Republic of Rwanda

Ministry of Finance and Economic Planning

DEBT SUSTAINABILITY ANALYSIS REPORT

JUNE, 2026

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LIST OF ABBREVIATIONS

DSA	Debt Sustainability Analysis
MTDS	Medium-Term Debt Management strategy
LIC-DSF	Low-Income Countries Debt Sustainability Framework
ECF	Extended Credit Facility
IMF	International Monetary Fund
GDP	Gross Domestic Product
SOEs	State Owned Enterprises
PPG	Public and Publicly Guaranteed
PV	Present Value

1. BACKGROUND.

In accordance with Article 64 of the Organic Law on Public Finance Management concerning debt management, the Government of Rwanda undertook a Debt Sustainability Analysis (DSA) to assess the sustainability of public debt over the medium and long term. The analysis supports the development and implementation of debt management strategies and annual borrowing plans.

The assessment examined current and projected debt levels, as well as the country's ability to meet its debt service obligations while maintaining macroeconomic stability and supporting sustainable economic growth. The 2025 DSA was conducted by officials from the Government of Rwanda with technical support from the International Monetary Fund (IMF) and the World Bank.

The 2025 Debt Sustainability Analysis (DSA) was conducted using the Low-Income Countries Debt Sustainability Framework (LIC-DSF), which evaluates the evolution of debt burden indicators under a range of macroeconomic scenarios. The framework provides a basis for policy formulation and supports the identification of measures required to preserve debt sustainability over the medium and long term.

The analysis draws on data covering public and publicly guaranteed external and domestic debt, as well as external debt owed by the private sector. It is based on ten years of historical data and twenty years of forward-looking projections, with 2025 serving as base year and 2026 as first year of the projection.

The coverage of public and publicly guaranteed debt includes obligations of the central government, borrowings undertaken by the central bank on behalf of the government, and both guaranteed and non-guaranteed debt of state-owned enterprises (SOEs). This broader debt perimeter is consistent with the Government's commitment to strengthening debt management practices and enhancing fiscal transparency.

In addition, the 2025 DSA incorporates a set of macroeconomic assumptions and reflects the anticipated implementation of key national development and investment projects over the projection horizon.

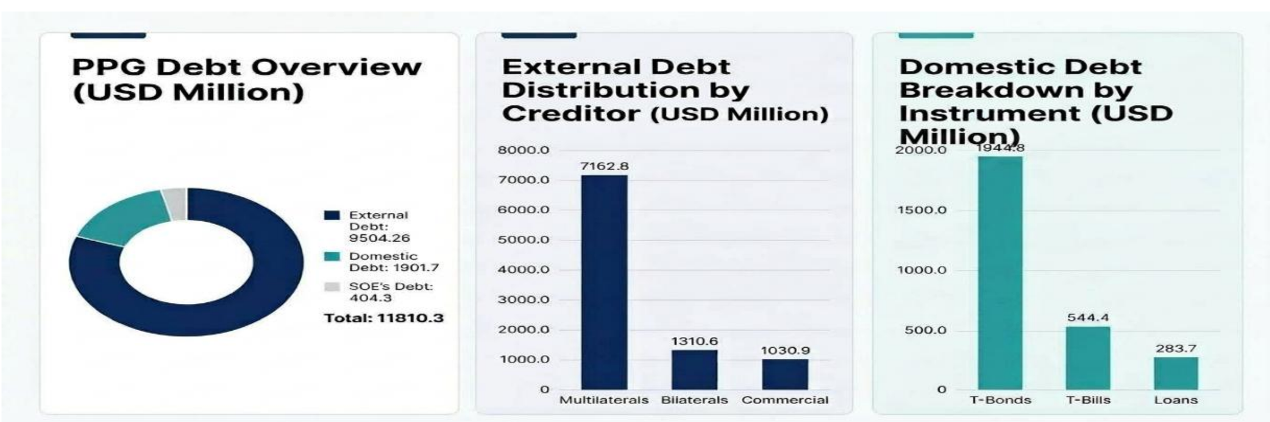
2. DEBT PORTFOLIO.

