INTERNATIONAL MONETARY FUND

IMF Country Report No. 26/139

RWANDA

June 2026

REQUEST FOR A 38-MONTH ARRANGEMENT UNDER THE EXTENDED CREDIT FACILITY—PRESS RELEASE, STAFF REPORT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR RWANDA

In the context under the Request for a 38-month arrangement under the Extended Credit Facility, the following documents have been released and are included in this package:

- A **Press Release.**
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on June 8, 2026, following discussions that ended on April 1, 2026, with the officials of Rwanda on economic developments and policies underpinning the IMF arrangement under the Extended Credit Facility program. Based on the information available at the time of these discussions, the Staff Report was completed on May 22, 2026.
- A **Debt Sustainability Analysis** prepared by staffs of the World Bank and the IMF.
- A **Statement by the Executive Director** for Rwanda.

The IMF's transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities' policy intentions in published staff reports and other documents.

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International Monetary Fund
Washington, D.C.

IMF Executive Board Approves Rwanda's Request for an Extended Credit Facility Arrangement

FOR IMMEDIATE RELEASE

- *The IMF Executive Board approved an SDR 185.031 million (equivalent to US$250 million) ECF arrangement for Rwanda and authorized an immediate disbursement of SDR 26.433 million (about US$35.7 million).*
- *Rwanda's economy remains resilient, though risks from a prolonged war in the Middle East could weigh on growth, inflation, external balance and debt.*
- *The 38-month ECF-supported program aims to support sound macroeconomic adjustment by: strengthening the macroeconomic policy mix, managing fiscal and debt risks to sustain growth, and promoting private sector-led growth with transparent fiscal oversight of state-owned enterprises.*

Washington, DC, June 8, 2026: Today, the Executive Board of the International Monetary Fund (IMF) approved Rwanda's request for a 38-month arrangement under the Extended Credit Facility (ECF) with access of SDR 185.031 million (115.5 percent of quota) and authorized an immediate disbursement of SDR 26.433 million (about US$35.7 million). The ECF-supported program aims to help Rwanda adapt to tighter global financing conditions while sustaining growth, protecting priority social and development spending, and rebuilding policy buffers.

Rwanda's economy is performing strongly, with growth reaching 9.4 percent in 2025—much higher than expected. Inflation increased in early 2026, surpassing the central bank's target range and rising further to 13.2 percent year-on-year in April 2026. The external position improved last year, helped by strong exports of coffee and minerals. Imports also remained high, especially equipment and materials needed for local businesses. Foreign exchange reserves stayed at a comfortable level, covering just over four months of imports.

The war in the Middle East weighs on Rwanda's economic outlook, with growth expected to moderate to below 6.8 percent in 2026. Inflation, fiscal and current account pressures persist due to higher international oil and fertilizer prices driven by the war, and financing of large strategic investments.

Rwanda's ECF-supported program aims to sustain reform momentum, support sound macroeconomic adjustment, and rebuild policy buffers, while effectively managing the impacts of the war in the Middle East. The program will be anchored around three key pillars: strengthening a coherent macroeconomic policy mix, managing fiscal and debt risks to sustain growth, and promoting private-sector-led growth with transparent fiscal oversight of state-owned enterprises.

Following the Executive Board's discussion, Mr. Bo Li, Deputy Managing Director, and Acting Chair, made the following statement:

"Rwanda's economy has remained resilient amid successive shocks, reflecting strong reform ownership and agile policymaking. Against a more challenging global backdrop of tighter financing conditions, declining Official Development Assistance and heightened uncertainty, growth has been robust, even as inflationary pressures have intensified, and external imbalances have remained elevated. Notwithstanding a favorable outlook, risks are tilted to the downside.

“Advancing development objectives while rebuilding buffers will require a well-calibrated policy mix and greater exchange rate flexibility to facilitate external adjustment. In the absence of the newly approved ECF-supported program, the required adjustment would be more severe.

“A credible medium-term fiscal consolidation path will be pivotal to reducing external imbalances and safeguarding Rwanda’s moderate risk of debt distress, while safeguarding social objectives. The consolidation efforts should be anchored around stronger revenue mobilization, improved public investment management, and enhanced monitoring of capital spending and other fiscal risks. Against heightened global uncertainty, including from the war in the Middle East, any support measures should remain targeted, temporary, and consistent with the fiscal framework.

“An appropriately tight and forward-looking monetary policy will help address elevated inflationary pressures. Strengthening policy communication, reinforcing the credibility of the inflation target, and improving transmission will be essential to better anchor inflation expectations. Rapid credit growth and concentrated exposures warrant close monitoring though the financial sector remains stable.

“Advancing structural reforms will be key to enhancing resilience and supporting more private-sector-led growth. Priorities include improving public investment efficiency, strengthening institutional frameworks, and accelerating SOE reforms to contain fiscal risks and foster an even more dynamic economic environment.

“Against this backdrop, the ECF-supported program, underpinned by the authorities’ strong policy commitment and continued engagement with development partners, provides an appropriate policy anchor to support orderly adjustment, sustain reform momentum, and catalyze more financing.”

Links:
Rwanda and IMF
The Extended Credit Facility (ECF)

Table 1. Rwanda: Selected Economic Indicators, 2025–30

	2025 Act.	2026 Proj.	2027 Proj.	2028 Proj.	2029 Proj.	2030 Proj.
Output						
Real GDP growth (%)	9.4	6.8	7.2	7.0	7.0	7.0
Prices						
Inflation - average (%)	7.0	10.4	6.5	5.0	5.0	5.0
Central government finances (fiscal year)[1]						
Revenue (% GDP)[2]	19.4	19.7	19.4	19.8	19.9	19.9
Expense (% GDP)[2]	15.9	15.3	15.1	15.1	14.7	14.9
Fiscal balance (% GDP)[3]	-5.5	-5.7	-4.8	-4.1	-3.0	-3.0
Public debt (% GDP)	73.6	73.1	72.9	72.6	70.6	69.1
External public debt (% GDP)	59.3	59.8	60.8	61.0	59.5	58.0
Money and credit						
Broad money (% change)	18.2	16.5	14.0	13.7	14.1	14.0
Credit to private sector (% change)	21.6	1.8	15.6	13.9	16.3	15.6
Policy Rate, end-of-period (%)	6.75	…	…	…	…	…
Balance of Payments						
Current account (% GDP)	-11.8	-14.1	-12.0	-8.4	-6.7	-6.7
Reserves (in months of imports)	4.2	4.0	4.3	4.5	4.6	4.6
Exchange rate						
REER (% change)	-5.1	…	…	…	…	…

[1] Based on fiscal year (i.e. 2024 represents 2023/24).

[2] Revenue and expenditure use GFSM 2014 presentation.

[3] For purposes of the PCI, the overall balance (GFSM 1986 definition, incl. policy lending) is used for monitoring.

INTERNATIONAL MONETARY FUND

RWANDA

May 22, 2026

REQUEST FOR A 38-MONTH ARRANGEMENT UNDER THE EXTENDED CREDIT FACILITY

EXECUTIVE SUMMARY

Context. Rwanda's economy remains resilience in the face of multiple shocks. The authorities under the 36-month Policy Coordination Instrument (PCI), completed in December 2025, sustained a strong track record of policy implementation which anchored macroeconomic stability. However, sustaining development ambitions while building buffers has proven more challenging given tighter financing conditions. The war in the Middle East only compounds these challenges. As a result, with Rwanda facing a protracted balance-of-payments need, the authorities have requested a 38-month Extended Credit Facility (ECF) arrangement to provide temporary financing and a credible policy anchor to support orderly adjustment. The authorities consider the ECF to be the most suitable instrument to address their needs at this juncture.

New ECF Request. The proposed program—with access of 115.5 percent of quota (SDR 185.031 million)—aims to (i) preserve macroeconomic stability while sustaining growth; (ii) underpin a credible medium-term fiscal consolidation that protects priority social and development spending and is anchored in domestic revenue mobilization and expenditure prioritization; and (iii) facilitate external adjustment and rebuild reserve buffers through an appropriately tight, forward-looking monetary policy stance and greater exchange rate flexibility.

Policy Recommendations. Policies should balance near-term shock response with rebuilding buffers. Fiscal consolidation—supported by revenue mobilization, tighter control and prioritization of spending (including foreign-financed capital projects), with targeted support to the most vulnerable, as well as strengthened monitoring of SOE-related fiscal risks—remains essential to safeguard debt sustainability and support external adjustment. Monetary policy should remain appropriately tight and data-driven, supported by clear communication, while greater exchange rate flexibility should help absorb shocks and support reserve accumulation.

Approved By
Costas Christou (AFR) and Koshy Mathai (SPR)

The mission comprised Albert Touna Mama (Mission Chief), Zixuan Huang, Irena Jankulov Suljagić, and Marina Marinkov (all AFR), Yinhao Sun (SPR), Tumer Kapan (MCM), Habtamu Fuje (Resident Representative, IMF Kigali Office), and Priscille Mikebanyi (Local Economist). Loy Nankunda (OEDAF) also attended mission meetings. The mission was facilitated by Patience Mugishakazi (local office). Xingyu Pu and Fernando Morán Arce (AFR) assisted in the preparation of this report. Discussions were held in Kigali, Rwanda, from March 19 thru April 1, 2026. The team met with the Minister of Finance and Economic Planning, Yusuf Murangwa, Governor of the National Bank of Rwanda, Soraya Hakuziyaremye, and other senior government officials. Staff also had productive discussions with Rwanda's Parliament Budget Committee, development partners, and heads of commercial banks.

CONTENTS

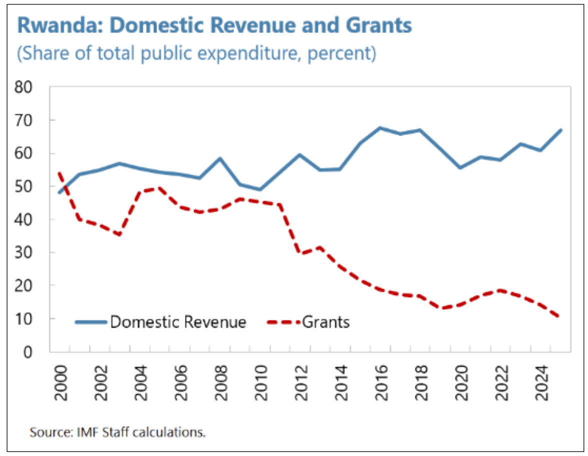
TABLES

ANNEXES

APPENDIX

CONTEXT

1. **Rwanda's economy remains resilient in the face of multiple shocks.** Over the past two decades, real GDP expanded at an average rate of 7.3 percent, despite a notable contraction in 2020 due to the COVID-19 pandemic, as well as disruptions caused by the floods in 2023 and the Marburg virus outbreak in 2024. Strong policy implementation and availability of highly concessional financing have contributed to this resilience, despite the sharp decline in official development assistance (ODA) decline between 2020–24.[1] Given the tighter financing conditions, sustaining development ambitions—under the Second National Strategy for Transformation (NST-2 2024–29, Annex I)—while building buffers has proven more challenging.



2. **Fund engagement remains integral, contributing to macroeconomic stability, shock response, and long-term resilience.** The 2022–25 Policy Coordination Instrument (PCI) supported post-pandemic economic recovery. In parallel, the 2023–24 Stand-by Credit Facility (SCF) provided temporary support during climate-related emergencies, while the 2022–24 Resilience and Sustainability Facility (RSF) focused on strengthening climate resilience. Successive programs with the Fund have offered strong policy and reform anchors, although macroeconomic policy trade-offs have also become increasingly challenging. Notably, Rwanda's external position has deteriorated, and public debt levels have risen—though debt-servicing costs remain comfortably low.

3. **Against this backdrop, the authorities are requesting a 38-month Extended Credit Facility (ECF) arrangement to support orderly adjustment.** Fund financing will help meet protracted balance-of-payments (BoP) needs while policies to reduce external imbalances take hold, allowing reserves to remain at levels sufficient to cushion reasonably adverse shocks. Higher-for-longer oil and fertilizers prices due to the war in the Middle East only adds to the actual BoP needs in the near-term. Absent external support, the required adjustment would need to be more severe, likely requiring deeper fiscal consolidation and import compression—with adverse implications for social spending—or resulting in a significant decline of international reserves (Text Table 1). The ECF arrangement will provide temporary financing while the country adapts to a new equilibrium characterized by a less favorable financing environment, compensated by increased use of domestic resources. It is also expected to play a catalytic role.

[1] Box 1 in IMF CR No. 25/319 discusses the macroeconomic implications of declining grants and aid withdrawal.

Text Table 1. Rwanda: Illustrative Impact of the Program Relative to Passive Scenario[1]

(Percent of GDP, unless otherwise stated)

Overall debt creating deficit[2]	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**		
ECF	-5.7	-4.8	-4.1	-3.0	-3.0	-3.0		
Passive scenario	-5.7	-5.0	-5.0	-4.0	-4.0	-4.0		
Public debt	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**
ECF	73.1	72.9	72.6	70.6	69.1	67.5	66.1	65.2
Passive scenario	73.1	73.5	74.2	73.2	72.7	72.3	71.1	70.4
Current account deficit	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**
ECF	-14.1	-12.0	-8.4	-6.7	-6.7	-6.3	-5.2	-5.2
Passive scenario	-14.1	-12.0	-8.4	-6.7	-6.7	-6.3	-5.2	-5.2
Reserves	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**
ECF								
in months of prospective imports	4.0	4.3	4.5	4.6	4.6	4.2	4.0	4.1
in percent of ARA metric [3]	*89.2*	*94.6*	*100.4*	*102.3*	*102.7*	*92.2*	*89.9*	*90.0*
Passive scenario								
in months of prospective imports	3.6	3.2	3.0	2.9	3.0	2.6	2.7	2.8
in percent of ARA metric [3]	*79.0*	*70.8*	*67.1*	*63.9*	*66.5*	*58.6*	*59.2*	*62.0*

[1] The passive scenario is a stylized counterfactual illustrating how the economy could evolve without Fund support. It assumes no access to Fund financing or associated catalytic effects, weaker policy adjustment (including slower domestic revenue mobilization and less effective expenditure control) and more limited external financing, resulting in a more disorderly macroeconomic adjustment.

[2] Fiscal year basis (e.g., FY2025/26 is 2026 in this table).

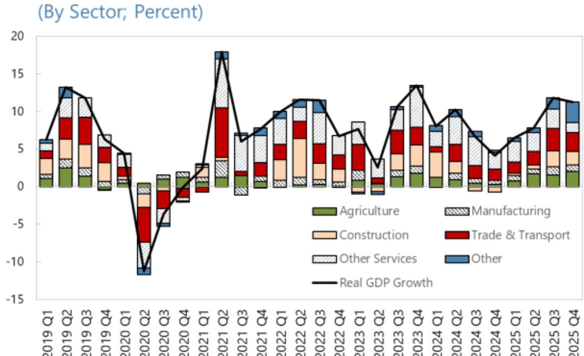
[3] An adequate level of reserves is assessed at 4.5 months of imports, calibrated using the ARA-CC metric and desk judgment.

RECENT ECONOMIC DEVELOPMENTS

4. **Economic activity exceeded expectations in 2025.** Real GDP growth accelerated to 9.4 percent from 7.2 percent in 2024. Growth has been broad-based, led by strong performance in industry—particularly construction and manufacturing—alongside contributions from agriculture, especially cash crops, and services—notably, trade and transport. The unemployment rate declined to 11.7 percent in 2025Q4, compared to 13.4 percent in the previous quarter and 14.7 percent in 2024Q4, consistent with continued improvements in labor market conditions.

Rwanda: Contributions to Real GDP Growth

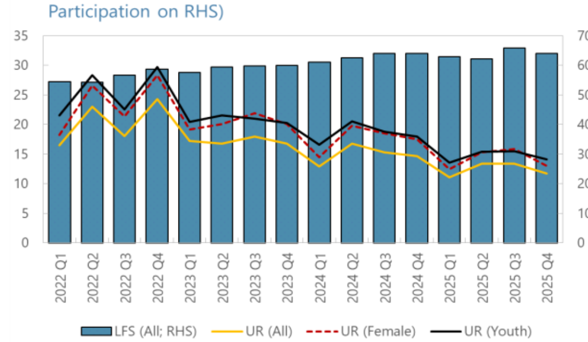
(By Sector; Percent)



Sources: Rwandan Authorities and IMF Staff Calculations.

Rwanda: Labor Dynamics

(Percent; Unemployment Rate on LHS; Labor Force Participation on RHS)

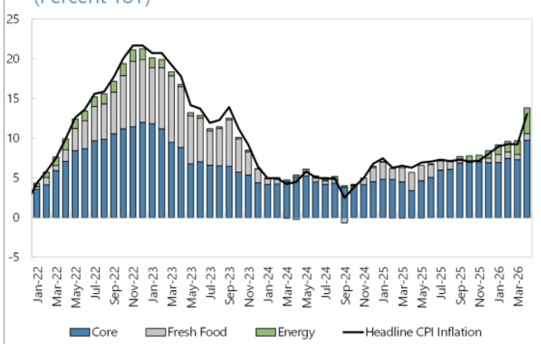


Sources: Rwandan Authorities and IMF Staff Calculations.

5. **Inflationary pressures intensified as well.** Headline inflation reached 8.0 percent at end-2025 and has since accelerated to 13.0 percent year-on-year in April 2026—12.5 percent for core

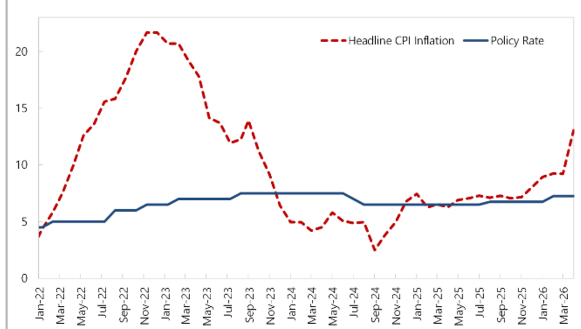
inflation—well above the upper bound of the National Bank of Rwanda's (NBR) 5±3 target band since January. Inflationary pressures have been broad-based since 2025H2 and has been largely driven by core inflation. Higher energy—particularly charcoal—and fresh food prices, following weak agricultural production linked to unusual weather patterns in late 2025, also contributed to higher headline inflation since the end of 2025. Pump prices were adjusted twice in April by an average of approximately 30 percent. Against this backdrop, the NBR increased its policy rate by 50 bps to 7.25 percent in February and by 100 basis points to 8.25 percent in May.

Rwanda: Headline Inflation
(Percent YoY)



Sources: Rwandan Authorities and IMF Staff Calculations.

Rwanda: Policy Rate vs. Headline Inflation
(Percent)



Sources: Rwandan Authorities and IMF staff calculations.

6. **Fiscal outturn in FY25/26 H1 was slightly better than expected.** The deficit came in below projections as lower spending on goods and services and subsidies more than offset weaker-than-expected revenue. Tax revenue performance was mixed: taxes on goods and services overperformed—supported by early gains from the tax package implemented last year—while income and profit taxes underperformed, reflecting weaker turnover growth among large taxpayers, lower arrears recovery, and higher business expenses, particularly in construction, mining, and financial services. Grants and other revenues also fell short, the latter partly reflecting delays in UN peacekeeping reimbursements. Finally, foreign-financed capital spending exceeded projections but was offset by lower domestically-financed capital spending.

Rwanda: Operations of the Central Government, FY25/26 H1, GFSM 2014 [/1]
(Percent of GDP)

	6th PCI Rev.	Actual [/2]	Diff.
Revenue	**10.1**	**9.8**	**-0.2**
Taxes	7.5	7.6	0.1
Taxes on income, profits, and capital gains	3.1	3.1	-0.1
Taxes on property	0.2	0.2	0.0
Taxes on goods and services	3.7	3.8	0.1
Taxes on international trade and transactions	0.5	0.5	0.0
Grants	1.4	1.3	-0.1
Other revenue	1.1	0.9	-0.2
Expense	**8.0**	**7.7**	**-0.3**
o/w Compensation of employees	1.4	1.4	0.0
o/w Purchases of goods and services	1.9	1.7	-0.1
o/w Subsidies	0.8	0.7	-0.1
o/w Interest	1.1	1.1	0.0
o/w Grants	2.4	2.4	0.0
Net acquisition of nonfinancial assets	**4.0**	**4.0**	**0.0**
Domestically-financed	1.3	1.2	-0.1
Foreign-financed	2.7	2.8	0.1
Net lending (+) / borrowing (-)	**-2.0**	**-1.9**	**0.0**
Net acquisition of financial assets	**1.2**	**1.7**	**0.5**
Net incurrence of liabilities	**3.2**	**3.5**	**0.3**
Domestic	1.4	1.4	0.1
Foreign	1.8	2.1	0.2
Debt-creating overall balance (excl. PKO, GFSM 1986) [/3]	**-3.0**	**-2.9**	**0.1**

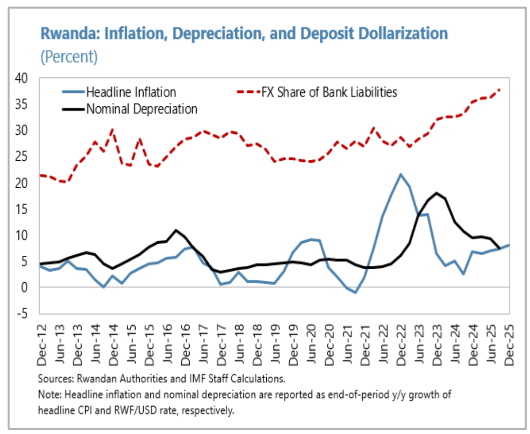
Sources: Rwandan authorities and IMF staff estimates and projections.
[1] Fiscal year runs from July to June.
[2] Expressed in terms of 6th PCI Review GDP.
[3] Overall balance excluding Peacekeeping Operations (PKO) and spending on materialized contingent liabilities in the DSA.

7. **NST-2 strategic public investments are progressing.** The government has secured US$450 million in commercial financing at favorable terms, with costs estimated at one-third of the

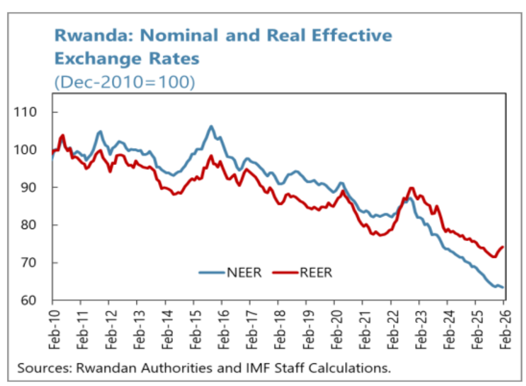
Eurobond's, thanks to combined IDA Policy-Based Guarantee (PBG) and MIGA guarantee (see ¶14 and DSA ¶8). Additionally, the acceleration of the New Kigali International Airport (NKIA) construction has contributed to the economic buoyancy in 2025H2 (¶4). Meanwhile, the timing for the capital injection into RwandAir could be affected by the ongoing war in the Middle East, due to the strategic partnership with the Qatar Investment Authority (QIA).[2]

8. Although public debt is increasing, the risk of debt distress remains moderate (see DSA). Public debt is also assessed as sustainable, supported by a credible medium-term fiscal consolidation path and strong growth prospects. At the same time, successive shocks, large investment-related borrowing, and an elevated share of FX-denominated debt have heightened risks.

9. The financial sector remains stable amid strong credit growth. Private credit expanded strongly in 2025, with pronounced growth in trade, construction, manufacturing, and mortgages, bolstering economic momentum. As of end-2025, banks' loan portfolios grew by 25.8 percent while remaining highly profitable and well-capitalized. Microfinance loan growth moderated to 21.4 percent in 2025 (from 23.5 percent in 2024), while maintaining strong capitalization. The non-performing loan (NPL) ratio of banks and microfinance institutions (MFIs) declined modestly amid strong loan growth, to less than 3 percent in both sectors as of end-2025. However, continued fast credit growth raises the risk of potential excess leverage in some borrower segments over the medium- to long-term. Large and concentrated credit exposures of the banking sector—including to state-owned enterprises (SOEs)—remain significant, reinforcing the bank–sovereign nexus.[3] Furthermore, foreign-currency deposits remain elevated since the 2022 inflation shock and 2023 depreciation, while banks' FX LCRs remain above 100 percent as required by NBR regulation.



10. External position in 2025 remained substantially weaker than the level implied by fundamentals and desirable policies, despite some improvement in the current account balance (see Annex IV ESA). Strong import demand linked to the ambitious public investment strategy and narrow but growing export capacity have kept the real exchange rate above fundamentals, contributing to the currency's overvaluation. However, in 2025, the current account deficit narrowed to 11.8 percent of GDP from 13 percent



[2] Box 3 in IMF CR No. 25/127.

[3] Box 1 in IMF CR No. 24/341.

in 2024, reflecting strong demand for Rwanda's exports, supported by higher prices and production volumes for coffee, as well as elevated mineral prices. Tourism receipts also remained robust. Import demand stayed firm, driven by capital goods and intermediate inputs linked to strong domestic activity and investment, as well as higher consumer goods imports, including processed food. Gross international reserves were assessed to be slightly above the lower bound of the minimum adequacy range.

OUTLOOK AND RISKS

11. The favorable economic outlook has become uncertain due to the war in the Middle East.

- *Economic growth* is projected at 6.8 percent and 7.2 percent in 2026 and 2027, respectively, supported by continued investment—including NKIA construction—before converging to around 7.0 percent over the medium-term.
- *Inflation* is expected to increase to 10.4 percent in 2026—driven by supply-side pressures from a weaker agricultural season and higher fertilizer and international oil prices—alongside demand pressures. Over the medium-term, inflation is expected to converge to the mid-point of NBR target range, at 5 percent.
- *Fiscal consolidation* over the medium term—albeit with temporary support to cushion the impact of the war—would be supported by domestic revenue mobilization and tighter management of foreign-financed capital spending. The overall deficit is projected to decline from 5.7 percent of GDP in FY25/26 to 3.0 percent in FY28/29.
- *Debt path is* driven in part by the important borrowing plans to finance strategic infrastructure—most notably the NKIA construction and RwandAir expansion—as well as the fiscal consolidation efforts. The overall public debt is expected to peak at 73.6 percent of GDP in 2025 and decline steadily thereafter toward the authorities' debt anchor of 65 percent of GDP by 2033. While domestic debt risks remain broadly contained, the domestic debt-to-GDP ratio is projected to rise over the longer term—particularly after 2030.
- *Current account deficit* is projected to widen to 14.1 percent of GDP by 2026 due to increased investment and construction-related imports as well as elevated energy prices. This would be partially mitigated by real effective exchange rate adjustment (Tables 1 and 5). Over the medium-term, the balance-of-payments will benefit from continued fiscal consolidation and increased FDI inflows, with international reserves reaching 4.6 months of imports by 2030.

Text Table 2. Rwanda: Macroeconomic Framework, 2024–31

	2024	2025	2026	2027	2028	2029	2030	2031
	Act.	Act.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
	(Annual percentage change, unless otherwise indicated)							
Output and prices								
Real GDP growth (percent)	7.2	9.4	6.8	7.2	7.0	7.0	7.0	7.1
CPI, period average (percent)	4.8	7.0	10.4	6.5	5.0	5.0	5.0	5.0
CPI, end period (percent)	6.8	8.0	9.5	6.0	5.0	5.0	5.0	5.0
Overall fiscal balance, incl. grants, policy lending (percent of GDP)[1,2,3]	-6.7	-5.5	-5.7	-4.8	-4.1	-3.0	-3.0	-3.0
Total public debt, incl. guarantees (percent of GDP)	74.5	73.6	73.1	72.9	72.6	70.6	69.1	67.5
Current account balance, incl grants (percent of GDP)	-13.0	-11.8	-14.1	-12.0	-8.4	-6.7	-6.7	-6.3
Gross international reserves (months of imports)[4]	5.2	4.2	4.0	4.3	4.5	4.6	4.6	4.2

Sources: Rwandan Authorities and IMF Staff Estimates.

[1] The source of the projections is the recent RCF with small updates.

[2] From FY 23/24 (2024) to FY 30/31 (2031). Fiscal year runs from July to June.

[3] For purposes of the ECF the overall balance (GFSM 1986, incl. policy lending) is used for monitoring.

[4] Based on prospective import of goods (excluding gold) and services.

12. The balance of risks to the outlook is tilted to the downside (Annexes II and III).

- The macroeconomic outlook for Rwanda would deteriorate markedly under a larger and more persistent oil price shock. Persistently elevated oil prices, exceeding US$110 per barrel in 2026 and US$130 in 2027 in a severe scenario (see Annex III), would weaken real GDP growth by about 1.2 and 2.3 percentage points in 2026 and 2027 (Text Table 3), respectively, while intensifying external pressures through sharply higher import bills and widening current account deficits. At the same time, inflation would rise substantially, remaining elevated for longer and taking more time to revert to the target. Fiscal pressures would also intensify, from higher energy and fertilizer subsidies and potential additional support to state-owned enterprises. As a result, foreign exchange reserves would decline significantly. This scenario would amplify external pressures and weaken fiscal and debt dynamics and test the authorities' ability to remain within their debt anchor.

Text Table 3. Rwanda: Impact of a More Severe Oil Price Shocks

Rwanda: Illustrative Quantification of Adverse Risks	2026	2027
Assumed shocks		
Oil price (USD per barrel)	105	79
Oil price increase (percent, relative to the baseline)	28	4
Estimated transmission of shocks		
Oil price increase:		
Change in imports (percent of GDP)	1.4	0.3
Change in exports (percent of GDP)	0.0	0.0
Change in fiscal spending (percent of GDP)	0.8	0.5
Change in real GDP growth (percent y/y)	-0.9	-0.2
Impact on macro aggregates (relative to baseline)		
Real GDP growth (percent y/y)	-0.9	-0.2
Inflation (percent)	0.6	0.2
Fiscal balance (percent of GDP)	-0.8	-0.5
Gross official reserves (in months of imports)	-0.5	-0.7
Current account balance (percent of GDP)	-1.4	-0.3

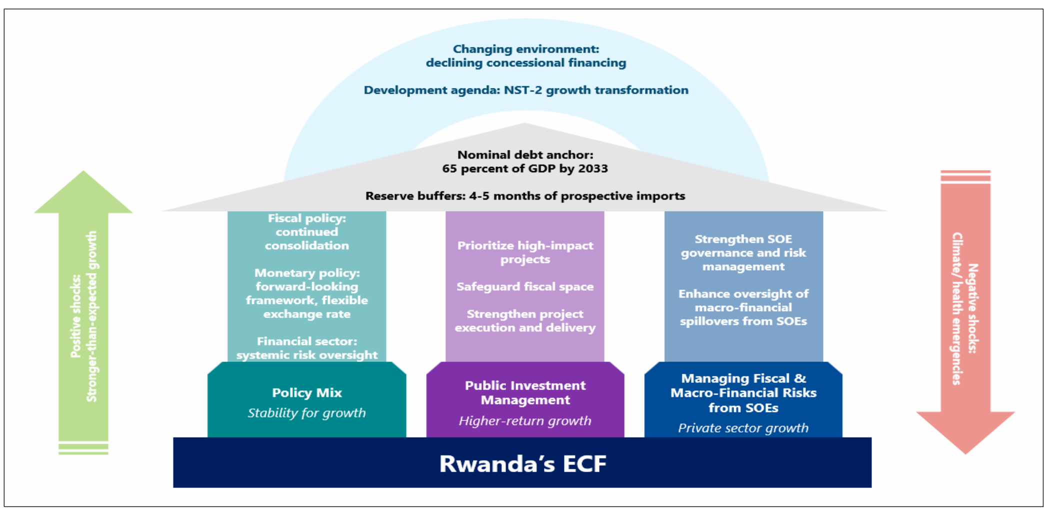
Rwanda: Illustrative Quantification of Severe Risks	2026	2027
Assumed shocks		
Oil price (USD per barrel)	115	131
Oil price increase (percent, relative to the baseline)	40	73
Estimated transmission of shocks		
Oil price increase:		
Change in imports (percent of GDP)	1.9	3.4
Change in exports (percent of GDP)	0.0	0.0
Change in fiscal spending (percent of GDP)	1.0	1.4
Change in real GDP growth (percent y/y)	-1.2	-2.3
Impact on macro aggregates (relative to baseline)		
Real GDP growth (percent y/y)	-1.2	-2.3
Inflation (percent)	0.8	4.4
Fiscal balance (percent of GDP)	-1.0	-1.4
Gross official reserves (in months of imports)	-1.0	-2.1
Current account balance (percent of GDP)	-1.9	-3.4

- Equally impactful downside risks would be a faster-than-expected tightening of financing conditions, including a sharper decline in official development assistance. Further downside risks include weaker global demand, for example, driven by disorderly AI correction, and intensified trade and geopolitical tensions.

- Domestically, delays in revenue mobilization and fiscal consolidation, as well as implementation risks around large priority projects, could weaken the fiscal and debt dynamics and amplify external pressures. Climate shocks and health emergencies could also strain fiscal space and accelerate inflation. The re-escalation of conflict in Eastern DRC may further complicate access to concessional financing, while a durable peace agreement would improve trade, investment, and financing prospects.
- Upside risks to economic growth stem from the authorities' ability to attract external concessional financing and to boost private sector investments, including under NST-2.

PROGRAM OBJECTIVES AND POLICIES

13. **The authorities' program, supported by the IMF, aims to address cyclical imbalances and structural constraints.** While Rwanda has maintained a broadly healthy macroeconomic environment and safeguarded debt sustainability, a number of challenges have emerged. These include rising inflation and overheating risks (cyclical issues), a large current account deficit and exchange rate over-valuation, rising public indebtedness as well as limited private sector-led growth (structural issues). A comprehensive package of macroeconomic policies and structural reforms is therefore needed to prevent a further intensification of these pressures—which could jeopardize macroeconomic stability and debt sustainability—while fostering stronger and more inclusive private-sector-led growth. Key objectives include:



- *Improving the credibility of the medium-term fiscal framework.* Implementing annual budgets that align with the authorities' debt anchor; specifying the measures required to support the fiscal adjustment path; strengthening domestic revenue mobilization through MTRS-2; improving the selection, execution, and control of foreign-financed capital spending; strengthening fiscal risk monitoring (including from SOEs); and protecting priority social spending.
- *Reducing inflation and refining the monetary policy framework.* Bring inflation back toward the mid-point of NBR target range, re-anchoring inflation expectations, maintaining an

appropriately tight monetary stance as needed, strengthening the interest-rate-based operating framework, and improving policy communication.

- *Reducing external imbalances.* Facilitating a market-determined exchange rate, enhancing the exchange role as shock absorber, safeguarding adequate international reserve coverage, reducing incentives for deposit dollarization, and improving export competitiveness (through NST-2).
- *Safeguarding financial stability*. Strengthening supervisory tools and banks' capital buffers.
- *Strengthening SOE's financial positions and limiting commercial and fiscal risks.* Advancing SOE reforms to reduce quasi-fiscal pressures and budget support needs, strengthening governance and transparency, and limiting spillovers to the banking sector—thereby supporting private-sector-led growth.

A. Policy Mix: Strengthening the Macroeconomic Policy Framework

Fiscal Policy

14. Fiscal consolidation is crucial to achieve the authorities' debt anchor and support disinflation. The deficit is projected to decline by a sizeable 2.7 percentage points of GDP over the program period, putting public debt on a path toward 65 percent of GDP by 2033. Under the 2022–25 PCI, adjustment relied mainly on expenditure restraint. Going forward, sustaining the adjustment will require a continued focus on domestic revenue mobilization, while improving public investment management and protecting priority social and development spending.

- *FY25/26.* The fiscal deficit is projected at about 5.7 percent of GDP reflecting early yields from the 2025 tax policy package and an upward revision to nominal GDP, which offset upfront costs associated with IDA and MIGA PBA fees, and fees to commercial creditors (see ¶7 and DSA ¶8) and higher capital spending. Pump prices were adjusted twice in April, one month earlier than expected, to reduce re-export pressures, avoid sharp adjustment in the future, and safeguard domestic supply. The net fiscal impact is expected to be limited, as diesel subsidies are partly offset by stabilization fees on gasoline under the fuel pricing mechanism.[4]
- *FY26/27*. The FY26/27 budget is consistent with program objectives and the medium-term fiscal consolidation path. The overall deficit is projected to narrow to 4.8 percent of GDP despite a loss in ODA and war–related spending pressures.
- *War-related fiscal pressures.* These include higher fertilizer subsidies (0.1 percent of GDP), support to RwandAir (0.2 percent of GDP), and potential fuel subsidies. RwandAir is facing rising jet fuel costs and the loss of Dubai and Doha routes—major hubs for transit and cargo. Any fuel subsidies are expected to be temporary, limited in size, and partly offset through stabilization fees. Under the baseline, any additional support would be accommodated within the existing

[4] Annex IV, CR 25/319. When deployed, fuel subsidies are typically concentrated on diesel, given its role as the main transmission channel from global oil shocks to domestic food inflation through transport costs, especially for perishables. Pass-through is rapid and visible, with small price increases having outsized effects on food prices.

fiscal envelope through reprioritization and, if needed, activation of contingency measures to preserve the deficit path. Staff emphasized that mitigation measures should, to the extent possible, prioritize targeted support to vulnerable households over broad-based price interventions. However, the fiscal costs could further worsen should oil and fertilizer prices are higher for longer (see Annex III). The program framework provides flexibility to accommodate higher fertilizer subsidies through an adjustor to the ceiling on the debt-creating overall deficit, given that it helps safeguard domestic food production. While not included in the budget, targeted support to vulnerable households could be deployed through the Dynamic Social Registry in the event of an extreme food shock.

- *Fiscal adjustment measures.* The adjustment is underpinned by expenditure restraint, especially on goods and services and domestically-financed capital spending, alongside stronger nominal GDP growth. On the revenue side, measures include unwinding temporary deviations under the EAC Common External Tariff (yielding about 0.2 percent of GDP) and strengthening tax administration to reduce the VAT compliance gap (yielding about 0.4 percent of GDP) from improved import valuation and classification, reduced under-reporting at customs, and broader use of electronic billing machines, together with improved yields from last year's tax package.
- *Medium term.* The overall deficit is projected to decline to 3.0 percent of GDP by FY28/29, supported by domestic revenue mobilization (¶15) and tighter expenditure management (¶¶17, 26). This path preserves priority social and investment spending and remains consistent with the debt anchor. Declining ODA is expected to be offset through further rationalization of goods and services spending and domestically-financed capital spending.

Rwanda: Fiscal Consolidation Path
(Percent of GDP)

	Actual	Projected				
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Overall balance [1]	**-5.5**	**-5.7**	**-4.8**	**-4.1**	**-3.0**	**-3.0**
Annual adjustment (+ = consolidation)	**1.2**	**-0.2**	**0.9**	**0.7**	**1.1**	**0.0**
Total tax revenue	0.1	0.6	0.6	0.4	0.3	0.1
Other revenue and grants	-1.5	-0.3	-0.8	0.0	-0.2	-0.1
Total expense	1.4	0.6	0.2	0.1	0.3	-0.2
Total capital expenditure	1.3	0.5	0.4	-0.2	-0.3	0.1
Net lending	-0.2	-1.6	0.6	0.5	1.0	0.0

Source: Rwandan authorities and IMF staff projections.
[1] For purposes of the ECF the overall balance (GFSM 1986 definition, incl. policy lending) is used for monitoring. The shaded area denotes the ECF program period.

15. Medium-term fiscal strategy relies on continued improvements in domestic revenue mobilization. Policy priorities include broadening the tax base, rationalizing tax expenditures (including investment incentives), and strengthening compliance through administrative and digital reforms. The program's structural conditionality will support the identification and implementation of measures to support the medium-term tax-to-GDP trajectory, including through tax policy and revenue administration reforms. In this context, MINECOFIN is expected to (MEFP ¶15):

- Submit to Cabinet the amendments to the Investment Code that: (i) eliminate discretionary provisions; (ii) reduce profit-based incentives to cost-based incentives to the extent possible; (iii) limit the duration and scope of preferential regimes; and (iv) strengthen monitoring, evaluation, and enforcement of incentives (**proposed end-November 2026 structural benchmark, SB**).

- Develop a follow-up Medium-Term Revenue Strategy (MTRS-2) that sets out tax policy and revenue administration options—grounded in diagnostics and consultation—to raise the tax-to-GDP ratio by strengthening tax bases and modernizing compliance and administrative tools (**proposed end-December 2026 SB**). The strategy would help inform the prioritization and sequencing of revenue reforms over the program period.

16. Expenditure policy would support fiscal consolidation while safeguarding growth and social objectives. Budget decisions should remain anchored in the medium-term fiscal framework and aligned with NST-2 priorities (Annex I). Within this envelope, the authorities are expected to prioritize high-impact spending—particularly social protection, human capital development, and high-return public investment—while containing lower-priority outlays and rationalizing recurrent spending (notably goods and services). Emerging spending pressures should be accommodated only where consistent with program objectives, supported by timely reprioritization to preserve fiscal sustainability.

17. To manage uncertainty around the pace of consolidation, contingency planning should rely on a tiered approach. If revenue performance falls short of expectations or moderate risks materialize, the first line of response would involve spending reprioritization. Potential measures could include delaying or reprioritizing domestically financed capital spending and reducing non-essential recurrent expenditures. In the event of larger adverse shocks, fiscal and debt dynamics would be weakened, underscoring the need for timely policy adjustment and targeted support to vulnerable households (Annex III). Potential measures would include further prioritization and pacing of capital spending—including both domestically- and foreign-financed projects—and reassessing fiscal support where feasible, while continuing to safeguard priority social and development spending.

