Republic of Rwanda

Ministry of Finance and Economic Planning

PUBLIC DEBT MANAGEMENT STRATEGY

FY 2026/2027-2028/2029

JUNE, 2026

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1. STRATEGY OVERVIEW

Rwanda's medium term debt strategy takes into account both current debt dynamics and the macroeconomic framework, aiming to maintain debt sustainability and reduce exposure to adverse fiscal and market conditions.

To determine the optimal borrowing strategy, rigorous scenario analysis and cost-risk assessments were conducted to evaluate alternative financing options under different macroeconomic assumptions. The chosen strategy entails a gradual rebalancing toward more sustainable financing sources, including lengthening the maturity of domestic debt and selectively accessing external financing on concessional and semi-concessional terms. This cautious approach aims to contain costs, mitigate refinancing and exchange rate risks while also preserving the country's debt sustainability over the medium term.

1.1. KEY PRIORITIES

In an environment of rising global interest rates, which could increase debt serving costs, the strategy places strong emphasis on building a more resilient debt portfolio. This includes maintaining a high share of fixed-rate debt, keeping debt-to-GDP and interest costs at manageable levels, and extending both the average time to maturity and the time to refixing. Together, these measures will help reduce exposure to interest rate fluctuations and refinancing pressures over time, while supporting overall debt sustainability.

At the same time, given the significant share of debt denominated in foreign currency, the strategy aims gradually reduce exchange rate risks. This will be achieved by increasing reliance on long-term domestic borrowing alongside maximizing the use of concessional and semi-concessional external financing which is typically provided on stable, fixed terms.

1.2. STRATEGY COVERAGE

The present strategy takes a comprehensive view of the entire public debt portfolio, including both guaranteed and non-guaranteed debt. Over the implementation period, government will place particular attention on managing potential fiscal risks arising from state-owned enterprises, and other contingent liabilities as a way of recognizing their growing importance in the overall debt landscape.

1.3. EXPECTED OUTCOMES

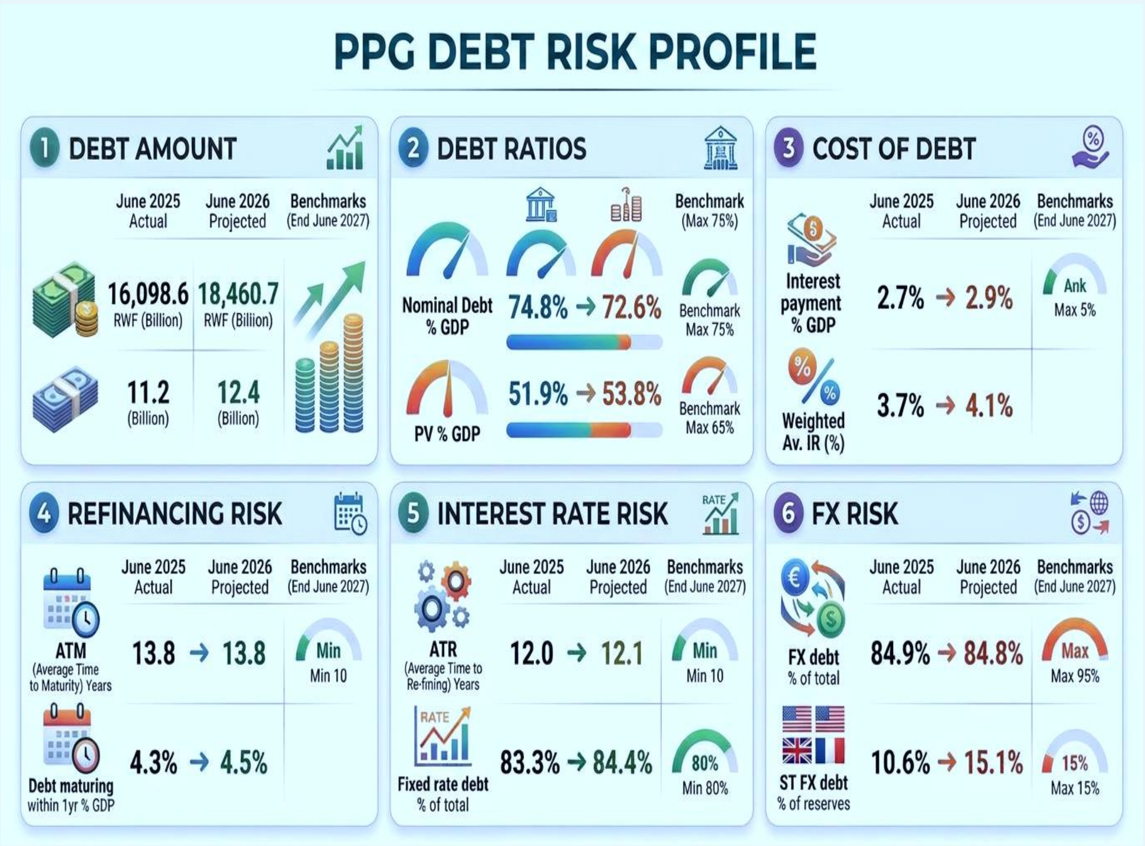
The successful implementation of the present strategy is expected to yield a debt portfolio resilient to shocks, that mitigates interest rate and refinancing risks in the medium to long term trajectory.