Rwanda's public debt remains sustainable, despite an increase in 2025, driven primarily by external loan disbursements and domestic borrowing to finance government expenditures. As of 31 December 2025, total public debt stood at USD 11.8 billion, equivalent to 73.6 percent of GDP, compared to USD 10.7 billion (74.5% of GDP) at the end of 2024.

External debt remained the largest component of the public debt portfolio, amounting to USD 9.5 billion, equivalent to 59.2 percent of GDP, and accounting for approximately 80.5 percent of total public debt. The external debt portfolio continued to be dominated by multilateral creditors, which represented 75.3 percent of total external debt, reflecting Rwanda's sustained access to concessional financing (89.2% of total external debt). Bilateral creditors accounted for 13.7 percent of the portfolio, while commercial debt constituted the remaining 10.8 percent.Domestic debt rose to RWF 2,772.9 billion, equivalent to 11.9 percent of GDP as of December 2025, compared to RWF 2,529.7 billion in December 2024. The increase was primarily attributed to increased Government issuance of domestic securities to meet budget financing needs.Treasury bonds continued to dominate the domestic debt portfolio, accounting for 70.1 percent, reflecting the Government's strategy of lengthening the maturity profile through increased issuance of long-term securities and thereby reducing refinancing risks.

Debt contracted by State-Owned Enterprises (SOEs) accounted for 2.5 percent of GDP, equivalent to approximately Frw 589.6 billion. This includes both government-guaranteed and non-guaranteed debt, reflecting a comprehensive coverage of SOE liabilities with the objective of better monitoring and managing contingent liabilities and minimizing associated fiscal risks.

Figure 1: PPG Debt Stock Composition as of December 2025



Source: MINECOFIN, Dec 2025

3. RECENT ECONOMIC DEVELOPMENTS

Rwanda's economy remained resilient in 2025, with real GDP growth reaching 9.4 percent, driven by strong performance in services, construction, manufacturing, and agriculture. Growth is projected to moderate to 6.8 percent in 2026, reflecting the impact of the Middle East conflict on commodity prices, trade, transport, tourism, and financial flows.

The Government remains committed to fiscal consolidation through enhanced domestic revenue mobilization, expenditure rationalisation, fiscal risk mitigation and prudent debt management. The fiscal deficit is projected to decline from 5.7 percent of GDP in FY2025/26 to 4.8 percent in FY2026/27, while maintaining a path toward reducing public debt to 65 percent of GDP by 2033.

Inflation averaged 7.0 percent in 2025, remaining within the target range of 2–8 percent, and 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. The current account deficit narrowed from 13.1 percent of GDP in 2024 to 11.8 percent in 2025, supported by strong tourism receipts and remittance inflows. Although the deficit is expected to widen temporarily in 2026 due to imports related to the New Kigali International Airport project and higher fuel costs, external stability is expected to remain supported by foreign direct investment, concessional financing inflows, and international reserves are expected to remain above the benchmark of 4.0 months of imports.