18. Public financial management and fiscal transparency reforms are expected to further strengthen the fiscal framework and improve the quality of policymaking (MEFP ¶17)**.** Progress in these areas would help inform the prioritization and sequencing of further reforms over the program period. Priorities include:

- *Implementation of the Organic Law on Public Finance Management (OPFM)* and its supporting regulations to strengthen the budget process and medium-term expenditure framework, reinforce fiscal risk management, and support improved fiscal reporting.
- Continued improvements in *fiscal disclosure and reporting*, consistent with the fiscal transparency agenda, including: (i) consideration of publication of the 2025 Fiscal Transparency Evaluation (FTE), (ii) resumption of quarterly general government GFS reporting, (iii) strengthened accounting of VAT refunds, and (iv) progress toward enhanced data dissemination standards.
- *Accelerating fiscal data digitalization* to support more timely, comprehensive, and policy-relevant fiscal statistics.

Monetary Policy

19. Monetary policy needs to manage inflation more effectively. Recent inflation developments underscore the need for a tighter monetary policy stance. Additionally, NBR's communication should better align with its 5 percent medium-term inflation target with the view of anchoring inflation expectations (Box 1). While the transition toward a forward-looking and interest rate-based monetary policy framework has advanced, monetary policy transmission remains shallow and exchange rate flexibility limited.[5]

20. Strengthening the monetary policy framework remains a priority to support price stability and improve policy transmission (MEFP ¶19)**.** Key measures include:

- *Strategy review and framework refinements.* The NBR is committed to reviewing its monetary policy strategy to assess potential refinements—including inflation target range width—considering the appropriate anchor for expectations, transmission effectiveness, and international practice. In line with the findings of the analysis (MEFP ¶19), the NBR will revise its monetary policy strategy to improve the nominal anchor role of the inflation target (**proposed end-October 2027 SB**). The review would help inform monetary policy reforms over the program period.
- *Policy communication*. Communications should be enhanced to further emphasize the role of NBR's 5 percent medium-term inflation target in guiding decisions and anchoring expectations.
- *Market development.* The NBR will introduce a market-making framework to improve secondary-market liquidity and price discovery. The NBR and CMA will adopt and issue (i) an Operational Guideline, (ii) Code of Conduct, (iii) and Market Maker Agreement template for establishing the market-making program in the domestic debt market (**proposed end-October 2026 SB**), with phased implementation including a pilot envisaged for May 2027.
- *Yield curve.* A benchmark yield curve will be developed and published by end-April 2027 to support domestic debt market development and monetary policy transmission. This initiative will build on the IMF technical assistance mission conducted in December 2025.
- *Statistics*. CPI rebasing—covering updated weights and the transition to COICOP 2018 is underway, with publication expected in the second half of 2026.

Exchange Rate Policy

21. Greater exchange rate flexibility remains central to external adjustment and reserve accumulation. With Rwanda's current account deficit largely financed by official inflows and private inflows still limited, reserves are built primarily through official FX receipts rather than sustained market purchases. In this context, FX intervention should focus only on smoothing excessive volatility, ensuring the transition to a more market-based FX regime (MEFP ¶20). The NBR will include regular and price-based FX auctions within the current intervention framework (**proposed end-October 2026 SB**). Such auctions would strengthen price discovery and market functioning.

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[5] See 2023 SIP on monetary policy transmission.

Given the assessment that the external position is substantially weaker than implied by fundamentals and desirable policies (Annex IV), greater exchange rate flexibility should facilitate part of the needed external adjustment over time.

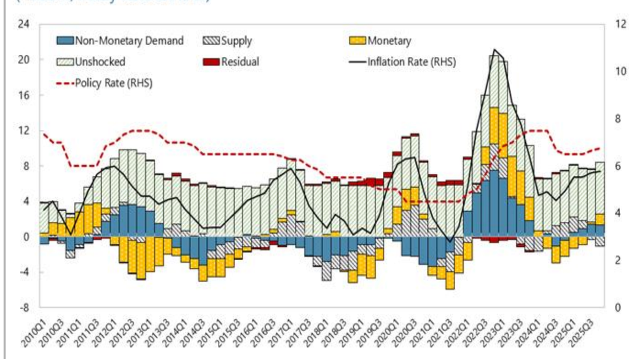
Box 1. Recent Inflation and Monetary Policy Developments

Background. During 2022–23, Rwanda experienced significant climate shocks (droughts and floods) which disrupted agricultural production and drove up food prices. These events were compounded by the impact of Russia's invasion of Ukraine, which increased the cost of imports significantly. Inflation reached a peak of 21.7 percent at end-2022, up from 1.9 percent at end-2021, and did not return to single-digits levels until late 2023. Despite multiple shocks, economic growth remained robust at 8.2 percent in both years. During 2022-23, the NBR raised its policy rate by a cumulative 300 basis points. NBR's muted policy reaction during the 2022-23 inflationary period sought to look through these supply shocks.

Inflation pressures re-emerged. Inflation started increasing in 2025H2, ending the year at 8 percent. While administrative and tax measures contributed to the price increases, inflationary pressures were nonetheless broad-based, with core inflation exceeding headline inflation. Increasing inflation took place against the backdrop of robust GDP growth—exceeding 11 percent in 2025H2—unemployment trending down, and bank credit growth accelerating to 25.8 percent year-over-year at end-2025. These developments indicate that the increase in inflation during 2025H2 was at least partially demand-driven. In early 2026, higher energy and fresh food prices, along with pressures in some components of core inflation, pushed inflation further to 9.2 percent in February and March and 13.0 percent in April. Going forward, the war in the Middle East is likely to add to the inflationary pressures through higher fertilizer and oil prices.

Analysis. A shock decomposition exercise sheds light on the contribution of demand, supply, and monetary policy shocks to the headline inflation in recent years. The analysis indicates that, along with supply shocks, demand shocks were a significant contributor to inflation during 2022–23 reflecting robust economist growth. A relatively muted monetary policy response added to the inflationary pressures during this period. Additionally, demand pressures appear to be re-emerging in 2025H2.

Rwanda: Shock Decomposition of Headline Inflation
(Percent; Policy Rate on RHS)



Source: IMF Staff Calculations.

Recent Experience. The post-COVID inflation surge across AEs and EMDEs highlighted the importance of being more cautious about looking through supply-side inflation shocks.[1] Supply shocks may prove to be more broad-based and persistent than initially anticipated. If inflation has already been elevated, inflation expectations may be de-anchored in the face of additional shocks. Additionally, in the context of strong economic activity, second-round effects are more likely to take hold from cost and wage passthrough. Given Rwanda's recent robust growth, improving labor market conditions, and strong credit growth, it will be crucial for the monetary policy response to anchor inflation expectations and contain the potential second-round effects of expected inflationary shocks of the war in the Middle East.

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[1] See "Three Uncomfortable Truths for Monetary Policy", remarks by IMF First Deputy Managing Director Gita Gopinath for the ECB Forum on Central Banking June 2023.

Financial Sector Policy

22. Persistent rapid credit growth warrants close monitoring of credit to detect potential future deterioration in lender asset quality. In recent years, the macroprudential policy stance has not kept pace with the strong credit expansion. Based on enhanced monitoring through granular data on underwriting standards, a more proactive use of macroprudential tools would be warranted to mitigate the risk of excessive leverage by retail borrowers. Given the sizeable share of large and concentrated credit exposures of the banking sector—including to SOEs—additional capital buffers, would help further enhance banking system resilience. Furthermore, close monitoring of bank FX liquidity by the NBR is warranted given its limited ability to provide FX liquidity support to the banking system in a tail-risk event involving significant FX deposit withdrawals. Priorities include (MEFP ¶21):

- *Capital buffers.* The NBR will adopt Guidelines for additional capital charges for banks' concentrated credit exposures (**proposed end-March 2027 SB**).
- *Macroprudential policy.* The NBR will monitor underwriting standards through granular data and adopt a more proactive use of macroprudential tools based on the monitoring results. Progress in granular data monitoring would help inform the prioritization and sequencing of further financial stability reforms over the program period.

B. Public Investment Management: Maximizing Growth and Resilience Dividends

23. Institutional frameworks need to keep pace with public investment acceleration to safeguard growth outcomes and mitigate debt risks and pressures on the external position. Sustained growth is crucial to achieving the debt anchor, but higher capital spending has also contributed to external pressures, including a wider current account deficit, higher external financing needs, and pressures on international reserves and debt dynamics. The 2022 Public Investment Management Assessment (PIMA) identified weaknesses in project planning, commitment controls, and disbursement management, which undermine budget predictability. Delays in reprioritizing foreign-financed capital spending have resulted in clustering of project implementation, complicating fiscal management, cash planning, and coordination with debt management. Institutional reforms are underway, including development of the IFMIS project module to strengthen end-to-end oversight—from appraisal and selection through budgeting and execution.

24. Public-private partnerships (PPPs) are expected to play an increasing role in the authorities' development strategy.[6] Increased private sector investment will be essential to support growth and complement public investment. A PPP law, establishing a formal framework for project selection, contracting, and oversight was adopted by the Cabinet in January 2026.

25. Program reforms focus on strengthening the full public investment management cycle. Specifically, stronger project preparation, tighter execution controls—particularly for

[6] The 2025 FTE for Rwanda highlights gaps in PPP appraisal, disclosure, and fiscal risk monitoring.

externally financed projects—and improved portfolio monitoring would enhance budget predictability and reduce execution-driven external pressures.

- *Improve project quality at entry*. This includes institutionalizing rigorous feasibility and cost-benefit analysis and integrating climate and resilience screening to strengthen the quality of the investment pipeline and reduce implementation risks. Publishing prioritized project pipelines—aligned with NST-2—would support transparency and facilitate timely reprioritization when fiscal constraints tighten. Completion of the IFMIS project module and inclusion of all externally-financed projects in the Integrated Financial Management Information System (IFMIS) across the full project cycle (**proposed end-December 2026 SB**) would strengthen end-to-end monitoring from project selection, to budget execution and disbursements (MEFP ¶23). Subsequent phases of the IFMIS reform could be considered, as appropriate, for future program conditionality (Box 2).
- *Strengthen control and predictability of foreign-financed capital spending*. This will require closer alignment of project-level disbursement plans with cash management and debt strategies, including through more systematic portfolio reviews and timely reprioritization when financing conditions or implementation capacity change. Continued integration of climate and gender budgeting tools would further enhance the resilience and inclusiveness of capital spending.
- *Operationalize the PPP framework*. Clear appraisal standards, systematic disclosure, and comprehensive monitoring of fiscal commitments and contingent liabilities will be essential to operationalize the framework and could inform future conditionality. This will help ensure that PPPs support infrastructure development while safeguarding debt sustainability, fiscal transparency, and integration into fiscal risk management and medium-term budgeting (MEFP ¶26).

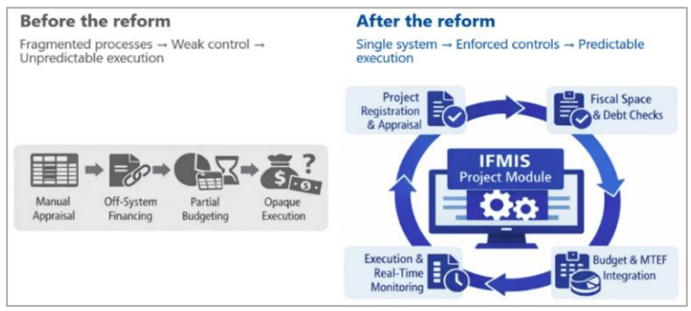
C. SOE Reforms: Containing Fiscal Risks and Supporting Private-Sector-Led Growth

26. SOEs have played a central role in Rwanda's post conflict reconstruction and early stages of economic transformation. Since the 2000s, they have been instrumental in restoring basic infrastructure and service delivery and in undertaking large scale investments in strategic sectors where private capacity and financing were initially limited. Over time, SOEs became key vehicles for implementing the government's development strategy, supporting rapid growth and structural transformation. However, this model has its limitations and has contributed to rising fiscal- and debt-related pressures, particularly amid declining concessional financing and the continuation of large investment projects, heightening the macro critical importance of SOEs as a source of fiscal risks and contingent liabilities.

27. Against this backdrop, there is a need to transition toward a more private sector-led growth model, with a recalibrated role for SOEs. This requires rationalizing the SOE sector, strengthening corporate governance through the implementation of the 2025 Governance Code, and enhancing financial oversight and monitoring of SOE-related fiscal risks. Reforms should focus on clarifying SOE mandates, improving transparency and reporting, and limiting SOE participation in competitive and commercial sectors where private provision is viable.[7] Such reforms will be critical to foster competition and crowd in private investment, safeguarding public finances, while allowing SOEs to progressively shift toward enabling and strategic functions.

Box 2. Strengthening Control of Foreign-Financed Projects through the IFMIS

Background. Rwanda has scaled up foreign-financed public investment in recent years, supporting infrastructure development and growth. However, weaknesses in the coordination and monitoring of externally financed projects have reduced the predictability of capital spending and contributed to higher-than-planned execution. These challenges largely reflect fragmented processes across project appraisal, financing, budgeting, and execution, as well as limited real-time visibility over disbursements and undisbursed commitments. As highlighted in the [2022 PIMA](), much of the project cycle remains partially manual and reliant on spreadsheets, constraining timely oversight and shifting capacity away from analytical functions.



Reform approach. To address these gaps, the authorities are developing a comprehensive project module within the IFMIS, aimed at embedding end-to-end control over the public investment cycle. The reform shifts from coordination-based oversight to system-enforced controls by: (i) establishing IFMIS as the single-entry point for all projects, requiring registration, appraisal, and approval (including Public Investment Committee decisions) before engagement with development partners; (ii) strengthening upstream fiscal controls, including verification of fiscal space and alignment with the medium-term fiscal and debt frameworks prior to project approval; (iii) integrating financing and budgeting processes, ensuring that all externally financed projects are fully incorporated into the budget and medium-term expenditure framework; and (iv) enabling real-time monitoring of disbursements and debt flows, through automated workflows linking IFMIS with debt management and reporting systems.

Implementation roadmap. The reform is being rolled out over three phases: (i) upstream controls and full onboarding of all loan- and grant-financed projects into IFMIS; (ii) system integration to enable real-time disbursement tracking and improved debt monitoring; and (iii) enhanced reporting, including IPSAS-compliant financial statements and project performance dashboards. As a critical first step, the authorities have committed to ensuring that all externally-financed projects are recorded in IFMIS across the full project cycle (end-December 2026 SB).

Expected impact. By embedding policy rules directly into the IFMIS workflow, the reform is expected to strengthen control over foreign-financed capital spending, improve the predictability of project execution, and reduce fiscal risks associated with uncoordinated commitments and disbursements. In particular, enhanced real-time visibility over disbursements and undisbursed balances will support more accurate fiscal forecasting and tighter alignment of project execution with budget ceilings. Over time, this is expected to improve the composition and efficiency of public investment while safeguarding debt sustainability.

[7] World Bank, November 2024, Rwanda Country Economic Memorandum.

28. SOE oversight gaps continue to constrain fiscal risk management and transparency.[8] While PCI-supported reforms have improved the identification of SOE-related risks, institutional coverage remains uneven and enforcement capacity varies. Financial reporting and disclosure practices are incomplete, limiting timely visibility into SOE balance sheets and constraining the integration of risks into fiscal decision-making. Persistent data gaps remain in fiscal risk reporting—particularly in SOE balance-sheet reporting, disclosure of on-lending and quasi-fiscal activities, and consolidated performance reporting—constraining the authorities' ability to systematically monitor and mitigate fiscal risks from SOEs and PPPs. Finally, the absence of a comprehensive state ownership policy continues to blur objectives, accountability, and the basis for oversight.

29. Program reforms aim to embed SOEs within a comprehensive fiscal risk management framework. The 2025 Fiscal Transparency Evaluation (FTE) provides a diagnostic underpinning for this agenda—highlighting gaps in SOE portfolio transparency, fiscal risk coverage, and forward-looking analysis of systemically important entities—which could serve as a basis for further program engagement and conditionality as implementation advances.

- *Portfolio transparency*. Starting in 2027, MINECOFIN committed to publishing an annual report on the overall performance of the SOE portfolio, including a consolidated assessment of financial and operational performance and public links to SOEs' audited financial statements (or summary financial disclosures) published on SOEs' websites (**proposed end-November 2027 SB**; MEFP ¶29). The report will summarize revenues, profitability, assets and liabilities, government transfers (including subsidies and capital injections), and key performance indicators, and will flag weaker SOEs and material risks to the budget.
- *Fiscal risk coverage and monitoring tools.* The authorities will expand fiscal reporting on guarantees, on-lending operations, and other contingent liabilities associated with SOEs and integrate these risks more systematically into fiscal risk statements. In parallel, MINECOFIN will strengthen portfolio monitoring systems and dashboards (with World Bank support) to track profitability, liquidity, solvency, and debt exposures across SOEs and inform policy decisions, with rollout of the new SOE performance monitoring system expected by end-2026.
- *Targeted assessment of high-profile entities*. MINECOFIN will conduct a forward-looking assessment of RwandAir (**proposed end-July 2026 SB**; MEFP ¶29) with emphasis on spillovers from the war in the Middle East and will continue disclosing fiscal risks related to RwandAir through the Fiscal Risk Statement.
- *Governance implementation*. The authorities should operationalize the SOE governance code, strengthen performance monitoring frameworks, and enhance the government's shareholder oversight role. With IFC support, they will develop and operationalize a scorecard for SOEs against the 2025 SOE Corporate Governance Code by end-June 2026.
- *Portfolio rationalization.* The government will advance, with World Bank and IFC support, the triage process to assess the viability and strategic relevance of SOEs and identify actions—

[8] The 2025 FTE notes progress in fiscal risk analysis and stress testing of selected SOEs, but identifies gaps in institutional coverage, enforcement, and comprehensive disclosure of SOE financial positions.

including restructuring, privatization, or liquidation where warranted—to reduce fiscal risks and create space for private participation.

30. Program measures will also aim to mitigate macro-financial risks from concentrated credit exposures. Building on enhanced SOE risk monitoring, the NBR should conduct borrower-level stress testing to assess vulnerabilities stemming from banks' concentrated credit exposures, including to SOEs, and further strengthen supervisory tools to ensure these risks remain contained and financial stability is safeguarded (MEFP ¶21).

PROGRAM MODALITIES

31. Staff propose a 38-month arrangement under the ECF. Given the current financing needs and the strength of the envisaged reform agenda, total access is proposed at 115.5 percent of quota (SDR 185.031 million) with 60 percent of every disbursement provided as budget support to meet fiscal financing needs. Rwanda is classified as a Tier 1 country, and the interest rate on PRGT borrowing under this arrangement will therefore be set at zero.

32. Monitoring Program Conditionality. The arrangement would be subject to semi-annual reviews, with seven equal disbursements envisaged, beginning upon program approval (Table 8). Program performance would be monitored based on continuous performance criteria, quantitative performance criteria (QPCs), a monetary policy consultation clause (MPCC), structural benchmarks and indicative targets (Tables 9 and 10). The program includes a limited set of fiscal and NFA adjustors to accommodate exogenous shocks, including shortfalls in external financing and higher-than-programmed spending on cereals and fertilizer in response to food emergencies or import price shocks, as well as capped flexibility for foreign-financed capital spending. Some adjustors explicitly account for spillovers from the war in the Middle East, while preserving the program's core fiscal and external objectives. The ECF-supported program will reduce the size of the adjustor for foreign-financed capital spending used under the 2022-25 PCI, thus tightening the fiscal framework while preserving limited flexibility during the transition to stronger controls over project execution. Further conditionality will be developed over the course of the program, and calibrated and phased in line with the authorities' plans and implementation capacity.

33. Financing Assurances. The Fund's catalytic role will remain key to ensure adequate burden sharing. The program is fully financed, with firm financing commitments in the first twelve months and sound prospects of adequate financing throughout its duration. Budget support from the World Bank and other development partners is projected to contribute more than 85 percent of the identified financing needs. While partner commitments are well advanced, timely disbursement remains subject to evolving global financing conditions and domestic policy implementation, posing downside risks to the financing plan. In the event of further shortfalls in external financing, the authorities could increase domestic financing to mitigate these risks.

34. Capacity to Repay. Rwanda's capacity to repay the Fund is adequate (Table 7). Under the proposed disbursement path, obligations to the Fund would peak in 2027 at around SDR 619 million

(386.4 percent of quota), under both PRGT and RST. These outstanding obligations represent 24.2 percent of government revenue and 19.4 percent of exports of goods and services, below the medium level of past UCT quality arrangements for PRGT countries, but the total debt service to the Fund is estimated to be elevated in the following 5 years (Figure 5). Program risks reflect elevated global and regional uncertainty, including tighter international financial conditions, volatile commodity prices, and pressures on concessional financing—as well as domestic fiscal risks, including potential contingent liabilities from SOEs and PPPs. Risks are also linked to the more challenging external position, underscoring the need for sustained domestic adjustment and reserve buffer rebuilding. These risks are mitigated by the authorities' strong track record under Fund-supported programs and their commitment to reforms.

35. Safeguards Assessment. The 2024 safeguards assessment concluded that NBR's safeguards framework is generally strong, with operational autonomy maintained in practice. The assessment identified gaps in the legal framework relative to leading practices, particularly regarding aspects of central bank autonomy and governance arrangements, including with respect to memberships on the Board and the Monetary Policy Committee. In response, the authorities—in consultation with IMF staff—drafted amendments to the NBR Law to strengthen the mandate, financial autonomy, and accountability and transparency provisions, which were implemented under the 2022–25 PCI. Parliament is expected to adopt the new NBR Law in the coming months. Staff will continue engaging with the authorities on addressing remaining gaps.

36. Capacity Development (Annex V) will focus on strengthening macroeconomic management and core institutions to support program objectives. On the fiscal side, priorities include strengthening fiscal policy design, public financial management, and domestic revenue mobilization; alongside improving the quality, coverage, and timeliness of macroeconomic and fiscal statistics. These efforts will be supported by stronger macro-fiscal analysis, estimation, and forecasting capacity. On the monetary side, priorities include further enhancing the implementation framework and exchange rate operations. As the authorities are finalizing the technical assistance roadmap outlined in the 2020 Financial Sector Stability Review, they requested a Financial Sector Assessment Program to guide further reforms.

STAFF APPRAISAL

37. Rwanda's macroeconomic performance remains strong, but vulnerabilities are becoming more pronounced amid a more challenging and uncertain external environment. Economic activity has remained resilient to successive shocks, with contributions from industry, services, and agriculture. At the same time, the policy environment has become more challenging, reflecting rising inflationary pressures, widening external imbalances, and tighter external financing conditions, which are testing available policy buffers.

38. The macroeconomic outlook remains subject to heightened downside risks and hinges on timely and sustained policy adjustment. While growth is expected to remain robust over the medium term, fiscal and external buffers continue to be under increasing pressure amid declining concessional financing, sizeable investment needs—most notably related to the New Kigali International Airport and RwandAir—and spillovers from heightened global uncertainty, including related to the war in the Middle East. The balance of risks has further tilted to the downside, underscoring the importance of preserving policy credibility and advancing adjustment in an orderly manner.

39. Fiscal consolidation is essential to reinforce policy credibility and rebuild buffers. The authorities' commitment to a medium-term consolidation path anchored in stronger domestic revenue mobilization and spending prioritization is appropriate. The tax policy measures adopted in 2025 constitute an important step toward broadening the tax base and strengthening revenue performance; however, sustained gains will require continued implementation under the forthcoming medium-term revenue strategy. On the expenditure side, tighter control over foreign-financed capital spending and further strengthening of public investment management are critical to improve budget execution, reduce fiscal risks, and support external adjustment. In response to external shocks, the authorities have introduced temporary support measures; it will be important to ensure these are well-targeted to the most vulnerable, time-bound, and consistent with the overall consolidation path. Continued vigilance over fiscal risks from SOEs—including through targeted assessments of high-risk entities and enhanced oversight—remains imperative.

40. Monetary policy should be further tightened and remain forward-looking to address elevated and broad-based inflationary pressures. The NBR's policy decisions should remain firmly guided by the inflation target and supported by clear and consistent communication. Further strengthening the interest rate–based framework, improving transmission, and reinforcing credibility will be essential as supply- and demand-side pressures persist.

41. Greater exchange rate flexibility remains central to facilitating external adjustment and rebuilding reserve buffers. Given Rwanda's sizable current account deficit and constrained external financing environment, exchange rate flexibility should continue to play a key role in absorbing shocks and supporting competitiveness. Foreign exchange intervention should be limited to smoothing disorderly market conditions and conducted in a manner consistent with the monetary policy framework. Continued efforts to strengthen price discovery and deepen the foreign exchange market are important to enhance effectiveness.

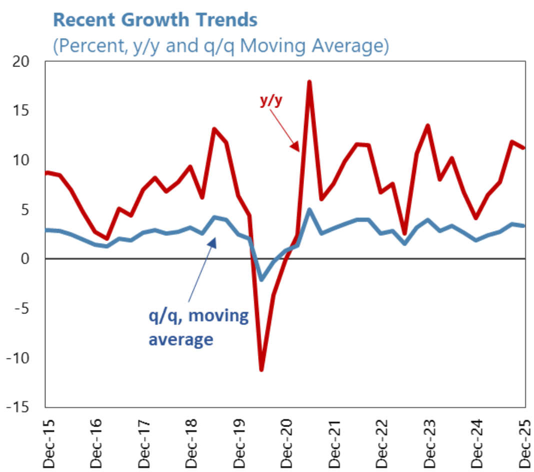
42. The financial sector remains broadly stable, but vulnerabilities remain amid rapid credit growth. Banks are profitable and well-capitalized, and non-performing loans have declined in 2025. At the same time, rapid credit expansion—particularly in segments with elevated borrower risk—and large exposures, including to state-owned enterprises, warrant close monitoring. A more proactive use of macroprudential tools, supported by granular supervisory data and stress testing, would help mitigate emerging vulnerabilities and preserve financial stability. Additional capital buffers for banks' concentrated exposures would help further enhance banking system resilience.

43. Structural reforms remain critical to support a transition toward more private sector–led and resilient growth. Priorities should focus on strengthening the macroeconomic policy framework, improving the efficiency and oversight of public investment—particularly for foreign-financed projects—and containing fiscal and financial risks from SOEs. These efforts should help enhance policy credibility, safeguard fiscal sustainability, and create space for private investment. Ensuring effective and sustained implementation will be essential to achieving the program's objectives.

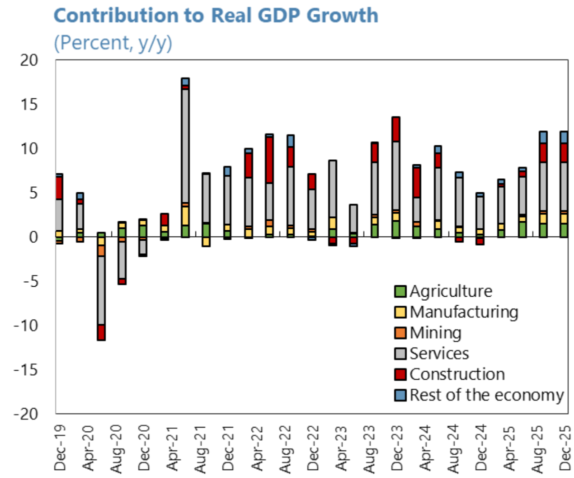
44. Against this backdrop, staff support the authorities' request for a new 38-month arrangement under the Extended Credit Facility. The proposed program provides an appropriate policy anchor to support orderly adjustment in a more constrained and uncertain external environment, while helping preserve macroeconomic stability, rebuild reserve buffers, and advance structural reforms. The authorities' strong policy commitment and continued engagement with development partners provide a sound basis for Fund support.

Figure 1. Rwanda: Overview of Recent Economic Developments

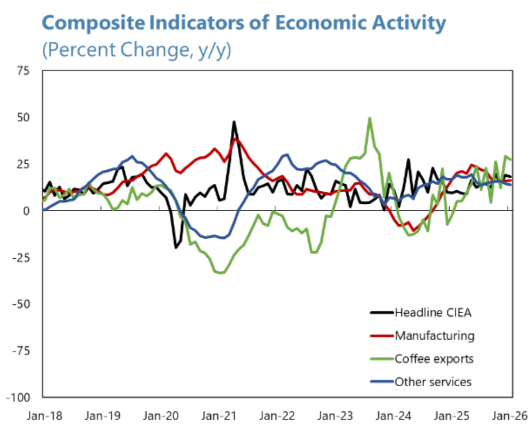
Economic activities continue to remain strong in 2025Q4…



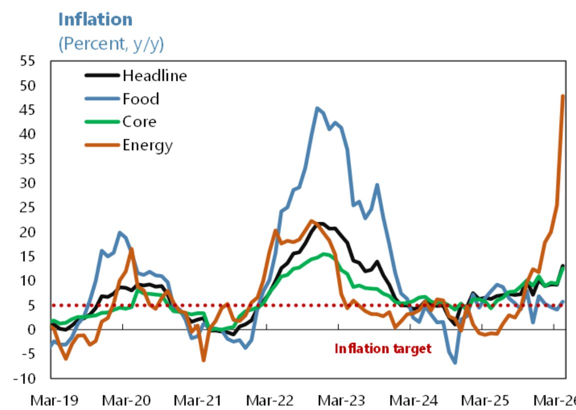
… due to strong performance in services and construction.



High regional demand for manufactured exports and elevated coffee prices led to an uptick in exports in 2025H1.

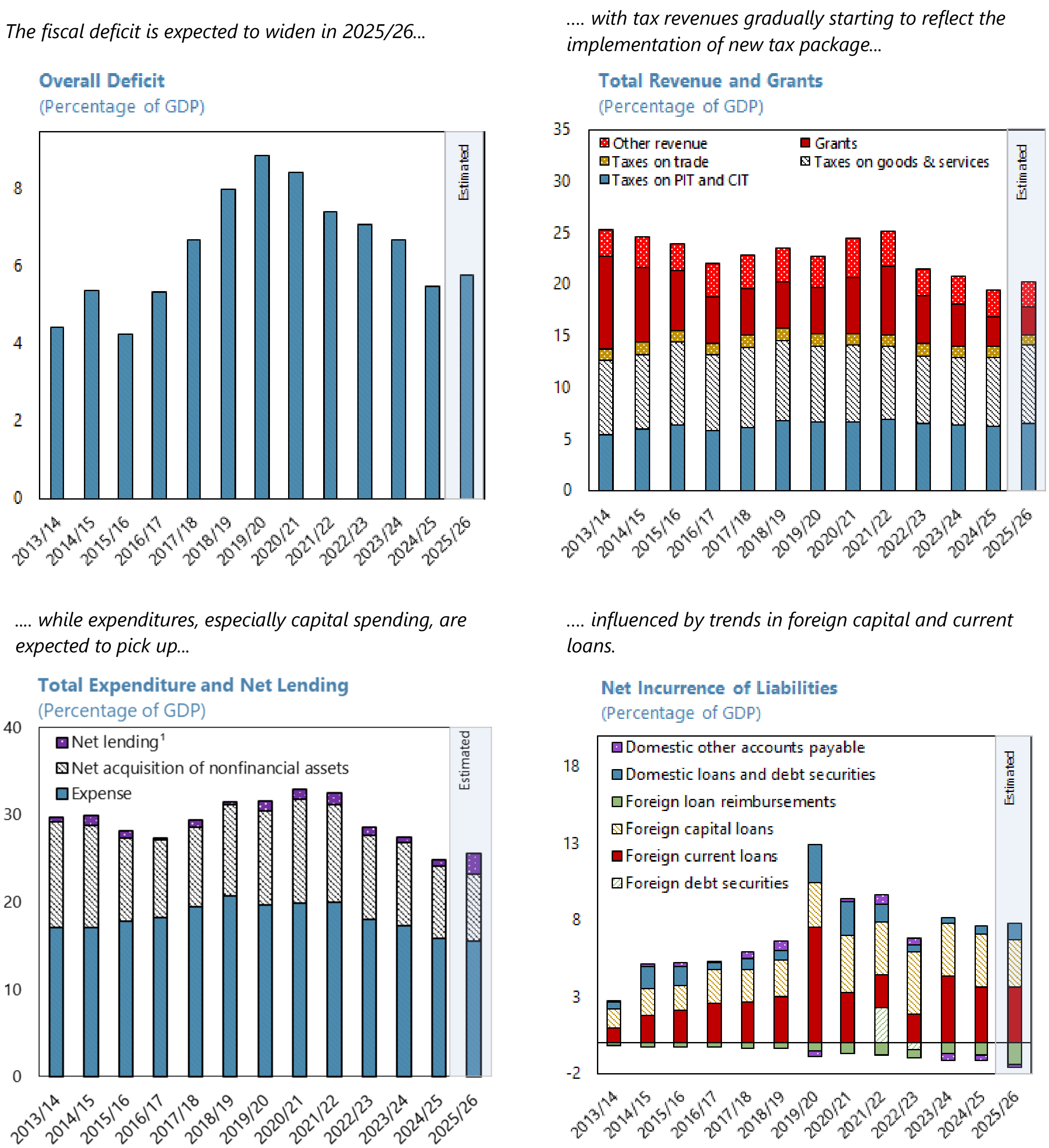


Inflation increased beyond the NBR's 2-8 inflation target range.



Sources: Rwandan Authorities and IMF Staff Calculations.

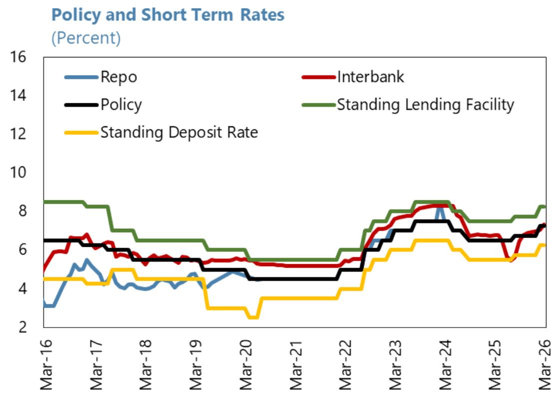
Figure 2. Rwanda: Fiscal Developments



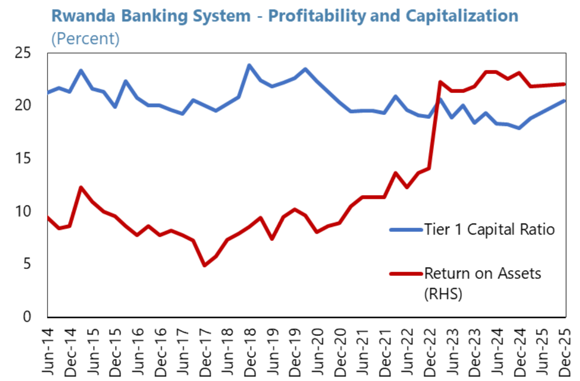
Sources: Rwandan Authorities and IMF Staff Calculations.
[1] Net lending is presented in the overall balance in accordance with the PCI definition.

Figure 3. Rwanda: Monetary and Financial Sector Developments

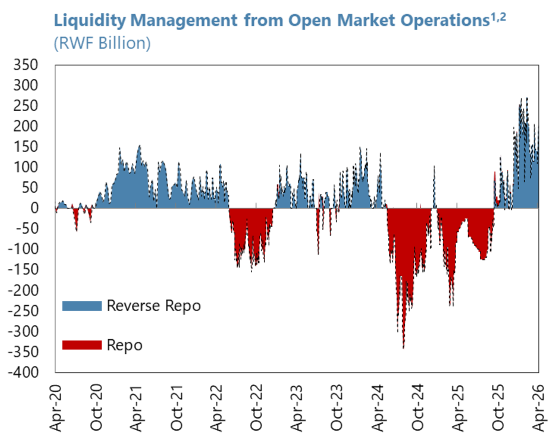
The NBR tightened its monetary stance in February 2026.



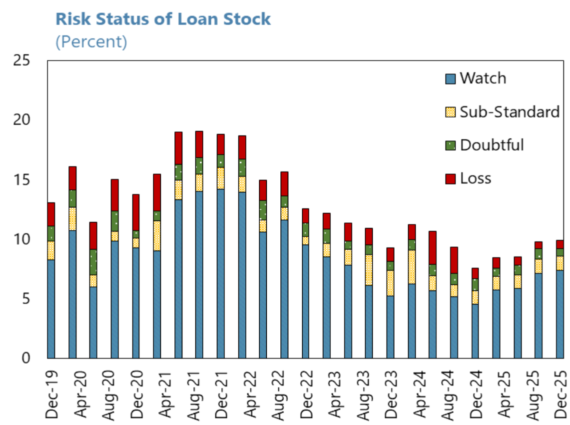
The banking sector continues to be profitable, and regulatory capital is well above minimum requirements.



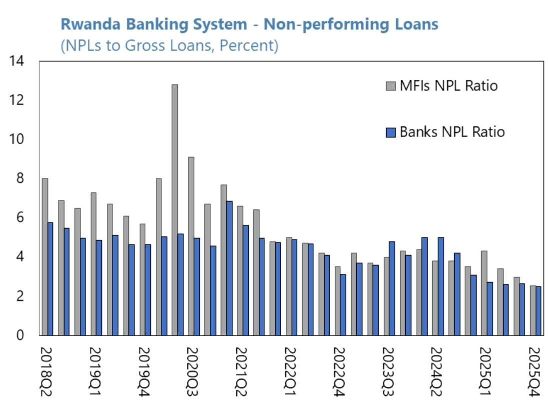
With relatively higher domestic debt issuance by the government, bank liquidity demand increased in 2026.



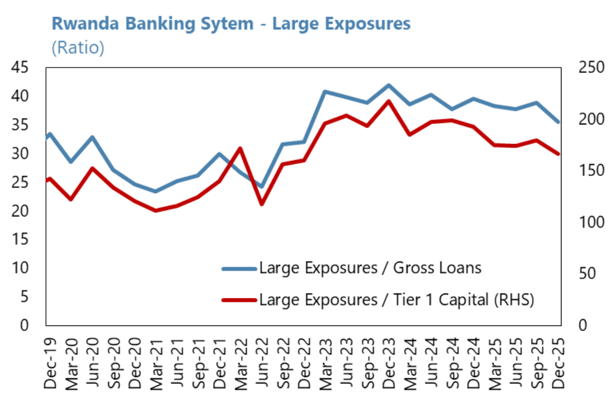
Loans under watch category have been stable recently.



NPL levels remained broadly stable recently, following the COVID-related spike during 2020–21….



… but large exposures of banks remain high.



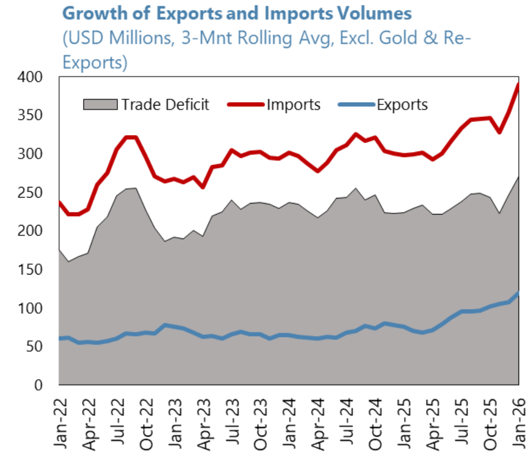
Sources: Rwandan Authorities, and IMF Staff Calculations.

[1] Real Interest rate is calculated from the average nominal lending rate and the year-on-year inflation rate.

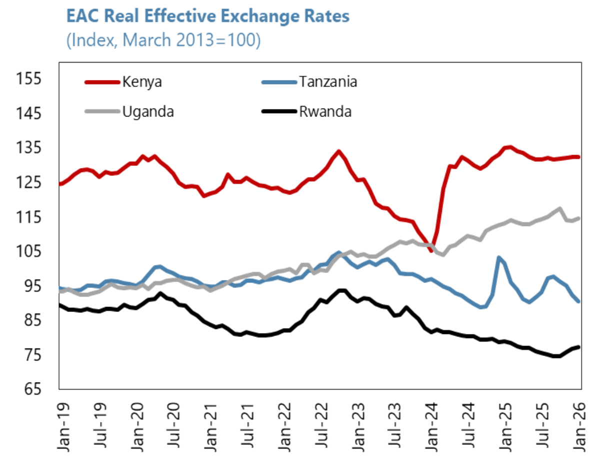
[2] Positive sign means net injection and negative sign means net absorption of liquidity.

Figure 4. Rwanda: External Developments

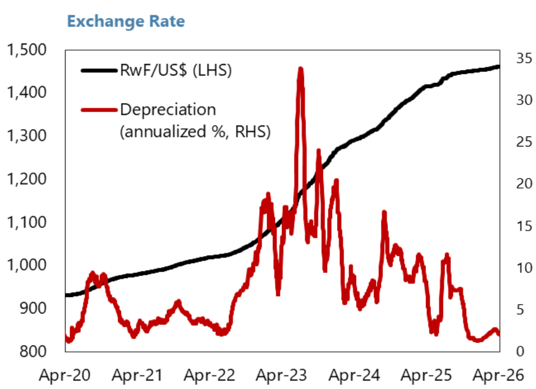
The trade deficit widened, with a pickup in imports more than offsetting that of exports.



