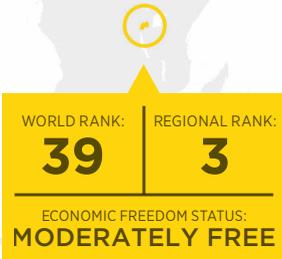


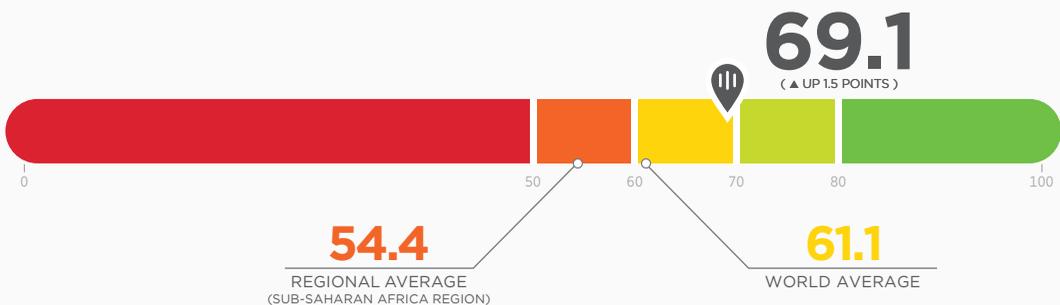
RWANDA

Rwanda's economic freedom score is 69.1, making its economy the 39th freest in the 2018 *Index*. Its overall score has increased by 1.5 points, with significant improvements in **government integrity**, **judicial effectiveness**, and **property rights** outpacing declines for the **tax burden**, **business freedom**, and **monetary freedom** indicators. Rwanda is ranked 3rd among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional and world averages.

Although Rwanda's economic development achievements are praiseworthy, they are due in part to an unsustainable and self-defeating policy of import substitution and an expansionary fiscal policy. Previous structural reforms and adoption of a sound regulatory framework facilitate entrepreneurial activity. Personal and corporate tax rates are moderate. Progress toward greater economic freedom, however, is hindered by continuing institutional weaknesses. The judicial system lacks independence and transparency, and foreign investment is deterred by ongoing political instability.



ECONOMIC FREEDOM SCORE

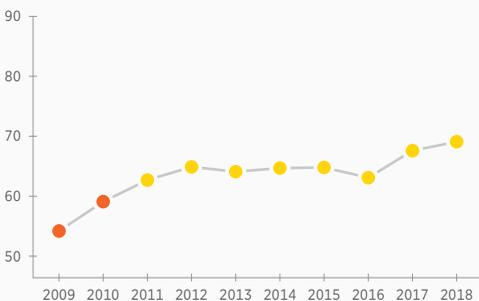


NOTABLE SUCCESSES:
Labor Freedom, Judicial Effectiveness, and Monetary Stability

CONCERNS:
Financial Freedom, Business Freedom, and Government Integrity

OVERALL SCORE CHANGE SINCE 2014:
+4.4

FREEDOM TREND



QUICK FACTS

POPULATION:
11.5 million

GDP (PPP):
\$22.8 billion
5.9% growth in 2016
5-year compound annual growth 7.2%
\$1,977 per capita

UNEMPLOYMENT:
2.5%

INFLATION (CPI):
5.7%

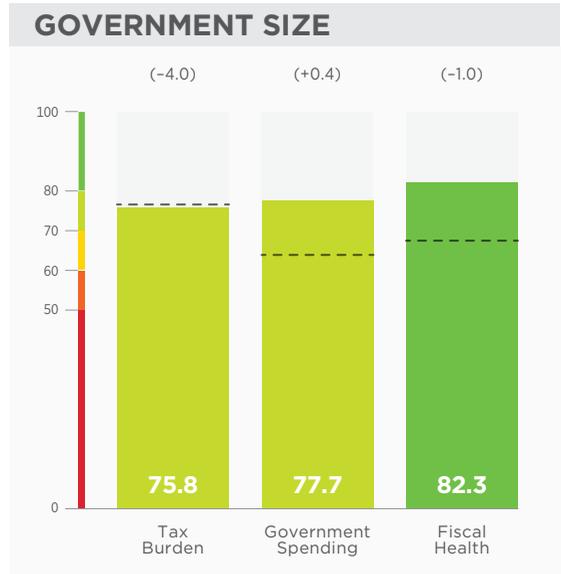
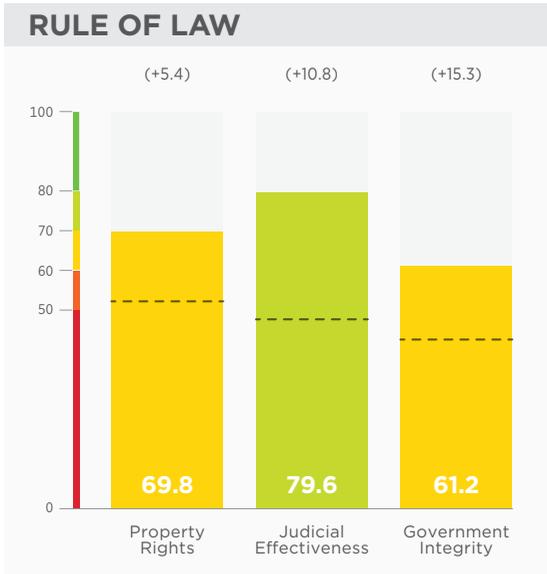
FDI INFLOW:
\$409.8 million