Table 1: Key Macroeconomic Assumptions

	2024	2025	2026	2027	2028	2029	2030
Rwanda: Selected Economic Indicators, 2024-30	Act.		Proj.				
Real GDP	7.2	9.4	6.8	7.2	7.0	7.0	7.0
GDP deflator	8.1	7.3	10.0	6.0	5.0	5.0	5.0
Exchange rate (Rwanda franc/US$) (e.o.p.)	1383.0	1458.0	1531.0	1615.0	1704.0	1789.0	1879.0
Rwanda franc y/y depreciation rate (e.o.p.)	9.4	5.4	5.0	5.5	5.5	5.0	5.0
Exchange rate (Rwanda franc/US$) (p. avg.)	1323.0	1428.0	1495.0	1573.0	1660.0	1747.0	1834.0
Rwanda franc y/y depreciation rate (p. avg.)	13.2	8.0	4.6	5.3	5.5	5.2	5.0
Reserve money	11.0	10.4	14.2	10.2	11.2	15.1	15.2
Exports (goods and services)	22.1	-17.7	10.2	11.7	10.4	10.3	7.2
Imports (goods and services)	13.4	-12.3	14.3	2.9	-2.7	2.3	5.7
Current account balance (incl. official transfers)	-13.1	-11.8	-14.1	-12.0	-8.4	-6.7	-6.7
Gross official reserves (mln USD), in months of next year's imports of goods & services	5.2	4.1	4.0	4.2	4.5	4.6	4.6
GDP at current market prices							
Rwanda francs (billion), CY basis	19918.0	23387.0	27490.0	31249.0	35089.0	39427.0	44302.0
nominal growth	16.0	17.4	17.5	13.7	12.3	12.4	12.4
Budgetary central government, FY basis	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Revenue & grants	20.5	19.3	19.7	19.4	19.8	19.9	19.9
Overall deficit	-6.6	-5.4	-5.7	-4.8	-4.1	-3.0	-3.0
Overall Primary balance (incl. grants)	-4.4	-3.2	-3.4	-2.5	-2.0	-1.1	-1.3

Source: MINECOFIN, Economic Bulletin Report, April 2026

4. FINANCING ASSUMPTIONS.

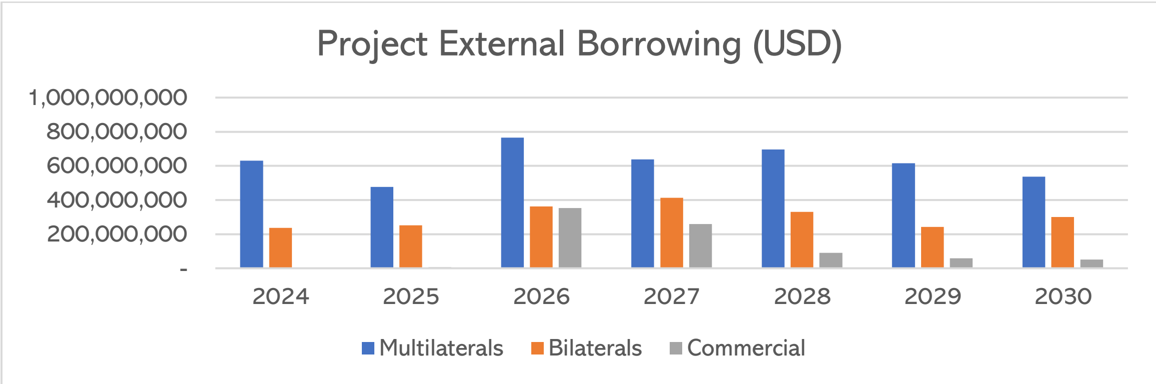
The 2025 Debt Sustainability Analysis (DSA) incorporates projections of future external financing requirements based on a range of factors, including historical borrowing patterns over the previous years, the stock of undisbursed committed loans, and expected borrowing from both concessional and non-concessional sources. These financing assumptions are consistent with the Government's Medium-Term Debt Management Strategy (MTDS).

The current Medium-Term Debt Management Strategy (MTDS) for FY 2026/27–2028/29 is built on a strategy aimed at lengthening the maturity profile through increased issuance of longer-term securities, thereby supporting the development of the domestic debt market and increasing reliance on local currency denominated instruments, in order to mitigate refinancing and exchange rate risks. The strategy also prioritizes the mobilization of external concessional and semi-concessional financing to support a smoother and more sustainable debt repayment profile, and scaling up the use of innovative and blended financing instruments to enhance debt sustainability.