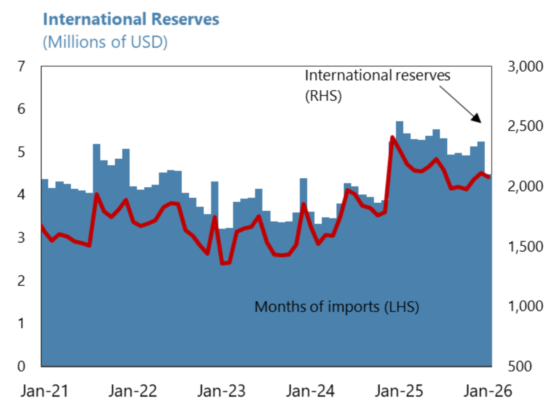
The REER depreciation slowed in recent months…



… driven by smaller nominal exchange rate depreciation…



… while international reserves decreased due to low budget loan inflows in 2025.

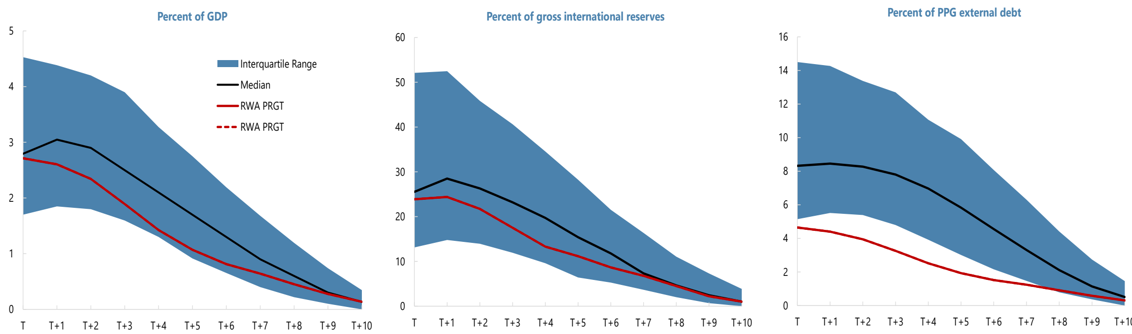


Sources: Rwandan Authorities and IMF Staff Calculations.

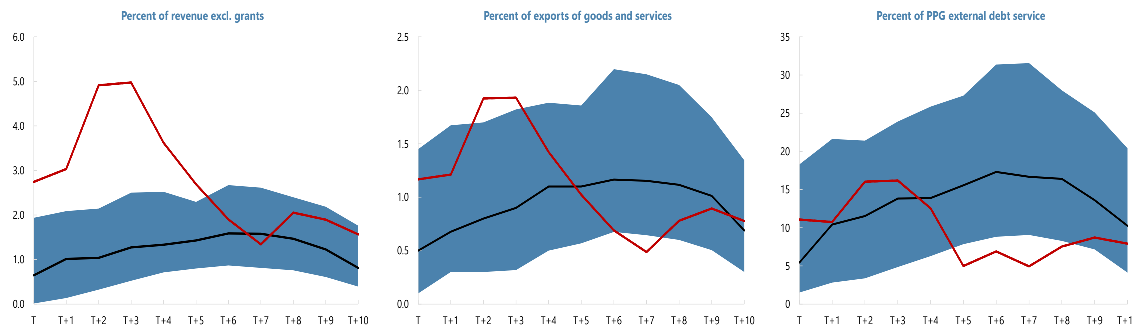
Figure 5. Rwanda: Capacity to Repay Indicators Compared to UCT Arrangements for PRGT Countries

(In Percent of the Indicated Variable)

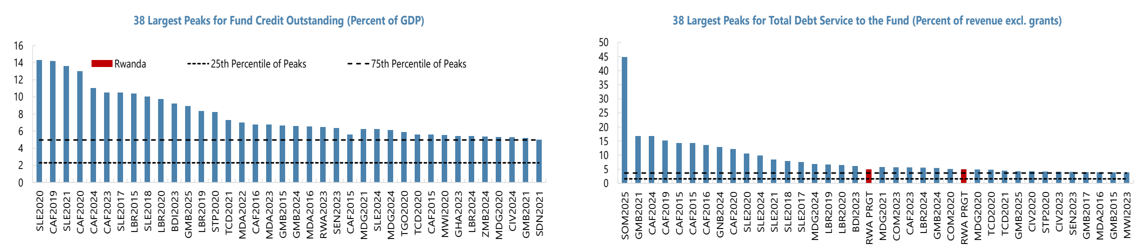
A. Total Fund Credit Outstanding



B. Total Debt Service to the Fund



C. Largest Peaks



Notes:

1) T = date of arrangement approval. PPG = public and publicly guaranteed.
2) Red lines/bars indicate the CtR indicator for the arrangement of interest.
3) The median, interquartile range, and comparator bars reflect arrangements (including blends) approved for PRGT countries between 2014 and 2024.
4) The comparator group "All PRGT" excludes arrangements that never had a UCT between 2014 and 2024.
5) PRGT countries in the control group with multiple arrangements are entered as separate events in the database.
6) Comparator series is for PRGT arrangements only and runs up to T+10.
7) Debt service obligations to the Fund reflect prospective payments, including for the current year.
8) In the case of blenders, the red lines/ bars refer to PRGT+GRA. In the case of RST, the red lines/ bars refer to PRGT+GRA+RST.
9) International reserves are proxied by imputed reserves as measured by net foreign assets or by the currency union's total reserves for LICs that are part of currency unions.

Table 1. Rwanda: Selected Economic Indicators, 2024–31

	2024	2025	2026	2027	2028	2029	2030	2031
	Act.	Act.	Est.	Proj.	Proj.	Proj.	Proj.	Proj.
Output and prices	(Annual percentage change, unless otherwise indicated)							
Real GDP	7.2	9.4	6.8	7.2	7.0	7.0	7.0	7.1
GDP deflator	8.2	7.4	10.0	6.0	5.0	5.0	5.0	5.0
CPI (period average)	4.8	7.0	10.4	6.5	5.0	5.0	5.0	5.0
CPI (end period)	6.8	8.0	9.5	6.0	5.0	5.0	5.0	5.0
Terms of trade (deterioration, -)	2.9	16.3	6.1	1.3	0.0	-0.6	0.0	0.0
Exchange rate (Rwanda franc/US$) (e.o.p.)	1,383	1,458	...	...	...	...	...	...
Rwanda franc y/y depreciation rate (e.o.p.)	9.4	5.4	...	...	...	...	...	...
Exchange rate (Rwanda franc/US$) (p. avg.)	1,318	1,428	...	...	...	...	...	...
Rwanda franc y/y depreciation rate (p. avg.)	13.6	8.4	...	...	...	...	...	...
Real effective exchange rate (depreciation, -)(p.avg.)	-8.6	-5.1	...	...	...	...	...	...
Money and credit								
Broad money (M3)	18.8	18.2	16.5	14.0	13.7	14.1	15.5	13.5
Reserve money	11.0	10.4	14.2	10.2	11.2	12.0	13.5	12.4
Credit to non-government sector	14.3	21.6	17.3	16.3	13.2	14.5	13.9	17.7
M3/GDP (percent)	26.1	26.3	26.0	26.1	26.4	26.8	27.6	27.9
Budgetary central government, FY basis[1]	(Percent of GDP, unless otherwise indicated)							
Revenue	20.7	19.4	19.7	19.4	19.8	19.9	19.9	19.9
Taxes	14.1	14.2	14.9	15.5	15.9	16.1	16.2	16.3
Grants	4.1	2.9	2.6	1.9	1.8	1.7	1.5	1.5
Other revenue	2.5	2.3	2.2	2.1	2.1	2.1	2.1	2.1
Expense	17.3	15.9	15.3	15.3	15.1	14.7	14.9	15.2
Net acquisition of nonfin. assets	9.6	8.2	7.8	7.4	7.6	7.9	7.9	7.6
Net lending (+) / borrowing (-) (NLB)	-6.1	-4.7	-3.4	-3.1	-2.9	-2.8	-2.9	-2.9
excluding grants	-10.2	-7.6	-6.0	-4.9	-4.7	-4.5	-4.4	-4.5
Net acquisition of financial assets	0.4	1.7	3.0	2.1	1.6	0.5	0.5	0.4
Currency and deposits	-0.2	0.9	0.5	0.5	0.4	0.3	0.3	0.3
Loans	0.5	0.5	0.2	0.1	0.1	0.1	0.1	0.0
Equity and investment fund shares	0.2	0.2	2.1	1.6	1.1	0.1	0.1	0.1
Net incurrence of liabilities	7.0	6.5	6.4	5.2	4.5	3.3	3.3	3.3
Domestic	-0.1	0.2	0.6	0.0	0.8	0.5	1.4	1.1
Foreign	7.1	6.3	5.7	5.2	3.7	2.9	2.0	2.2
Overall fiscal balance (incl. grants, policy lending)[2]	-6.7	-5.5	-5.7	-4.8	-4.1	-3.0	-3.0	-3.0
Debt-creating overall balance (excl. PKO)[3]	-6.7	-5.5	-5.7	-4.8	-4.1	-3.0	-3.0	-3.0
Primary balance (excl grants)	-8.5	-6.1	-6.1	-4.4	-3.8	-2.8	-2.8	-2.7
Public debt								
Total public debt incl. guarantees	74.5	73.6	73.1	72.9	72.6	70.6	69.1	67.5
of which: external public debt	59.5	59.3	59.8	60.8	61.0	59.5	58.0	55.9
Total public debt excluding guarantees	72.3	71.0	70.8	70.8	70.7	68.8	67.4	65.9
External public debt incl. guarantees, PV	38.8	39.0	39.5	40.8	40.8	39.7	38.7	37.7
Gross domestic debt	14.9	14.4	13.2	12.1	11.7	11.2	11.1	11.6
Total public debt incl. guarantees, PV	55.4	54.1	53.7	54.0	53.6	51.9	50.7	49.9
Investment and savings								
Investment	34.7	34.1	34.8	34.8	30.8	29.7	29.3	28.2
Government	11.0	8.9	10.8	10.3	9.7	9.0	9.2	8.5
Nongovernment	23.7	25.2	24.0	24.5	21.1	20.7	20.1	19.7
Savings (excl. grants)	21.7	21.8	23.6	25.2	22.5	21.4	20.3	19.2
Government	0.9	2.1	2.9	3.8	4.2	4.9	4.8	3.9
Nongovernment	20.8	19.7	20.7	21.5	18.4	16.5	15.5	15.3
External sector								
Exports (goods and services)	28.7	21.8	21.4	22.1	22.9	23.7	23.8	23.8
Imports (goods and services)	-44.3	-35.8	-36.5	-34.7	-31.7	-30.4	-30.1	-29.5
Current account balance (incl. grants)	-13.0	-11.8	-14.1	-12.0	-8.4	-6.7	-6.7	-6.3
Gross official reserves								
In millions of US$	2,405	2,137	2,082	2,113	2,270	2,428	2,577	2,499
In months of next year's imports[4]	5.2	4.2	4.0	4.3	4.5	4.6	4.6	4.2
Memorandum items:								
GDP at current market prices								
Rwanda francs (billion), CY basis	19,918	23,388	27,492	31,251	35,090	39,426	44,301	49,817
Nominal growth	16.0	17.4	17.5	13.7	12.3	12.4	12.4	12.5

Sources: Rwandan Authorities and IMF Staff Estimates.

1 From FY 23/24 (2024) to FY 30/31 (2031). Fiscal year runs from July to June. FY23/24 and FY24/25 are actual.

2 For purposes of the PCI the overall balance (GFSM 1986, incl. policy lending) is used for monitoring.

3 Overall deficit excl. spending on materialized contingent liabilities and other items already incl. in the DSA.

4 Based on prospective import of goods (excluding gold) and services.

Table 2a. Rwanda: Budgetary Central Government Flows, GFSM 2014 Presentation, FY23/24–30/31[1]

(Billions of Rwandan francs)

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	Act.	Act.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
Revenue	**3,811**	**4,174**	**5,012**	**5,708**	**6,566**	**7,405**	**8,337**	**9,355**
Taxes	2,593	3,065	3,788	4,544	5,258	6,006	6,803	7,650
Taxes on income, profits, and capital gains	1,179	1,357	1,566	1,875	2,134	2,385	2,699	3,081
Taxes on property	31	46	62	77	92	104	119	137
Taxes on goods and services	1,190	1,419	1,884	2,265	2,647	3,062	3,467	3,844
Taxes on international trade and transactions	194	242	276	327	386	455	517	587
Grants	758	615	670	548	614	629	646	720
Other revenue	460	494	554	616	694	769	888	985
of which PKO	210	196	193	224	236	249	262	273
Expense	**3,173**	**3,417**	**3,897**	**4,443**	**5,000**	**5,489**	**6,250**	**7,145**
Compensation of employees	467	569	673	758	858	970	1,093	1,228
of which: RSSB reform	--	18	37	43	55	68	80	80
Use of goods and services	799	804	870	984	1,146	1,330	1,491	1,729
of which: Fertlizer subsidy (additional)	...	...	...	31	...	...	...	...
Interest	418	486	576	668	712	705	727	879
To nonresidents	183	224	287	335	377	402	437	469
of which: NKIA and RwandAir	--	--	41	65	80	84	100	100
To residents other than general government	234	262	289	332	335	303	290	410
Subsidies	307	322	385	427	412	385	414	465
of which: RwandAir working capital	177	174	186	210	161	97	101	101
Grants	994	1,024	1,156	1,350	1,582	1,774	2,157	2,422
Of which: RSSB reform	--	26	53	62	79	97	115	115
To Local Government	925	937	1,052	1,234	1,465	1,655	2,036	2,316
Current	704	749	813	950	1,097	1,240	1,526	1,735
of which compensation of employees	503	580	714	810	923	1,050	1,132	1,412
Capital	221	189	239	284	368	415	511	581
Social benefits	49	67	84	88	100	112	126	141
Other expense	139	145	153	169	190	214	243	281
Net Operating Balance								
including grants	638	757	1,115	1,265	1,566	1,916	2,086	2,210
excluding grants	-120	143	445	716	952	1,287	1,441	1,490
Net acquisition of nonfin. assets	**1,755**	**1,772**	**1,974**	**2,168**	**2,524**	**2,958**	**3,289**	**3,588**
Foreign financed	1,098	1,148	1,322	1,277	1,347	1,464	1,557	1,720
Domestically financed	657	624	652	891	1,177	1,495	1,732	1,868
Net lending (+) / borrowing (-)								
including grants	**-1,117**	**-1,014**	**-859**	**-904**	**-958**	**-1,042**	**-1,202**	**-1,378**
excluding grants	-1,875	-1,629	-1,529	-1,452	-1,572	-1,672	-1,848	-2,098
Net acquisition of financial assets	**81**	**365**	**757**	**622**	**543**	**200**	**191**	**187**
Domestic	81	365	726	654	543	200	191	187
Currency and deposits	-30	201	133	147	133	130	126	141
Debt Securities	--	0	0	0	0	0	0	0
Loans	83	114	59	33	30	30	29	10
Equity and investment fund shares	29	50	534	474	380	40	37	36
of which: NKIA		36	532	474	380	40	37	37
Foreign	--	0	32	-32	0	0	0	0
Net incurrence of liabilities	**1,282**	**1,390**	**1,617**	**1,526**	**1,501**	**1,243**	**1,394**	**1,565**
Domestic	-26	34	163	10	261	181	574	532
Debt securities	154	205	330	139	385	286	709	647
Held by Banks	36	121	145	61	169	126	312	285
Held by Non-Banks	119	84	185	78	216	161	397	363
Loans (debt securitites repayments)	-96	-96	-127	-89	-164	-146	-175	-155
Other accounts payable[3]	-84	-75	-40	-40	40	40	40	40
Foreign	1,307	1,355	1,454	1,516	1,240	1,062	820	1,033
Debt securities	--	0	0	0	0	0	--	--
Loans	1,307	1,355	1,454	1,516	1,240	1,062	820	1,033
Disbursements	1,432	1,527	1,773	1,974	1,785	1,709	1,637	1,905
Current	792	788	983	1,147	913	746	605	816
o/w IMF ECF	--	--	32	67	71	75	--	--
Capital	640	739	790	827	873	964	1,031	1,089
Reimbursements	125	172	319	458	545	647	817	872
Statistical discrepancy	-83	-10	0	0	0	0	0	0
Memorandum items:								
Domestic revenue (incl. local government)	2,844	3,363	4,149	4,935	5,716	6,526	7,429	8,362
Wage bill (incl. local government)	1,005	1,187	1,427	1,613	1,829	2,069	2,277	2,687
Primary balance excl. grants	-1,568	-1,307	-1,545	-1,291	-1,269	-1,037	-1,186	-1,265
Domestic financing with RSF	-107	-331	-563	-644	-282	-20	383	345
Domestic financing without RSF	96	-172	-563	-644	-282	-20	383	345
Overall fiscal balance (incl. grants, policy loans)[2]	-1,228	-1,178	-1,452	-1,411	-1,368	-1,112	-1,268	-1,424
Debt creating overall balance (excl. PKO)[3]	-1,228	-1,178	-1,452	-1,411	-1,368	-1,112	-1,268	-1,424

Sources: Rwandan authorities and IMF staff estimates and projections.

[1]Fiscal year runs from July to June.

[2] For purposes of the ECF the overall balance (GFSM 1986 definition, incl. policy lending) is used for monitoring.

[3] Includes unpaid obligations under 90 days.

Table 2b. Rwanda: Budgetary Central Government Flows, GFSM 2014 Presentation, FY23/24–30/31[1]

(Percent of GDP, unless otherwise indicated)

	2023/24 Act.	2024/25 Act.	2025/26 Proj.	2026/27 Proj.	2027/28 Proj.	2028/29 Proj.	2029/30 Proj.	2030/31 Proj.
Revenue	**20.7**	**19.4**	**19.7**	**19.4**	**19.8**	**19.9**	**19.9**	**19.9**
Taxes	14.1	14.2	14.9	15.5	15.9	16.1	16.2	16.3
Taxes on income, profits, and capital gains	6.4	6.3	6.2	6.4	6.4	6.4	6.4	6.5
Taxes on property	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3
Taxes on goods and services	6.5	6.6	7.4	7.7	8.0	8.2	8.3	8.2
Taxes on international trade and transactions	1.1	1.1	1.1	1.1	1.2	1.2	1.2	1.2
Grants	4.1	2.9	2.6	1.9	1.8	1.7	1.5	1.5
Other revenue	2.5	2.3	2.2	2.1	2.1	2.1	2.1	2.1
of which PKO	1.1	0.9	0.8	0.8	0.7	0.7	0.6	0.6
Expense	**17.3**	**15.9**	**15.3**	**15.1**	**15.1**	**14.7**	**14.9**	**15.2**
Compensation of employees	2.5	2.6	2.6	2.6	2.6	2.6	2.6	2.6
of which: RSSB reform	--	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Use of goods and services	4.3	3.7	3.4	3.4	3.5	3.6	3.6	3.7
of which: Fertlizer subsidy (additional)	…	…	…	0.1	…	…	…	…
Interest	2.3	2.3	2.3	2.3	2.1	1.9	1.7	1.9
To nonresidents	1.0	1.0	1.1	1.1	1.1	1.1	1.0	1.0
of which: NKIA and RwandAir	--	--	0.2	0.2	0.3	0.2	0.2	0.2
To residents other than general government	1.3	1.2	1.1	1.1	1.0	0.8	0.7	0.9
Subsidies	1.7	1.5	1.5	1.5	1.2	1.0	1.0	1.0
of which: RwandAir working capital	1.0	0.8	0.7	0.7	0.5	0.3	0.2	0.3
Grants	5.4	4.8	4.5	4.6	4.8	4.8	5.2	5.1
Of which: RSSB reform	--	0.1	0.2	0.2	0.2	0.3	0.3	0.2
To Local Government	5.0	4.4	4.1	4.2	4.4	4.4	4.9	4.9
Current	3.8	3.5	3.2	3.2	3.3	3.3	3.6	3.7
of which compensation of employees	2.7	2.7	2.8	2.8	2.8	2.8	2.7	3.0
Capital	1.2	0.9	0.9	1.0	1.1	1.1	1.2	1.2
Social benefits	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Other expense	0.8	0.7	0.6	0.6	0.6	0.6	0.6	0.6
Net acquisition of nonfin. assets	**9.6**	**8.2**	**7.8**	**7.4**	**7.6**	**7.9**	**7.9**	**7.6**
Foreign financed	6.0	5.3	5.2	4.3	4.1	3.9	3.7	3.7
Domestically financed	3.6	2.9	2.6	3.0	3.5	4.0	4.1	4.0
Net lending (+) / borrowing (-)								
including grants	**-6.1**	**-4.7**	**-3.4**	**-3.1**	**-2.9**	**-2.8**	**-2.9**	**-2.9**
excluding grants	-10.2	-7.6	-6.0	-4.9	-4.7	-4.5	-4.4	-4.5
Net acquisition of financial assets	**0.4**	**1.7**	**3.0**	**2.1**	**1.6**	**0.5**	**0.5**	**0.4**
Domestic	0.4	1.7	2.9	2.2	1.6	0.5	0.5	0.4
Currency and deposits	-0.2	0.9	0.5	0.5	0.4	0.3	0.3	0.3
Debt Securities	--	--	--	--	--	--	--	--
Loans	0.5	0.5	0.2	0.1	0.1	0.1	0.1	--
Equity and investment fund shares	0.2	0.2	2.1	1.6	1.1	0.1	0.1	0.1
of which NKIA								
Foreign	--	--	0.1	-0.1	--	--	--	--
Net incurrence of liabilities	**7.0**	**6.5**	**6.4**	**5.2**	**4.5**	**3.3**	**3.3**	**3.3**
Domestic	-0.1	0.2	0.6	--	0.8	0.5	1.4	1.1
Debt securities	0.8	1.0	1.3	0.5	1.2	0.8	1.7	1.4
Held by Banks	0.2	0.6	0.6	0.2	0.5	0.3	0.7	0.6
Held by Non-Banks	0.6	0.4	0.7	0.3	0.6	0.4	0.9	0.8
Loans (debt securitites repayments)	-0.5	-0.4	-0.5	-0.3	-0.5	-0.4	-0.4	-0.3
Other accounts payable[3]	-0.5	-0.3	-0.2	-0.1	0.1	0.1	0.1	0.1
Foreign	7.1	6.3	5.7	5.2	3.7	2.9	2.0	2.2
Debt securities	--	--	--	--	--	--	--	--
Loans	7.1	6.3	5.7	5.2	3.7	2.9	2.0	2.2
Disbursements	7.8	7.1	7.0	6.7	5.4	4.6	3.9	4.0
Current	4.3	3.7	3.9	3.9	2.8	2.0	1.4	1.7
o/w IMF ECF	--	--	0.1	0.2	0.2	0.2	--	--
Capital	3.5	3.4	3.1	2.8	2.6	2.6	2.5	2.3
Reimbursements	0.7	0.8	1.3	1.6	1.6	1.7	2.0	1.9
Statistical discrepancy	-0.5	--	--	--	--	--	--	--
<u>Memorandum items:</u>								
Domestic revenue (incl. local government)	15.5	15.6	16.3	16.8	17.2	17.5	17.7	17.8
Wage bill (incl. local government)	5.5	5.5	5.6	5.5	5.5	5.6	5.4	5.7
Primary balance excl. grants	-8.5	-6.1	-6.1	-4.4	-3.8	-2.8	-2.8	-2.7
Overall fiscal balance (incl. grants, policy loans)[2]	-6.7	-5.5	-5.7	-4.8	-4.1	-3.0	-3.0	-3.0
Debt creating overall bal. (excl. PKO)[3]	-6.7	-5.5	-5.7	-4.8	-4.1	-3.0	-3.0	-3.0
GDP (Billions of RwF), FY basis	18,370	21,513	25,440	29,371	33,170	37,258	41,863	47,059

Sources: Rwandan authorities and IMF staff estimates and projections.

[1]Fiscal year runs from July to June.

[2] For purposes of the ECF the overall balance (GFSM 1986 definition, incl. policy lending) is used for monitoring.

[3] Includes unpaid obligations under 90 days.

Table 3. Rwanda: Monetary Survey, 2024–31

(Billions of Rwandan francs, unless otherwise indicated)

	2024	2025	2026	2027	2028	2029	2030	2031
	Act.	Act.	Est.	Proj.	Proj.	Proj.	Proj.	Proj.
Monetary authorities survey[1]								
Net Foreign Assets	1,792	1,439	1,412	1,534	1,951	2,483	3,073	3,015
Of which: Foreign assets	3,337	3,127	3,199	3,425	3,881	4,358	4,855	4,850
Foreign liabilities	1,545	1,687	1,788	1,891	1,930	1,875	1,782	1,835
Net domestic assets	-667	-198	6	28	-213	-537	-866	-533
Domestic credit	119	813	933	1,080	1,089	917	770	1,358
Other items (net; asset +)	-786	-1,010	-927	-1,053	-1,303	-1,455	-1,635	-1,891
Reserve money	1,124	1,241	1,417	1,562	1,737	1,946	2,208	2,482
Commercial banks survey								
Net foreign assets	842	1,180	1,239	1,307	1,379	1,448	1,421	1,559
Net domestic assets	4,005	4,564	5,373	6,241	7,208	8,627	10,401	12,066
Reserves	772	841	870	950	1,049	1,192	1,358	1,540
Net credit to NBR	-32	-214	-531	-819	-954	-957	-981	-1,802
Domestic credit	5,364	6,325	7,188	8,266	9,312	10,575	12,076	14,205
Government (net)	779	798	749	817	914	994	1,194	1,439
Public enterprises	357	371	371	371	371	371	371	371
Private sector	4,228	5,156	6,068	7,078	8,027	9,211	10,510	12,395
Other items (net; asset +)	-2,100	-2,387	-2,154	-2,156	-2,198	-2,184	-2,151	-2,126
Deposits	4,847	5,744	6,612	7,549	8,588	10,075	11,822	13,625
Monetary survey								
Net foreign assets	2,633	2,620	2,651	2,842	3,330	3,931	4,494	4,574
Net domestic assets	2,565	3,525	4,508	5,318	5,944	6,654	7,737	9,309
Domestic credit	5,451	6,923	7,752	8,691	9,605	10,741	12,107	14,237
Government	756	1,277	1,194	1,122	1,088	1,039	1,107	1,351
Public enterprises	357	371	371	371	371	371	371	371
Private sector	4,338	5,275	6,187	7,198	8,146	9,330	10,630	12,515
Other items (net; asset +)	-2,886	-3,398	-3,081	-3,209	-3,501	-3,638	-3,786	-4,018
Broad money	5,199	6,145	7,159	8,160	9,274	10,586	12,231	13,883
Year on Year Growth								
Broad money	18.8	18.2	16.5	14.0	13.7	14.1	15.5	13.5
Reserve money	11.0	10.4	14.2	10.2	11.2	12.0	13.5	12.4
Net credit to Government	-8.7	68.9	-6.5	-6.0	-3.1	-4.4	6.5	22.1
Net foreign assets	56.2	-0.5	1.2	7.2	17.2	18.1	14.3	1.8
Credit to non-government sector	14.3	21.6	17.3	16.3	13.2	14.5	13.9	17.7
Memorandum items:								
Velocity (eop)	3.6	3.8	3.8	3.8	3.8	3.7	3.6	3.6
Money multiplier	4.6	4.9	5.1	5.2	5.3	5.4	5.5	5.6
Net Foreign Assets[2]	998	--	--	--	--	--	--	--

Sources: National Bank of Rwanda (NBR) and IMF Staff Estimates and Projections.

[1] The monetary table displays the monetary authorities accounts. It includes central banking functions (such as the holding of international reserves and conducting transactions with the IMF) performed by the central government.

[2] For program purposes NFA are shown at program exchange rates.

Table 4. Rwanda: Financial Soundness Indicators, March 2023–December 2025[1]

(Percent, unless otherwise indicated)

	2023				2024				2025			
	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.
Capital Adequacy												
Core capital to risk-weighted assets	22.9	20.2	22.3	20.3	21.1	20.3	20.0	19.2	20.8	20.5	20.2	20.7
Regulatory capital to risk-weighted assets	23.8	21.1	23.2	21.5	22.3	21.5	21.2	20.5	22.0	21.6	21.4	21.9
Off balance sheet items/total qualifying capital	111.1	115.3	100.3	97.7	100.6	96.6	110.0	129.4	105.7	108.8	112.2	108.3
Insider loans/core capital	9.8	9.7	8.9	11.3	11.2	7.0	7.2	6.8	14.8	9.5	13.0	15.9
Large exposure/core capital	195.8	204.1	193.9	217.6	185.1	197.9	199.0	193.3	175.5	174.7	179.4	166.3
Asset Quality												
NPLs / on balance sheet gross loans	...	...	...	5.2	6.1	5.9	5.1	3.7	3.2	2.8	2.6	2.6
NPLs/ on and off balance sheet gross loans	3.7	3.6	4.8	4.1	5.0	5.0	4.2	3.1	2.7	2.6	2.6	2.5
NPLs net of suspended interest/gross loans	3.4	3.2	4.5	3.8	4.7	4.7	3.9	2.9	2.5	2.4	2.4	2.3
Provisions/NPLs	115.4	120.9	92.0	99.1	89.3	90.6	96.3	102.6	113.1	110.8	106.8	109.9
Earning assets/total asset	80.1	79.8	80.2	78.9	77.5	79.8	79.5	74.6	72.2	72.8	74.3	72.5
Large exposures/gross loans	40.9	39.9	39.0	40.5	38.6	40.3	37.8	39.6	38.4	37.8	32.4	29.2
Profitability and Earnings												
Return on average assets	4.7	4.3	4.5	4.8	4.9	4.9	4.7	4.9	4.8	4.8	4.9	4.8
Return on average equity	19.2	19.0	19.7	20.7	22.1	21.8	20.0	20.8	19.0	18.9	18.9	19.1
Net interest margin (percentage points)	9.2	9.5	9.1	9.6	9.4	9.3	9.2	9.2	9.3	9.7	9.8	9.7
Cost of deposits	3.3	3.3	3.1	3.8	3.6	3.2	3.3	3.2	3.3	3.5	3.4	3.3
Cost to income	66.5	67.7	65.6	65.8	62.5	63.4	64.8	63.7	61.4	61.4	60.8	61.6
Overhead to income	37.3	38.7	36.1	36.6	30.1	33.4	33.6	33.9	31.1	33.1	33.7	34.3
Liquidity												
Liquidity coverage ratio	227.5	274.1	273.6	234.0	290.5	305.9	354.5	333.8	337.4	289.1	302.9	358.8
Net stable funding ratio	154.5	129.8	127.6	114.6	136.3	135.6	149.6	148.4	147.0	150.5	148.6	149.9
Liquid assets/total deposits	43.4	41.0	38.4	40.1	37.3	35.7	35.8	38.7	28.2	38.7	35.6	39.9
Interbank borrowings/total deposits	26.9	28.1	24.4	20.0	19.5	19.8	17.3	14.8	14.8	20.8	19.4	19.2
NBR borrowings/total deposits	1.0	1.9	0.8	1.5	0.8	0.2	0.1	0.2	0.6	0.5	0.8	1.9
Gross loans/total deposits	96.6	95.9	93.1	84.0	85.2	84.7	80.1	75.2	75.1	81.1	82.6	100.6
Market Sensitivity												
Forex exposure/core capital	-4.5	-5.5	-1.5	1.0	-0.1	0.2	0.7	1.6	0.7	0.7	2.6	4.3
Forex loans/Forex deposits	59.7	31.8	34.3	65.7	62.8	60.5	56.3	55.6	54.5	58.2	54.2	54.0
Forex assets/Forex liabilities	98.1	92.2	93.1	94.4	92.2	95.9	97.6	96.6	97.3	92.9	96.0	98.3

Source: National Bank of Rwanda.

[1] The FSIs cover the banking sector.

Table 5a. Rwanda: Balance of Payments, 2024–31

(Millions of U.S. Dollars, unless otherwise indicated)

	2024	2025	2026	2027	2028	2029	2030	2031
	Act.	Act.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
Current account balance	**-1,970**	**-1,933**	**-2,600**	**-2,380**	**-1,782**	**-1,519**	**-1,614**	**-1,658**
Current account balance ex. NKIA	-1,876	-1,686	-2,023	-1,791	-1,632	-1,518	-1,614	-1,658
Trade balance	-2,426	-2,380	-2,797	-2,587	-2,084	-1,812	-1,774	-1,749
Trade balance ex. NKIA	-2,354	-2,195	-2,364	-2,148	-1,971	-1,812	-1,774	-1,749
Exports (f.o.b.)	3,246	2,446	2,768	3,140	3,513	3,924	4,317	4,697
Of which: gold	1,509	517	640	740	824	907	998	1,073
Exports (f.o.b.) excl. gold	1,736	1,929	2,128	2,401	2,689	3,017	3,319	3,623
Imports (f.o.b.)	5,671	4,826	5,565	5,728	5,597	5,736	6,090	6,446
Of which: gold	1,478	331	578	675	758	841	931	1,007
Imports (f.o.b.) excl. gold	4,194	4,496	4,987	5,053	4,839	4,895	5,159	5,438
Services (net)	78	84	25	81	220	294	251	268
Services ex. NKIA	100	146	170	230	257	295	251	268
Credit	1,094	1,125	1,167	1,253	1,335	1,425	1,421	1,517
Of which: tourism receipts	577	604	632	689	751	818	806	878
Debit	1,015	1,041	1,142	1,172	1,116	1,131	1,170	1,249
Income	-402	-407	-501	-553	-627	-706	-782	-877
Of which: interest on public debt[1,2]	-134	-134	-195	-188	-195	-207	-213	-221
Current transfers (net)	780	770	672	679	709	705	691	700
Private	517	658	600	614	629	645	660	675
Of which: remittance inflows	502	640	659	676	694	711	729	746
Public	263	112	73	65	80	60	31	25
Capital and financial account balance	**2,616**	**1,427**	**2,535**	**2,408**	**1,977**	**1,762**	**1,862**	**1,661**
Capital account	383	337	339	294	294	294	293	110
Financial account	2,233	1,089	2,197	2,114	1,683	1,468	1,569	1,551
Direct investment	518	595	992	1,116	861	823	891	962
FDIs ex. NKIA	411	421	607	677	748	821	891	962
o/w NKIA	107	174	385	439	113	3	0	0
Public sector capital	1,341	174	1,143	918	688	455	567	89
Long-term borrowing[2]	1,472	720	1,409	1,236	1,044	879	947	1,088
o/w budget financing and commercial loans	916	185	882	695	498	329	331	416
o/w project loans	556	535	527	541	547	550	616	653
Scheduled amortization, excl IMF	-132	-171	-266	-318	-356	-424	-380	-999
Other capital[3]	374	-54	61	80	135	190	111	499
Net errors and omissions	**243.4**	**199.7**	--	--	--	--	--	--
Overall balance	**890**	**-307**	**-65**	**28**	**195**	**243**	**248**	**3**
Financing	**-890**	**307**	**65**	**-28**	**-195**	**-243**	**-248**	**-3**
Reserve assets (increase -)	-1,194	358	55	-31	-157	-158	-149	78
Net credit from the IMF	304	-51	10	3	-38	-85	-99	-81
IMF disbursement (+)	349	0	73	73	73	37	0	0
Repayments to IMF (-)	-45	-51	-62	-70	-111	-121	-99	-81
Memorandum items:								
Current account balance (percent of GDP)[4]	-13.0	-11.8	-14.1	-12.0	-8.4	-6.7	-6.7	-6.3
Current account excl. NKIA (percent of GDP)	-12.4	-10.3	-11.0	-9.0	-7.7	-6.7	-6.7	-6.3
Trade balance (percent of GDP)	-16.1	-14.5	-15.2	-13.0	-9.9	-8.0	-7.3	-6.7
Trade balance excl. NKIA (percent of GDP)	-15.6	-13.4	-12.9	-10.8	-9.3	-8.0	-7.3	-6.7
Foreign assets of monetary authorities	**2,413**	**2,144**	**2,090**	**2,121**	**2,277**	**2,436**	**2,584**	**2,507**
in months of prospective imports of G&S[5]	5.2	4.2	4.0	4.3	4.5	4.6	4.6	4.2
Gross official reserves	**2,405**	**2,137**	**2,082**	**2,113**	**2,270**	**2,428**	**2,577**	**2,499**
in months of prospective imports of G&S[5]	5.2	4.2	4.0	4.3	4.5	4.6	4.6	4.2

Sources: Rwandan Authorities and IMF Staff Estimates and Projections.

[1] Including interest due to the IMF.

[2] Includes central government project and budget loans, and borrowing by KCC, RwandAir, and NKIA.

[3] Other capital includes long-term private capital, commercial credit, change in NFA of commercial banks, and unrecorded imports.

[4] Including official transfers.

[5] Based on the prospective imports of goods (excl. gold) and services in the next year.

Table 5b. Rwanda: Balance of Payments, 2024–31

(Percent of GDP, unless otherwise indicated)

	2024	2025	2026	2027	2028	2029	2030	2031
	Act.	Act.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
Current account balance	**-13.0**	**-11.8**	**-14.1**	**-12.0**	**-8.4**	**-6.7**	**-6.7**	**-6.3**
Current account balance ex. NKIA	-12.4	-10.3	-11.0	-9.0	-7.7	-6.7	-6.7	-6.3
Bugesera effect	-0.6	-1.5	-3.1	-3.0	-0.7	--	--	--
Trade balance	-16.1	-14.5	-15.2	-13.0	-9.9	-8.0	-7.3	-6.7
Trade balance ex. NKIA	-15.6	-13.4	-12.9	-10.8	-9.3	-8.0	-7.3	-6.7
Bugesera	-0.5	-1.1	-2.4	-2.2	-0.5	--	--	--
Exports (f.o.b.)	21.5	14.9	15.0	15.8	16.6	17.4	17.9	18.0
Of which: gold	10.0	3.2	3.5	3.7	3.9	4.0	4.1	4.1
Exports (f.o.b.) excl. gold	11.5	11.8	11.6	12.1	12.7	13.4	13.7	13.9
Imports (f.o.b.)	37.5	29.5	30.3	28.8	26.5	25.4	25.2	24.7
Of which: gold	9.8	2.0	3.1	3.4	3.6	3.7	3.9	3.9
Imports (f.o.b.) excl. gold	27.8	27.5	27.1	25.4	22.9	21.7	21.4	20.8
Services (net)	0.5	0.5	0.1	0.4	1.0	1.3	1.0	1.0
Services ex. NKIA	0.7	0.9	0.9	1.2	1.2	1.3	1.0	1.0
Bugesera	-0.1	-0.4	-0.8	-0.7	-0.2	--	--	--
Credit	7.2	6.9	6.3	6.3	6.3	6.3	5.9	5.8
Of which: tourism receipts	3.8	3.7	3.4	3.5	3.5	3.6	3.3	3.4
Debit	6.7	6.4	6.2	5.9	5.3	5.0	4.8	4.8
Income	-2.7	-2.5	-2.7	-2.8	-3.0	-3.1	-3.2	-3.4
Of which: interest on public debt[1,2]	-0.9	-0.8	-1.1	-0.9	-0.9	-0.9	-0.9	-0.8
Current transfers (net)	5.2	4.7	3.7	3.4	3.4	3.1	2.9	2.7
Private	3.4	4.0	3.3	3.1	3.0	2.9	2.7	2.6
Of which: remittance inflows	3.3	3.9	3.6	3.4	3.3	3.2	3.0	2.9
Public	1.7	0.7	0.4	0.3	0.4	0.3	0.1	0.1
Capital and financial account balance	**17.3**	**8.7**	**13.8**	**12.1**	**9.4**	**7.8**	**7.7**	**6.4**
Capital account	2.5	2.1	1.8	1.5	1.4	1.3	1.2	0.4
Financial account	14.8	6.7	11.9	10.6	8.0	6.5	6.5	5.9
Direct investment	3.4	3.6	5.4	5.6	4.1	3.6	3.7	3.7
FDIs ex. NKIA	2.7	2.6	3.3	3.4	3.5	3.6	3.7	3.7
o/w NKIA	0.7	1.1	2.1	2.2	0.5	--	--	--
Public sector capital	8.9	3.4	6.2	4.6	3.3	2.0	2.3	0.3
Long-term borrowing[2]	9.7	4.4	7.7	6.2	4.9	3.9	3.9	4.2
o/w budget financing and commercial loans	6.1	1.1	4.8	3.5	2.4	1.5	1.4	1.6
o/w project loans	3.7	3.3	2.9	2.7	2.6	2.4	2.5	2.5
Scheduled amortization, excl IMF	-0.9	-1.0	-1.4	-1.6	-1.7	-1.9	-1.6	-3.8
Other capital[3]	2.5	-0.3	0.3	0.4	0.6	0.8	0.5	1.9
Net errors and omissions	**1.6**	**1.2**	**--**	**--**	**--**	**--**	**--**	**--**
Overall balance	**5.9**	**-1.9**	**-0.4**	**0.1**	**0.9**	**1.1**	**1.0**	**0.0**
Financing	**-5.9**	**1.9**	**0.4**	**-0.1**	**-0.9**	**-1.1**	**-1.0**	**0.0**
Reserve assets (increase -)	-7.9	2.2	0.3	-0.2	-0.7	-0.7	-0.6	0.3
Net credit from the IMF	2.0	-0.3	0.1	0.0	-0.2	-0.4	-0.4	-0.3
IMF disbursement (+)	2.3	0.0	0.4	0.4	0.3	0.2	0.0	0.0
Repayments to IMF (-)	-0.3	-0.3	-0.3	-0.4	-0.5	-0.5	-0.4	-0.3
Memorandum items:								
Current account balance (percent of GDP)[4]	-13.0	-11.8	-14.1	-12.0	-8.4	-6.7	-6.7	-6.3
Current account excl. NKIA (percent of GDP)	-12.4	-10.3	-11.0	-9.0	-7.7	-6.7	-6.7	-6.3
Trade balance (percent of GDP)	-16.1	-14.5	-15.2	-13.0	-9.9	-8.0	-7.3	-6.7
Trade balance excl. NKIA (percent of GDP)	-15.6	-13.4	-12.9	-10.8	-9.3	-8.0	-7.3	-6.7
Foreign assets of monetary authorities	**16.0**	**13.1**	**11.4**	**10.7**	**10.8**	**10.8**	**10.7**	**9.6**
in months of prospective imports of G&S[5]	5.2	4.2	4.0	4.3	4.5	4.6	4.6	4.2
Gross official reserves	**15.9**	**13.0**	**11.3**	**10.6**	**10.7**	**10.8**	**10.7**	**9.6**
in months of prospective imports of G&S[5]	5.2	4.2	4.0	4.3	4.5	4.6	4.6	4.2

Sources: Rwandan Authorities and IMF Staff Estimates and Projections.