PUBLIC DEBT:
37.6% of GDP

2016 data unless otherwise noted. Data compiled as of September 2017

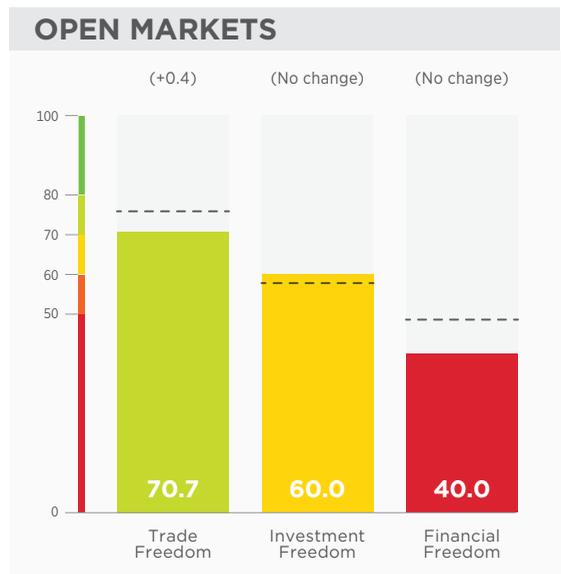
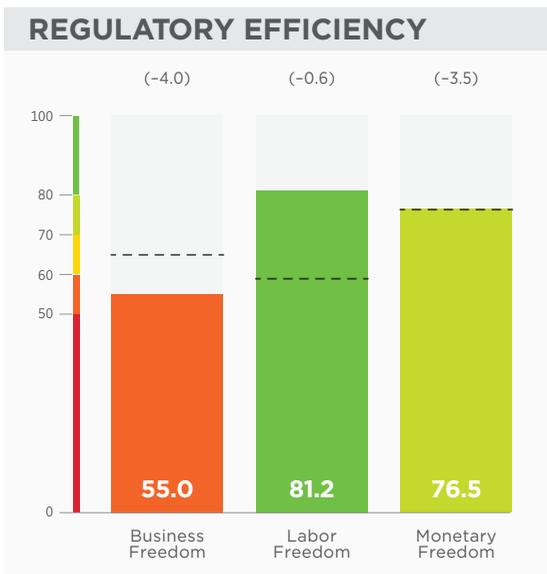
BACKGROUND: Independence from Belgium in 1959 was followed by decades of violence. Paul Kagame's Tutsi-led Rwandan Patriotic Front seized power in 1994 after state-sponsored genocide killed an estimated 800,000 people, mostly Tutsis. Kagame has been president since 2000 and was reelected in 2010 amid allegations of fraud, intimidation, and violence. In 2015, Rwandans voted for a constitutional change that would allow Kagame to govern until 2034 and strengthen his authoritarian rule. Opposition groups alleged government harassment and intimidation before the August 2017 presidential election that handed Kagame his third seven-year term. Tourism, minerals, coffee, and tea are the main sources of foreign exchange. Although poverty remains widespread, government figures indicate that it has been declining rapidly.

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The right to acquire and dispose of property is protected and facilitated by law. The constitution and law provide for an independent judiciary, and the judicial system operates in most cases without government interference. Some critics, including critics in the Rwandan judiciary, assert that while petty corruption is now relatively rare, large-scale embezzlement remains a problem.

The top personal income and corporate tax rates are 30 percent. Other taxes include value-added and property transfer taxes. The overall tax burden equals 25.0 percent of total domestic income. Over the past three years, government spending has amounted to 27.2 percent of total output (GDP), and budget deficits have averaged 3.1 percent of GDP. Public debt is equivalent to 37.6 percent of GDP.



In 2016, Rwanda made starting a business easier by improving the registration process, but obtaining building permits became more difficult. Labor regulations are not overly rigid, but a dynamic formal labor market has yet to develop. The government subsidizes agriculture, maintains price controls, and subsidizes power for the 20 percent of the population that has access to electricity.

Trade is moderately important to Rwanda's economy; the combined value of exports and imports equals 48 percent of GDP. The average applied tariff rate is 7.2 percent. Nontariff barriers impede trade. Government openness to foreign investment is above average. Financing of production and investment expansion can be difficult, and access to banking services and financing options remains limited.