The financing strategy is guided by the main objective of minimizing cost and risk while maintaining debt sustainability, targeting a reduction in the public debt level to 65 percent of GDP by 2033.

The strategy also supports monetary policy objectives of maintaining stable inflation while safeguarding the economy against external shocks.

Figure 2: External Financing Assumptions



Source: MINECOFIN, DSA Tool, April 2026

5. COUNTRY CLASSIFICATION AND DSA RESULTS.

5.1. Methodology

The 2025 DSA applied the LIC-DSF and indicative debt burden thresholds which are based on the Composite Indicator (CI). Rwanda's Composite Indicator (CI) Index is 3.19, which incorporates data from the IMF's World Economic Outlook (WEO), country macroeconomic projections and the World Bank's Country Policy and Institutional Assessment (CPIA)

The LIC-DSF assesses the risk of debt distress by comparing the evolution of debt burden indicators against predetermined thresholds determined by the countries' debt-carrying capacities. Table 3 summarizes the solvency and liquidity thresholds of debt burden indicators.

Table 2: Debt-Carrying Capacity Categories

Category	*Cut – off values*
Weak	CI < 2.69
Medium	2.69 ≤ CI ≤ 3.05
Strong	CI > 3.05

Source: World Bank

Table 3: Debt Burden Thresholds and Benchmarks under the LIC-DSF

	PV of external debt in percent of:		*External debt service in percent of:*		*PV of total public debt in percent of:*
	GDP	Exports	Exports	Revenue	GDP
Weak	30	140	10	14	35
Medium	40	180	15	18	55
Strong	55	240	21	23	70

Source: IMF

The CI for Rwanda computed in April 2026, is 3.19. Based on the CI score, the county's debt-carrying capacity is a strong performer (Table 4).

Table 4: Debt Carrying Capacity

Debt Carrying Capacity		
Final	**Classification based on current vintage**	**Classification based on the previous vintage**
Strong	**Strong**	**Strong**
	3.19	**3.17**

Source: IMF-WB-Rwanda, DSA, April 2026

5.2 Public Debt Sustainability Analysis

The solvency indicators show that PV of external public debt to GDP is at 39.0 percent in 2025 and afterwards decrease to 37.7 percent in 2031 and thereafter decrease to 35.4 percent by 2033, all below the threshold of 55 percent. Likewise, the PV of external public debt-to-exports is projected to decline from 178.6 percent in 2025 to 158.6 percent in 2031 and thereafter decrease to 143.9 percent by 2033, well below the threshold of 240 percent.

Liquidity indicators show that the debt service-to-exports ratio is projected to increase from 11.1 percent in 2025 to 20.5 percent in 2031, reflecting the repayment of the existing USD 620 million Eurobond, before declining to 9.9 percent in 2033, remaining below the indicative threshold of 21 percent. Similarly, the debt service-to-revenue ratio is projected to rise from 14.7 percent in 2025 to 25.6 percent in 2031, also driven by the Eurobond repayment, before declining to 12.2 percent in 2033. This ratio is expected to temporarily breach the 23 percent threshold in 2031 (Annex Table 1). However, this breach is temporary and is not expected to materially affect the overall debt distress risk rating of the country.

The nominal public debt stood at 73.6% of GDP at end 2025, reflecting continued borrowing to finance strategic development investments and budgetary needs. In 2026, the debt-to-GDP ratio is projected at 73.1%, as financing requirements remain elevated to support ongoing priority investment projects. Thereafter, the ratio is expected to gradually decline, supported by sustained economic growth, fiscal consolidation, enhanced domestic revenue mobilization, and prudent borrowing, converging to the Government's target of 65% of GDP by 2033.

The stress-test results indicate significant sensitivity to exchange rate depreciation, export shocks, and contingent liabilities, which could temporarily push key debt indicators above their policy thresholds and increase debt distress risks.