[1] Including interest due to the IMF.

[2] Includes central government project and budget loans, and borrowing by KCC, RwandAir, and NKIA.

[3] Other capital includes long-term private capital, commercial credit, change in NFA of commercial banks, and unrecorded imports.

[4] Including official transfers.

[5] Based on the prospective imports of goods (excl. gold) and services in the next year.

Table 6. Rwanda: Gross External Financing Needs and Sources, 2025–31

(Millions of U.S. Dollars, unless otherwise indicated)

	2025	2026	2027	2028	2029	2030	2031
	Est.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
A. Gross external financing needs	**2,230**	**3,006**	**2,839**	**2,335**	**2,131**	**2,131**	**2,770**
Current account deficit (excl. budget support grants)	2,008	2,678	2,451	1,868	1,585	1,652	1,690
Public debt amortization (excl. IMF)	171	266	318	356	424	380	999
Repayments to IMF	51	62	70	111	121	99	81
B. External financing sources[1]	**1,771**	**2,315**	**2,252**	**1,770**	**1,756**	**1,813**	**2,360**
Capital transfers	337	339	294	294	294	293	110
Direct investment	595	992	1,116	861	823	891	962
Public sector borrowing (excl. Prospective Financing)	535	869	793	637	608	666	710
Project loans	535	527	541	547	550	616	671
Budget loans - NKIA commercial	0	341	182	38	2	0	0
Budget loans - Rwandair commercial	0	0	70	52	57	51	39
Other inflows[2]	-54	61	80	135	190	111	499
Reserve assets excl. RSF (increase -)	358	55	-31	-157	-158	-149	78
C. Net errors and omissions	**200**	**0**	**0**	**0**	**0**	**0**	**0**
I. Financing needs (A-B-C)	**-259**	**-691**	**-587**	**-565**	**-374**	**-318**	**-410**
II. Prospective Financing (D + E)	**259**	**691**	**587**	**565**	**374**	**318**	**410**
D. Budget support (excl. IMF and commercial)	**259**	**618**	**514**	**492**	**338**	**318**	**410**
Budget grants	74	78	71	86	67	38	33
Bilateral	0	0	0	0	0	0	0
Multilateral - Global Fund	61	45	43	57	57	29	0
Multilateral - World Bank	8	0	0	0	0	0	0
Other	5	33	28	29	10	9	33
Budget loans	185	540	443	407	271	281	377
France - AFD	33	32	23	39	11	11	0
Japan - JICA	29	0	10	10	10	10	0
AfDB	82	115	170	100	70	30	0
AIIB	0	130	185	70	30	20	0
World Bank	42	264	55	188	150	150	0
Other	0	0	0	0	0	60	377
E. IMF financing (excl. RSF)	**0**	**73**	**73**	**73**	**37**	**0**	**0**
ECF	0	73	73	73	37	0	0
Residual Gap (I + II)	0	0	0	0	0	0	0
RSF disbursements (not linked to RM costs)	0	0	0	0	0	0	0
Reserve assets, incl. RSF (increase -)	358	55	-31	-157	-158	-149	78

[1] Includes approved exceptional financing (CCRT debt relief).

[2] Reflects private capital inflows, SDR allocation, and CCRT debt relief.

Table 7. Rwanda: Indicators of Capacity to Repay the Fund, 2025–45

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
IMF debt service based on existing credit (SDR millions)																					
Principal	28.0	34.0	39.5	69.1	76.5	60.5	44.5	22.3	3.7	14.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	20.3	10.1	0.0
Charges and interest	10.5	11.2	11.3	11.3	11.3	11.3	11.3	11.3	11.3	11.1	10.8	10.3	9.7	9.2	8.6	8.1	7.5	7.0	6.5	6.1	5.9
IMF debt service based on existing and prospective credit (SDR millions)																					
Principal	28.0	34.0	39.5	69.1	76.5	60.5	47.1	35.5	27.5	48.3	61.0	58.4	47.8	37.2	26.7	24.0	24.0	24.0	20.3	10.1	0.0
Charges and interest	10.5	11.2	11.3	11.3	11.3	11.3	11.3	11.3	11.3	11.1	10.8	10.3	9.7	9.2	8.6	8.1	7.5	7.0	6.5	6.1	5.9
IMF debt service based on existing and prospective credit (SDR millions)																					
In millions of SDRs	38.5	45.3	50.7	80.4	87.8	71.8	58.4	46.7	38.8	59.5	71.8	68.7	57.5	46.4	35.3	32.1	31.6	31.0	26.8	16.1	5.9
In millions of U.S. dollars	52.0	62.3	69.9	111.0	121.3	99.2	80.7	64.6	53.6	82.2	99.2	94.9	79.5	64.1	48.8	44.4	43.6	42.9	37.0	22.3	8.1
In percent of GDP	0.3	0.3	0.4	0.5	0.5	0.4	0.3	0.2	0.2	0.2	0.3	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0
In percent of exports of goods and services	1.5	1.6	1.6	2.3	2.3	1.7	1.3	0.9	0.7	1.0	1.1	0.9	0.7	0.5	0.4	0.3	0.3	0.2	0.2	0.1	0.0
In percent of government revenue (excl. grants)	1.9	2.0	2.0	2.9	2.9	2.2	1.6	1.2	0.9	1.2	1.3	1.1	0.9	0.6	0.4	0.4	0.3	0.3	0.2	0.1	0.0
In percent of gross international reserves	2.4	3.0	3.3	4.9	5.0	3.8	3.2	2.4	1.8	2.4	2.2	1.8	1.3	0.9	0.6	0.4	0.4	0.3	0.2	0.1	0.0
In percent of PPG external debt service	13.1	15.0	14.1	19.1	19.0	15.3	6.3	9.4	7.1	9.5	10.5	9.6	7.7	5.9	4.4	3.8	2.4	3.7	3.1	1.8	0.6
In percent of IMF quota	24.1	28.3	31.7	50.2	54.8	44.8	36.5	29.2	24.2	37.1	44.8	42.9	35.9	29.0	22.0	20.1	19.7	19.4	16.7	10.1	3.7
IMF credit outstanding (end-of-period)																					
In millions of SDRs	586.7	605.6	619.0	602.7	552.6	492.1	444.9	409.5	382.0	333.7	272.6	214.2	166.4	129.2	102.5	78.5	54.4	30.4	10.1	0.0	0.0
In millions of U.S. dollars	801.8	834.0	853.7	832.2	764.2	680.5	615.3	566.2	528.2	461.4	377.0	296.2	230.1	178.6	141.7	108.5	75.3	42.0	13.9	0.0	0.0
In percent of GDP	4.9	4.5	4.3	3.9	3.4	2.8	2.4	2.0	1.7	1.4	1.0	0.7	0.5	0.4	0.3	0.2	0.1	0.1	0.0	0.0	0.0
In percent of exports of goods and services	22.5	21.2	19.4	17.2	14.3	11.9	9.9	8.2	6.9	5.5	4.1	2.9	2.1	1.5	1.0	0.7	0.5	0.2	0.1	0.0	0.0
In percent of government revenue (excl. grants)	29.7	26.1	24.2	21.7	18.5	15.3	12.4	10.2	8.6	6.8	5.0	3.5	2.5	1.8	1.3	0.9	0.6	0.3	0.1	0.0	0.0
In percent of gross international reserves	37.4	39.9	40.3	36.5	31.4	26.3	24.5	21.2	18.0	13.7	8.3	5.6	3.7	2.4	1.6	1.1	0.7	0.3	0.1	0.0	0.0
In percent of PPG external debt	8.4	7.8	7.3	6.6	5.8	5.0	4.3	3.8	3.3	2.8	2.2	1.7	1.3	0.9	0.7	0.5	0.4	0.2	0.1	0.0	0.0
In percent of IMF quota	366.3	378.0	386.4	376.2	344.9	307.2	277.7	255.6	238.4	208.3	170.2	133.7	103.9	80.6	64.0	49.0	34.0	19.0	6.3	0.0	0.0
Net use of IMF credit (SDR millions)	-28.0	18.8	13.4	-16.3	-50.1	-60.5	-47.1	-35.5	-27.5	-48.3	-61.0	-58.4	-47.8	-37.2	-26.7	-24.0	-24.0	-24.0	-20.3	-10.1	0.0
Disbursements	0.0	52.9	52.9	52.9	26.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayments and repurchases	28.0	34.0	39.5	69.1	76.5	60.5	47.1	35.5	27.5	48.3	61.0	58.4	47.8	37.2	26.7	24.0	24.0	24.0	20.3	10.1	0.0
Memorandum items																					
Nominal GDP (USD millions)	16,373	18,395	19,866	21,143	22,573	24,156	26,125	28,444	30,959	33,687	36,646	39,853	43,328	47,094	51,172	55,588	60,384	65,595	71,255	77,404	84,083
Exports of goods and services (USD millions)	3,571	3,935	4,394	4,849	5,350	5,738	6,214	6,939	7,614	8,373	9,211	10,134	11,167	12,315	13,590	15,010	16,591	18,354	20,289	22,446	24,849
Government revenues excl. grants (USD millions)	2,696	3,194	3,522	3,827	4,129	4,448	4,980	5,528	6,164	6,819	7,559	8,360	9,222	10,130	11,123	12,211	13,405	14,661	16,093	17,559	19,157
Gross international reserves (USD millions)	2,144	2,090	2,121	2,277	2,436	2,584	2,507	2,672	2,928	3,358	4,540	5,250	6,212	7,436	8,707	10,319	11,465	13,687	16,074	18,765	22,103
PPG external debt (USD millions)	9,504	10,746	11,766	12,555	13,104	13,672	14,388	15,084	15,879	16,550	17,170	17,754	18,336	18,837	19,416	20,015	20,085	20,862	21,742	22,710	23,763
PPG external debt service (USD millions)	397.1	414.8	494.6	581.2	637.7	649.9	1,272.7	689.6	750.3	867.8	948.1	992.6	1,029.7	1,085.6	1,102.5	1,179.4	1,811.2	1,166.2	1,192.9	1,247.7	1,318.7
IMF quota (SDR millions)	160.2	160.2	160.2	160.2	160.2	160.2	160.2	160.2	160.2	160.2	160.2	160.2	160.2	160.2	160.2	160.2	160.2	160.2	160.2	160.2	160.2

Source: Rwandan Authorities and IMF Staff Calculations.

Table 8. Rwanda: Proposed Schedule of Disbursements Under the ECF Arrangement

Availability Date	Millions of SDR	Percent of Quota	Conditions
Date of approval of ECF arrangement	26.4330	16.50	Executive Board approval of ECF
November 15, 2026	26.4330	16.50	Observance of end-June 2026 performance criteria and completion of the first review.
May 15, 2027	26.4330	16.50	Observance of end-December 2026 performance criteria and completion of the second review.
November 15, 2027	26.4330	16.50	Observance of end-June 2027 performance criteria and completion of the third review.
May 15, 2028	26.4330	16.50	Observance of end-December 2027 performance criteria and completion of the fourth review.
November 15, 2028	26.4330	16.50	Observance of end-June 2028 performance criteria and completion of the fifth review.
May 15, 2029	26.4330	16.50	Observance of end-December 2028 performance criteria and completion of the sixth review.
Total	185.0310	115.5	

Source: IMF staff calculations.

Table 9a. Rwanda: Proposed Quantitative Performance Criteria and Indicative Targets and Projections, 2026–27

(In Billions of Rwandan Francs, unless otherwise indicated)

	2026		2027
	end-June	end-December	end-June
	Prop. Prog.	Prop. Prog.	Prop. Prog.
(Billions of Rwandan francs, unless otherwise indicated)			
Quantitative Performance Criteria[1]			
1. Ceiling on the debt-creating overall deficit, including grants[2]	1,452	849	1,411
2. Floor on stock of Net Foreign Assets	1,290	1,288	1,288
3. Ceiling on net accumulation of domestic expenditure arrears of the budgetary central government	0	0	0
4. Ceiling on the present value of new external debt contracted or guaranteed by the government (US$ million)[3]	444	513	311
Continuous Performance Criteria			
5. Ceiling on stock of external payment arrears (US$ million)	0	0	0
Arrangement Monetary Policy Consultation Band[1, 4]			
Inflation, upper bound, percent	9.0	9.0	9.0
Inflation, upper inner-bound, percent	8.0	8.0	8.0
CPI Inflation target	5.0	5.0	5.0
Inflation, lower inner-bound, percent	2.0	2.0	2.0
Inflation, lower bound, percent	1.0	1.0	1.0
Indicative Targets:			
Total priority spending[2]	1,890	1,193	2,435
Floor on domestic revenue collection[2, 5]	4,149	2,393	4,935
Stock of new external debt contracted or guaranteed by nonfinancial public enterprises (US$ million)[3]	0	0	0
Memorandum items:			
Total budget support (US$ million) [2]	752	467	854
Budget support grants (US$ million)	77	32	67
Budget support loans (US$ million)	674	434	787
RWF / US$ program exchange rate	1,458	1,458	1,458

Sources: Rwandan Authorities and IMF Staff Estimates and Projections.

[1] All items including adjustors are defined in the Technical Memorandum of Understanding (TMU).

[2] Numbers are cumulative from 1 July of the current year to 30 June of the following year.

[3] Ceiling is cumulative from the beginning of a calendar year.

[4] When the year-on-year inflation, averaged for the past 3-months, is above/below the outer band of the upper/lower bound, a formal consultation with the Executive Board would be triggered.

[5] Floor is adjusted to exclude UN peace keeping operations, in line with the TMU.

Table 9b. Rwanda: Proposed Standard Continuous Performance Criteria Under ECF

- Not to impose or intensify restrictions on the making of payments and transfers for current international transactions.
- Not to introduce or modify multiple currency practices.
- Not to conclude bilateral payment agreements which are inconsistent with Article VIII.
- Not to impose or intensify import restrictions for balance of payment reasons.

Table 10. Rwanda: Proposed Structural Benchmarks
(June 2026 – December 2027)

No.	Measure	Purpose / Macro-Criticality	Depth	Implementation Date
	Domestic Revenue Mobilization			
1.	MINECOFIN to submit to Cabinet amendments to the Investment Code that (i) eliminate discretionary provisions; (ii) reduce profit-based incentives to cost-based incentives to the extent possible; (iii) limit the duration and scope of preferential regimes; and (iv) strengthen monitoring, evaluation, and enforcement of incentives.	Rationalize income tax incentives to support domestic revenue mobilization, reduce tax expenditures, and enhance transparency and neutrality of the tax system.	High	End-November 2026
2.	MINECOFIN to submit to Cabinet a follow-up Medium-Term Revenue Strategy (MTRS-2) to support domestic revenue mobilization, consistent with program parameters.	Strengthen domestic revenue mobilization to support fiscal consolidation and debt sustainability.	Medium/ High	End-December 2026
	Strengthening Control Over Foreign-Financed Capital Spending			
3.	MINECOFIN to include all externally-financed projects in IFMIS across the full project cycle.	Strengthen the execution and predictability of foreign-financed capital spending through a disciplined and fully visible project pipeline.	Medium/ High	End-December 2026
	SOE Transparency and Oversight			
4.	MINECOFIN to conduct a forward-looking assessment of RwandAir.	Strengthen the identification and monitoring of SOE-related fiscal risks, supporting timely mitigation and enhanced fiscal transparency.	Medium/ High	End-July 2026
5.	MINECOFIN to publish an annual report on the overall performance of the SOE portfolio, including a consolidated assessment of financial and operational performance and public links to SOEs' audited financial statements (or summary financial disclosures) published on SOEs' websites.	Strengthen transparency and oversight of state-owned enterprises to better identify and manage fiscal risks.	Medium/ High	End-November 2027
	Improving Monetary Policy Strategy and Operations			
6.	In line with the findings of the analysis (detailed in MEFP ¶19), NBR to revise its monetary policy strategy with the view to improving the nominal anchor role of the inflation target.	Improve the nominal anchor role of the inflation target.	High	End-October 2027

Table 10. Rwanda: Proposed Structural Benchmarks (concluded)
(June 2026 – December 2027)

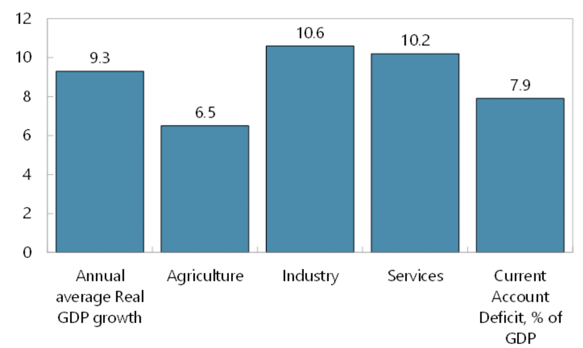
No.	Measure	Purpose / Macro-Criticality	Depth	Implementation Date
7.	The NBR and CMA to adopt and issue: (i) an Operational Guideline; (ii) a Code of Conduct; and (iii) a Market Maker Agreement template for establishing the market-making program in the domestic debt market.	Improve secondary-market liquidity and price discovery.	Low/ Medium	End-October 2026
	Exchange Rate and FX Market Functioning			
8.	NBR to include regular and price-based FX auctions within the current FX interventions framework.	Improve functioning of the FX market.	High	End-October 2026
	Financial Sector Resilience			
9.	NBR to adopt Guidelines for additional capital charges for banks' concentrated credit exposures.	Enhance resilience of the financial sector.	High	End-March 2027

Annex I. Staff Assessment of Rwanda's Second National Strategy for Transformation

1. **Rwanda's Second National Strategy for Transformation (NST-2) establishes a coherent and ambitious framework to advance Rwanda's Vision 2050 objectives.**[1] Spanning 2024 to 2029, the strategy serves as a strategic link for the country to reach upper-middle-income status by 2035. It builds on the strong performance of NST-1 (2017–24), during which Rwanda demonstrated resilience to major shocks including COVID-19 pandemic and climate-related disruptions. While achievements are substantial, persistent structural challenges remain, including a widening current account deficit, high youth unemployment, and elevated stunting rates. Staff assess that NST-2 appropriately identifies these constraints through its three core pillars: Economic Transformation, Social Transformation, and Transformational Governance.

2. **NST-2 highlights five key priorities on job creation, export promotion, quality of education, reduced stunting & malnutrition, and enhanced public service delivery.** Consistent with these priorities, NST-2 envisages a marked acceleration in macroeconomic performance, aiming for an annual average real GDP growth of 9.3 percent through 2029. This jump from more than 6.5 percent average achieved during NST-1 is supported by projected productivity gains and a shift toward higher value-added activities. Growth is expected to be broad-based: agriculture is projected to expand by over 6 percent, while industry and services both target double-digit growth. However, reaching these outcomes will depend critically on policy execution, access to finance, and favorable external conditions.

Rwanda: Key Indicators of the NST2 Target
(Percent)



Sources: Ministry of Finance and Economic Planning, Rwanda

3. **The investment-led growth strategy relies heavily on private sector participation and rigorous policy coordination to manage sizable financing needs.** Investment is projected to rise to 32.1 percent of GDP by 2029, with the private sector expected to contribute 43 percent of total financing. This requires continued improvements in the business environment, financial sector intermediation, and domestic savings mobilization. Total financing needs of RwF 63,559 billion, about 2.7 times Rwanda's 2025 GDP, underscore the importance of realistic sequencing and fiscal discipline. Maintaining price stability and external buffers will require close coordination between fiscal, monetary, and exchange rate policies, particularly amid rising domestic demand and geopolitical tensions.

4. **The Economic Transformation pillar is well aligned with Rwanda's binding growth constraints.** Priorities to modernize and climate-proof agri-food systems are appropriate to boost

[1] The National Strategy for Transformation (NST-2) document is available here.

productivity and food security. The focus on special economic zones and the “Made in Rwanda” initiatives aims to enhance export competitiveness though success depends on reducing trade logistics costs and effective regional integration via the Africa Continental Free Trade Area (AfCFTA). Special economic zones should be designed to generate genuinely additional investment, productivity gains, and economy-wide spillovers, rather than reshuffling firms or activity across locations. Incentives under the “Made in Rwanda” initiative, including local content preferences in public procurement and customs duty reduction, should be targeted to address market failures, be transparent and time-bound, and avoid discrimination between domestically produced and imported goods, so as to limit fiscal costs and trade distortions. Furthermore, achieving the target of 1.25 million new productive jobs over the next five years requires robust private-sector absorption and continued investment in employable skills, particularly for the youth and women.

5. Social transformation priorities are central to inclusive growth, with a clear focus on strengthening human capital and reducing vulnerability. Staff welcome the emphasis on improving education quality and relevance, especially early childhood development, foundational learning, and market-relevant Technical Vocational Education and Training (TVET), to address learning gaps and labor-market mismatches. In health, the multisectoral approach to reducing stunting is appropriate, though achieving the ambitious targets will require sustained coordination and adequate financing. Expanded sanitation access and strengthened social protection systems are well targeted to support poverty graduation, provided there is continued attention to targeting efficiency and outcome monitoring.

6. Transformational governance reforms and a strengthened monitoring framework are critical enablers to mitigate significant implementation risks. Planned measures to digitalize public services and enhanced Public Financial Management (PFM) should improve public investment efficiency as spending scales up. However, risks stem from adverse global conditions, commodity price volatility, and climate shocks. The recent impact on geopolitical conflicts highlights Rwanda’s vulnerability to external price shocks and supply disruptions. Staff welcome the reinforced monitoring framework and stress the importance of timely actions informed by performance tracking.

Annex II. Risk Assessment Matrix[1]

Sources of Risks	Relative Likelihood	Expected Impact if Realized	Policy Response
Geopolitical tensions and intensification of conflicts. Rising geopolitical tensions, and a weakening of multilateralism, raise the risk of an escalation in military conflicts, accompanied by damage to key physical and financial infrastructure, disruptions in major transit routes and supply chains, higher migration pressures, additional financial frictions and market volatility.	High	**High** Higher and volatile commodity prices due to uncertainty. External balance worsens with higher import prices and lower export demand. Shortages of intermediate and final consumer goods. High fertilizer costs affect domestic food production.	Targeted support to protect vulnerable population from rising food prices. In the event of energy price hikes, fuel subsidies could be only a temporary solution as it is regressive and has adverse environmental effects. Ensure strategic fuel and grain reserves are adequate.
Potential fallout from conflict with the Democratic Republic of Congo or border closures with Burundi could lead to disruptions in regional trade and impact aid funding.	Medium	**Medium** Reduced availability of concessional financing from development partners.	Prioritization of current and development spending.
Fiscal vulnerabilities and higher interest rates. Higher public debt and deficit levels put further upward pressure on long-term interest rates, sharply tightening global financial conditions, amplifying currency volatility, and reducing consumption and investment that exacerbate adverse debt dynamics. Disruptions are amplified by increased role of price-sensitive investors and leveraged NBFIs in sovereign debt markets, limited market absorption capacity when NBFIs offload debt securities, higher roll-over needs on shorter sovereign debt maturities, and strong sovereign-financial nexus. Concurrently, capital outflows from emerging and developing economies elicit a sharp increase in short-term rates.	High	**High** Tighter financial conditions and higher country risk premium. Capital outflows due to risk aversion. Lower exports due to slower global demand. Diversion of budget resources to support aid.	Diversify the structure of the economy and export sources. Deepen financial markets. Pursue tax reforms to broaden tax base.
Climate change. Extreme climate events and rising temperatures could cause loss of life, damage to infrastructure, food insecurity, supply disruptions, and heighten economic and financial instability.	Medium	**High** Reduced output in the agricultural sector, job loss, higher contingency spending to repair damages to infrastructure, and higher social spending to mitigate impact on vulnerable.	Include contingency spending plans in fiscal framework and strengthen food security programs. Fast-track efforts to build resilience to climate shocks.
Commodity price volatility. Supply and demand imbalances—triggered by geopolitical tensions, coordinated production decisions, shifts in investor preferences, or structural changes in demand—fuel commodity price swings, amplifying external and fiscal pressures, social unrest, and macro instability.	High	**High** Bouts of price and real sector volatility. Shortages of intermediate and final consumer goods. High fertilizer costs affect domestic food production.	Ensure strategic fuel and grain reserves are adequate. Secure social protection for vulnerable households.
Decline in international aid. A further sharp reduction in international financial assistance, including development aid and humanitarian support. Such an additional aid withdrawal would strain public finances, worsen current accounts, increase debt vulnerabilities, and lead to a further deterioration in living conditions and food security.	High	**High** Reduced availability of concessional financing from development partners.	Targeted support to protect vulnerable population from diminished foreign aid. Strengthen debt management. Diversify the structure of the economy and export sources. Pursue tax reforms to broaden tax base.
Policy uncertainty. Elevated and wide-ranging policy uncertainty weighs on sentiment and holds back consumption and investment. Political interference in independent economic institutions erodes public confidence and trust and raises the risk of policy mistakes.	High	**Medium** Lower exports due to slower global demand. Tighter financial conditions. Lower concessional financing. Tourism and remittance risks.	Diversify the structure of the economy and export sources. Pursue tax reforms to broaden tax base. Build financial buffers and increase self reliance.
Disorderly AI Correction. An abrupt revision in expectations of strong AI-led productivity gains causes a sharp market correction, investment decline, and wealth loss, which suppress demand and tighten financial conditions globally.	High	**High** Tighter financial conditions and weaker external demand, raising financing costs, reducing capital inflows, and softening exports.	Strengthen resilience by tightening debt management, preserving fiscal buffers, and allowing exchange rate flexibility to absorb external shocks, while coordinating closely with development partners.
Trade-related risks: • **Protectionism and trade disruptions.** Tariff and nontariff measures disrupt global supply chains, weighing on activity while increasing inflation. Trade diversion triggers broader protectionism. • **New trade agreements.** Tangible progress in trade talks reduces uncertainty and trade barriers. Wider cooperation on services, FDI, and taxation boosts investment and bolsters public finances.	High Low	**High** External balance worsens with higher import prices and lower export demand. Slower economic growth due to lower export demand. Lesser financial market access. Reduced uncertainly and improved business environment with trade talks advancement.	Diversify the structure of the economy and export sources. Build financial buffers and increase self reliance.
Labor shortages and remittances. Tighter immigration policies exacerbate labor shortages in aging destination economies, reducing potential output, fueling inflation, and straining fiscal balances through lower revenues. Origin countries see depressed remittances and incomes, and worsening external balances, though a larger labor force could partly offset the remittance decline over the medium term.	High	**Medium** Remittances and incomes reduce. External balances worsen, though a larger labor force could partly offset the remittance decline.	Diversify the structure of the economy and export sources. Build financial buffers and increase self reliance.
Cyberthreats. Cyberattacks on physical or digital infrastructure, technical failures, or misuse of AI technologies could trigger financial and economic instability.	High	Financial services interruption, data theft or deletion, loss of sensitive data or intellectual property.	Ensure that financial service providers frequently upgrade their IT systems.
AI Acceleration. Rapid AI adoption significantly improves productivity, boosts growth, and revives business dynamism. Realizing these gains requires complementary policies to manage energy constraints, scale critical inputs, and support labor market transitions.	Medium	**Medium** Lift external demand, riase productivity spillovers, and improve medium-term prospects through trade, investment, and technology diffusion.	Strengthen education and improve digital infrastructure. Support labor reallocation and ensure the productivity gains translate to inclusive growth.
Social discontent. Persistently high living costs, youth unemployment and inequality, amid an erosion in governance standards and pressures from geoeconomic realignments, trigger social unrest, political repression and instability, affecting countries' capacity to pursue economic reforms.	Medium	**Low** Economic uncertainty would deepen and policymaking would be affected resulting in a negative impact on domestic growth, higher poverty levels, and pressure on external and fiscal balances.	Increase access and benefits, improve targeting of existing social safety nets.Bring forward measures to create jobs and promote v ocational training. Pursue tax reforms to broaden tax base.

[1] The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline path (the scenario most likely to materialize in the view of IMF staff). The relative likelihood is the staff's subjective assessment of the risks surrounding the baseline ("low" is meant to indicate a probability below 10 percent, "medium" a probability between 10 and 30 percent, and "high" a probability between 30 and 50 percent). The RAM reflects staff views on the source of risks and overall level of concerns as of time of discussion with the authorities. Non-mutually exclusive risks may interact and materialize jointly.

Annex III. Illustrative Impact of a More Severe Oil Price Shock

1. **Under the baseline, Rwanda's economic growth projections have been revised downward for 2026 and 2027 due to the war in the Middle East.** The revised projections incorporate the April WEO oil price assumptions, which place the average oil price at USD 82.22 per barrel in 2026 and USD 75.97 per barrel in 2027. Reflecting higher oil prices and heightened supply risks under the current global environment, staff have revised down the real GDP growth projections to 6.8 percent in 2026, and to 7.2 percent in 2027.

2. **At the same time, Rwanda's economy would be adversely affected by a more severe oil price shock.** As a fuel importer, Rwanda is vulnerable to increases in global oil prices through higher import costs, which would weigh on growth, inflation, and external balances. Under scenarios involving a prolonged conflict, where elevated oil prices persist through 2027 and infrastructure damage occurs, real GDP growth and the external position would weaken relative to the baseline, while fiscal pressures would increase, reflecting higher subsidy spending.

3. **Two downside scenarios associated with a prolonged conflict are considered: an adverse scenario and a severe scenario.** In the adverse scenario, oil prices are assumed to increase by 60 percent in 2026 relative to the January WEO projection and to remain 20 percent above it in 2027. The severe scenario assumes a prolonged conflict accompanied by infrastructure damage, resulting in oil price increases of 75 percent in 2026 and 100 percent in 2027, relative to the January WEO projection. Under this scenario, oil prices would exceed US$110 per barrel in 2026 and $130 per barrel in 2027.

4. **Higher oil prices would dampen growth and weaken external balances through higher import bills.** Considering only first-order effects and no policy reactions, real GDP growth could decline by 0.9 and 0.2 percentage points in 2026 and 2027, respectively, under the adverse scenario relative to the baseline. Higher fuel import costs are likely accompanied by increases in imported food price, both of which would widen the current account deficit, while international reserves would decline from 4.0 and 4.3 months of imports to 3.5 and 3.6 months in 2026 and 2027,

Rwanda: Illustrative Quantification of Adverse Risks

	2026	2027
Assumed shocks		
Oil price (USD per barrel)	105	79
Oil price increase (percent, relative to the baseline)	28	4
Estimated transmission of shocks		
Oil price increase:		
Change in imports (percent of GDP)	1.4	0.3
Change in exports (percent of GDP)	0.0	0.0
Change in fiscal spending (percent of GDP)	0.8	0.5
Change in real GDP growth (percent y/y)	-0.9	-0.2
Impact on macro aggregates (relative to baseline)		
Real GDP growth (percent y/y)	-0.9	-0.2
Inflation (percent)	0.6	0.2
Fiscal balance (percent of GDP)	-0.8	-0.5
Gross official reserves (in months of imports)	-0.5	-0.7
Current account balance (percent of GDP)	-1.4	-0.3

Rwanda: Illustrative Quantification of Severe Risks

	2026	2027
Assumed shocks		
Oil price (USD per barrel)	115	131
Oil price increase (percent, relative to the baseline)	40	73
Estimated transmission of shocks		
Oil price increase:		
Change in imports (percent of GDP)	1.9	3.4
Change in exports (percent of GDP)	0.0	0.0
Change in fiscal spending (percent of GDP)	1.0	1.4
Change in real GDP growth (percent y/y)	-1.2	-2.3
Impact on macro aggregates (relative to baseline)		
Real GDP growth (percent y/y)	-1.2	-2.3
Inflation (percent)	0.8	4.4
Fiscal balance (percent of GDP)	-1.0	-1.4
Gross official reserves (in months of imports)	-1.0	-2.1
Current account balance (percent of GDP)	-1.9	-3.4

respectively. In the severe scenario, the impact would be significantly larger, reflecting persistently high oil prices caused by infrastructure damage. Real GDP growth would be reduced by 1.2 percentage points in 2026 and 2.3 percentage points in 2027, lowering annual growth to 5.6 and 5.0 percent in 2026 and 2027, respectively. Current account deficits would further widen by 1.9 and 3.4 percent of GDP. As a result, foreign exchange reserves would decline by 1.0 and 2.1 months of imports, reaching 3.0 and 2.1 months in 2026 and 2027, respectively.

5. **The fiscal impact of a more severe oil price shock would be non-negligible.** To mitigate the pass-through of higher oil prices and support a smoother adjustment, the scenarios assume the introduction of a temporary energy subsidy (around 0.5 and 0.2 percent of GDP in 2026 and 2027, respectively, under the adverse scenario, and 0.6 and 1.0 percent of GDP in 2026 and 2027, respectively, under the severe scenario). In addition, higher global fertilizer prices could prompt an expansion of fertilizer subsidies to safeguard domestic food production, as observed in past episodes (estimated at around 0.3 and 0.4 percent of GDP in adverse and severe scenarios, respectively, for both 2026 and 2027). The program design provides flexibility to accommodate higher fertilizer subsidies: the ceiling on the debt-creating overall deficit includes an adjustor allowing higher-than-programmed spending on fertilizer subsidies in the event of significant increases in fertilizer import prices, as well as for emergency cereal imports. By contrast, any temporary fuel subsidies would need to be accommodated within the existing fiscal envelope. In such a case, the authorities would activate contingency measures to preserve the deficit target, including further prioritization and pacing of capital spending—covering both domestically- and foreign-financed projects—and reassessing fiscal support where feasible, while safeguarding priority social and development spending. However, such shocks would weaken fiscal and debt dynamics and test the authorities' ability to remain within their debt anchor, reinforcing the need for timely contingency measures and continued prioritization of spending. Targeted support to vulnerable households could be deployed through the Dynamic Social Registry in the event of an extreme food shock. Additional fiscal risks could arise through higher transfers to RwandAir, though these are difficult to quantify ex-ante.

6. **Oil price volatility could affect inflation dynamics in Rwanda through both direct and indirect channels.** While higher global oil prices would directly raise energy inflation, this effect is moderated by the relatively small weight of energy in the consumer price index. As a result, movements in inflation would largely reflect spillovers to non-energy prices. Inflation is projected to increase by 0.6 and 0.2 percentage points in 2026 and 2027, respectively, under the adverse scenario. In the severe scenario, inflation would rise by 0.8 and 4.4 percentage points in 2026 and 2027, respectively, pushing inflation to 11.2 percent in 2026 and keeping it elevated at 10.9 percent in 2027. To contain inflationary pressures and anchor expectations, further monetary policy tightening, supported by clear communication of data-driven policy decisions, would be required. The magnitude of the pass-through would also depend on the fiscal response, as higher energy subsidies would help curtail inflation pressures.

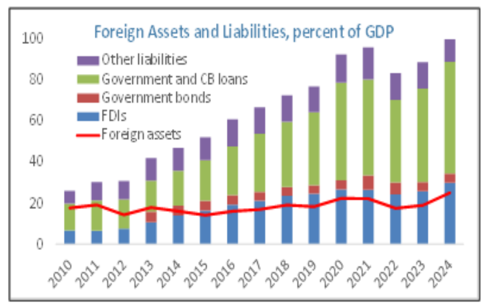
Annex IV. External Sector Assessment

Overall Assessment: *Rwanda's external position in 2025 was assessed to be substantially weaker than the level implied by fundamentals and desirable policies. Gross international reserves were assessed to be slightly above the lower bound of the minimum adequacy range.*

Potential Policy Responses: *Allowing greater exchange rate flexibility within a forward-looking monetary policy framework remains critical to absorb external shocks and reduce external imbalances. Further accumulation of international reserves toward the upper end of the adequacy range would provide additional buffers for the economy. Fiscal consolidation and structural reforms aimed at improving the business climate and enhancing competitiveness remain essential to bringing the current account balance to a level consistent with fundamentals.*

Foreign Assets and Liabilities: Position and Trajectory[1]

Background. Following a temporary improvement in 2022, Rwanda's net international investment position (NIIP) deteriorated in 2024. At -77.6 percent of GDP at end-2024, the NIIP remains much weaker than 5 years ago (-58.1 percent in 2019). The deterioration was driven by the significant increase in foreign liabilities due to the financial account inflows, while the foreign assets remained broadly stable as a share of GDP. In 2025–27, the NIIP is expected to deteriorate further before stabilizing and starting to improve because of the current account adjustment.



Assessment. The sustainability of NIIP is not an immediate concern, given the dominant share of concessional loans and foreign direct investments in foreign liabilities. The accompanying debt sustainability analysis suggests that Rwanda faces a moderate risk of debt distress.

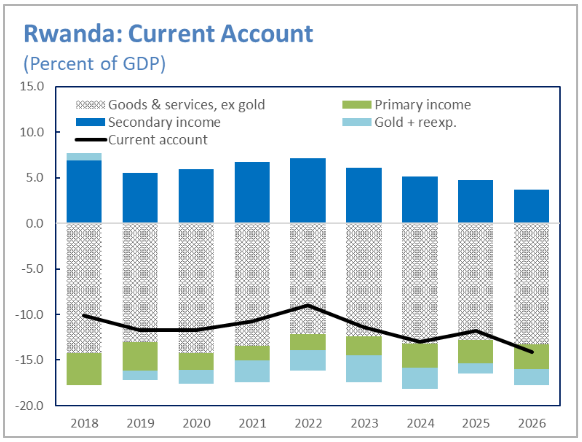
2024 (Percent of GDP)	NIIP: -77.6	Gross Assets: 25.1	Debt Assets: 8.2	Gross Liab.: 102.1	Debt Liab.: 72.2

Current Account

Background. Rwanda's current account (CA) deficit narrowed to 11.8 percent of GDP in 2025 from 13.0 percent of GDP in 2024. Favorable external demand supported this improvement, particularly through higher coffee export receipts reflecting both stronger prices and production volumes, as well as mineral exports benefiting from elevated prices. Nevertheless, the CA deficit remains large, mainly reflecting robust import growth driven by strong domestic demand for machinery and raw materials to support local industries amid heightened economic activity; at the same time, increased imports of consumer goods, including processed food, also contributed to the CA deficit.

The CA deficit has remained high over the past five years, largely reflecting sizable imports associated with investment projects, and has been compounded by multiple shocks. The deficit is primarily driven by the public sector and dominated by the trade balance, with budget grants and remittances providing important offsetting inflows. In 2026, the CA deficit is projected to widen to 14.1 percent of GDP, owing to increased imports related to the construction of the New Kigali International Airport (NKIA), compounded by elevated energy prices stemming from the conflict in the Middle East. Over the medium term, the CA balance is projected to improve, supported by the completion of large investment projects, including the NKIA, alongside ongoing fiscal consolidation efforts.

Assessment. The EBA-lite CA model estimates a CA gap of -4.0 percent of GDP in 2025—relative to -4.7 percent of GDP gap in 2024—with a cyclically-adjusted CA balance of -12.4 percent of GDP and cyclically-adjusted CA norm of -8.4 percent of GDP. Staff assessing the CA balance in 2025 remain to be substantially weaker than the level implied by fundamentals and desirable policies. Moreover, the declining trend of budget grants represents further risks to the CA balance.



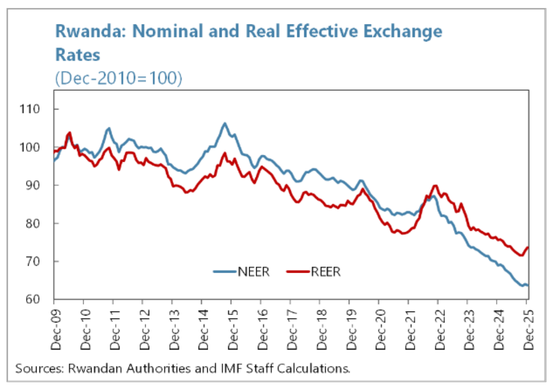
Rwanda: EBA-lite Model Results, 2025

	CA model 1/	REER model 1/
	(in percent of GDP)	
CA-Actual	**-11.8**	
Cyclical contributions (from model) (-)	0.2	
Natural disasters and conflicts (-)	0.4	
Adjusted CA	**-12.4**	
CA Norm (from model) 2/	**-8.4**	
Adjustments to the norm (+)	0.0	
Adjusted CA Norm	**-8.4**	
CA Gap	**-4.0**	**4.8**
o/w Relative policy gap	1.1	
Elasticity	-0.2	
REER Gap (in percent)	**21.2**	**-25.4**

1/ Based on the EBA-lite 3.0 methodology
2/ Cyclically adjusted, including multilateral consistency adjustments.

