Growing cities have the potential to help lift Rwanda out of poverty to prosperity. However, elevated municipal finance will be needed in order to manage Rwanda’s rapid urbanisation effectively. The Ministry of Finance and Office of the Presidency asked the IGC to host a conference which would stimulate discussion on the most important issues for Rwanda’s urbanisation. The Ministry of Finance and Economic Planning (MINECOFIN) requested that one panel address the challenges of urban financing.

The researchers analysed policy options for the Government of Rwanda to raise much-needed local government revenues to finance urbanisation.

The study highlights the relatively ‘low hanging fruit’ of property taxes, and improved grant and debt-based financing, and also clarifies principles of on- and off-budget financing. Amongst many other issues, it highlights that property values often rise 10-20 fold as cities grow, and that Rwanda’s tax rate is about one tenth the typical rate applied internationally, highlighting the potential for private developers to contribute, and for urban development to become partially self-financing.

This work helped catalyse a deeper review of property taxation and planning (including later IGC work with the Rwanda Revenue Authority/MINECOFIN).