One-time depreciation causes the value of PV of external public debt to GDP remain to 39.5 percent in 2026 like at baseline, and 65.7 percent in 2033 compare to the threshold of 55 percent. Export shock causes the value of PV of external public debt to exports remain to 184.8 percent in 2026 like at baseline, and 267 percent in 2033, compare to the threshold of 240 percent.

A shock of exports causes the debt service to export ratio remain to 10.5 percent in 2026 like at baseline, and 13.4 percent in 2033 compare to the threshold of 21 percent. On the other hand, under exports shock scenario, the debt service to revenue ratio remains at 13 percent in 2026 like at baseline, and 16.6 percent in 2033, compare to the threshold of 23 percent.

The PV of public debt to GDP stays below the threshold of 70 percent throughout the projection period under shock scenario. However, stress tests indicate that lower economic growth and natural disasters could significantly worsen debt indicators.

The mechanical risk signals determine the risk ratings of external and overall public debt distress. The risk signal is determined based on the number of breaches of the indicative threshold by the four debt burden indicators under the baseline scenario and the stress scenarios.

In accordance with the rule, Rwanda's risk of external and overall public debt distress is moderate. This determination arises because the debt service to revenues indicator has breached the threshold in the baseline scenario.

In view of the moderate risk rating, an assessment of the space available to absorb shocks without moving into a high risk of debt distress category is limited.

Table 5: Risk Ratings

Risk Ratings	
External debt distress rating	
Mechanical external debt distress rating	Moderate
Final external debt distress rating	Moderate
Judgement was applied	No
Overall Risk Rating	
Mechanical overall debt distress rating	Moderate
Final overall debt distress rating	Moderate
Judgement was applied	No

Source: IMF-WB-Rwanda, DSA, April 2026

6. CONCLUSION AND WAY FORWARD.

The 2025 DSA results show that Rwanda's debt remains sustainable in the medium to long-term, with moderate risk of debt distress. All liquidity and solvency debt burden indicators remain below their respective thresholds under baseline scenario for both external and public DSA, except the external debt service to revenue.

The Government will maintain prudent debt management policies by ensuring committed fiscal consolidation in the medium term to minimize risks through prudent borrowing and use of proceeds to invest in projects with high economic returns and enhancing revenue mobilization in order to safeguard the countries macroeconomic stability. Also, the Government will prioritize borrowing on concessional and semi-concessional terms, including seeking sustainable financing supported by Guarantees, while aiming to achieve its target of reducing the public debt-to-GDP ratio to 65 percent by 2033, which is in line with current IMF ECF program. In addition to that, the Government will continue to strengthen supervision of both financial institutions and state-owned enterprises to minimize fiscal risks associated with contingent liabilities.