Real Exchange Rate

Background. In 2025, the Rwandan franc depreciated against the US dollar by 5.4 percent—less than the 9.4 percent depreciation recorded in 2024. At the same time, the Rwandan franc real effective exchange rate (REER) depreciated by 2.3 percent in 2025 relative to 4.7 percent depreciation in 2024. In the medium term, the REER is projected to continue depreciating, with the policy support under the ECF program, to further absorb external shocks.



Assessment. The CA-based approach points to a real exchange rate overvaluation of about 21.2 percent, whereas the REER regression suggests an undervaluation of around 25.4 percent. This divergence reflects the structural nature of Rwanda's current account imbalances, which are largely driven by import-intensive, public sector-led investment supported by external financing, and therefore cannot be addressed by exchange rate depreciation alone. The large discrepancies between the two model-based estimates also underscore the intrinsic limitations of the reduced-form REER regression, particularly in low-income, aid-dependent economies, as highlighted in the policy paper EBA-Lite 3.0 Model and Methodology. Hence, staff continue to rely on the CA model as the primary model. The authorities are advised to sustain their reform agenda to enhance external competitiveness.

Capital and Financial Accounts: Flows and Policy Measures

Background. In 2025, Rwanda's current account deficit was primarily financed through public sector borrowing, which accounted for 3.4 percent of GDP, and FDI inflows, which contributed 3.6 percent of GDP. Financial inflows are expected to remain strong, supported by medium- and long-term external borrowing and higher FDI inflows for the construction of NKIA and the expansion of the national airline.

Assessment. In the near term, the war in the Middle East poses risks to financing flows to Rwanda. Over the medium to long term, as financial inflows continue to be dominated by external concessional financing, risks and vulnerabilities primarily stem from a potential retreat in donor financing. Besides, FDI inflows depend on Rwanda's macro stability and progress regarding structural reforms.

FX Intervention and Reserves Level

Background. In 2025 gross official reserves decreased to US$2.1 billion or 4.2 months of prospective imports, from US$2.4 billion at the end of 2024.[2] The decrease in international reserves was primarily attributed to a remaining elevated CA deficit, and a significantly weaker funding inflows through financial accounts. International reserve accumulation does not take place through FXI. Rather, the primary purpose of FXI is to intermediate FX to the local market.

Assessment. At end-2025, international reserves are assessed to be slightly above the lower bound of the minimum adequacy range. The Fund's Assessing Reserve Adequacy in Credit-Constrained Economies (ARA-CC) framework suggests an optimal reserve range of 2.5–4.0 months of imports under a flexible exchange rate regime, and 8.0–11.0 months of imports under a fixed exchange rate regime, depending on the assumed cost of holding reserves. Given limited exchange rate flexibility in Rwanda's shallow foreign exchange market, staff continues to assess that international reserves in the range of 4–5 months of imports constitute the minimum adequate level. Maintaining exchange rate flexibility therefore remains critical to cushioning the economy against external shocks. While net foreign exchange sales amid strong inflows of external budget support have remained a key feature of the central bank's FX operations in recent years, the scale of these operations should be carefully calibrated to the size of such inflows.

The war in the Middle East has already weighed on foreign reserve adequacy through a weaker current account balance and reduced financing inflows, and these pressures are expected to persist. Absent policy adjustments, reserve adequacy is projected to fall below the four-month import threshold in 2026. Against this backdrop, the ECF-supported program aims to bolster reserves through a combination of enhanced exchange rate flexibility and IMF financing. The reserve accumulation path presented under the program reflects the impact of these policy reforms and financing assurances.

[1] Given data limitation, end-2025 IIP estimates have not yet been compiled.

[2] International reserves stood at 5.2 months of import by the end of 2024.

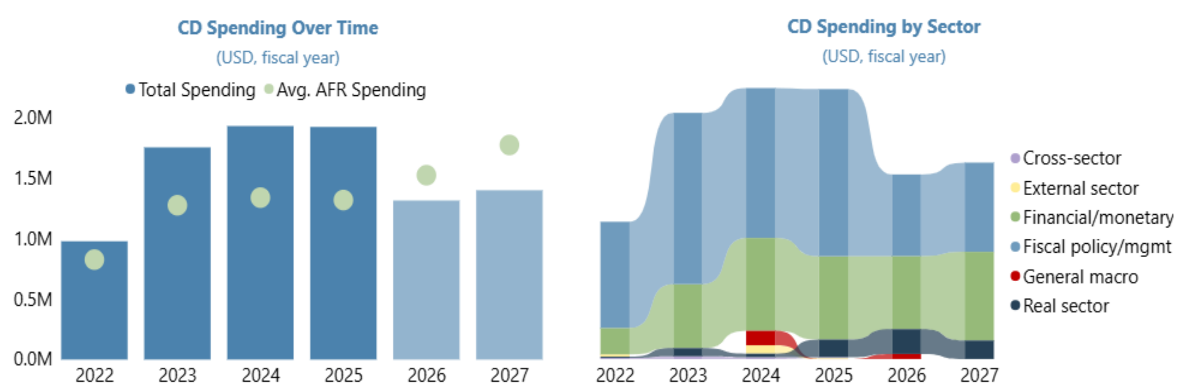
Annex V. Capacity Development Strategy[1]

Rwanda is a high-intensity user of Fund capacity development (CD) support and has demonstrated robust institutional capacity and a strong track record of implementing CD recommendations. CD engagement has been closely aligned with the Fund's policy advice and program objectives, supporting implementation of the National Strategy for Transformation (NST-1 and NST-2) while safeguarding macroeconomic stability. Rwanda consistently ranks among the top recipients of Fund CD support, accounting for about 9–10 percent of total allocations across several regional and programmatic groupings (including the EAC, oil-importing countries, and RSF-eligible members). This reflects both strong country demand and Rwanda's capacity to absorb CD effectively, with key engagement areas including fiscal transparency, domestic revenue mobilization, the rollout of the forward-looking monetary policy framework and strengthening financial stability.

The decline in CD spending projected beyond FY26 reflects a deliberate shift from broad-based expansion toward consolidation and deeper implementation of existing reforms. Following several years of intensive CD engagement—particularly in fiscal policy, monetary operations, and financial sector oversight—the emphasis is increasingly on embedding reforms, stabilizing institutional knowledge, and strengthening execution across institutions. This approach is appropriate given Rwanda's strong implementation capacity and the growing complexity of remaining reform challenges. Focusing CD resources on deepening core macroeconomic frameworks and ensuring durable uptake will help safeguard reform sustainability, avoid capacity overstretch, and establish a firmer institutional foundation before embarking on additional reform initiatives.

Total Spending: **$8.9m**	Total Projects1: **46**	Completed: **4**	FY26 Total Projects: **15**

Figure 1. Rwanda: Capacity Development Spending in Rwanda, FY22–27



Notes: 1) Years denote fiscal years; 2) Data for FY22 to FY25 is actual data, data for FY26–FY27 is based on planned activities in CDMAP as of April 2026; 3) Only projects in the stages "Approval", "Execution" and "Complete" are included; 4) Number of CD projects is distinct count of Project IDS; 5) Average spending includes all single country spending in AFR divided by 45; and 6) Sectors were defined by capacity development departments.

[1] Source: IMF staff calculations based on CDMAP data.

The FY27 mission plan reflects a balanced distribution across key macro-critical areas. By department, MCM and FAD account for the bulk of CD delivery—about 45 percent and 42 percent of total spending, respectively—while STA contributes a more targeted share focused on statistical capacity. In terms of workstreams, resources are primarily directed toward debt management, revenue administration, and tax policy, alongside support for central bank operations, financial supervision, and public financial management. While much of the planned CD remains aligned with core macroeconomic institutions, the composition of support indicates increasing traction in priority areas such as domestic revenue mobilization, debt sustainability, financial sector oversight, and macro-critical governance, with more limited but emerging engagement in climate- and inclusion-related areas.

Figure 2. Rwanda: Workstream Priorities and Objectives

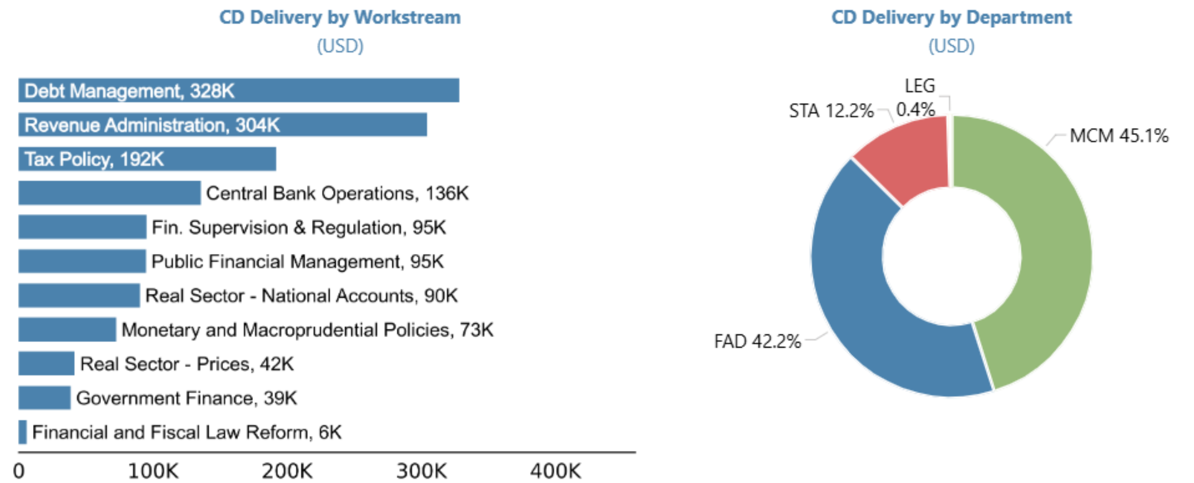
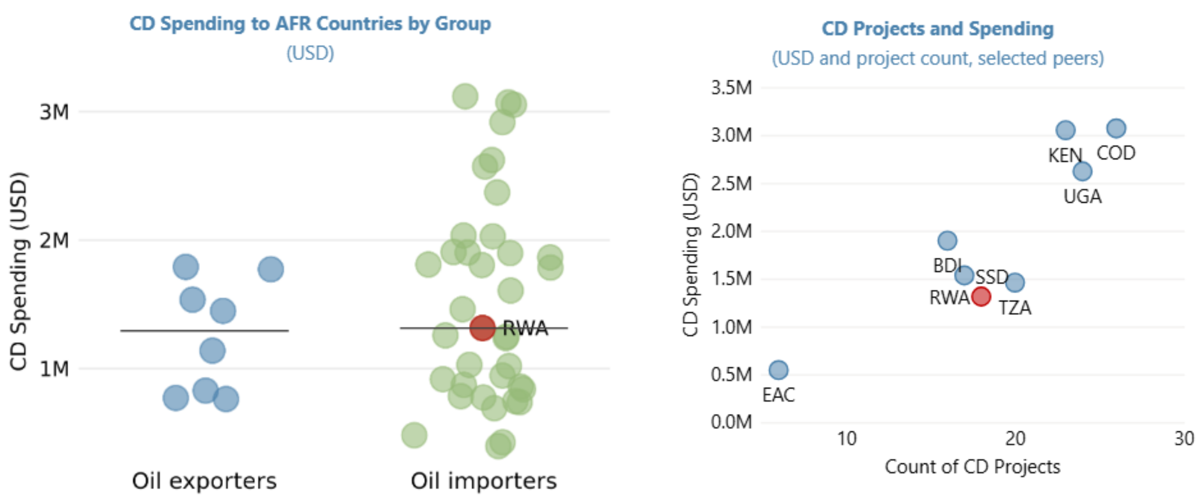


Figure 3. Rwanda: Capacity Development Missions[1]



[1] Includes projects in "Approval", "Execution", and "Complete" stages and Single CD Country. Sector was defined by CD departments, each CD workstream was categorized into Economic and Financial Topic. Current FY and onward data is projection and subject to change.

Appendix I. Letter of Intent

Ms. Kristalina Georgieva Kigali, May 20, 2026

Managing Director

International Monetary Fund

Washington, D.C. 20431

U.S.A.

Dear Ms. Georgieva:

The Government of Rwanda greatly values its continued engagement with the International Monetary Fund (IMF). Our longstanding relationship with the Fund—including under the recently completed 2022–25 Policy Coordination Instrument, the Resilience and Sustainability Facility, and the Standby Credit Facility—has been instrumental in maintaining macroeconomic stability, advancing reforms, strengthening resilience to a series of shocks, and supporting progress toward sustained, inclusive, and climate-resilient growth. While global and domestic risks persist, the outlook remains subject to elevated uncertainty, and we remain committed to rebuilding policy buffers to reduce the vulnerability of our economy to shocks in an increasingly volatile environment.

Our economy continues with its high growth momentum, registering a higher-than-projected growth of 9.4 percent in 2025 and lower unemployment. However, inflationary pressures have intensified, with headline inflation exceeding the upper bound of the National Bank of Rwanda's 5±3 percent target range and reaching 9.2 percent year-on-year in February 2026. The increase reflected administered price and tax adjustments in the second half of 2025, as well as higher energy prices, particularly charcoal, and fresh food prices due to lower-than-expected agricultural production caused by unusual weather patterns in late 2025. The current account deficit also narrowed to 11.8 percent in 2025, driven by good performance in tourism receipts and remittances. The Middle East war—through its effects on commodity prices, trade and transport, and financial and tourism flows—would challenge our efforts to sustain growth, contain inflation, and rebuild policy buffers.

As we anticipate an acceleration of the structural decline in official development assistance, with a shift from direct budget support to project loans, we foresee medium-term fiscal financing needs and balance of payments needs. With a view to enable gradual macroeconomic adjustment, sustain growth and protect crucial social spending, we are seeking a 38-month Extended Credit Facility (ECF) arrangement amounting to SDR 185.031 million, representing 115.5 percent of our quota and the disbursement of SDR 26.4330 million (16.50 percent of quota) upon approval of the arrangement. We request that 40 percent of ECF funds be disbursed as balance of payments support to bolster reserves, with 60 percent providing budget support to address the fiscal impact of the Middle East crisis and facilitate a gradual adjustment to reduced development financing. The ECF-support arrangement would support our reform agenda, anchor public debt at 65 percent of GDP by 2033, and build adequate external buffer to navigate an increasingly shock-prone environment.

The policy reforms that we will implement to ensure adequate macroeconomic adjustment, rebuild policy buffers, and sustain reform momentum under the ECF-supported program are succinctly outlined in the attached Memorandum of Economic and Financial Policies (MEFP). The reforms focus on: (i) strengthening the macroeconomic policy mix to stir the economy to fundamentals; (ii) maximizing growth and resilience dividends from public investment while mitigating debt risks and external pressures; and (iii) support private-sector-led growth by implementing a series of state-owned enterprises (SOE) reforms and managing fiscal and macro-financial risks from SOE.

The performance of the ECF arrangement will be monitored semi-annually through continuous performance criteria, quantitative performance criteria, a monetary policy consultation clause, structural benchmarks, and indicative targets outlined in the MEFP and the TMU. We believe that the policies set forth in the attached MEFP are adequate to achieve the program objectives. We remain fully committed to advancing these objectives and will consult with the IMF prior to revising policies outlined in this MEFP and refrain from adopting new measures that could undermine the objectives set in the MEFP. We will also take any additional measures required to meet program goals.

We will provide timely information to monitor macroeconomic developments and policy reform implementation under the program. We have finalized the Memorandum of Understanding between the National Bank of Rwanda and the Ministry of Finance and Economic Planning and will adhere to its provisions, which clarify responsibilities for timely servicing of financial commitments to the IMF. In line with our commitment to transparency, we agree to the publication of this MEFP, its attachments, and the related Staff Report on the IMF's website.

Sincerely yours,

/s/	/s/
Murangwa, Yusuf	Soraya Hakuziyaremye
Minister of Finance and Economic Planning	Governor of the National Bank of Rwanda

Attachments:

I. Memorandum of Economic and Financial Policies

II. Technical Memorandum of Understanding

Attachment I. Memorandum of Economic and Financial Policies

Kigali, Rwanda, May 20, 2026

This Memorandum of Economic and Financial Policies (MEFP) describes recent economic developments and our policy objectives and priorities under the new Extended Credit Facility (ECF).

I. CONTEXT

1. Engagement with the IMF has been integral for macroeconomic stability, shock response, and long-term resilience. The 2022–25 PCI supported post-pandemic economic recovery by (i) ensuring the fiscal framework remains anchored and supported by a credible fiscal consolidation that preserves fiscal space for development priorities, (ii) maintaining steady progress in implementing the forward-looking monetary framework, and (iii) mitigating pandemic scars, while building resilience to shocks. The PCI supported catalyzing financing from official creditors or private investors. In parallel, the 2023–24 SCF helped address flood emergencies that ensured food security, whereas the 2022–24 RSF focused on climate resilience.

2. The challenging external environment has created balance-of-payment (BoP) needs and prompted the Government to request for Extended Credit Facility (ECF) arrangement. The BoP needs stem from larger external imbalance attributed to diminishing access to official development assistance (ODA), exacerbated by the conflict in the Middle East. At the same time, higher reserve buffers are needed to mitigate risks in a more shock-prone environment. Against this backdrop, we have requested a 38-month ECF arrangement to provide a credible policy anchor to support orderly adjustment and avoid undue economic and social costs.

II. RECENT DEVELOPMENTS AND OUTLOOK

3. Our economy continues with its high growth momentum. Real GDP growth accelerated to 9.4 percent in 2025, significantly exceeding the previous projection of 7 percent. Growth was broad-based, with strong contributions from services, particularly trade and transport, construction, manufacturing, and agriculture, supported by export crops. Labor market conditions improved further, as the unemployment fell to 11.7 percent in November 2025, compared with 14.7 percent a year earlier, alongside a narrowing of the gender gap in unemployment.

4. However, inflationary pressures have intensified. Headline inflation increased from 8.9 percent year-on-year in January to 9.2 percent in February 2026, breaching the 5±3 percent target band of National Bank of Rwanda (NBR), and core inflation stayed elevated at 9.6 percent. With March and April inflation readings of 9.2 percent and 13.0 percent, the 3-month moving average reached 10.5 percent. Although the latest reading was driven in part by higher food and energy prices, inflationary pressures have been broad-based in recent months. Inflation has been driven by increases in administered prices in 2025H2. Since January 2026, inflation is driven by energy prices, especially charcoal, and fresh food from lower-than-expected agriculture production due to unusual weather patterns. Based on the upward revision of NBR's inflation forecasts and further upside risks to inflation, the NBR's Monetary Policy Committee raised the policy rate by 50 basis points to 7.25 percent in February.

5. **Fiscal performance in FY25/26 H1 was slightly stronger than expected, with the deficit below projections.** Revenue underperformed, but this was more than offset by lower spending on goods and services and subsidies. Tax outturns were mixed: strong goods and services taxes—reflecting early gains from last year's tax package—were offset by weaker income and profit taxes, due to slower turnover growth among large taxpayers, lower arrears recovery, and higher business costs in construction, mining, and financial services. Grants and other revenues also fell short, partly due to delays in UN peacekeeping reimbursements. Higher foreign-financed capital spending was offset by lower domestically-financed capital expenditure, reflecting slower execution rate.

6. **Amid continued strong credit growth, the financial sector remains stable, but foreign currency deposits remain elevated.** Bank lending grew by 25.8 percent in 2025 year-on-year while banking system remain highly profitable, with the average regulatory capital well above minimum requirements. A rapid increase in private credit to trade, construction, manufacturing, and mortgages supported the growth of our economy. Banks continue to hold significant amounts of concentrated exposures, including those to SOEs. The microfinance sector continues to expand rapidly while maintaining strong capitalization. The non-performing loan (NPL) ratio of both banks and microfinance institutions (MFIs) saw a slight decline in 2025.

7. **Our economy continues to face a persistent current account deficit.** The deficit narrowed from 13.0 percent of GDP in 2024 to 11.8 percent in 2025, driven by good performance in tourism receipts and remittances. External demand for our exports remained supportive, with coffee and mineral exports benefiting from higher prices and volumes. The foreign exchange reserve coverage by end-2025 stood at 4.2 months of imports, and rebounded with development partner inflows in 2026Q1 and project financing inflows that are now aligned with the project schedule].

8. **The Middle East war weighs on our economic outlook, with growth moderating and inflation and current account pressures persisting.** Economic growth is projected to moderate to 6.8 percent in 2026, weighed by the direct and indirect effects of the Middle East war on commodity prices, trade and transport, and financial and tourism flows. The growth is expected to rebound to 7.2 percent in 2027 before returning to 7.0 percent in the medium-term. Inflation is expected to increase to an average of 10.4 percent in 2026 due to weaker agricultural production, exacerbated by higher international energy and fertilizer prices. Given Rwanda's regulated fuel pricing mechanism with adjustments by Rwanda Utilities Regulatory Agency (RURA) every two months, the impact of higher international oil prices is expected to be reflected in domestic pump prices starting from May–June. Owing to increased imports related to the New Kigali International Airport (NKIA) construction and fuel imports, we expect current account deficit to further widen to 13.6 percent of GDP in 2026.

9. **We also note that the risks surrounding the outlook are largely tilted to the downside.** Some of the key downside risks we need to monitor closely emanate from a protracted war in the Middle East, including global commodity price volatility, trade and geopolitical tensions, weaker

global demand, and tighter global financing conditions. While slower domestic revenue mobilization and risks from large priority projects present downside risk, our ability to boost private sector investments and to attract external concessional financing presents upside risks to economic growth.

III. ECONOMIC POLICIES AND REFORMS

10. Three pillars under the ECF-supported program will anchor our policy reforms and macroeconomic adjustments and seek to:

(i) Strengthening our macroeconomic policy mix;

(ii) Maximizing the growth and resilience dividends of public investment by improving the selection, execution, and oversight of investment projects while controlling fiscal and debt risks linked to foreign-financed capital spending; and

(iii) Mitigating fiscal and financial risks by integrating state-owned enterprises (SOEs) and their quasi-fiscal activities into a disciplined and transparent framework, with view to promote private-sector-led growth.

A. Strengthening the Macroeconomic Policy Framework

11. Our macroeconomic policies under the ECF-supported program will aim to preserve debt sustainability and maintain adequate external buffers in an increasingly challenging external environment. As macroeconomic policy trade-offs intensify amid elevated external vulnerabilities, we will pursue a coherent and mutually reinforcing policy mix to strengthen alignment of the economy with fundamentals. This will involve appropriately calibrated fiscal, monetary, exchange rate, and financial sector policies, supported by structural reforms, as set out below.

Fiscal Policy

12. We remain committed to the fiscal consolidation path established at the conclusion of the PCI, while accommodating the impact of recent shocks and the structural decline in budget grants.

- **The fiscal deficit in FY25/26 is estimated at 5.7 percent of GDP—0.1 percentage point lower than at the time of the last PCI review,** reflecting early yields from the revenue measures implemented at the beginning of the year and an upward revision to nominal GDP. Fuel price stabilization measures are expected to have a limited net fiscal impact: in line with our commitments under the PCI, fuel subsidies were suspended in March and April, allowing the accumulation of stabilization fees. These are expected to offset potential reintroduction of fuel subsidies in May and June in response to elevated international oil prices.
- **In FY26/27, the deficit is projected to narrow to 4.8 percent of GDP,** despite additional spending pressures stemming from the war in the Middle East—notably higher fertilizer

subsidies and support to RwandAir—as well as the partial loss of grants. These pressures are partly offset by fiscal effort, including compression of goods and services and domestically financed capital expenditure, alongside expected stronger nominal GDP growth. We will ensure that any fuel subsidies introduced in response to the oil shock are temporary and consistent with program objectives. To support revenue mobilization in FY26/27, we plan to unwind previously granted temporary deviations under the EAC Common External Tariff and restore higher tariff rates on selected imports, consistent with regional commitments. In parallel, we will intensify tax administration efforts to reduce the VAT compliance gap, with a focus on improving import valuation and classification, addressing under-reporting at customs, and strengthening compliance through enhanced use of electronic billing machines. These policy measures, together with the improved yields from those enacted last year are expected to impact revenue positively.

- **Fiscal consolidation is expected to continue over the medium term**, supported by domestic revenue mobilization and tighter expenditure management, with the overall deficit declining further to 3 percent of GDP by FY28/29. This approach will help us preserve priority spending, including on social protection and public investment, while keeping a fiscal path consistent with our public debt target of 65 percent of GDP by 2033. We will continue to offset projected losses in budget grants through further rationalization of goods and services spending and domestically financed capital outlays.

13. Should revenue shortfalls or financing delays materialize, we will implement contingency measures to maintain the programmed fiscal path. In doing so, we will safeguard priority social and development spending and prevent budget overruns. Potential measures include curbing non-essential recurrent spending, particularly on goods and services, and delaying or cancelling lower-priority domestically financed capital projects. In the event of a more adverse external environment, we would reassess conditions and consider feasible and targeted measures, taking into account prevailing constraints, to support program objectives. In particular, we would assess the appropriate mix and timing of all categories of spending and financing, as needed to support fiscal and external sustainability.

14. Our fiscal consolidation will continue to be supported by a prudent debt management strategy. This strategy includes arranging borrowing plan aligned with the medium-term debt anchor of decreasing public debt to GDP ratio to 65 percent by 2033 and following the program Quantitative Performance Criteria (QPC) of ceiling on new contracted and guaranteed PV of PPG debt. To contain the debt service burden and solvency risks and keep debt aligned with the agreed path, we will pursue opportunities to contract additional highly concessional financing for our development priorities. We will also continue strengthening our debt management capacity, supported by ongoing efforts to enhance fiscal risk monitoring, strengthen debt reporting, and develop domestic capital markets.

15. Strengthening domestic revenue mobilization remains central to our fiscal strategy. To offset declining external grants and ensure sustainable financing of development priorities, we will continue to broaden the tax base, rationalize tax expenditures, and strengthen tax compliance. Our efforts will combine tax policy reforms with improvements in revenue administration and digitalization of tax systems.

- To support domestic revenue mobilization and improve the efficiency of investment incentives, MINECOFIN will submit to Cabinet amendments to the Investment Code that (i) eliminate discretionary provisions; (ii) reduce profit-based incentives to cost-based incentives to the extent possible; (iii) limit the duration and scope of preferential regimes; and (iv) strengthen monitoring, evaluation, and enforcement of incentives (**end-November 2026 structural benchmark (SB)**). Strengthening the monitoring and evaluation framework for incentives will include clearer eligibility and performance criteria (e.g., investment and employment outcomes) and introduce enforcement mechanisms such as clawback provisions where commitments are not met.
- MINECOFIN will submit to Cabinet a follow-up **Medium-Term Revenue Strategy (MTRS-2)** to support domestic revenue mobilization, consistent with program parameters (**end-December 2026 SB**). Building on the experience of the first MTRS and supported by technical assistance from development partners, the strategy will outline tax policy and revenue administration reform options—identified through diagnostic analyses and consultation—that could support further increases in the tax-to-GDP ratio, including by strengthening tax bases and modernizing compliance and administrative tools.

16. We will strengthen expenditure prioritization to support fiscal consolidation while safeguarding growth and social objectives. Budget decisions will remain guided by the medium-term fiscal framework and aligned with the priorities outlined in our second National Strategy for Transformation (NST-2). We will prioritize high-impact spending—including social protection, human capital development, and high-return flagship public investment projects—while containing lower-priority expenditures and rationalizing recurrent spending, particularly on goods and services. We will also carefully manage emerging spending pressures to preserve fiscal sustainability.

17. We will continue strengthening public financial management, fiscal transparency, and the use of data to support sound fiscal policymaking.

- The implementation of the **Organic Law on Public Finance Management** (OPFM) is progressing as planned, and the Ministerial Order required for its full implementation was approved by cabinet in March 2026. The OPFM strengthens the budget and medium-term expenditure framework (MTEF), institutionalizes fiscal risk management practices, and promotes best practices in fiscal reporting.
- In light of the follow-up Fiscal Transparency Evaluation conducted with IMF staff in August 2025—which highlighted significant progress since the 2019 assessment—we will continue to explore options for publishing the report.
- We will continue to strengthen the long-term sustainability of the pension system managed by the Rwanda Social Security Board (RSSB). We will also ensure that RSSB's investment strategy remains consistent with prudential considerations.

- We will also continue advancing **fiscal data digitalization**. With support from IMF technical assistance, we have developed a PFM digitalization strategy aimed at enhancing data-driven fiscal policymaking, including through the use of advanced digital technologies and Artificial Intelligence.
- In addition, we remain committed to strengthening **fiscal transparency and reporting**. In line with our GFS Action Plan, we will resume quarterly GFS reporting for the general government, starting with historical series for the past five years—with one historical quarter published every coming quarter starting November 2026.This will help improve macro fiscal modeling and projections and the timeliness and coverage of fiscal statistics. We will also strengthen the accounting and reporting of VAT refunds to ensure that VAT revenues are recorded on a net basis and that outstanding refund claims are properly recognized in fiscal accounts. Over time, we will also explore transitioning from the enhanced General Data Dissemination System (e-GDDS) to the Special Data Dissemination Standard (SDDS).

Monetary Policy

18. Containing inflationary pressures remains a key priority for our monetary policy. At its February 2026 meeting, the MPC of the NBR raised the policy rate by 50 basis points to 7.25 percent in the context of rising inflationary pressures. With the war in the Middle East adding to the recent inflationary pressures, the May MPC meeting carefully assessed the implications for the inflation outlook and determined the appropriate monetary policy response and increased the monetary policy rate by 100 bps to 8.25 percent to contain the potential second-round effects of recent increases.

19. We remain committed to strengthening monetary policy formulation and communication to ensure a forward-looking and interest rate-based framework. Our strategy rests on two pillars: (i) deepening the use of data, analyses, and forecasts, and (ii) strengthening monetary policy operations while further developing money and domestic debt markets.

- We will conduct an analysis of our monetary policy strategy—seven years after adopting a price-based monetary policy framework in 2019—to evaluate whether any refinements to the current framework, including the inflation target range width, that would be suitable for the Rwandan economy, taking into account the best anchor for inflation expectations, transmission effectiveness, and international best practices for a forward-looking monetary regime. In line with the findings of the analysis, NBR will revise its monetary policy strategy with the view to improve the nominal anchor role of the inflation target (**end-October 2027 SB**). This will strengthen our monetary policy framework.
- In parallel, we will continue to reinforce our monetary policy communication, including by emphasizing the role of our 5 percent medium-term inflation target in guiding our monetary policy decisions.
- We are committed to strengthening our liquidity management framework to improve the monetary policy implementation and transmission. As part of this effort, we plan to introduce a market-making framework aimed at improving secondary-market liquidity and price discovery.

The reform—supported by the IFC—will be anchored in a regulatory framework jointly developed by the NBR and the Capital Markets Authority (CMA). To this end, the NBR and CMA will adopt and issue (i) an Operational Guideline, (ii) a Code of Conduct, and (iii) a Market Maker Agreement template for establishing the market-making program in the domestic debt market **(end-October 2026 SB)**. This is in line with the East African Community (EAC) regional framework for the designated market makers for government securities. The implementation will proceed in a phased manner, including a pilot phase with market participants envisaged for May-2027.

- To further support monetary transmission and market development, we will develop and publish a benchmark yield-curve by end-April 2027 to support the development of domestic securities markets. This work will build on the recommendations of the AFRITAC East technical assistance mission conducted in December 2025, which provided actionable steps for developing a benchmark yield curve for government securities.
- The technical work for CPI rebasing is ongoing, incorporating updated weights and a transition to COICOP 2018, with publication expected 2026H2 and supported by IMF technical assistance.

20. We have made progress in adopting the new NBR Law to strengthen the central bank's mandate, financial autonomy, accountability and transparency provisions. The draft law was approved by the Cabinet and subsequently submitted to Parliament. The Chamber of Deputies endorsed its relevance on February 12 and referred it to the Committee on Economy and Trade, which is currently finalizing its report for final Parliament approval. The submitted draft law incorporates strong improvements in key areas of NBR's autonomy, including some safeguards for personal and institutional autonomy. Once adopted, we remain committed to its full implementation, and learning with the view to align with evolving international leading practices.

Exchange Rate Policy

21. We remain committed to a flexible exchange rate to maintain external buffers. We consider the exchange rate as our first line of defense against external shocks and will limit our interventions in the foreign exchange (FX) market only to cases of minimizing excessive exchange rate volatility. We will continue to regularly assess our foreign exchange interventions for consistency and alignment with our monetary policy framework. In particular:

- We will work towards improving functioning of the FX market, increasing price discovery and bringing clarity to FX interventions. To this end, the NBR will include regular and price-based FX auctions within the current FX interventions framework (**end-October 2026 SB**).

Financial Sector Policy

22. Safeguarding financial stability remains a top priority of the NBR. Going forward, we will enhance financial sector supervision and regulation, further strengthen systemic risk monitoring (including LTV, DSTI and LTI ratios for new loan originations), deploy macroprudential tools to contain potential excess leverage among pockets of retail borrowers, mitigate concentrated exposures and FX-related risks of the banking sector. Accordingly,

- NBR will adopt Guidelines for additional capital charges for banks' concentrated credit exposures (**end-March 2027 SB**).
- NBR will monitor underwriting standards through granular data and adopt a more proactive use of macroprudential tools based on the monitoring results.

B. Maximizing Growth and Resilience Dividends of Public Investments

23. We will strengthen our institutional frameworks to keep pace with the scale and complexity of our investment program. While public spending has supported strong growth and helped advance national development objectives, it has also contributed to pressures on fiscal space, debt dynamics, and international reserves. Challenges in reprioritizing foreign-financed capital spending, compounded by recurrent shocks, have also complicated fiscal planning. As public-private partnerships (PPPs) play an increasing role in our development strategy, we are strengthening the legal and institutional frameworks governing public investment management, PPP oversight, and coordination of external development financing.

24. To improve the execution and predictability of foreign-financed capital spending, we will strengthen the planning, monitoring, and coordination of the public investment pipeline. The full development of the Integrated Financial Management Information System (IFMIS) project module will strengthen end-to-end oversight—from project appraisal and selection to budgeting and execution—and enable real-time monitoring of disbursements for externally financed projects. In parallel, we will continue strengthening project monitoring systems and the loan and grant management cycle to improve coordination between Ministry of Finance and Economic Planning (MINECOFIN), donors and/or creditors, as well as line ministries and strengthen the integration of project planning with the budget and medium-term fiscal framework. These reforms will also facilitate regular portfolio reviews and timely reprioritization of projects when financing conditions or fiscal constraints require adjustments. As a first step, MINECOFIN will include all externally-financed projects in IFMIS across the full project cycle (**end-December 2026 SB**). This will cover all ongoing externally-financed projects as well as projects planned for FY26/27 and will apply regardless of whether financing is provided through loans or grants. Progress toward this structural benchmark will be assessed through the submission to IMF staff of a report summarizing project coverage and monitoring arrangements.

25. To maximize the economic and resilience dividends of public investment, we will strengthen project appraisal and prioritization practices. In particular, we will institutionalize rigorous feasibility and cost-benefit analysis, integrate climate and resilience screening into project preparation, and strengthen the monitoring of prioritized project pipelines aligned with NST-2. These reforms will help ensure that public investment delivers strong growth and resilience outcomes while remaining consistent with fiscal sustainability.

26. We will also continue strengthening the integration of climate considerations into public investment planning and financing frameworks. In particular, we will build on existing climate budget tagging and gender budget tagging frameworks, the green taxonomy, and ongoing climate finance reforms to improve transparency in climate-related spending and strengthen the screening and prioritization of climate-resilient investments. We will also leverage initiatives such as Ireme Invest to help mobilize private capital for mitigation and adaptation projects and strengthen project pipelines and financial intermediation capacity to translate climate commitments into bankable investment opportunities.

27. A PPP law establishing a formal framework for project selection, contracting, and oversight was adopted by the Cabinet in January 2026. We will operationalize this framework by end-December 2026 to ensure that PPPs support infrastructure development while safeguarding debt sustainability and fiscal transparency by deploying standardized appraisal tools and centralized monitoring of contingent liabilities.

28. The 2025–2050 Rwanda Development Cooperation Policy will improve the strategic coordination of external development financing and the alignment of development partner support with NST-2 priorities and the budget framework. This will help enhance the predictability and monitoring of externally-financed projects, and support more effective fiscal and investment planning.

C. Containing SOEs' Fiscal Risks and Supporting Private-Sector-Led Growth

29. We will enhance SOEs oversight and management. SOEs have played an important role in the delivery of strategic infrastructure and public services. At the same time, SOEs generate fiscal risks through borrowing, government guarantees, and operational exposures that require strengthened oversight and risk management. We will therefore continue strengthening the institutional framework and technical capacity to monitor fiscal risks arising from SOEs, improve corporate governance practices, and enhance transparency in the sector.

30. To strengthen fiscal risk monitoring and transparency, we will enhance reporting on the financial performance and fiscal exposures associated with the SOE portfolio.

- To this end, we will institutionalize annual reporting on the performance of the SOE portfolio. Starting in 2027, the MINECOFIN will publish an annual report on the overall performance of the SOE portfolio, including a consolidated assessment of financial and operational performance and public links to SOEs' audited financial statements (or summary financial disclosures) published on SOEs' websites (**end-November 2027 SB**). The report will include summary information on revenues, profitability, , total assets and liabilities, government transfers (including subsidies and capital injections), and key performance indicators, and will provide public links to SOEs' audited financial statements or summary financial disclosures. The report will also support fiscal risk management by identifying financially weaker SOEs and highlighting material risks to the budget. Its structure will be progressively refined over time as data quality and reporting practices improve.
- We will also expand the coverage of fiscal reporting on guarantees, on-lending operations, and other contingent liabilities associated with SOEs and incorporate these risks more systematically into fiscal risk statements.

- We will continue strengthening analytical tools used by MINECOFIN to monitor SOE performance and fiscal risks. This includes further developing, in collaboration with the World Bank, portfolio monitoring systems and dashboards to track key financial indicators such as profitability, liquidity, solvency, and debt exposures across the SOE sector. These tools will support more systematic analysis of fiscal risks and inform policy decisions related to the management and reform of the SOE portfolio.
- MINECOFIN will conduct a forward-looking assessment of RwandAir (**end-July 2026 SB**). The analysis will follow the methodology outlined in the FY2025/26 Fiscal Risk Statement (Section 1.2), and place particular emphasis on the spillovers from the Middle East war on RwandAir. We will share the results with IMF staff to inform the assessment of fiscal risks and the design of appropriate mitigation measures. Consistent with established practice, we will continue to disclose fiscal risks related to RwandAir through the Fiscal Risks Statement.
- We will strengthen the legal and institutional framework for state ownership and corporate governance by operationalizing the governance code for SOEs, strengthening performance monitoring frameworks, and enhancing the oversight role of the government as shareholder. With support from the IFC, we will develop and operationalize a scorecard for SOEs against the corporate governance principles outlined in the 2025 SOE Corporate Governance Code by end-June 2026. These reforms will help improve accountability, strengthen operational performance, and ensure that SOEs operate on a more commercial and financially sustainable basis.

31. We will also continue implementing the government's strategy to rationalize the SOE portfolio and strengthen the role of the private sector in the economy. In this context, we will advance, in collaboration with the World Bank and IFC, the ongoing triage process to assess the viability and strategic relevance of SOEs and identify appropriate actions, including restructuring, privatization, or liquidation where warranted. These efforts will help improve the efficiency of public enterprises while reducing fiscal risks and creating space for greater private sector participation.

32. Finally, we will continue monitoring and mitigating macro-financial risks associated with concentrated exposures of banks, including those to SOEs. In the context of the Middle East war, NBR will conduct borrower-level stress testing to assess risks arising from concentrated exposures of the banking sector, including those to SOEs and strengthen supervisory tools to ensure that these risks remain contained and safeguard financial sector stability.

IV. PROGRAM MONITORING UNDER THE ECF

33. Progress in the implementation of the policies under this ECF will be monitored semi-annually through continuous performance criteria, quantitative performance criteria, a monetary policy consultation clause, structural benchmarks, and indicative targets. These are detailed in Tables 1a, 1b. and 2–3, with definitions provided in the attached Technical Memorandum of Understanding. The first review will take place on or after November 15, 2026, based on performance criteria at end-June 2026, and the second review will take place on or after May 15, 2027, based on performance criteria at end-December 2026.

Table 1a. Rwanda: Proposed Quantitative Performance Criteria and Indicative Targets and Projections, 2026–27

(In Billions of Rwandan Francs, unless otherwise indicated)

	2026		2027
	end-June	end-December	end-June
	Prop. Prog.	Prop. Prog.	Prop. Prog.
(Billions of Rwandan francs, unless otherwise indicated)			
Quantitative Performance Criteria[1]			
1. Ceiling on the debt-creating overall deficit, including grants[2]	1,452	849	1,411
2. Floor on stock of Net Foreign Assets	1,290	1,288	1,288
3. Ceiling on net accumulation of domestic expenditure arrears of the budgetary central government	0	0	0
4. Ceiling on the present value of new external debt contracted or guaranteed by the government (US$ million)[3]	444	513	311
Continuous Performance Criteria			
5. Ceiling on stock of external payment arrears (US$ million)	0	0	0
Arrangement Monetary Policy Consultation Band[1, 4]			
Inflation, upper bound, percent	9.0	9.0	9.0
Inflation, upper inner-bound, percent	8.0	8.0	8.0
CPI Inflation target	5.0	5.0	5.0
Inflation, lower inner-bound, percent	2.0	2.0	2.0
Inflation, lower bound, percent	1.0	1.0	1.0
Indicative Targets:			
Total priority spending[2]	1,890	1,193	2,435
Floor on domestic revenue collection[2, 5]	4,149	2,393	4,935
Stock of new external debt contracted or guaranteed by nonfinancial public enterprises (US$ million)[3]	0	0	0
Memorandum items:			
Total budget support (US$ million) [2]	752	467	854
Budget support grants (US$ million)	77	32	67
Budget support loans (US$ million)	674	434	787
RWF / US$ program exchange rate	1,458	1,458	1,458

Sources: Rwandan Authorities and IMF Staff Estimates and Projections.