2. PERFORMANCE REVIEW OF THE FY 25/26-27/28 STRATEGY

The last fiscal year's strategy aimed at:

- Reducing debt servicing cost by ensuring new contracted loans are majorly concessional;
- Extend the average time to maturity to mitigate refinancing risk;
- Increase the average time to refixing to minimize interest rate risk in the portfolio;
- Promote an active domestic debt market with improved yield curve.

Chart 1. Performance Against targets



****Benchmarks set in June 2024 valid through June 2027***

Source: Minecofin, MTDS Tool, June, 2026

2.1. PERFORMANCE ASSESSMENT

Rwanda's public debt dynamics reflects a measured and evolving financing strategy in response to both domestic development priorities and external pressures. As of June 2025, total public debt stood at 74.8 percent of GDP and projected to moderate to 72.6 percent in June 2026 remaining below the 75 percent benchmark. While nominal debt levels are on upward trajectory, the composition and use of this debt remains aligned with a prudent and growth-oriented policy framework. The government continues to direct borrowing towards high impact, productivity-enhancing investments in strategic sectors, including infrastructure, energy, and export-oriented industries.

Refinancing Risk:

Refinancing risk remains broadly contained, with the maturity profile of the overall debt portfolio expected to remain stable. As of June 2025, the average time to maturity (ATM) stood at 13.8 years and is projected to remain unchanged at 13.8 years by June 2026. This reflects the broadly neutral impact of the projected financing mix, including the financing envelope for the Kigali International Airport project, whose terms do not materially alter the overall maturity profile of the debt portfolio.

Looking ahead, contracting long-term external borrowing on concessional terms remains a top priority. The expected financing mix is projected to preserve the favorable maturity profile of the debt portfolio, supporting the maintenance of a stable average time to maturity over the projection period.

Additionally, the domestic debt portfolio is projected to record a modest improvement with its average time to maturity anticipated to increase from 5.4 years to 5.5 years between June 2025 and June 2026 respectively. The share of debt maturing in one year is anticipated to decline slightly from 25 percent to 24.3 percent of the total debt. Thanks to the government's effort towards effective liability management consisting of replacing short-term debt instruments with longer-dated ones. This has not only reduced refinancing risk but also supported the development of the domestic bond market by attracting a broader base of foreign investors to longer-term securities, thereby boosting capital inflows and improving market liquidity conditions.

Interest rate Risk:

Rwanda, like the rest of the world, continues to face rising borrowing costs amidst challenging global market environment characterized by geopolitical tensions, persistent inflationary pressures, and capital flow reversals. As a result, the weighted average interest rate on total public debt is projected to increase from 3.7 percent to 4.1 percent between June 2025 and June 2026 Respectively. primarily driven by the external debt portfolio, where rates are expected to rise from 1.7 percent to 2.4 percent between June 2025 and June 2026 respectively, due to contraction of semi-concessional financing.