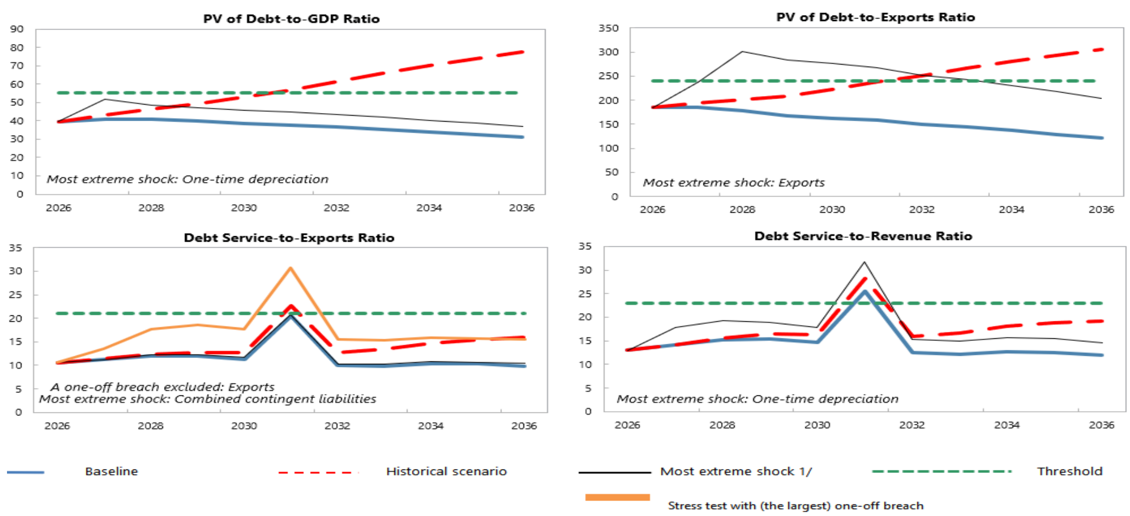
ANNEX

Table 1: Debt Sustainability Indicators

	Actual	Projections							
	2025	2026	2027	2028	2029	2030	2031	2032	2033
Public sector debt	73.6	73.1	72.9	72.6	70.6	69.1	67.5	66.1	65.2
of which: external debt	59.3	59.8	60.8	61.0	59.5	58.0	55.9	53.8	52.0
PV of public debt-to-GDP ratio	54.1	53.7	54.0	53.6	51.9	50.7	49.9	49.3	49.1
PV of PPG external debt-to-GDP ratio	39.0	39.5	40.8	40.8	39.7	38.7	37.7	36.5	35.4
PV of PPG external debt-to-exports ratio	178.6	184.8	184.6	178.0	167.6	162.8	158.6	149.5	143.9
PPG debt service-to-exports ratio	11.1	10.5	11.3	12.0	11.9	11.3	20.5	9.9	9.9
PPG debt service-to-revenue ratio	14.7	13.0	14.0	15.2	15.4	14.6	25.6	12.5	12.2

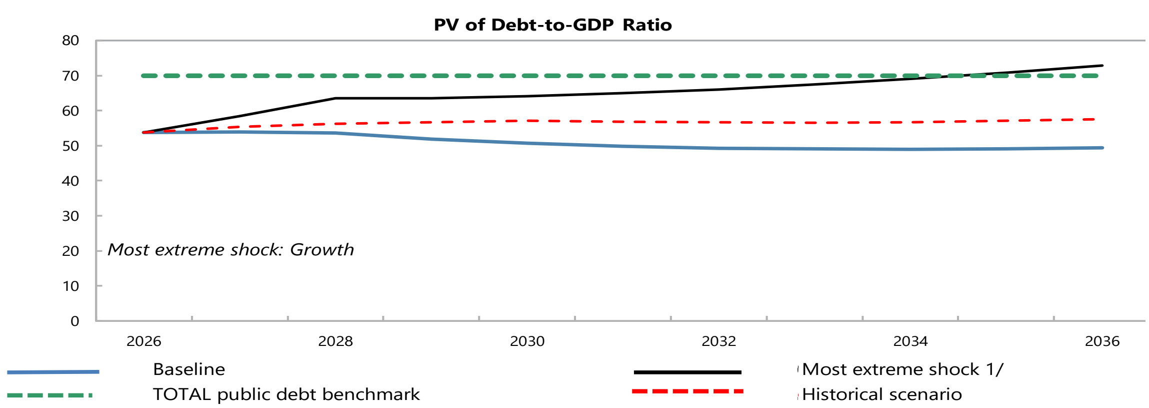
Source: IMF-WB-Rwanda, DSA, April 2026

Figure 1. Rwanda: Indicators of Public and Publicly Guaranteed External Debt under Alternatives Scenarios, 2026-2036