[1] All items including adjustors are defined in the Technical Memorandum of Understanding (TMU).

[2] Numbers are cumulative from 1 July of the current year to 30 June of the following year.

[3] Ceiling is cumulative from the beginning of a calendar year.

[4] When the year-on-year inflation, averaged for the past 3-months, is above/below the outer band of the upper/lower bound, a formal consultation with the Executive Board would be triggered.

[5] Floor is adjusted to exclude UN peace keeping operations, in line with the TMU.

Table 1b. Rwanda: Proposed Standard Continuous Performance Criteria Under ECF

- Not to impose or intensify restrictions on the making of payments and transfers for current international transactions.
- Not to introduce or modify multiple currency practices.
- Not to conclude bilateral payment agreements which are inconsistent with Article VIII.
- Not to impose or intensify import restrictions for balance of payment reasons.

Table 2. Rwanda: Proposed Structural Benchmarks
(June 2026 – December 2027)

No.	Measure	Purpose / Macro-Criticality	Depth	Implementation Date
	Domestic Revenue Mobilization			
1.	MINECOFIN to submit to Cabinet amendments to the Investment Code that (i) eliminate discretionary provisions; (ii) reduce profit-based incentives to cost-based incentives to the extent possible; (iii) limit the duration and scope of preferential regimes; and (iv) strengthen monitoring, evaluation, and enforcement of incentives.	Rationalize income tax incentives to support domestic revenue mobilization, reduce tax expenditures, and enhance transparency and neutrality of the tax system.	High	End-November 2026
2.	MINECOFIN to submit to Cabinet a follow-up Medium-Term Revenue Strategy (MTRS-2) to support domestic revenue mobilization, consistent with program parameters.	Strengthen domestic revenue mobilization to support fiscal consolidation and debt sustainability.	Medium/ High	End-December 2026
	Strengthening Control over Foreign-Financed Capital Spending			
3.	MINECOFIN to include all externally-financed projects in IFMIS across the full project cycle.	Strengthen the execution and predictability of foreign-financed capital spending through a disciplined and fully visible project pipeline.	Medium/ High	End-December 2026
	SOE Transparency and Oversight			
4.	MINECOFIN to conduct a forward-looking assessment of RwandAir.	Strengthen the identification and monitoring of SOE-related fiscal risks, supporting timely mitigation and enhanced fiscal transparency.	Medium/ High	End-July 2026
5.	MINECOFIN to publish an annual report on the overall performance of the SOE portfolio, including a consolidated assessment of financial and operational performance and public links to SOEs' audited financial statements (or summary financial disclosures) published on SOEs' websites.	Strengthen transparency and oversight of state-owned enterprises to better identify and manage fiscal risks.	Medium/ High	End-November 2027
	Improving Monetary Policy Strategy and Operations			
6.	In line with the findings of the analysis (detailed in MEFP ¶19), NBR to revise its monetary policy strategy with the view to improving the nominal anchor role of the inflation target.	Improve the nominal anchor role of the inflation target.	High	End-October 2027

Table 2. Rwanda: Proposed Structural Benchmarks (concluded)
(June 2026 – December 2027)

No.	Measure	Purpose / Macro-Criticality	Depth	Implementation Date
7.	The NBR and CMA to adopt and issue: (i) an Operational Guideline; (ii) a Code of Conduct; and (iii) a Market Maker Agreement template for establishing the market-making program in the domestic debt market.	Improve secondary-market liquidity and price discovery.	Low/ Medium	End-October 2026
	Exchange Rate and FX Market Functioning			
8.	NBR to include regular and price-based FX auctions within the current FX interventions framework.	Improve functioning of the FX market.	High	End-October 2026
	Financial Sector Resilience			
9.	NBR to adopt Guidelines for additional capital charges for banks' concentrated credit exposures.	Enhance resilience of the financial sector.	High	End-March 2027

Table 3. Rwanda: Summary of the External Borrowing Program[1]

	Jan-June 2026		Jan-Dec 2026		Jan-June 2027	
	Program		Program		Program	
	Nominal	PV	Nominal	PV	Nominal	PV
(Millions of USD)						
By sources of debt financing	**1005**	**444**	**1172**	**513**	**558**	**311**
Concessional debt, of which [2]	**1005**	**444**	**1172**	**513**	**558**	**311**
Multilateral debt	1005	444	1172	513	440	254
Bilateral debt	0	0	0	0	118	56
Other	0	0	0	0	0	0
Non-concessional debt, of which	**0**	**0**	**0**	**0**	**0**	**0**
Semi-concessional [3]	0	0	0	0	0	0
Commercial terms [4]	0	0	0	0	0	0
By Creditor Type	**1005**	**444**	**1172**	**513**	**558**	**311**
Multilateral	1005	444	1172	513	440	254
Bilateral - Paris Club	0	0	0	0	118	56
Bilateral - Non-Paris Club	0	0	0	0	0	0
Other	0	0	0	0	0	0
Uses of debt financing	**1005**	**444**	**1172**	**513**	**558**	**311**
Infrastructure	86	38	86	38	0	0
Social Spending	919	406	1086	475	558	311
Budget Financing	0	0	0	0	0	0
Other	0	0	0	0	0	0

Sources: Rwandan Authorities and IMF Staff Estimates and Projections.

[1] Contracting and guaranteeing of new debt. The present value of debt is calculated using the terms of individual loans and applying

[2] Debt with a grant element that exceeds a minimum threshold of 35 percent.

[3] Debt with a positive grant element which does not meet the minimum grant element.

[4] Debt without a positive grant element.

Attachment II. Technical Memorandum of Understanding

Kigali, Rwanda, May 20, 2026

1. This memorandum defines the quantitative performance criteria (QPC), continuous performance criteria, the monetary policy consultation clause and Indicative Targets (ITs) under the IMF-supported Extended Credit Facility (ECF) described in the Memorandum of Economic and Financial Policies.

2. The performance criteria and indicative targets specified in Table 1 of the MEFP are as follows:

a. Quantitative Performance Criteria: (i) Ceiling on the debt-creating overall deficit, including grants; (ii) Floor on stock of Net Foreign Assets; (iii) Ceiling on net accumulation of domestic expenditure arrears of the budgetary central government; and (iv) Ceiling on present value (PV) of new public and publicly guaranteed external debt (US$ million).

b. Continuous Performance Criteria: Ceiling on stock of external payment arrears (US$ million).

c. Monetary Policy Consultation Band.

d. Indicative Targets: (i) Total priority spending; (ii) Floor on domestic revenue collection; and (iii) Stock of new external debt contracted or guaranteed by nonfinancial public enterprises.

3. Program exchange rates (Attachment II, Table 1). For program purposes, end-December 2025 exchange rates published in the IMF's International Financial Statistics database will apply. The Rwanda Franc exchange rate per U.S. dollar refers to the National Bank of Rwanda (NBR) official selling rate, as published on its website and based on the end-December 2025 rate. The African Development Bank Unit of Account (AfDB UA) exchange rate is based on the end-December 2025 rate published on its official website.

Attachment II. Table I. Rwanda: Program Exchange Rates from December 31, 2025

(US$ per Currency Unit, unless otherwise indicated)

Rwanda Franc (per US$)	1,458.1
Euro	1.175
Japanese Yen (per US$)	156.3
SDR	1.370
African Development Bank Unit of Account	1.3695

4. Government. Unless otherwise indicated, "government" is defined as the central government of the Republic of Rwanda, comprising the budgetary central government and all extrabudgetary units, including any other nonmarket producer units that are controlled by the central government, consistent with the Government Finance Statistics Manual (GFSM 2014, paragraphs 2.85–89). This definition includes all implementing agencies, institutions, and any organizations receiving special public funds, and other nonmarket institutions controlled by central government. This definition does not include local governments, Rwanda Social Security Board, the Central Bank, or any other entities controlled by government that are market producers.

A. ECF Quantitative Performance Criteria and Continuous Performance Criteria

Ceiling on Debt-Creating Overall Fiscal Deficit

5. A ceiling applies to the debt-creating overall fiscal deficit of the budgetary central government, excluding Peace-Keeping Operations and including grants. The ceiling for June 30 is measured cumulatively from July 1 of the previous year, and the ceiling for December 31 is measured cumulatively from July 1 of the current year.

6. Definition. For the program, the debt-creating overall fiscal deficit is defined by the overall fiscal deficit, valued on a commitment basis including grants and excluding the following items: (i) any transaction in expense and/or financial assets added to the budgetary central government arising from debt assumption of called loan guarantees for which the corresponding guaranteed loan had already been included in the Debt Sustainability Analysis of the IMF and World Bank (DSA); and (ii) all expenses in UN peace-keeping operations (PKO) and disbursed PKO financing. The overall fiscal deficit is defined according to the GFSM 2014 as net lending/net borrowing after transactions in assets and liabilities are adjusted for transactions deemed to be for public policy purposes (policy lending). Budgetary central government expenditure (i.e., expenses plus net acquisition of nonfinancial assets) is defined based on payment orders accepted by the Treasury, as well as those executed with external resources. This QPC is set as a ceiling on the debt-creating overall fiscal deficit as of the beginning of the fiscal year.

Adjustors to the Debt-Creating Overall Fiscal Deficit:

- The ceiling on the debt-creating overall deficit will be adjusted upward:
  - by the amount of any shortfall between actual and programmed budgetary grants (as defined in Table 1a of the MEFP) evaluated at program exchange rate.
  - by the amount of unexpected budgetary central government expenditure on cereals imports (currently set at zero RWF) in the case of a food emergency as well as spending in excess of the programmed amount on fertilizer subsidy (currently set at RWF 69.9 billion for FY26/27) in the case of increases in fertilizer import price, subject to a cumulative budget spending of RWF 85 billion.
  - The ceiling on the debt-creating overall deficit will be adjusted upward to a maximum of RWF 60 billion, representing the amount of foreign financed net acquisition of non-financial

Rwanda: Foreign Financed Capital Expenditure Adjustor[1]

(Billions of Rwandan francs)

	Dec-26 Program	Jun-27 Program
Net acquisition of non financial assets		
Foreign financed	636	1,277
Memorandum items		
Net incurrence of liabilities		
Foreign loans: capital disbursements	411	827

Source: Rwandan authorities

[1] Numbers are cumulative from 1 July of the current year to 30 June of the following year starting with FY26/27.

assets (foreign financed capital expenditure) financed with a drawdown of accumulated government deposits from previously disbursed capital grants and loans (as defined in Table 1a of the MEFP). This adjustor will be used starting FY26/27.

Floor on Net Foreign Assets of the National Bank of Rwanda (NBR)

7. A floor applies to the net foreign assets (NFA) of the NBR for June 30th and December 31st.

8. Definition. NFA of the NBR in Rwandan francs is defined, consistent with the definition of the enhanced General Data Dissemination Standard (e-GDDS) template, as external assets readily available to, or controlled by, the NBR net of its external liabilities. Pledged or otherwise encumbered reserve assets (including swaps with resident and non-resident institutions with remaining maturity of one year or less) are excluded; such assets include, but are not limited to, reserve assets used as collateral or guarantee for third party external liabilities. Reserve assets corresponding to undisbursed project accounts are also considered encumbered assets and are excluded from the measurement of NFA. Holdings of Eurobonds issued by the Government of Rwanda are excluded from the measurement of NFA. Foreign assets and foreign liabilities in U.S. dollars are converted to Rwandan francs by using the U.S. dollar/Rwanda franc program exchange rate. Foreign assets and liabilities in other currencies are converted to U.S. dollars by using the actual end-of-period U.S. dollar/currency exchange rate. Foreign liabilities include, inter alia, use of all IMF resources (by both the central government and the NBR).

Adjustors

- The floor on NFA will be adjusted downward by the amount of any shortfall between actual and programmed budgetary loans and grants per Table 1a of the MEFP.
- The floor on NFA will be adjusted downward by the amount of unexpected public expenditures on cereal imports in the case of a food emergency and/or on fertilizer imports in the case of significant fertilizer import price increases (at the amounts defined in paragraph 5 of this TMU).

Ceiling on the Stock of External Payment Arrears

9. A continuous ceiling applies to the non-accumulation of payment arrears on external debt contracted or guaranteed by the budgetary central government and entities that form part of the budgetary process.

10. Definition. External payment arrears are defined as the amount of overdue external debt service obligations (principal and interest) arising in respect of obligations incurred directly or guaranteed by the budgetary central government and entities that form part of the budgetary process. A payment is overdue when it has not been paid in accordance with the contractual date (considering any contractual grace periods). Arrears resulting from the nonpayment of debt service for which a clearance framework has been agreed, or a rescheduling agreement is sought are excluded from this definition.

Ceiling on Net Accumulation of Domestic Expenditure Arrears of the Budgetary Central Government

11. A ceiling applies to the net accumulation of domestic expenditure arrears of the budgetary central government.[1]

12. Definition. Domestic expenditure arrears are defined as unpaid claims that are overdue by more than 90 days. The accumulation of domestic expenditure arrears of more than 90 days is calculated as the cumulative change in the stock of expenditure arrears of more than 90 days at each test date from the stock at the end of the previous fiscal year (June 30). Arrears related to claims preceding 1994 will not be counted in the calculation.

Ceiling on the Present Value of New External Debt Contracted or Guaranteed by the Government

13. Definition. For program purposes, the definition of debt is set out in paragraph 8(a) of the Guidelines on Public Debt Conditionality in Fund Arrangements attached to Executive Board Decision No. 16919-(20/103), adopted October 28, 2020.

(a) For the purpose of this guideline, the term "debt" will be understood to mean a current, (i.e., not contingent) liability, created under a contractual arrangement through the provision of value in the form of assets (including currency) or services, and which requires the obligor to make one or more payments in the form of assets (including currency) or services, at some future point(s) in time; these payments will discharge the principal and/or interest liabilities incurred under the contract. Debts can take a number of forms, the primary ones being as follows:

   i. Loans, i.e., advances of money to the obligor by the lender made on the basis of an undertaking that the obligor will repay the funds in the future (including deposits, bonds, debentures, commercial loans and buyers' credits) and temporary exchanges of assets that are equivalent to fully collateralized loans under which the obligor is required to repay the funds, and usually pay interest, by repurchasing the collateral from the buyer in the future (such as repurchase agreements and official swap arrangements);

   ii. Suppliers' credits, i.e., contracts where the supplier permits the obligor to defer payments until sometime after the date on which the goods are delivered or services are provided; and

   iii. Leases, i.e., arrangements under which property is provided which the lessee has the right to use for one or more specified period(s) of time that are usually shorter than the total expected service life of the property, while the lessor retains the title to the property. For the purpose of the guideline, the debt is the present value (at the inception of the lease) of all lease payments expected to be made during the period of the agreement excluding those payments that cover the operation, repair or maintenance of the property.

(b) Under the definition of debt set out in this paragraph, arrears, penalties, and judicially awarded damages arising from the failure to make payment under a contractual obligation that

[1] A negative target thus represents a floor on net repayment.

constitutes debt are debt. Failure to make payment on an obligation that is not considered debt under this definition (e.g., payment on delivery) will not give rise to debt.

14. External debt is defined as debt contracted or serviced in a currency other than the Rwandan Franc.

15. A ceiling is applied to the present value (PV) of all new external debt (concessional or non-concessional) contracted or guaranteed by the central government, including commitments contracted or guaranteed for which no value has been received. Consistent with the authorities' external borrowing and disbursement plan, which is fully reconciled with the fiscal framework agreed under the ECF arrangement, this QPC is specified on an annual basis and is assessed at the June 30 and December 31 test dates. The PV of new borrowing is measured cumulatively from January 1 and discounted to that date. The targets will be modified at each program review, calibrated to the macroeconomic framework agreed at that time, provided that the relevant Board date falls within the scope permitted under Fund policy.

16. This QPC does not apply to:

- Normal import-related commercial debts having a maturity of less than one year;
- Rescheduling agreements;
- External borrowing which is for the sole purpose of refinancing existing public-sector external debt and which helps to improve the profile of the repayment schedule;
- External borrowing related to the New Kigali International Airport (NKIA) and RwandAir investments, provided that such borrowing has been fully disclosed to the IMF and incorporated into the ECF macroeconomic framework and the debt sustainability analysis (DSA) before the approval of this program, and falls strictly within the following specified envelopes: (i) borrowing of up to USD 282,227,191 from commercial creditors for NKIA; (ii) borrowing of up to USD 289,665,000 from commercial creditors for RwandAir; (iii) borrowing of up to USD 217,461,805 from commercial creditors under the World Bank Policy-Based Guarantee (WB-PBG) for NKIA; and (iv) and borrowing of up to USD 64,339,077 from commercial creditors under the WB-PBG for NKIA-related fees; and
- IMF disbursements.

17. For program monitoring purposes, a debt is considered contracted when all conditions for its entrance into effect have been met, including approval by the Government of Rwanda.

18. For program purposes, the value in U.S. dollars of new external debt is calculated using the program exchange rates.

19. The PV of new external debt is calculated by discounting all future debt service payments (principal and interest) based on a program discount rate of 5 percent and taking account of all loan conditions, including the maturity, grace period, payment schedule, front-end fees and management fees. The PV is calculated using the IMF model for this type of calculation[2] based on the amount of the loan. A debt is considered concessional if on the date on which it is contracted the ratio of its present value to its face value is less than 65 percent (equivalent to a grant element of at least 35 percent). In the case of loans for which the grant element is zero or less than zero, the PV is set at an amount equal to the face value.

20. For debts carrying a variable interest rate in the form of a benchmark interest rate plus a fixed spread, the PV of the debt would be calculated using a program reference rate plus the fixed spread (in basis points) specified in the debt contract. Program reference rates are determined by the currency denomination of the debt. For U.S. dollar-, euro-, and yen-denominated debt, as well as debt denominated in other currencies, the applicable program reference rates are set at 3.048, 1.922, 1.329, and 2.794 percent, respectively. These rates correspond to the 10-year average of each currency's risk-free interest rate, as reported in the October 2025 World Economic Outlook. The authorities are expected to provide the contract-specific spreads to be applied in the PV calculations. Both the program reference rates and the associated spreads will remain fixed for the duration of the program.

21. An adjustor of up to 5 percent of the external debt ceiling set in PV terms applies to this ceiling, in case deviations from the QPC on the PV of new external debt are prompted by a change in the financing terms (interest, maturity, grace period, payment schedule, upfront commissions, management fees) of a debt or debts. The adjustor cannot be applied when deviations are prompted by an increase in the nominal amount of total debt contracted or guaranteed.

22. Reporting Requirement. The authorities will inform IMF staff of any planned external borrowing and the conditions on such borrowing before the loans are either contracted or guaranteed by the government.

Continuous Performance Criteria

23. During the program period, Rwanda will not: (a) impose or intensify restrictions on the making of payments and transfers for current international transactions; (b) introduce or modify multiple currency practices (MCPs); (c) conclude bilateral payment agreements that are inconsistent with Article VIII of IMF Articles of Agreement; and (d) impose or intensify import restrictions for balance of payments purposes.

Monetary Policy Consultation Clause (MPCC)

24. Definition. MPCC headline inflation is defined as the year-on-year rate of change in the monthly Consumer Price Index (CPI), averaged for the past 3-months, as measured by National Institute of Statistics of Rwanda (NISR). For this purpose, urban CPI will be used as it is the headline index for monetary policy purposes.

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[2] http://www.imf.org/external/np/spr/2015/conc/index.htm.

- If the observed headline inflation falls outside the ±3 percentage point range around the mid-point of the target band value for end-June 2026 as specified in Table 1a in the MEFP, the authorities will conduct discussions with the Fund staff on the reasons for the deviation and the appropriate policy response.
- If the observed headline inflation falls outside the ±4 percentage point range around mid-point of the target band value for end-June 2026 test dates as specified in Table 1a in the MEFP, the authorities will complete a consultation with the Executive Board which would focus on: (i) the stance of monetary policy and whether the Fund-supported program remains on track; (ii) the reasons for program deviation, taking into account compensating factors; and (iii) proposed remedial actions if deemed necessary.

Indicative Targets

25. **Data on total priority spending will be transmitted on a quarterly basis.** Priority expenditure is defined as the sum of those recurrent expenditures, domestically financed capital expenditures, and policy lending that the government has identified as priority in line with Rwanda's National Strategy for Transformation (NST-2). Priority expenditure is monitored through the Integrated Financial Management System (IFMS) which tracks priority spending of the annual budget at the program level of the end of each quarter.

26. **Detailed data on domestic revenues will be transmitted monthly.** The domestic revenue is defined according to GFSM 2014 taxes and other revenues, per the budgetary central government statement of operations table, but including: (a) local government taxes (comprised of business licenses, property tax, and rental income tax); and (b) local government fees; and excluding and receipts from Peace Keeping Operations.

27. **Data on new external debt contracted or guaranteed by non-financial public enterprises will be transmitted on test dates.** "Debt" in this paragraph follows the same definition set out in paragraph 12. The data excludes external borrowing by two state-owned banks, the Bank of Kigali and Rwanda Development Bank (RDB), which are assumed not to seek or be granted a government guarantee. The data also applies to private debt for which official guarantees have been extended, including future swaps involving foreign currency loans guaranteed by the public sector, and which, therefore, constitute a contingent liability of the public sector. The data will exclude external borrowing which is for the sole purpose of refinancing existing public-sector debt, and which helps to improve the profile of public sector debt. The data will also exclude on-lending agreement between Government of Rwanda and public-sector enterprises.

Data Reporting Requirements

28. **For the purposes of program monitoring, the Government of Rwanda will provide the data listed below and in Table 2,** as well as any additional information required to assess performance under the ECF-supported program. Unless specified otherwise, weekly data will be provided within seven days of the end of each week; monthly data within five weeks of the end of each month; quarterly data within eight weeks.

29. The authorities will inform the IMF staff in writing prior to making any changes in economic and financial policies, including those that could affect the outcome of the financial program. Such policies include, but are not limited to, customs and tax laws, wage policy, and financial support to public and private enterprises. The authorities will immediately inform the IMF staff of changes affecting continuous QPCs, including the emergence of any external payment arrears. The authorities will furnish a description of program performance for the QPCs as well as Structural Benchmarks within 8 weeks of the test date. The authorities commit to submit information to IMF staff with the frequency and submission time lag indicated in Attachment II, Table 2 of the TMU. The information should be mailed electronically to the Fund (email to the Resident Representative and the Mission Chief).

Attachment II. Table 2. Rwanda: Summary of Reporting Requirements

	Frequency of Data[8]	Frequency of Reporting[8]	Frequency of Publication[8]
Exchange Rates[1]	D	W	D
International Reserve Assets and Reserve Liabilities of the Monetary Authorities[2]	W	W	M
Reserve/Base Money	W	W	M
Broad Money	M	M	M
Central Bank Balance Sheet	W	W	M
Consolidated Balance Sheet of the Banking System	M	M	M
Interest Rates[3]	M	M	M
Volume of transactions in the interbank money market, repo and reverse repo operations, standing lending facility, and foreign exchange markets, sales of foreign currencies by NBR to commercial banks and other foreign currency interventions by NBR.	D	W	W
Composite Index of Economic Activity (CIEA) and sub-components compiled by the NBR	M	M	M
Revenue, Expenditure, Balance and Composition of Financing[4] — General Government[5]	A	A	A
Revenue, Expenditure, Balance and Composition of Financing[4]— Budgetary Central Government	Q	Q	Q
Financial balance sheet – Budgetary Central Government	A	A	A
Comprehensive list of tax and other revenues[6]	M	Q	Q
Budget tables	Submitted to Parliament		
Revised budget tables	Submitted to Parliament		
Disposal of non-financial assets and policy lending[6]	Q	Q	Q
Comprehensive list of domestic arrears of the government	SA	SA	SA
Planned external borrowing and the conditions	SA	SA	SA
Stocks of public sector and public-Guaranteed Debt as compiled by MINECOFIN and NBR[7]	SA	SA	SA
External Current Account Balance	A	SA	A
Exports and Imports of Goods and subcomponents.	M	M	Q
Exports and Imports of Goods and Services and subcomponents	A	A	A

[1] Includes the official rate; Foreign Exchange Bureau Associations rate; weighted average of the interbank money market rates; and weighted average of the intervention rate by the NBR.

[2] Includes reserve assets pledged or otherwise encumbered as well as net derivative positions. Balances for project accounts and swaps with original maturity of less than one year should be indicated.

[3] Both market-based and officially determined, including discount rates, money market rates, key repo rate (KRR), rates for standing facilities, rates in repo transactions of the NBR with banks, interbank money market rate, rates on treasury bills, notes and bonds.

[4] Foreign, domestic bank, and domestic nonbank financing.

[5] The general government consists of the central government (budgetary funds, extra budgetary funds, and social security funds) and state and local governments.

[6] Includes proceeds from privatization, accompanied by information on entities privatized, date of privatization, numbers and prices of equities sold to the private sector.

[7] Excludes debts of the Bank of Kigali and Rwanda Development Bank (BRD). Also includes currency and maturity composition.

[8] Daily (D); Weekly (W); Monthly (M); Quarterly (Q); Annually (A); Semi-annually (SA); Irregular (I).

INTERNATIONAL MONETARY FUND

RWANDA

May 22, 2026

REQUEST FOR A 38-MONTH ARRANGEMENT UNDER THE EXTENDED CREDIT FACILITY—DEBT SUSTAINABILITY ANALYSIS[1]

Approved By

Costas Christou and Koshy Mathai (IMF), Manuela Francisco and Hassan Zaman (IDA)

The Debt Sustainability Analysis was prepared jointly by the staff of the International Monetary Fund and the International Development Association.

Rwanda: Joint Bank-Fund Debt Sustainability Analysis	
Risk of external debt distress	*Moderate*
Overall risk of debt distress	*Moderate*
Granularity in the risk rating	*Limited space to absorb shocks*
Application of judgment	*No*

The updated debt sustainability analysis (DSA) continues to indicate a moderate risk of external and overall public debt distress, with limited space to absorb shocks. The debt-carrying capacity classification remains 'strong'. Rwanda's financing strategy assumes continued support from official development partners over the medium term, highly concessional loans for new external borrowing under IDA20 and IDA21, and an increasing share of domestic financing in the long term. Compared to the December 2025 DSA, revised baseline assumptions incorporate tighter external financing conditions—lower-than-projected ODA flows, and IMF financing under the 38-month ECF-arrangement requested by the authorities. Debt indicators classify debt sustainability risks as moderate with limited space to absorb shocks, with near-term standard stress test breaches of the benchmark for PV public debt-to-GDP and the threshold for PV external debt-to-GDP highlighting vulnerability to external and climate shocks. Baseline external debt service-to-revenue rises over the medium-term, with stress test breaches highlighting mounting liquidity pressures and vulnerability to external financing conditions. The baseline relies on continued consolidation, underpinned by implementation of the authorities' medium-term revenue strategy (MTRS-2). Heightened uncertainty around key external risks to concessional financing over the medium-term, underperformance risks to domestic resource mobilization, and sustained exchange rate pressures could intensify debt sustainability risks. Domestic debt risks remain broadly contained, with risk indicators rising rapidly after 2030, which should be monitored closely. The authorities should advance fiscal consolidation, reprioritize investment projects to mitigate external financing needs, and support the external adjustment with real effective exchange rate adjustment, those objectives are incorporated into the ECF program.

[1] This debt sustainability analysis was conducted using the Bank-Fund Debt Sustainability Framework for Low-Income Countries (LIC-DSF) that was approved in 2017. The fiscal year for Rwanda is from July to June; however, this DSA is prepared on a calendar year basis.

BACKGROUND ON DEBT

1. The DSA covers the central government, guarantees, and state-owned enterprises (Text Table 1). The Ministry of Finance and Economic Planning (MINECOFIN) publishes annual debt data in a semi-annual statistical bulletin, covering domestic and external debt of the central government, broken down by multilateral, bilateral and commercial debt, as well as information on guaranteed and non-guaranteed debt held by all state-owned enterprises (SOEs).[2] Public guarantees are only extended to SOEs. There is no debt stemming from extra budgetary funds, long term central bank financing of the government, nor the state-owned social security fund. The local government debt is also covered but the existing stock to date is marginal, and its contracting is subject to approval by MINECOFIN. The contingent liabilities shock (6.0 percent of GDP) accounts for potential fiscal costs associated with a theoretical banking crisis, and fiscal risks of existing public-private partnerships (PPPs). All SOE guaranteed and non-guaranteed debt is included in the baseline.

Text Table 1. Rwanda: Coverage of Public and Publicly-Guaranteed Debt and Parameters for Contingent Liability Shocks for the Tailored Stress Test

	Subsectors of the public sector	Check box
1	Central government	X
2	State and local government	X
3	Other elements in the general government	X
4	o/w: Social security fund	X
5	o/w: Extra budgetary funds (EBFs)	X
6	Guarantees (to other entities in the public and private sector, including to SOEs)	X
7	Central bank (borrowed on behalf of the government)	X
8	Non-guaranteed SOE debt	X

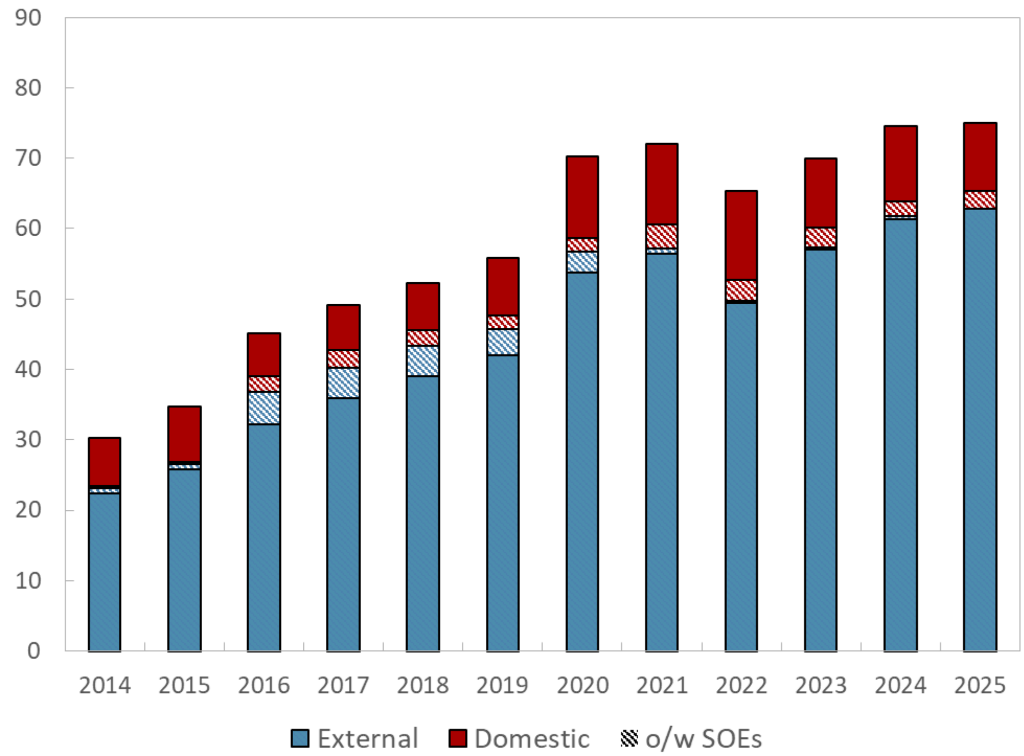
1	The country's coverage of public debt	The entire public sector, including SOEs		
		Default	Used for the analysis	Reasons for deviations from the default settings
2	Other elements of the general government not captured in 1.	0 percent of GDP	0	
3	SoE's debt (guaranteed and not guaranteed by the government) 1/	2 percent of GDP	0	SOE debt is covered in PPG debt
4	PPP	35 percent of PPP stock	1.0	default, i.e. 35 percent of PPP stock
5	Financial market (the default value of 5 percent of GDP is the minimum value)	5 percent of GDP	5	
	Total (2+3+4+5) (in percent of GDP)		6.0	

1/ The default shock of 2% of GDP will be triggered for countries whose government-guaranteed debt is not fully captured under the country's public debt definition (1.). If it is already included in the government debt (1.) and risks associated with SoE's debt not guaranteed by the government is assessed to be negligible, a country team may reduce this to 0%.

2. Rwanda's public and publicly guaranteed (PPG) external debt-to-GDP ratio increased by 33.1 percentage points from 2015 to 2025. The large increase is driven by loans to meet the development needs envisaged in the National Strategy for Transformation (NST), including large projects to support trade and tourism through a series of public-private partnerships and external guarantees outside the budgetary central government. At the same time, the increase in the fiscal deficit due to revenue shortfalls and a scaling up in spending to address the COVID-19 crisis led to a sharp debt increase by an additional 11.1 percentage points in 2020. External and domestic inflationary pressures helped reduce the nominal PPG debt ratio in 2022. But PPG debt to GDP ratio rose again afterwards to 74.5 percent in 2024, due to climate shocks, increasing reconstruction needs, and nominal exchange rate pressures (Text Figure 1), then slightly decrease to 73.6 in 2025.

[2] Operational leases on RwandAir (SOE) aircrafts and existing public-private partnerships (power purchase agreements, water purchase agreements, etc.) are not part of the PPG debt.

Text Figure 1. Rwanda: Total PPG Debt
(Percent of GDP)



Sources: Rwandan authorities and IMF Staff Calculations

3. **Rwanda benefits from a high share of concessional external debt, mostly to official multilateral creditors (Text Table 2).** 80.5 percent of Rwanda's total PPG debt is owed to external creditors, and 55.4 percent is to multilateral creditors, with highly concessional World Bank financing accounting for the majority. Rwanda issued a US$620 million Eurobond in 2021 with a 10-year maturity.

4. **The depth and capacity of the domestic market have grown in recent years, though higher external financing and fiscal consolidation efforts have reduced domestic Treasury issuances.** Until recently, the authorities' primary financing strategy is to maximize external concessional financing before turning to non-concessional or domestic financing. Domestic PPG debt jumped during pandemic, but declined in 2022 - 2025. The main domestic creditors are banks and a pension fund providing financing through loans and Treasuries. While past issuances have predominantly been T-bills, the government focused on shifting towards T-bonds, with success in extending maturities to 20-year bonds. In 2019, the government began implementing a bond "re-opening" strategy which aims to identify benchmark market rates by re-issuing previously issued bonds to determine market pricing for remaining maturities. This strategy seeks to develop a market yield curve and reduce domestic portfolio refinancing risks by increasing average maturities. As of January 2026, average T-bill rates stood at about 7.3 percent and 7-year T-bonds at 11.9 percent. Longer term 20-year T-bonds stood at 13.3 percent.

Text Table 2. Rwanda: Decomposition of Public and Publicly-Guaranteed Debt and Debt Service by Creditor, 2025–28[1]

	Debt Stock (end of period)			Debt Service					
	2025			2026	2027	2028	2026	2027	2028
	(In US$ mn)	*(Percent total debt)*	*(Percent GDP)* [5]	*(In US$ mn)*			*(Percent GDP)*		
Total	11,810.3	100.0	72.1	1,301.6	917.0	960.7	7.2	4.7	4.7
External	9,504.3	80.5	58.1	494.2	540.6	585.5	2.7	2.8	2.8
Multilateral creditors[2]	6,540.8	55.4	40.0	236.6	276.7	307.4	1.3	1.4	1.5
IMF	1,011.6	8.6	6.2	52.0	51.4	65.1	0.3	0.3	0.3
World Bank	4,135.1	35.0	25.3	112.9	130.0	140.5	0.6	0.7	0.7
ADB/AfDB	1,394.1	11.8	8.5	71.7	95.3	101.9	0.4	0.5	0.5
Other Multilaterals	622.0	5.3	3.8	33.7	51.7	59.9	0.2	0.3	0.3
o/w: IFAD	213.8	1.8	1.3	6.5	8.6	8.8	0.0	0.0	0.0
BADEA	101.8	0.9	0.6	1.0	2.3	4.8	0.0	0.0	0.0
Bilateral Creditors	1,310.6	11.1	8.0	77.0	84.5	88.1	0.4	0.4	0.4
Paris Club	703.6	6.0	4.3	18.6	24.5	28.7	0.1	0.1	0.1
o/w: JICA	229.0	1.9	1.4	0.9	1.7	3.5	0.0	0.0	0.0
AFD	319.1	2.7	1.9	13.8	17.1	19.5	0.1	0.1	0.1
Non-Paris Club	607.0	5.1	3.7	58.4	60.0	59.4	0.3	0.3	0.3
o/w: EXIM-CHINA	380.4	3.2	2.3	31.4	31.8	31.8	0.2	0.2	0.2
SFD	75.9	0.6	0.5	5.9	6.0	7.0	0.0	0.0	0.0
Bonds	620.0	5.2	3.8	34.1	34.1	34.1	0.2	0.2	0.2
Other international creditors	410.9	3.5	2.5	112.8	93.7	95.9	0.6	0.5	0.5
o/w: AFREXIM	176.1	1.5	1.1	38.8	36.5	34.5	0.2	0.2	0.2
o/w: JP MORGAN	234.8	2.0	1.4	15.3	17.6	17.0	0.1	0.1	0.1
list of additional large creditors	-	-	-	-	-	-	-	-	-
Domestic	2,306.1	19.5	14.1	807.4	376.5	375.2	4.4	1.9	1.8
Held by residents, total	2,306.1	19.5	14.1	807.4	376.5	375.2	4.4	1.9	1.8
Held by non-residents, total	-	-	-	-	-	-	-	-	-
T-Bills	373.4	3.2	2.3	361.6	-	-	2.0	-	-
Bonds	1,333.8	11.3	8.1	257.1	235.0	250.3	1.4	1.2	1.2
Loans	194.6	1.6	1.2	71.8	36.8	31.9	0.4	0.2	0.2
SoEs	404.3	3.4	2.5	116.9	104.6	93.0	0.6	0.5	0.5
Memo items:	-	-	-	-	-	-	-	-	-
Collateralized debt[3]	-	-	-	-	-	-	...	-	-
Contingent liabilities[4]		-	-	-	-	-	...	...	...
Nominal GDP (US$ million)	...	...	...	18,199.5	19,375.7	20,630.2	...	...	...

[1]As reported by country authorities according to their classification of creditors, including by official and commercial. Debt coverage is the same as the DSA.

[2]"Multilateral creditors" are simply institutions with more than one official shareholder and may not necessarily align with creditor classification under other IMF policies (e.g. Lending Into Arrears).

[3]Debt is collateralized when the creditor has rights over an asset or revenue stream that would allow it, if the borrower defaults on its payment obligations, to rely on the asset or revenue stream to secure repayment of the debt. Collateralization entails a borrower granting liens over specific existing assets or future receivables to a lender as security against repayment of the loan. Collateral is "unrelated" when it has no relationship to a project financed by the loan. An example would be borrowing to finance the budget deficit, collateralized by oil revenue receipts. See the joint IMF-World Bank note for the G20 "Collateralized Transactions: Key Considerations for Public Lenders and Borrowers" for a discussion of issues raised by collateral.

[4]Guaranteed debt is included in public debt.

[5]Data is reported by the authorities based on calculations in national currency, deviates from U.S. dollar-based calculations due to the difference between end-of-period exchange rate (applied for nominator) and period-average exchange rate (applied for denominator).

Sources: Rwandan authorities and IMF Staff Calculations.

UNDERLYING ASSUMPTIONS

5. The macroeconomic assumptions underlying the baseline scenario reflect recent economic developments and policies (Text Table 3).

- *Economic growth* is projected at 6.8 percent and 7.2 percent in 2026 and 2027, respectively, supported by continued investment—including NKIA construction—before converging to around 7.0 percent over the medium-term.
- *Inflation* is expected to increase to 10.4 percent in 2026—driven by supply-side pressures from a weaker agricultural season and higher fertilizer and international oil prices linked to the war in

the Middle East—alongside demand pressures. Over the medium-term, inflation is expected to converge to the mid-point of NBR target range, at 5 percent.

- *Fiscal consolidation* is projected over the medium term, albeit with temporary support to cushion the impact of the war. The overall deficit is projected to decline from 5.7 percent of GDP in FY25/26 to 3.0 percent in FY28/29. The adjustment is underpinned by expenditure restraint, especially on goods and services and domestically-financed capital spending, alongside stronger nominal GDP growth. On the revenue side, measures include unwinding temporary deviations under the EAC Common External Tariff and strengthening tax administration to reduce the VAT compliance gap from improved import valuation and classification, reduced under-reporting at customs, and broader use of electronic billing machines, together with improved yields from last year's tax package.
- *Current account deficit* is projected to widen to 14.1 percent of GDP by 2026 due to increased investment and construction related imports and elevated energy prices. This would be partially mitigated by real effective exchange rate adjustment. Over the medium-term, the balance-of-payments will benefit from continued fiscal consolidation and increased FDI inflows, with international reserves reaching 4.6 months of imports by 2030.

