit slowly.