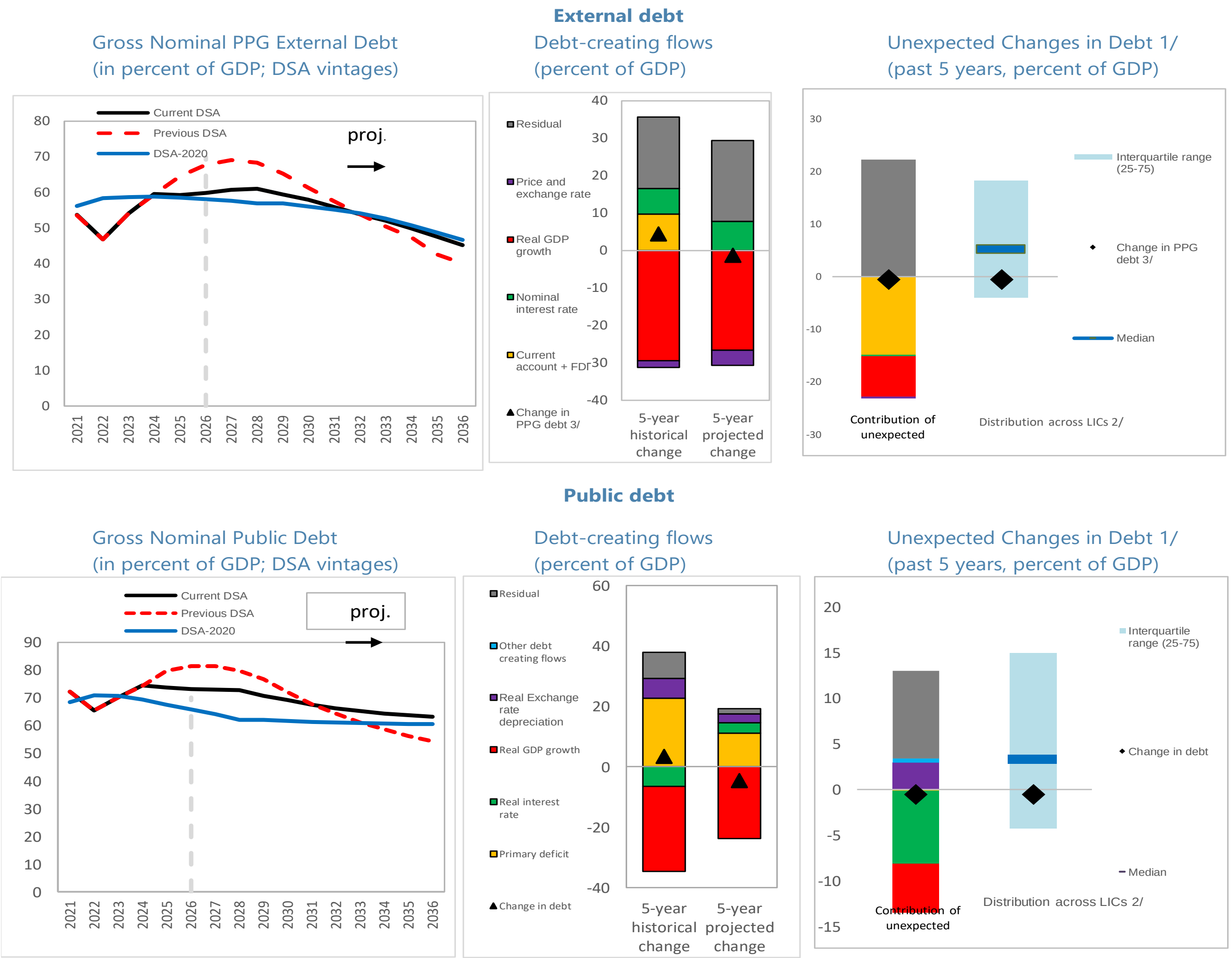
Source: IMF-WB-Rwanda, DSA, April 2026

Figure 2. Rwanda: Indicators of Public Debt Under Alternative Scenarios, 2026-2036



Source: IMF-WB-Rwanda, DSA, April 2026

Figure 3. Rwanda: Drivers of Debt Dynamics - Baseline Scenario



Source: IMF-WB-Rwanda, DSA, April 2026