Text Table 3. Rwanda: Key Macroeconomic and Debt Assumptions—Comparison with the Previous Debt Sustainability Analysis

Calendar year	2025	2026	2031	2036	2041	2045	2032-45
	Actual			Projections			
Selected indicators from the macro-framework and debt data							
(Percent, unless otherwise indicated)							
				PV of PPG External Debt to GDP Ratio			
2025 DSA (previous)	38.3	40.6	37.0	27.7	19.3	16.1	24.3
2026 DSA (current)	39.0	39.5	37.7	30.9	22.8	19.9	27.4
				PV of Public Debt to GDP Ratio			
2025 DSA (previous)	56.1	57.6	51.3	44.6	39.6	37.2	42.4
2026 DSA (current)	54.1	53.7	49.9	49.4	50.2	51.1	49.9
				Grant Element of New External Borrowing			
2025 DSA (previous)	46.2	34.3	20.5	37.1	35.2	32.5	36.0
2026 DSA (current)	…	32.0	21.3	36.7	34.0	28.9	35.2
				Real GDP Growth (annual percent change)			
2025 DSA (previous)	7.0	7.2	6.8	6.6	6.5	6.5	6.6
2026 DSA (current)	9.4	6.8	7.1	6.6	6.5	6.5	6.6
				Current Account Balance (percent of GDP)			
2025 DSA (previous)	-12.9	-13.4	-6.0	-6.3	-4.2	-0.2	-4.9
2026 DSA (current)	-11.8	-14.1	-6.3	-4.6	-3.2	-1.6	-3.8
				Exports of goods and services (percent of GDP)			
2025 DSA (previous)	26.3	27.8	26.6	25.8	26.1	27.3	26.2
2026 DSA (current)	21.8	21.4	23.8	25.4	27.5	29.6	26.6
				Fiscal balance, calendar year (percent of GDP)			
2025 DSA (previous)	-5.9	-7.2	-2.6	-2.1	-1.4	-0.7	-1.7
2026 DSA (current)	-5.6	-6.8	-4.1	-4.6	-3.9	-1.5	-3.9
				CPI, period average (percent)			
2025 DSA (previous)	7.1	5.6	5.0	5.0	5.0	5.0	5.0
2026 DSA (current)	7.0	10.4	5.0	5.0	5.0	5.0	5.0

Note: Previous DSA was completed in December 2025.

Sources: Rwandan authorities; IMF and World Bank staff estimates and projections.

6. Financing needs for the construction of NKIA and the expansion of the national airline are expected to raise commercial borrowing (both external and domestic) and FDI inflows. Costs related to the construction of New Kigali International Airport are estimated at US$2.6 billion from 2017 to 2029, with a capital increase of RwandAir, the national airline, calling for an additional US$550 million over the same period. In partnership with the Qatari Investment Authority (QIA), The Government of Rwanda holds a 40 percent stake in the national airport and a 51 percent stake in the national airline, implying total equity contributions of US$1.12 billion, of which US$80 million is allocated to the clearance of existing debts. To meet these obligations, the authorities are pursuing a range of options, including a mix of commercial and semi-concessional financing options to mitigate the debt burden. Discussions with the World Bank are advancing on the possibility of leveraging IDA allocations for scaled-up mobilization of external financing. Projected financing flows for the project are aligned with the project implementation schedule. In addition, external borrowing needs for the project cover only the anticipated import-related content for the construction of NKIA (around 80 percent of total construction costs) along with the capital injection to RwandAir. Domestic financing is assumed to cover locally sourced inputs for NKIA construction. With discussions ongoing to identify cost-effective sources for external financing, the baseline continues to assume external commercial borrowing for the project. As the authorities pursue different options, staff's baseline assumptions continue to incorporate a conservative financing mix, consisting of around US$742.7 million in external commercial borrowing from 2026 to 2029.

7. The government's mitigating measures partially offset the increase in public debt due to the priority projects. To mitigate the increase in borrowing, the authorities planned to reprioritize other development projects, continue to advance revenue measures (including under its forthcoming MTRS-2), and pursue cost-mitigation options through IFI involvement. However, other capital spending is expected to continue increasing through the medium-term, partially offsetting the efforts of the mitigating measures. These dynamics result in a declining path of the PPG debt-to-GDP ratio, from 73.6 percent in 2025 to around 65 percent by 2033, converging to the program debt anchor of 65 percent.

8. Baseline financing assumptions reflect Rwanda's financing strategy, the 3-year ECF requested by the authorities, and a new World Bank financing package.

- *External official financing*. Rwanda primarily relies on the World Bank as the main concessional financing source. IDA financing signed after 2024 is assumed to be in the form of 100 percent credit on regular IDA terms. Baseline projections also assume disbursements of external financing from the African Development Bank and several other multilateral and official bilateral partners. Moreover, Rwanda continuously experiences a decline in external assistance in the form of grants and donor-funded programs, which has been incorporated in the previous DSA. More recently, these external financing pressures have further increased, reflected as lower projections of budget support loans and grants for 2026–29. A 38-month ECF arrangement with total access at 115.5 percent of quota (SDR 185 million) has been requested by the authorities, and this new financing arrangement with the IMF has been incorporated into the DSA.
- *New World Bank financing package.* On March 23, 2026, the World Bank Group approved a new development policy financing (DPF) operation to support Rwanda, this financing package consists of a credit of JPY15.4 billion (equivalent to US$100 million) combined with a policy-based guarantee (PBG) of US$240 million. The PBG will be further supported by a Multilateral

Investment Guarantee Agency (MIGA) non-honoring of sovereign financial obligation guarantee, enabling the Government of Rwanda to mobilize up to US$450 million in commercial financing on favorable terms. This PBG package remains within the original external commercial financing envelope for the NKIA incorporated since November 2025 DSA vintage, while helping to reduce the loan terms.[3] In addition to the financing package, financing costs—including fees to IDA and MIGA guarantees, as well as upfront fees to commercial creditors—will be incurred. The financing package and the associated fees and costs have been incorporated into the projections of future borrowing plans.

- *External market financing.* Staff assumes nearly US$800 million in external commercial financing over 2026–30, broadly in line with Rwanda's current costs and maturities and benefitting from potential de-risking instruments. Starting from 2030, the share of market-based external financing is projected to slowly increase. Staff assumes that Rwanda's existing US$620 million Eurobond is projected to roll-over in 2031 (see ¶3).
- *Domestic financing*. Consistent with the DSA model framework, domestic financing is determined residually as public gross financing needs net of external financing and other identified flows. The cost and maturity structure of domestic financing are calibrated using recent issuance data. Interest rates remain elevated, with T-bill rates at around 9 percent and bond yields ranging from 12 to 14 percent depending on maturity. Over time, the composition of domestic financing is projected to shift gradually from a predominant reliance on short-term T-bills toward longer-maturity bonds, extending through 2046.

9. Realism tools indicate that the planned fiscal adjustment is ambitious in comparison with cross-country experiences (Figure 4). A 3-year fiscal consolidation in the primary balance is expected to peak at 3.96 percentage points of GDP from 2026 to 2029, ranking at the boarder of the top quartile of the distribution of past adjustments for a sample of LICs. The pace of this adjustment reflects the sizeable impact of the airport construction project on capital expenditures, for which the peak of activity will occur over 2025–27 before nearing completion (see ¶5), and also considers feasible fiscal adjustment to accommodate part of the shortfalls in budget financing across 2026-29. The pace of fiscal adjustment remains reasonably ambitious and depends on the successful implementation of recently approved revenue measures, continued progress on domestic revenue mobilization under MRTS-2 and spending rationalization covered under the ECF. While the reprioritization of previously planned or ongoing projects helped support the fiscal adjustment, recent pension reforms add to expenditure and support the need to adhere to planned revenue measures. Underperformance in domestic resource mobilization could be offset by further spending rationalization and preserving the planned fiscal adjustment, although with downside risks to growth and underlying debt dynamics. Other realism tools suggest that projections are broadly in line with historical debt drivers, with some improvements relative to historical trends reflecting a tighter yet growth-friendly policy mix to reign in domestic and external imbalances.

[3] Assumptions for commercial external financing terms improve in this DSA vintage relative to the November 2025 DSA, with the interest rate declining from 9 percent (on a 15-year maturity and 5-year grace period) to 6 percent or 5.4 percent, depending on the loan type, while maturity and grace period remain unchanged.

Box 1. Long-Term Macroeconomic Assumptions[1/]

Long-Term Macroeconomic Assumptions remain unchanged as last vintage DSA (Country Report No. 2025/319):

- ***Growth.*** According to World Bank analysis, long term growth projections of 6.5–7 percent are driven by investment (public and private), human capital, total factor productivity (TFP) and demographics. The baseline assumptions capture a plausible path for the variable if present trends continue, considering both Rwanda's history and reasonable values among peers. The baseline also includes "typical" levels of reforms that Rwanda might be achieved. Thus, the baseline assumes that TFP growth in the long run is 1.8 percent, which is between the averages 2000-19 and 2000–14 averages. The productivity projection is based on assumption of continued increase in FDI and trade openness, and government's reform efforts to improve human capital indicators. The baseline assumes that investment continues at 28 percent of GDP for the whole projection period. While this represents a slowing of the increase in the 2000s, and a less optimistic assumption than in Rwanda's Vision 2050 document. Finally, the population growth is projected to slow from around 2.3 percent currently to about 1.4 percent over the next 30 years. Other things equal the around 1 percentage point slowdown in population growth will slow GDP growth by around half a percentage point in the medium term but boost GDP per capita slightly.
- ***Exports.*** Regional integration via African Continental Free Trade Area (AfCFTA) presents an enormous opportunity to boost exports. Rwanda has been a leader driving negotiation of a series of protocols to the AfCFTA Treaty. Moreover, Rwanda has achieved considerable growth in exports of minerals and metals in recent years. Rwanda's low labor cost could help achieve further increases in exports of textiles and clothing, supported by investments made in recent years. Lastly, Rwanda has revealed comparative advantage indices of greater than one for government goods and services, construction, travel and transport services. Rwanda's booming tourism sector have already recovered from the decline during the pandemic and is expected continue its expansion, as the country maintains a strong focus on the MICE strategy.

[1/] Based on World Bank analysis from the Rwanda Country Economic Memorandum, November 2024.

10. In the past, PPG debt dynamics have been strongly affected by the materialization of fiscal risks (Figure 3). Increases in the public debt-to-GDP ratio over the past five years have been driven mainly by primary deficits associated with the pandemic response, as well as by unanticipated debt accumulation outside the budgetary central government. These effects have been largely offset by strong real GDP growth, which has been the main mitigating factor. Overall, these dynamics resulted in cumulative debt accumulation of about 3.3 percentage points of GDP, slightly lower than expected and placing Rwanda in the 25th–50th percentile relative to other LICs. The ongoing efforts to mitigate unanticipated fiscal developments outside the central government, supported by IMF TA, remain a key pillar of the ECF. Going forward, the evolution of public debt will continue to be dominated by the path of the primary fiscal deficit, real GDP growth, real effective exchange rate adjustment, and the availability of concessional financing.

COUNTRY CLASSIFICATION AND DETERMINATION OF SCENARIO STRESS TESTS

11. Rwanda's debt-carrying capacity continues to be assessed as "strong", unchanged from the previous DSA (Text Tables 4a and 4b). The composite index (CI) for Rwanda, which measures the debt-carrying capacity in the new LIC-DSF, stands at 3.19, based on macroeconomic data from the October 2025 World Economic Outlook and from the 2024 Country Policy and Institutional Assessment (CPIA) of the World Bank. This score is above the cut-off value of 3.05 for strong capacity countries.

Text Table 4a. Rwanda: Debt-Carrying Capacity

Components	Coefficients (A)	10-year average values (B)	CI Score components (A*B) = (C)	Contribution of components
CPIA	0.385	4.127	1.59	50%
Real growth rate (in percent)	2.719	6.875	0.19	6%
Import coverage of reserves (in percent)	4.052	35.131	1.42	45%
Import coverage of reserves^2 (in percent)	-3.990	12.342	-0.49	-15%
Remittances (in percent)	2.022	3.411	0.07	2%
World economic growth (in percent)	13.520	3.035	0.41	13%
CI Score			3.19	100%
CI rating			Strong	

New framework			
	Cut-off values		
Weak	CI <	2.69	
Medium	2.69	≤ CI ≤	3.05
Strong	CI >	3.05	

Final	Classification based on current vintage	Classification based on the previous vintage	Classification based on the two previous vintage
Strong	Strong 3.19	Strong 3.17	Strong 3.19

Text Table 4b. Rwanda: Applicable Thresholds and Benchmarks

Reference: Thresholds by Classiciation

EXTERNAL debt burden thresholds	Weak	Medium	Strong
PV of debt in % of			
Exports	140	180	240
GDP	30	40	55
Debt service in % of			
Exports	10	15	21
Revenue	14	18	23

TOTAL public debt benchmark	Weak	Medium	Strong
PV of total public debt in percent of GDP	35	55	70

12. The full range of standard stress tests are conducted in addition to tailored natural disaster and contingent liability stress tests. Standard stress tests on real GDP growth, the primary balance, current transfers, foreign exchange depreciation, and the combination are conducted at their default settings. The contingent liability stress test assumes the materialization of liabilities in Text Table 1. In line with the previous DSA, the natural disaster stress test is informed by the once-in-100-years flooding scenario discussed in the World Bank's (2022) Country Climate and Development Report and significantly more severe by recent flooding events in the second quarter of 2023. Damages are assumed to reach 11.2 percent of the physical capital, requiring 17.9 percent of GDP in external financing to be replaced (with capital-to-GDP estimation at 1.6 based on the perpetual inventory method). GDP and exports would each be expected to decline by 4.4 percent. Given Rwanda's outstanding Eurobond, the default market-financing stress test was applied, indicating significant gross financing needs and risks from higher sovereign spreads globally compared to when Rwanda last accessed markets in 2021.

DEBT SUSTAINABILITY ANALYSIS

External Debt

13. All external debt indicators under the baseline remain below their respective thresholds except for one-time breach of debt-service-to-revenue ratio in 2031, and with breaches under stress test scenarios (Tables 1 and 3; Figure 1). Compared to the previous DSA, debt burden indicators are improved on account of higher GDP and improved near-term debt dynamics. The baseline of PV of external debt-to-GDP ratio remains below its threshold, rising through 2028 to 83.3 percent before declining as external borrowing slows with favorable debt dynamics and declining financing needs due to completion of airport and airline projects and fiscal consolidation efforts, with stress test scenario breaches the threshold from 2028 under primary balance shock. The PV of external debt-to-export ratio remains below its indicative thresholds under the baseline scenarios, with stress test scenario breaches the threshold from 2028 under exports shock. Liquidity indicators reflect higher borrowing and financing costs in coming years, with baseline debt service-to-revenue rising in the medium-term. One-time breach of liquidity indicators in 2031 reflects the repayment of the outstanding Eurobond at maturity and is discounted as per the policy. Liquidity risks underscore that a reprioritization of investment projects and fiscal consolidation are critical to mitigate risks, and a prudent debt management strategy is needed to mitigate repayment risks, in particular with respect to bullet amortizations in 2031. Market financing risk indicators (Figure 6) indicate that elevated gross financing needs heighten risks to market financing conditions.

14. The PV of external debt-to-GDP ratio increases steadily under the historical scenario since the latter assumes large external shock and imbalance reflecting averages of several large shocks and imbalances observed in the past (Table 3 and Figure 1). This is primarily due to the large current account deficit and negative US$ GDP deflator calibrated using historical averages, which covered a period including several large shocks (commodity prices and drought) and large external imbalances corrected over 2015–17. Thus, policy adjustment to ensure a steady narrowing of the current account deficit, as envisaged under the baseline scenario (Text Table 3), is key to strengthening robustness of the debt dynamics.

Public Debt

15. The public debt dynamics are shaped by high financing needs, notwithstanding efforts to create fiscal space through fiscal consolidation and investment reprioritization. Heightened gross financing needs have shifted to market-based sources largely on account of the airport and airline projects. While investment reprioritization, fiscal consolidation efforts and favorable debt dynamics have partially mitigated the higher debt trajectory, the sizeable increase in non-concessional external borrowing pushes the overall public debt level to 73.1 percent of GDP by 2026 under the baseline scenario. The debt path remains elevated for an extended period, with the program debt anchor under the ECF of 65 percent of GDP reached in 2033, supported by a large, but growth-friendly fiscal consolidation and strong economic activity (Table 2).[4] The PV of PPG debt is projected to remain above the East African Community debt convergence criterion of 50 percent until 2030.

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[4] For discussion of the debt anchor see Country Report No. 2021/1 and the accompanying staff report for new PCI and RSF request (EBM/22).

16. Contingent on the projected growth trajectory and ambitious medium-term fiscal consolidation, the PV of PPG debt stays below the indicative benchmark of 70 percent of GDP but would breach the benchmark under GDP growth shock scenario in the long-term (Tables 2 and 4; Figure 2). In the baseline scenario, the PV of PPG debt peaks at 54 percent in 2027 and declines to 48.9 percent in 2034 and rises again afterwards. In the most severe scenario—the natural disaster shock—the PV of PPG debt reaches the 70 percent benchmark in 2035. The authorities' climate-related reform measures and priorities in climate-related investment should help reduce variability to climate shocks and strengthen resilience (see illustrative climate scenario reference below).

17. Although domestic debt risks remain broadly contained, they are expected to rise rapidly over the medium term. Rwanda's domestic debt dynamic is projected to improve comparing to December 2025 DSA, primarily attributes to concessional ECF financing and fiscal consolidation measures during the program period. However, the domestic debt-to-GDP ratio is projected to increase significantly after 2030, reflecting heightened external financing pressures and greater reliance on the domestic market to finance large investment projects and other expenditures. The domestic debt service-to-revenue ratio is also projected to rise gradually from 2030 onward and is expected to remain persistently above the median level of peer countries. Although net domestic debt issuance is expected to decline in the near future, it peaks again in the medium term (see Text Figure 2). Despite a general moderate level of domestic debt risk related ratios, the unfavorable path in the medium term calls for better domestic debt risk management, including more fiscal consolidation, actively exploring concessional external financing sources, and avoiding overly reliance on high cost and short-term domestic borrowing. Moreover, without information on SOE borrowing plans, domestic financing needs under the baseline are modestly underestimated. Key downside risks emanate from fiscal exposures to large development projects, including potential cost overruns related to NKIA, and concentrated banking sector exposures to rapidly growing mortgage- and construction-related activities.

Climate-Related Risks

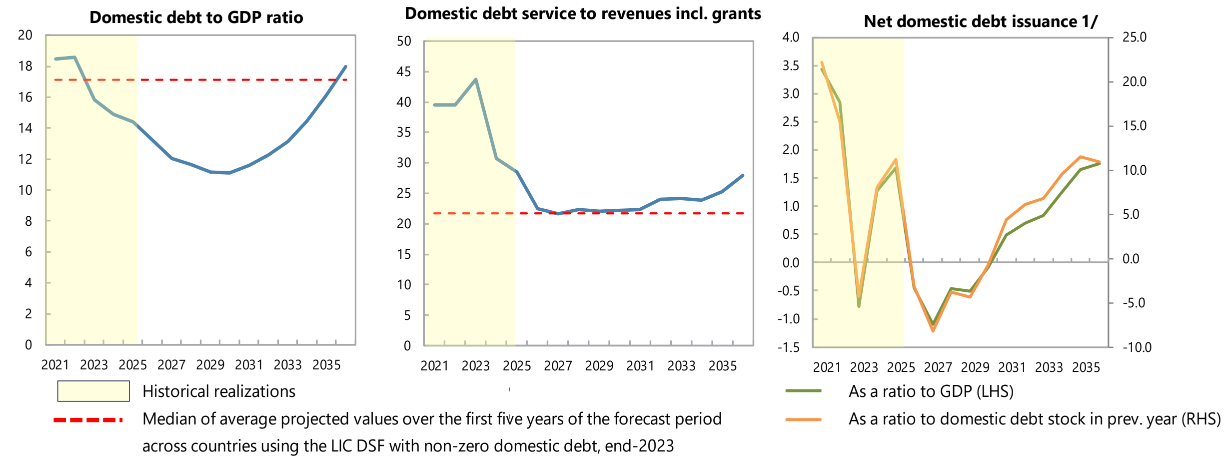
18. Rwanda is vulnerable to the consequences of climate change through various channels, which might affect the debt dynamics. World Bank's (2022) Country Climate and Development Report (CCDR) for Rwanda identified that climate change might increase variability of crop yields, reduce labor productivity, and affect tourism through changing patterns of rainfall, extreme heat, increased incidents of illnesses, while extreme flooding events might become more frequent and damaging. This might reduce the long-term growth, affecting debt sustainability indicators in the long run, and increase risks of damage to infrastructure and other built-up capital requiring strong fiscal response. World Bank (2025) Rwanda - Disaster Risk Finance Diagnostic estimates that Rwanda's average annual loss due to disasters could reach USD 145 million, covering disaster relief, response, and reconstruction.[5] As illustrated in the DSA attached to IMF Country Report No. 2024/341, Rwanda could substantially improve its resilience to climate-related shocks and safeguard debt sustainability with higher adaptation investment in line with Rwanda's NDCs and policy adjustments.[6]

[5] A Catastrophe Deferred Drawdown Option has been approved by the World Bank in 2025, which is an element of the pre-arranged financing that the diagnostic recommends.

[6] The government has adopted a series of measures to create fiscal space to address climate-related fiscal risks, either under the IMF's Resilience and Sustainability Trust (RST) program or as PPAs under the IDA Sustainable Development Finance Policy (SDFP). Notably, these include the adoption of the Climate and Nature Finance Strategy (CNFS) and the Green Taxonomy.

Text Figure 2. Rwanda: Indicators of Public Domestic Debt 2021–2036

(Percent)



Borrowing Assumptions (average over 10-year projection)	Value
Shares in new domestic debt issuance	
Medium and long-term	51%
Short-term	49%
Borrowing terms	
Domestic MLT debt	
Avg. real interest rate on new borrowing	7.5%
Avg. maturity (incl. grace period)	4
Avg. grace period	3
Domestic short-term debt	
Avg. real interest rate	2.6%

Sources: Rwandan authorities and staff estimate and projections.

[1/] Net domestic debt issuance is an estimate based on the calculated public gross financing need net of gross external financing, drawdown of assets, other adjustments and domestic debt amortization. It excludes short-term debt that was issued and matured within the calendar year.

ASSESSMENT

19. Rwanda's debt is assessed to be sustainable with a moderate risk of external and public debt distress, which is in line with the previous DSA assessment. Mechanical external and overall risk signals suggest moderate risk of debt distress with limited space to absorb shocks. Liquidity and solvency indicators related to external debt under the current baseline have improved slightly compared to the previous DSA, but this primarily reflects lower borrowing due to external financing pressures, which forced Rwanda increases the reliance on domestic financing, pushing up domestic debt risk indicators especially in the medium term. Moreover, medium-term risks are vulnerable to policy slippage, including failing to fulfill the envisaged fiscal consolidation. Even modest deviations from the planned adjustment path could push baseline debt burden indicators closer to high-risk thresholds, with adverse implications for concessional financing and market financing costs. This trajectory reinforces the need for a sustained, credible commitment to strong policies to safeguard debt sustainability and macroeconomic stability. The authorities' fiscal consolidation efforts, in particular through its revenue mobilization efforts, plans to reprioritize planned investment projects, and support the external adjustment with real effective exchange rate adjustment will be important to rebuild fiscal space and external buffers, and to mitigate intensifying debt vulnerabilities. Recent performance in more robust fiscal revenues from the implementation of recent measures is positive in this regard.

Authorities' Views

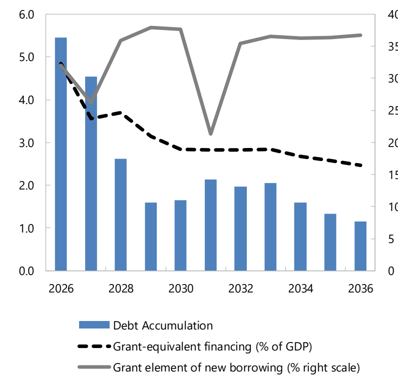
20. The authorities broadly agree with the DSA results and the overall assessment of a moderate risk of external and overall debt distress, and reaffirm their commitment to a prudent debt management strategy. This strategy includes aligning borrowing plans with the medium-term debt anchor, which envisages a decline in the public debt-to-GDP ratio to 65 percent by 2033, as well as adherence to the program's Quantitative Performance Criterion (QPC) on the ceiling on newly contracted and guaranteed PV of PPG debt. To contain debt service burdens and mitigate solvency risks while keeping debt on the agreed trajectory, the authorities will actively seek opportunities to secure additional highly concessional financing for priority development needs. They will also continue to strengthen debt management capacity, supported by ongoing efforts to enhance fiscal risk monitoring, improve debt reporting, and deepen domestic capital markets.

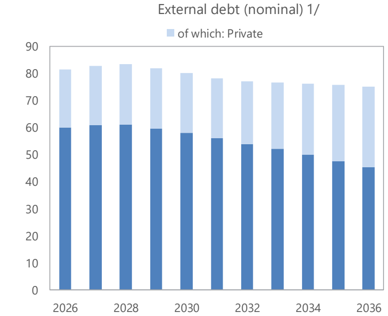
Table 1. Rwanda: External Debt Sustainability Framework, Baseline Scenario, 2025–46

(In Percent of GDP, Unless Otherwise Indicated)

	Actual	Projections								Average 8/	
	2025	2026	2027	2028	2029	2030	2031	2036	2046	Historical	Projections
External debt (nominal) 1/	**81.8**	**81.4**	**82.7**	**83.3**	**81.8**	**80.1**	**78.0**	**75.0**	**58.9**	**68.2**	**78.9**
of which: public and publicly guaranteed (PPG)	**59.3**	**59.8**	**60.8**	**61.0**	**59.5**	**58.0**	**55.9**	**45.2**	**27.7**	**48.5**	**54.9**
Change in external debt	0.8	-0.4	1.2	0.7	-1.5	-1.7	-2.1	-0.7	-3.7		
Identified net debt-creating flows	**-0.1**	**0.6**	**-2.5**	**-4.6**	**-6.1**	**-6.2**	**-6.4**	**-7.9**	**-5.6**	**1.1**	**-5.8**
Non-interest current account deficit	**8.2**	**9.6**	**7.1**	**3.2**	**1.3**	**1.2**	**1.0**	**-0.4**	**-3.2**	**6.7**	**2.0**
Deficit in balance of goods and services	14.0	15.1	12.6	8.8	6.7	6.3	5.7	4.2	0.6	**14.9**	**7.1**
Exports	21.8	21.4	22.1	22.9	23.7	23.8	23.8	25.4	30.1		
Imports	35.8	36.5	34.7	31.7	30.4	30.1	29.5	29.6	30.7		
Net current transfers (negative = inflow)	-4.7	-3.7	-3.4	-3.4	-3.1	-2.9	-2.7	-2.4	0.0	**-6.1**	**-2.9**
of which: official	-2.8	-2.3	-1.9	-1.8	-1.6	-1.4	-0.6	-0.6	0.0		
Other current account flows (negative = net inflow)	-1.1	-1.8	-2.1	-2.3	-2.3	-2.2	-2.0	-2.3	-3.8	**-2.1**	**-2.2**
Net FDI (negative = inflow)	**-3.6**	**-5.4**	**-5.6**	**-4.1**	**-3.6**	**-3.7**	**-3.7**	**-4.3**	**0.0**	**-2.7**	**-4.3**
Endogenous debt dynamics 2/	**-4.7**	**-3.6**	**-4.0**	**-3.8**	**-3.8**	**-3.8**	**-3.7**	**-3.2**	**-2.4**		
Contribution from nominal interest rate	1.6	1.4	1.5	1.6	1.7	1.6	1.5	1.5	1.3		
Contribution from real GDP growth	-7.0	-5.0	-5.5	-5.4	-5.5	-5.4	-5.2	-4.6	-3.8		
Contribution from price and exchange rate changes	0.8	...	...	...	...	...	...	...	...		
Residual 3/	**0.9**	**-1.0**	**3.7**	**5.3**	**4.6**	**4.5**	**4.3**	**7.3**	**1.9**	**4.1**	**5.2**
of which: exceptional financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Sustainability indicators											
PV of PPG external debt-to-GDP ratio	**39.0**	**39.5**	**40.8**	**40.8**	**39.7**	**38.6**	**37.7**	**30.9**	**19.5**		
PV of PPG external debt-to-exports ratio	**178.6**	**184.8**	**184.5**	**177.9**	**167.5**	**162.7**	**158.5**	**121.5**	**64.6**		
PPG debt service-to-exports ratio	**11.1**	**10.5**	**11.3**	**12.0**	**11.9**	**11.3**	**20.5**	**9.8**	**5.2**		
PPG debt service-to-revenue ratio	**14.7**	**13.0**	**14.0**	**15.2**	**15.4**	**14.6**	**25.5**	**11.9**	**6.8**		
Gross external financing need (Billion of U.S. dollars)	1.6	1.7	1.3	0.9	0.6	0.6	1.2	0.3	1.7		
Key macroeconomic assumptions											
Real GDP growth (in percent)	9.4	6.8	7.2	7.0	7.0	7.0	7.1	6.6	6.5	**6.8**	**6.9**
GDP deflator in US dollar terms (change in percent)	-0.9	5.2	0.7	-0.5	-0.2	0.0	1.0	2.0	2.0	**0.2**	**1.5**
Effective interest rate (percent) 4/	2.1	1.9	2.0	2.1	2.1	2.1	2.1	2.1	2.3	**2.5**	**2.1**
Growth of exports of G&S (US dollar terms, in percent)	-17.7	10.2	11.7	10.4	10.3	7.3	8.3	10.0	10.8	**10.8**	**10.0**
Growth of imports of G&S (US dollar terms, in percent)	-12.3	14.3	2.9	-2.7	2.3	5.7	6.0	9.1	9.1	**7.7**	**6.6**
Grant element of new public sector borrowing (in percent)	...	32.1	26.2	35.9	37.9	37.6	21.3	36.7	24.2	**...**	**33.8**
Government revenues (excluding grants, in percent of GDP)	16.5	17.4	17.7	18.1	18.3	18.4	19.1	21.0	22.9	**17.9**	**19.1**
Aid flows (in Billion of US dollars) 5/	0.4	1.0	0.7	0.9	0.8	0.8	0.9	1.1	1.8		
Grant-equivalent financing (in percent of GDP) 6/	...	4.9	3.6	3.7	3.1	2.8	2.8	2.5	1.8	**...**	**3.1**
Grant-equivalent financing (in percent of external financing) 6/	...	46.9	42.2	52.1	55.4	53.8	35.3	55.9	52.8	**...**	**50.5**
Nominal GDP (Billion of US dollars)	16	...	...	...	...	...	...	... ...	...		
Nominal dollar GDP growth	8.4	12.4	8.0	6.4	6.8	7.0	8.2	8.8	8.6	**7.0**	**8.4**
Memorandum items:											
PV of external debt 7/	61.5	61.1	62.7	63.1	62.0	60.8	59.8	60.7	50.7		
In percent of exports	282.0	285.7	283.3	275.4	261.6	255.9	251.5	238.7	168.3		
Total external debt service-to-exports ratio	23.8	22.4	22.3	22.2	21.5	21.4	30.2	21.3	16.9		
PV of PPG external debt (in Billion of US dollars)	6.4	7.3	8.1	8.6	9.0	9.3	9.9	12.3	17.8		
(PVt-PVt-1)/GDPt-1 (in percent)		5.5	4.5	2.6	1.6	1.6	2.1	1.2	1.2		
Non-interest current account deficit that stabilizes debt ratio	7.5	9.9	5.9	2.5	2.9	2.9	3.1	0.2	0.5		

Definition of external/domestic debt	**Currency-based**
Is there a material difference between the two criteria?	**No**





Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.

2/ Derived as [r - g - ρ(1+g)]/(1+g+ρ+gρ) times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate, and ρ = growth rate of GDP deflator in U.S. dollar terms.

3/ Includes exceptional financing (i.e., changes in arrears and debt relief); changes in gross foreign assets; and valuation adjustments. For projections also includes contribution from price and exchange rate changes.

4/ Current-year interest payments divided by previous period debt stock.

5/ Defined as grants, concessional loans, and debt relief.

6/ Grant-equivalent financing includes grants provided directly to the government and through new borrowing (difference between the face value and the PV of new debt).

7/ Assumes that PV of private sector debt is equivalent to its face value.

8/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

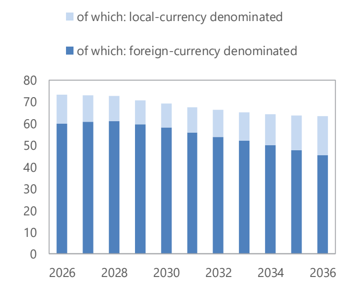
Table 2. Rwanda: Public Sector Debt Sustainability Framework, Baseline Scenario, 2025–46

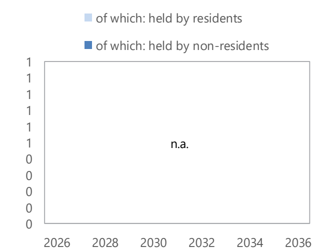
(In Percent of GDP, Unless Otherwise Indicated)

	Actual	Projections								Average 6/	
	2025	2026	2027	2028	2029	2030	2031	2036	2046	Historical	Projections
Public sector debt 1/	73.6	73.1	72.9	72.6	70.6	69.1	67.5	63.2	59.2	62.8	68.0
of which: external debt	59.3	59.8	60.8	61.0	59.5	58.0	55.9	45.2	27.7	48.5	54.9
Change in public sector debt	-0.8	-0.6	-0.2	-0.2	-2.0	-1.6	-1.6	-0.5	-0.3		
Identified debt-creating flows	-3.9	-0.4	-1.3	-1.9	-3.0	-2.4	-1.2	-0.3	-0.3	1.9	-1.1
Primary deficit	3.4	4.4	2.7	1.9	0.8	1.4	2.6	2.6	1.0	5.3	2.5
Revenue and grants	18.9	19.6	19.6	19.9	19.9	19.8	20.5	22.3	24.2	22.4	20.7
of which: grants	2.4	2.3	1.8	1.8	1.6	1.4	1.4	1.3	1.3		
Primary (noninterest) expenditure	22.3	24.0	22.3	21.8	20.7	21.1	23.1	24.9	25.2	27.6	23.2
Automatic debt dynamics	-7.2	-4.8	-4.1	-3.8	-3.8	-3.8	-3.8	-2.9	-1.3		
Contribution from interest rate/growth differential	-8.2	-4.8	-4.1	-3.8	-3.8	-3.8	-3.8	-2.9	-1.3		
of which: contribution from average real interest rate	-1.8	-0.1	0.9	1.0	0.9	0.8	0.8	1.1	2.3		
of which: contribution from real GDP growth	-6.4	-4.7	-4.9	-4.7	-4.7	-4.6	-4.6	-4.0	-3.6		
Contribution from real exchange rate depreciation	1.0	...	...	...	...	...	...	...	...		
Other identified debt-creating flows	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Privatization receipts (negative)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Recognition of contingent liabilities (e.g., bank recapitalization)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Debt relief (HIPC and other)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Other debt creating or reducing flow (please specify)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Residual	3.0	-0.1	1.1	1.6	1.1	0.9	-0.4	-0.2	0.0	2.0	0.2
Sustainability indicators											
PV of public debt-to-GDP ratio 2/	54.1	53.7	54.0	53.6	51.9	50.7	49.8	49.3	51.4		
PV of public debt-to-revenue and grants ratio	286.4	273.8	275.8	269.2	260.7	256.3	243.3	221.1	212.2		
Debt service-to-revenue and grants ratio 3/	41.3	34.0	34.3	36.2	36.3	35.8	46.1	39.1	43.7		
Gross financing need 4/	11.2	11.0	9.4	9.1	8.0	8.4	12.0	11.3	11.6		
Key macroeconomic and fiscal assumptions											
Real GDP growth (in percent)	9.4	6.8	7.2	7.0	7.0	7.0	7.1	6.6	6.5	6.8	6.9
Average nominal interest rate on external debt (in percent)	2.0	1.8	1.9	2.1	2.1	2.1	2.0	2.0	2.4	2.2	2.0
Average real interest rate on domestic debt (in percent)	-6.9	1.7	6.6	7.4	7.2	7.1	7.0	7.0	7.8	-1.2	6.5
Real exchange rate depreciation (in percent, + indicates depreciation)	1.8	...	...	...	...	...	...	...	...	2.5	...
Inflation rate (GDP deflator, in percent)	7.4	10.0	6.0	5.0	5.0	5.0	5.0	5.0	5.0	7.2	5.6
Growth of real primary spending (deflated by GDP deflator, in percent)	-5.3	15.1	-0.5	4.7	1.5	9.4	16.9	7.6	6.4	4.3	8.1
Primary deficit that stabilizes the debt-to-GDP ratio 5/	4.2	4.9	2.9	2.1	2.8	2.9	4.2	3.1	1.3	1.1	3.5
PV of contingent liabilities (not included in public sector debt)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		

Definition of external/domestic debt	**Currency-based**
Is there a material difference between the two criteria?	**No**

Public sector debt 1/





Sources: Country authorities; and staff estimates and projections.

1/ Coverage of debt: The entire public sector, including SOEs . Definition of external debt is Currency-based.

2/ The underlying PV of external debt-to-GDP ratio under the public DSA differs from the external DSA with the size of differences depending on exchange rates projections.

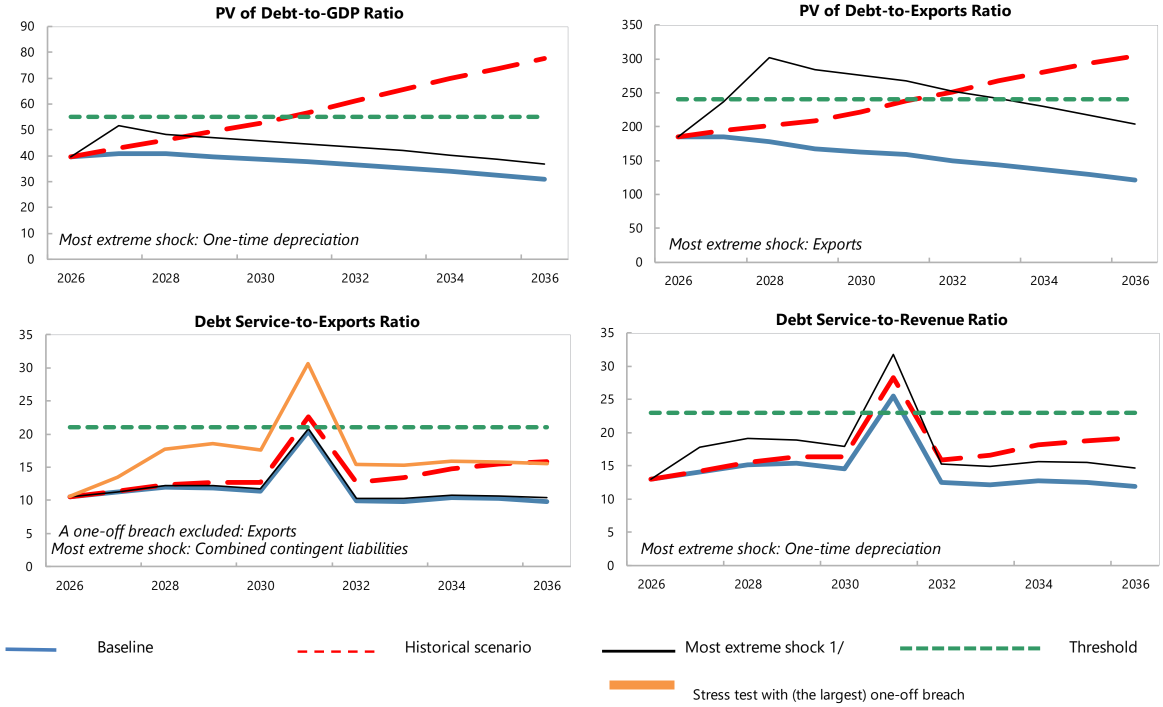
3/ Debt service is defined as the sum of interest and amortization of medium and long-term, and short-term debt.

4/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period and other debt creating/reducing flows.

5/ Defined as a primary deficit minus a change in the public debt-to-GDP ratio ((-): a primary surplus), which would stabilizes the debt ratio only in the year in question.

6/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

Figure 1. Rwanda: Indicators of Public and Publicly-Guaranteed External Debt Under Alternative Scenarios, 2026–36 1/ 2/



Customization of Default Settings

Tailored Stress	Size	Interactions
Combined CL	Yes	
Natural disaster	Yes	Yes
Commodity price	n.a.	n.a.
Market financing	No	No

Note: "Yes" indicates any change to the size or interactions of the default settings for the stress tests. "n.a." indicates that the stress test does not apply.

Borrowing assumptions on additional financing needs resulting from the stress tests*

	Default	User defined
Shares of marginal debt		
External PPG MLT debt	100%	
Terms of marginal debt		
Avg. nominal interest rate on new borrowing in USD	2.5%	2.5%
USD Discount rate	5.0%	5.0%
Avg. maturity (incl. grace period)	28	28
Avg. grace period	8	8

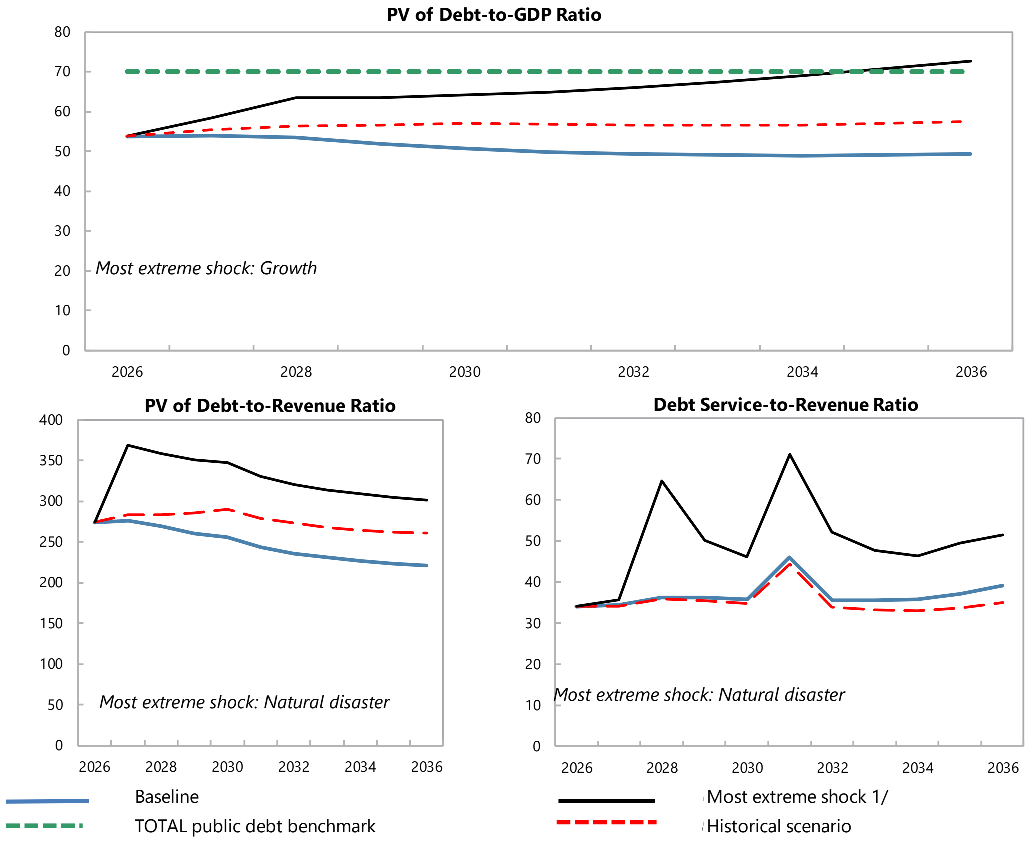
* Note: All the additional financing needs generated by the shocks under the stress tests are assumed to be covered by PPG external MLT debt in the external DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2036. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

2/ The magnitude of shocks used for the commodity price shock stress test are based on the commodity prices outlook prepared by the IMF research department.

Figure 2. Rwanda: Indicators of Public Debt Under Alternative Scenarios, 2026–36 1/



Borrowing assumptions on additional financing needs resulting from the stress tests*	Default	User defined
Shares of marginal debt		
External PPG medium and long-term	48%	48%
Domestic medium and long-term	27%	27%
Domestic short-term	26%	26%
Terms of marginal debt		
External MLT debt		
Avg. nominal interest rate on new borrowing in USD	2.5%	2.5%
Avg. maturity (incl. grace period)	28	28
Avg. grace period	8	8
Domestic MLT debt		
Avg. real interest rate on new borrowing	7.5%	7.5%
Avg. maturity (incl. grace period)	4	4
Avg. grace period	3	3
Domestic short-term debt		
Avg. real interest rate	2.6%	2.6%

* Note: The public DSA allows for domestic financing to cover the additional financing needs generated by the shocks under the stress tests in the public DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2036. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

Table 3. Rwanda: Sensitivity Analysis for Key Indicators of Public and Publicly-Guaranteed External Debt, 2026–36

(In Percent)

	Projections 1/										
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
PV of debt-to GDP ratio											
Baseline	40	41	41	40	39	38	36	35	34	32	31
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2026-2036 2/	40	43	46	49	53	**57**	**61**	**66**	**70**	**74**	**78**
B. Bound Tests											
B1. Real GDP growth	40	44	46	45	44	43	41	40	39	37	35
B2. Primary balance	40	42	47	46	45	44	43	42	40	39	37
B3. Exports	40	44	49	48	47	46	44	43	41	39	37
B4. Other flows 3/	40	44	46	45	43	42	41	40	38	36	34
B5. Depreciation	40	52	48	47	46	45	43	42	40	39	37
B6. Combination of B1-B5	40	48	50	49	48	46	45	43	42	40	38
C. Tailored Tests											
C1. Combined contingent liabilities	40	43	43	42	41	41	40	38	37	35	34
C2. Natural disaster	40	49	51	50	50	50	49	49	47	46	45
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	40	46	46	44	43	42	41	39	38	36	34
Threshold	55	55	55	55	55	55	55	55	55	55	55
PV of debt-to-exports ratio											
Baseline	185	185	178	168	163	159	149	144	137	129	122
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2026-2036 2/	185	194	201	208	222	238	**251**	**267**	**281**	**293**	**305**
B. Bound Tests											
B1. Real GDP growth	185	185	178	168	163	159	149	144	137	129	122
B2. Primary balance	185	191	204	194	189	186	177	171	163	154	146
B3. Exports	185	237	**302**	**284**	**276**	**268**	**252**	**242**	230	217	204
B4. Other flows 3/	185	199	200	188	183	178	167	161	153	144	136
B5. Depreciation	185	185	167	157	152	149	140	135	128	121	114
B6. Combination of B1-B5	185	223	199	222	216	211	198	191	181	171	161
C. Tailored Tests											
C1. Combined contingent liabilities	185	194	189	179	174	171	162	156	149	141	133
C2. Natural disaster	185	221	221	212	209	210	202	197	190	183	175
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	185	185	178	168	163	159	149	143	135	128	121
Threshold	240	240	240	240	240	240	240	240	240	240	240
Debt service-to-exports ratio											
Baseline	11	11	12	12	11	20	10	10	10	10	10
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2026-2036 2/	11	11	12	13	13	**23**	13	13	15	15	16
B. Bound Tests											
B1. Real GDP growth	11	11	12	12	11	20	10	10	10	10	10
B2. Primary balance	11	11	13	13	13	**22**	11	11	11	11	11
B3. Exports	11	14	18	19	18	**31**	15	15	16	16	15
B4. Other flows 3/	11	11	12	13	12	**21**	11	10	11	11	11
B5. Depreciation	11	11	12	12	11	20	10	10	10	10	10
B6. Combination of B1-B5	11	12	15	15	14	**25**	13	13	13	13	13
C. Tailored Tests											
C1. Combined contingent liabilities	11	11	12	12	12	21	10	10	11	11	10
C2. Natural disaster	11	12	13	14	13	**23**	12	12	12	12	13
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	11	11	12	12	12	**23**	13	11	10	10	9
Threshold	21	21	21	21	21	21	21	21	21	21	21
Debt service-to-revenue ratio											
Baseline	13	14	15	15	15	**26**	12	12	13	13	12
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2026-2036 2/	13	14	16	16	16	**28**	16	17	18	19	19
B. Bound Tests											
B1. Real GDP growth	13	15	17	17	17	**29**	14	14	14	14	13
B2. Primary balance	13	14	16	17	16	**27**	14	14	14	14	13
B3. Exports	13	14	16	17	16	**27**	14	13	14	14	13
B4. Other flows 3/	13	14	16	16	15	**26**	13	13	13	13	13
B5. Depreciation	13	18	19	19	18	**32**	15	15	16	15	15
B6. Combination of B1-B5	13	15	18	18	17	**29**	15	14	15	15	15
C. Tailored Tests											
C1. Combined contingent liabilities	13	14	16	16	15	**26**	13	13	13	13	13
C2. Natural disaster	13	15	17	18	17	**28**	15	14	15	15	15
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	13	14	15	16	15	**29**	16	14	13	12	11
Threshold	23	23	23	23	23	23	23	23	23	23	23

Sources: Country authorities; and staff estimates and projections.

1/ A bold value indicates a breach of the threshold.

2/ Variables include real GDP growth, GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.

3/ Includes official and private transfers and FDI.

Table 4. Rwanda: Sensitivity Analysis for Key Indicators of Public Debt, 2026–36
(In Percent)

	Projections 1/										
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
PV of Debt-to-GDP Ratio											
Baseline	54	54	54	52	51	50	49	49	49	49	49
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2026-2036 2/	54	55	56	57	57	57	57	57	57	57	58
B. Bound Tests											
B1. Real GDP growth	54	58	64	64	64	65	66	67	69	**71**	**73**
B2. Primary balance	54	58	64	62	60	59	58	57	57	57	57
B3. Exports	54	57	61	59	58	57	56	55	55	55	55
B4. Other flows 3/	54	57	59	57	56	55	54	53	53	53	53
B5. Depreciation	54	61	59	56	53	50	48	47	46	44	44
B6. Combination of B1-B5	54	55	60	58	57	56	55	55	55	55	55
C. Tailored Tests											
C1. Combined contingent liabilities	54	59	58	57	55	54	53	53	53	53	53
C2. Natural disaster	54	**72**	**72**	70	69	68	67	67	67	67	67
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	54	54	54	52	51	50	49	49	49	49	49
TOTAL public debt benchmark	70	70	70	70	70	70	70	70	70	70	70
PV of Debt-to-Revenue Ratio											
Baseline	274	276	269	261	256	243	236	231	227	223	221
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2026-2036 2/	274	283	283	286	290	279	273	268	265	262	261
B. Bound Tests											
B1. Real GDP growth	274	297	316	316	321	314	313	315	317	320	324
B2. Primary balance	274	295	322	311	306	289	278	270	264	258	254
B3. Exports	274	290	308	299	293	277	268	261	255	250	246
B4. Other flows 3/	274	292	295	286	281	266	257	251	245	241	237
B5. Depreciation	274	315	298	282	269	247	233	221	212	203	197
B6. Combination of B1-B5	274	284	301	292	288	273	265	258	253	249	246
C. Tailored Tests											
C1. Combined contingent liabilities	274	302	293	284	279	264	255	249	244	240	236
C2. Natural disaster	274	368	358	351	348	330	320	314	309	304	301
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	274	276	269	261	257	244	235	229	225	222	220
Debt Service-to-Revenue Ratio											
Baseline	34	34	36	36	36	46	36	36	36	37	39
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2026-2036 2/	34	34	36	35	35	44	34	33	33	34	35
B. Bound Tests											
B1. Real GDP growth	34	36	42	45	45	59	49	50	51	54	57
B2. Primary balance	34	34	43	48	42	55	46	42	41	42	44
B3. Exports	34	34	37	38	37	47	37	36	37	38	40
B4. Other flows 3/	34	34	37	37	37	47	36	36	36	38	40
B5. Depreciation	34	34	38	37	37	50	36	36	37	38	39
B6. Combination of B1-B5	34	34	38	45	41	50	43	41	40	40	43
C. Tailored Tests											
C1. Combined contingent liabilities	34	34	45	40	38	53	40	38	38	39	41
C2. Natural disaster	34	36	65	50	46	71	52	48	46	49	52
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	34	34	36	37	36	49	39	37	36	36	38

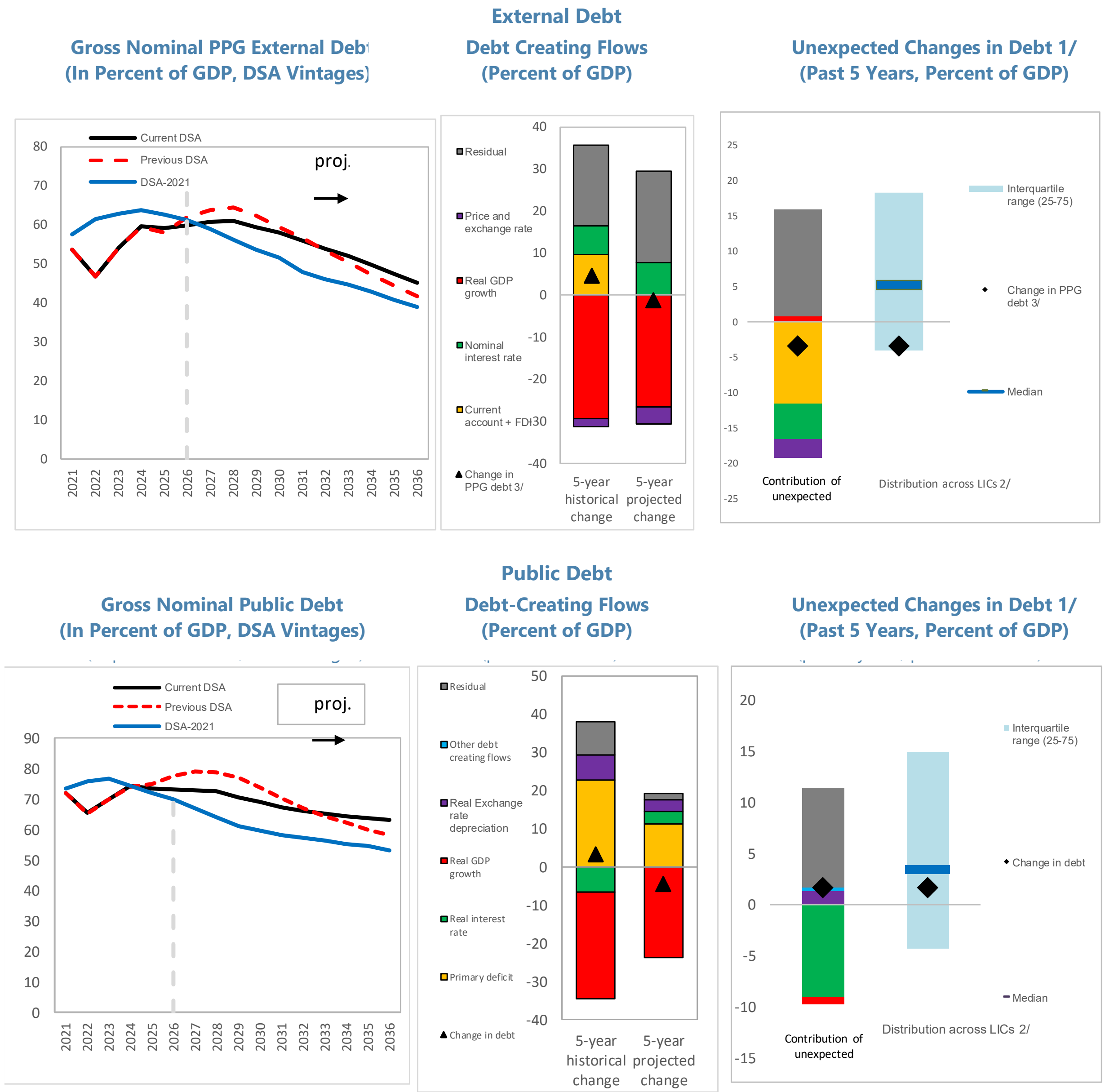
Sources: Country authorities; and staff estimates and projections.

1/ A bold value indicates a breach of the benchmark.

2/ Variables include real GDP growth, GDP deflator and primary deficit in percent of GDP.

3/ Includes official and private transfers and FDI.

Figure 3. Rwanda: Drivers of Debt Dynamics—Baseline Scenario[1/]



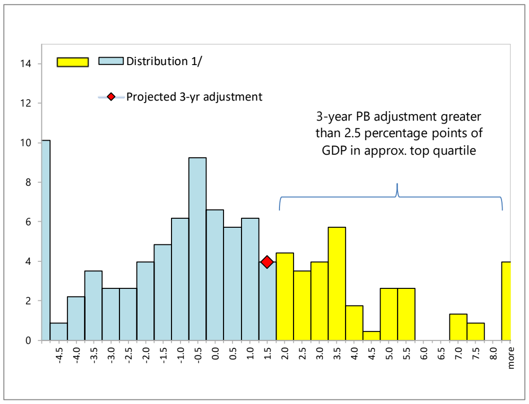
1/ Difference between anticipated and actual contributions on debt ratios.

2/ Distribution across LICs for which LIC DSAs were produced.

3/ Given the relatively low private external debt for average low-income countries, a ppt change in PPG external debt should be largely explained by the drivers of the external debt dynamics equation.

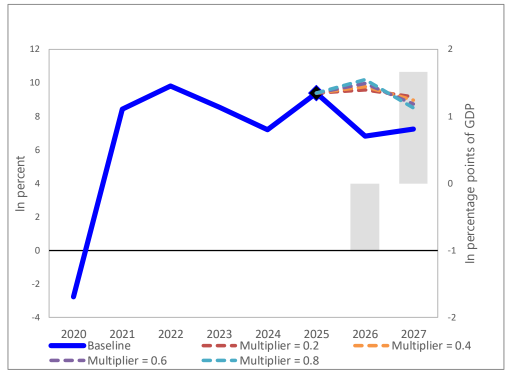
Figure 4. Rwanda: Realism Tools

3-Year Adjustment in Primary Balance
(Percentage points of GDP)



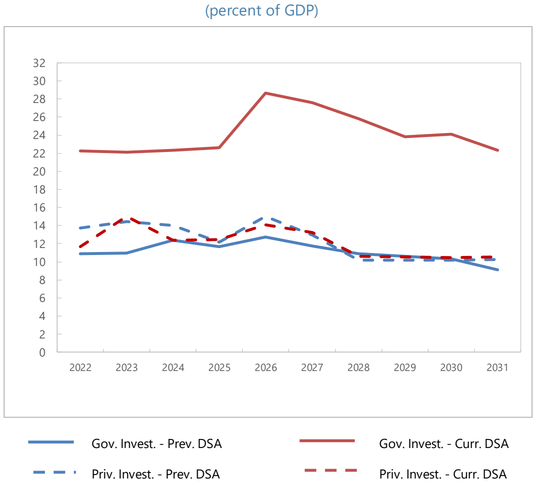
1/ Data cover Fund-supported programs for LICs (excluding emergency financing) approved since 1990. The size of 3-year adjustment from program inception is found on the horizontal axis; the percent of sample is found on the vertical axis.

Fiscal Adjustment and Possible Growth Paths 1/



1/ Bars refer to annual projected fiscal adjustment (right-hand side scale) and lines show possible real GDP growth paths under different fiscal multipliers (left-hand side scale).

Public and Private Investment Rates
(percent of GDP)



Contribution to Real GDP Growth
(percent, 5-year average)

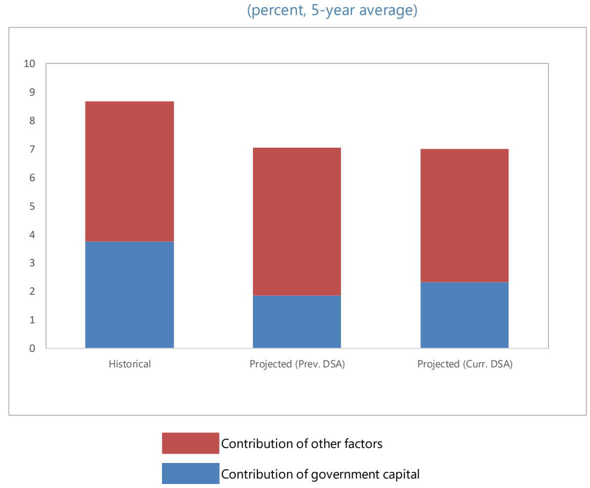
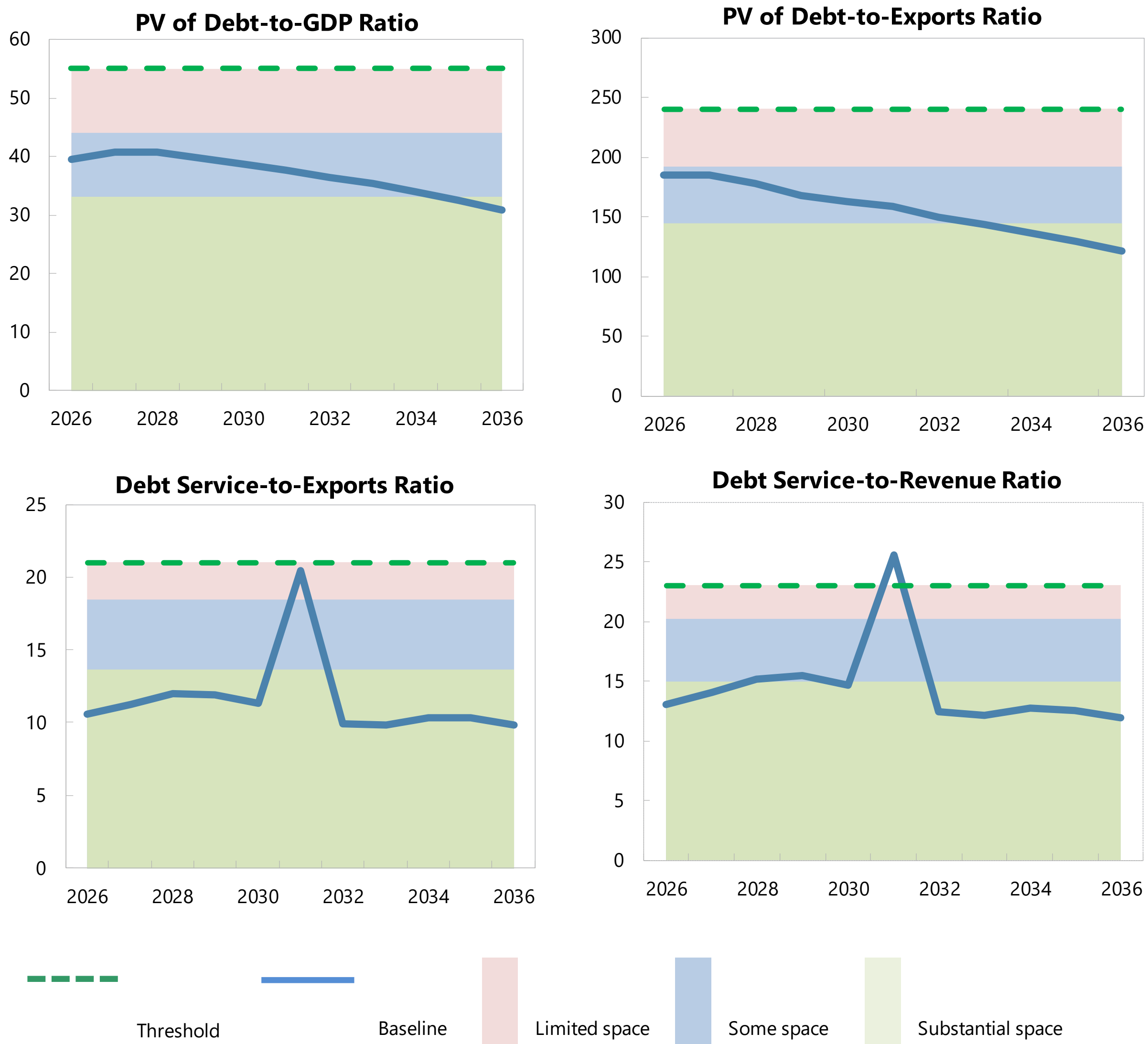


Figure 5. Rwanda: Qualification of the Moderate Category, 2026–36[1/]



Sources: Country authorities; and staff estimates and projections.

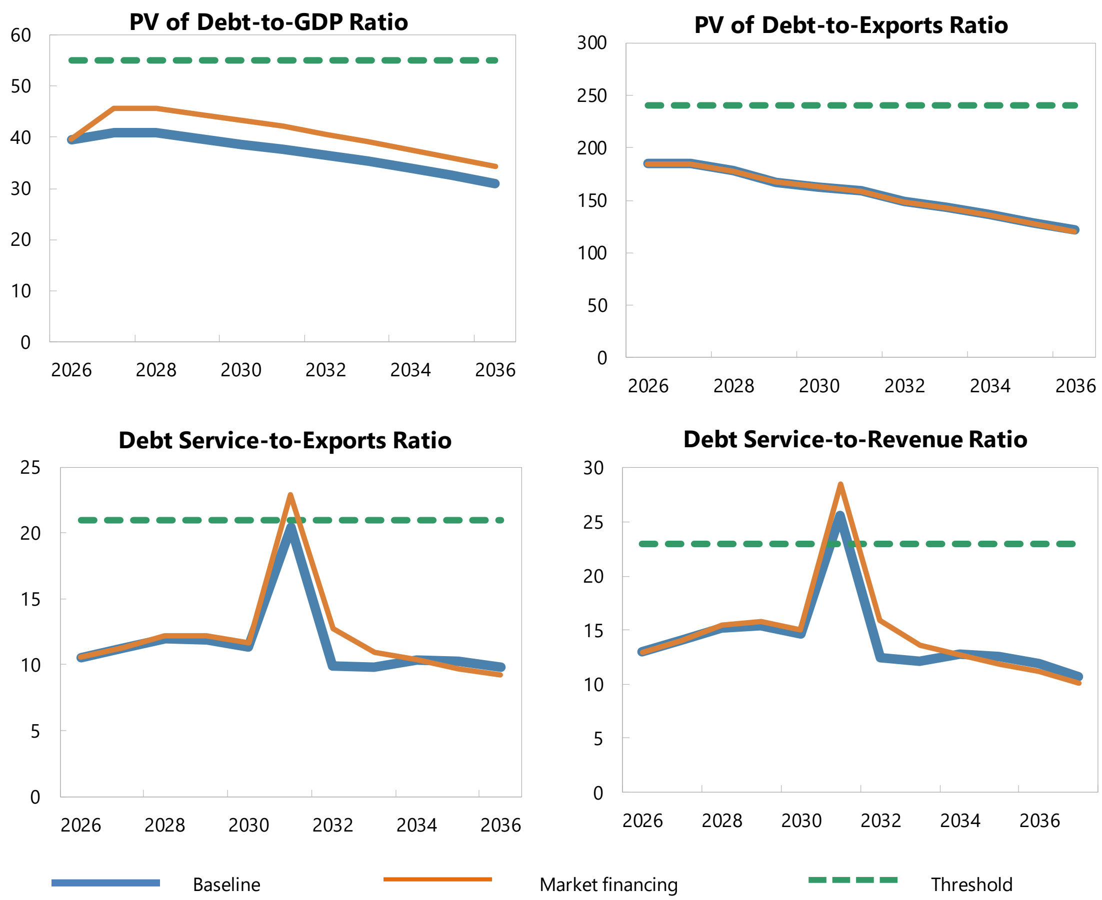
1/ For the PV debt/GDP and PV debt/exports thresholds, x is 20 percent and y is 40 percent. For debt service/Exports and debt service/revenue thresholds, x is 12 percent and y is 35 percent.

Figure 6. Rwanda: Market-Financing Risk Indicators

	GFN 1/	EMBI 2/
Benchmarks	14	570
Values	11	300
Breach of benchmark	No	No
Potential heightened liquidity needs	Low	

1/ Maximum gross financing needs (GFN) over 3-year baseline projection horizon.

2/ EMBI spreads correspond to the latest available data.



Sources: Country authorities; and staff estimates and projections.

Table 5. Rwanda: Public Debt Decomposition, 2025–46

	Actual	*Projections*																				
Creditor profile	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
Total, US$ mn	**11,421**	**13,123**	**14,100**	**14,957**	**15,568**	**16,290**	**17,369**	**18,528**	**19,894**	**21,350**	**23,008**	**24,819**	**26,768**	**28,906**	**31,212**	**33,613**	**36,199**	**39,115**	**42,262**	**45,610**	**49,331**	**53,340**
External, US$ mn	**9,115**	**10,746**	**11,766**	**12,555**	**13,104**	**13,672**	**14,388**	**15,084**	**15,879**	**16,550**	**17,170**	**17,754**	**18,336**	**18,837**	**19,416**	**20,015**	**20,085**	**20,862**	**21,742**	**22,710**	**23,763**	**24,891**
Multilateral creditors	*6,568*	*7,950*	*8,585*	*9,131*	*9,538*	*9,926*	*10,331*	*10,726*	*11,232*	*11,656*	*12,032*	*12,396*	*12,736*	*13,098*	*13,477*	*13,876*	*14,354*	*14,858*	*15,412*	*16,013*	*16,655*	*17,283*
IMF	802	834	854	832	764	682	618	568	530	463	378	297	231	179	142	109	76	42	14	0	0	0
World Bank	4,403	4,472	4,601	4,850	5,040	5,242	5,441	5,652	5,805	5,922	6,034	6,148	6,257	6,407	6,655	6,919	7,269	7,656	8,078	8,538	9,078	9,769
AfDB	1,532	1,461	1,656	1,799	1,946	2,089	2,268	2,405	2,552	2,693	2,831	2,953	3,062	3,159	3,149	3,128	3,099	3,060	3,020	2,977	2,922	2,857
Other Multilaterals	-169	1,184	1,474	1,651	1,788	1,915	2,002	2,096	2,335	2,565	2,775	2,986	3,179	3,349	3,531	3,720	3,909	4,100	4,301	4,498	4,655	4,658
Bilateral Creditors	*1,508*	*1,452*	*1,619*	*1,803*	*1,928*	*2,103*	*2,261*	*2,407*	*2,556*	*2,690*	*2,830*	*2,955*	*3,106*	*3,276*	*3,519*	*3,774*	*4,063*	*4,397*	*4,779*	*5,213*	*5,697*	*6,274*
Paris Club	754	643	702	771	830	949	1,076	1,200	1,340	1,477	1,619	1,766	1,916	2,070	2,227	2,360	2,490	2,625	2,765	2,921	3,077	3,228
Non-Paris Club	754	809	917	1,032	1,098	1,154	1,184	1,207	1,216	1,212	1,211	1,189	1,190	1,206	1,292	1,413	1,573	1,772	2,014	2,292	2,620	3,046
Private Creditors	*1,039*	*1,343*	*1,562*	*1,620*	*1,639*	*1,643*	*1,797*	*1,951*	*2,092*	*2,204*	*2,307*	*2,404*	*2,494*	*2,463*	*2,420*	*2,365*	*1,668*	*1,607*	*1,551*	*1,483*	*1,411*	*1,333*
Bonds	620	620	620	620	620	620	620	620	620	620	620	620	620	620	620	620	0	0	0	0	0	0
Loans	419	723	942	1,000	1,019	1,023	1,177	1,331	1,472	1,584	1,687	1,784	1,874	1,843	1,800	1,745	1,668	1,607	1,551	1,483	1,411	1,333
Domestic, US$ mn	**2,306**	**2,377**	**2,334**	**2,402**	**2,463**	**2,619**	**2,981**	**3,444**	**4,015**	**4,800**	**5,838**	**7,065**	**8,432**	**10,069**	**11,797**	**13,598**	**16,114**	**18,254**	**20,519**	**22,900**	**25,568**	**28,449**
Memo items:																						
Collateralized debt (US$ million)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
Multilateral and collateralized debt																						
Multilateral debt, US$ mn	**6,568**	**7,950**	**8,585**	**9,131**	**9,538**	**9,926**	**10,331**	**10,726**	**11,232**	**11,656**	**12,032**	**12,396**	**12,736**	**13,098**	**13,477**	**13,876**	**14,354**	**14,858**	**15,412**	**16,013**	**16,655**	**17,283**
percent of external debt	72.1	74.0	73.0	72.7	72.8	72.6	71.8	71.1	70.7	70.4	70.1	69.8	69.5	69.5	69.4	69.3	71.5	71.2	70.9	70.5	70.1	69.4
percent of GDP[1]	40.9	44.3	44.4	44.3	43.3	42.1	40.1	38.3	36.8	35.1	33.3	31.6	29.8	28.2	26.7	25.3	24.1	23.0	21.9	21.0	20.1	19.2
IMF and World Bank	*5,204*	*5,306*	*5,455*	*5,682*	*5,804*	*5,923*	*6,058*	*6,220*	*6,335*	*6,385*	*6,413*	*6,446*	*6,488*	*6,586*	*6,797*	*7,028*	*7,345*	*7,698*	*8,092*	*8,538*	*9,078*	*9,769*
percent of external debt	57.1	49.4	46.4	45.3	44.3	43.3	42.1	41.2	39.9	38.6	37.4	36.3	35.4	35.0	35.0	35.1	36.6	36.9	37.2	37.6	38.2	39.2
percent of GDP[1]	32.4	29.5	28.2	27.6	26.3	25.1	23.5	22.2	20.8	19.2	17.8	16.4	15.2	14.2	13.5	12.8	12.3	11.9	11.5	11.2	11.0	10.9
AfDB	*1,532*	*1,461*	*1,656*	*1,799*	*1,946*	*2,089*	*2,268*	*2,405*	*2,552*	*2,693*	*2,831*	*2,953*	*3,062*	*3,159*	*3,149*	*3,128*	*3,099*	*3,060*	*3,020*	*2,977*	*2,922*	*2,857*
percent of external debt	16.8	13.6	14.1	14.3	14.8	15.3	15.8	15.9	16.1	16.3	16.5	16.6	16.7	16.8	16.2	15.6	15.4	14.7	13.9	13.1	12.3	11.5
percent of GDP[1]	9.6	8.1	8.6	8.7	8.8	8.9	8.8	8.6	8.4	8.1	7.8	7.5	7.2	6.8	6.2	5.7	5.2	4.7	4.3	3.9	3.5	3.2
Other Multilateral	*-169*	*1,184*	*1,474*	*1,651*	*1,788*	*1,915*	*2,002*	*2,096*	*2,335*	*2,565*	*2,775*	*2,986*	*3,179*	*3,349*	*3,531*	*3,720*	*3,909*	*4,100*	*4,301*	*4,498*	*4,655*	*4,658*
percent of external debt	-1.9	11.0	12.5	13.1	13.6	14.0	13.9	13.9	14.7	15.5	16.2	16.8	17.3	17.8	18.2	18.6	19.5	19.7	19.8	19.8	19.6	18.7
percent of GDP[1]	-1.1	6.6	7.6	8.0	8.1	8.1	7.8	7.5	7.7	7.7	7.7	7.6	7.4	7.2	7.0	6.8	6.6	6.3	6.1	5.9	5.6	5.2
Collateralized debt, US$ mn	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*1.0*

1/ debt as percent of GDP is calculated by authorities based on debt and GDP values in RwF

Statement by the Executive Director, Mr. Regis O. N'Sonde, and by the Senior Advisor of the Executive Director, Ms. Loy Nankunda, on Rwanda
June 8, 2026

I. Introduction

1. **On behalf of our Rwandese authorities, we thank staff for the constructive and candid engagement during the program negotiations, which has helped shape a well-calibrated policy framework.** The request for a 38-month Extended Credit Facility (ECF) arrangement comes at a critical juncture, against a rapidly evolving and uncertain global environment, compounded by spillovers from the conflict in the Middle East, which are affecting the region and Rwanda in particular, through higher energy and import costs, and tighter external financing conditions.

2. **Our authorities view the proposed ECF arrangement as an important framework to support their policy agenda aimed at preserving macroeconomic stability while addressing emerging external and fiscal pressures, including through fostering inclusive growth.** It is intended to help meet balance of payments needs, anchor a credible adjustment path, and catalyze additional support from development partners. At the same time, it supports continued implementation of reforms under the National Strategy for Transformation and helps ensure that the adjustment process remains orderly and growth friendly.

II. Recent Macroeconomic Developments

3. **Despite global headwinds, growth remains vigorous and broad-based, sustained by strong macroeconomic policies and resilient domestic demand.** Real GDP growth reached 9.4 percent in 2025, supported by strong performance in construction, manufacturing, and services, alongside solid contributions from agriculture. Labor market conditions have improved, reflecting sustained economic activity. Looking ahead, growth is expected to moderate but remain strong at about 6.8–7.2 percent in 2026–27, supported by continued implementation of strategic investments and reforms.

4. **Inflationary pressures have increased on the back of both supply shocks and emerging demand-side dynamics.** Headline inflation rose to around 13 percent year-on-year in early 2026, driven by higher food and energy prices, weaker agricultural output due to adverse weather conditions, and elevated global fertilizer and oil prices. Core inflation has also remained elevated, increasing to 9.4 percent in March from 5.8 percent in a similar period last year, pointing to broad-based price pressures amid strong growth and rising credit. Rwandese authorities recognize that inflation risks have become more persistent and are committed to bringing inflation back toward the 5-percent target through well–coordinated monetary and fiscal policies.

5. **External pressure remains significant in the context of large investment needs and tighter financing conditions.** Indeed, the current account deficit is projected to widen to about 14.1 percent of GDP in 2026, stemming from strong import demand linked to capital projects and high energy prices. While exports and tourism receipts remain robust, the external position is weaker

than fundamentals, and reserves—though still adequate—are under pressure. Authorities are pursuing policies to facilitate adjustment and trengthen external resilience.

III. Fiscal Policy

6. **Fiscal policy is appropriately focused on addressing elevated vulnerabilities while rebuilding buffers and strengthening debt sustainability in a credible and growth-friendly manner.** Our authorities recognize that fiscal deficits remain elevated and that public debt has risen to about 73 percent of GDP, reflecting past shocks and the scaling up of development spending. In response, they have committed to a sustained and well-calibrated consolidation effort anchored in concrete policy measures. The deficit is projected to decline from about 5.7 percent of GDP in FY2025/26 to about 3 percent by FY2028/29, striking a balance between restoring fiscal space and safeguarding growth and social spending.

7. **Recognizing that there is room for further enhancing domestic revenue mobilization, our authorities are implementing reforms to strengthen revenue performance.** Measures already underway include improvements in customs valuation, efforts to reduce VAT compliance gaps, expanded use of electronic billing machines, and preparation of a new Medium-Term Revenue Strategy (MTRS-2) to broaden the tax base and rationalize tax expenditures.

8. **On the expenditure side, our authorities are tackling inefficiencies and strengthening control over public investment.** Reforms in train include tighter prioritization of spending and improvements in the selection, sequencing, and monitoring of foreign-financed capital projects—areas where past execution challenges contributed to fiscal pressures. At the same time, our authorities remain firmly committed to protecting priority social and development spending.

9. **Debt sustainability remains central to the fiscal strategy, with a clear commitment to placing debt on a downward trajectory.** While risks are assessed as moderate with limited space to absorb shocks, our authorities are targeting a reduction in the debt ratio toward about 65 percent of GDP by 2033 through sustained fiscal adjustment, prudent borrowing, and strengthened debt management.

IV. Monetary Policy

10. **Monetary policy has appropriately tightened in response to elevated inflation, though achieving durable disinflation will require sustained efforts.** The authorities recognize that inflation has become broad-based, reflecting both supply-side shocks and emerging demand pressures, and have responded decisively by tightening the policy stance. In May 2026, the National Bank of Rwanda has increased its policy rate from 7.25 percent to 8.25 percent and remains committed to maintaining a forward-looking, data-driven stance. This reflects a clear commitment to re-anchor inflation expectations and prevent second-round effects, while carefully balancing the impact on economic growth.

11. Recognizing challenges in policy transmission, our authorities are advancing reforms to strengthen the monetary policy framework. Efforts include strengthening the interest rate–based operational framework, improving communication to better anchor expectations, and deepening domestic financial markets to enhance transmission channels. In parallel, exchange rate flexibility is being enhanced to support adjustment and resilience. Our authorities recognize that allowing the exchange rate to play a greater role as a shock absorber will help address external imbalances, improve competitiveness, and support reserve accumulation in a constrained external environment.

V. Financial Sector Policy

12. The financial sector remains broadly resilient, though rapid credit growth and concentration risks are being closely monitored. Asset quality remains strong, but our authorities recognize the need for early action to mitigate emerging risks. The non-performing loan ratio remains low—below 3 percent—and banks are well capitalized. Credit to the private sector expanded by about 25.8 percent in 2025, supporting economic activity but also raising risks of over-leverage in certain segments, which are carefully monitored by the authorities.

13. Our authorities are particularly attentive to concentration exposures, including those linked to state-owned enterprises. In response to the increased bank-sovereign nexus and concentration exposures, our authorities are strengthening supervisory and macroprudential frameworks with concrete measures underway. These include introducing capital buffers for concentrated exposures, enhancing supervisory monitoring through granular data, and adopting a more proactive macroprudential stance to manage emerging risks.

VI. Structural Reforms

14. Our authorities' structural reforms are focused on addressing underlying constraints to sustained and inclusive growth. The authorities recognize that reliance on public investment, combined with rising fiscal risks and external imbalances, necessitates a transition toward a more private sector-led growth model. Public investment management reforms are being strengthened to improve efficiency and reduce risks. Measures underway include enhanced project appraisal, tighter execution controls—particularly for externally financed projects—and improved coordination with fiscal and debt frameworks.

15. Efforts are underway to sustain high growth while addressing fiscal pressures. Our authorities are advancing governance reforms, strengthening financial oversight, improving transparency, and conducting targeted assessments of key enterprises such as RwandAir to better manage fiscal and quasi-fiscal risks. At the same time, broader reforms aimed at strengthening competitiveness and external sustainability are in train. Actions to diversify exports, deepen regional integration notably under the African Continental Free Trade Area (AfCFTA), and improve the business environment are expected to support private investment and boost growth prospects.

VII. Conclusion

16. **While Rwanda faces a more challenging macroeconomic environment, our authorities have demonstrated strong ownership of policy response and a clear commitment to addressing emerging vulnerabilities.** Their reform program is comprehensive and appropriately calibrated, combining fiscal consolidation, monetary tightening, financial sector vigilance, and advancing structural reforms while supporting growth. Looking ahead, our authorities remain firmly committed to sustained implementation of their reform agenda. Continued discipline across policies remains essential to safeguard macroeconomic stability, strengthen resilience, and advance Rwanda’s medium-term development objectives. A new IMF-supported program will help support the policy agenda ahead.