Despite the increase in borrowing costs, the average time to refixing (ATR) of the debt portfolio is expected to improve marginally, rising to 12.1 years in June 2026 from 12.0 years in June 2025. This slight extension is supported by ongoing liability management operations, including the conversion of some variable-rate loans into fixed-rate instruments, which helps smooth the debt service profile and reduce exposure to interest rate volatility.

Foreign Currency risk:

The majority of Rwanda's public debt remains denominated in foreign currency, exposing the portfolio to external shocks, particularly exchange rate depreciation against major international currencies. As of end-June 2026, the share of foreign currency-denominated debt is projected to decrease slightly to 84.8 percent, down from 84.9 percent in June 2025 due to the increased share of domestic borrowing.

In additional to this marginal reduction, foreign exchange risk remains mitigated by the high share of concessional financing within the portfolio accounting for about 89.2% of the external debt. Furthermore, ongoing liability management operations have played a key role in reducing exposure to exchange rate volatility, including through the currency swap of selected external loans toward relatively more stable currencies.

On top of this, concessional borrowing continues to support the accumulation of foreign exchange reserves, which provide an important buffer for meeting external obligations, including debt service payments.

2.2. CHALLENGE

The debt outlook is subject to heightened risks stemming from tighter global financial conditions, elevated interest rates, and exchange rate volatility, which increase borrowing costs and constrain access to external financing. At the same time, continued financing needs to support priority public investment, alongside fiscal risks stemming from contingent liabilities, exert additional pressure on the debt trajectory.

The high share of foreign currency-denominated debt further amplifies vulnerability to exchange rate shocks. Absent continued fiscal consolidation and prudent borrowing, these factors could slow the pace of debt reduction over the medium term. In response, government remains committed to a prudent debt management approach, which carefully accounts for prevailing risk factors over the medium term.

3. CURRENT DEBT STRATEGY

The current debt management strategy aims to meet the government's financing needs while maintaining an appropriate balance between cost and risk but also ensuring a more sustainable debt trajectory over the medium term.

To support this objective, the strategy focuses on the following key pillars:

3.1 Prioritizing concessional and semi-concessional borrowing

Over the past two decades concessional creditors have remained a key source of financing, playing a central role in supporting the country's development agenda. Building on this longstanding partnership, external borrowing will continue to be anchored on concessional terms to minimize borrowing costs and reduce exposure to refinancing and interest rates risks.

3.2 Scaling up the use of innovative and blended Financing Instrument

In recent years, Rwanda has diversified its funding sources by engaging external commercial banks and leveraging instruments such as partial credit and policy-based guarantees, all of which have contributed to the country's development agenda. Building on this experience of mobilizing over USD 1billion, the government aims to further expand the use of blended finance solutions to crowd in private capital and optimize the cost-risk trade-off, while gradually reducing reliance on more expensive commercial borrowing.

In the medium to long term, Rwanda intends to diversify its financing sources by exploring alternative financing instruments, including Sustainability-Linked Loans (SLLs), diaspora bonds, infrastructure bonds, and expanding the issuance of ESG bonds. The introduction of these instruments will be guided by periodic market assessments, informed by continuous investor engagement and market intelligence to evaluate investor appetite, financing conditions, and market opportunities. The results of these assessments will inform the Government's borrowing strategy and will be communicated through the Investor Relations framework to ensure consistent, transparent, and timely engagement with market participants.

3.3 Lengthening the maturity and refixing profile of the portfolio

The present strategy aims to gradually extend the average time maturity and time to refixing through increased issuance of longer-term instruments on fixed rate terms, thereby by mitigating refinancing and limiting exposure to interest are volatility.

3.4 Limit Foreign Currency Exposure (≤95%): The strategy aims to keep the share of foreign currency-denominated debt within prudent limits to contain exchange rate risks, this will be supported by a gradual deepening of the domestic debt market and increased reliance on local currency instruments over time.

3.5 RATIONALE

The recent global market environment has been volatile amid escalating geopolitical tensions, particularly due to the ongoing conflict between the US and Iran, the global economic outlook has become increasingly fragile and uncertain. The conflict has contributed to heightened volatility in global energy markets, with oil prices remaining elevated and inflationary pressures persisting across both advanced and emerging economies. At the same time, tighter global financial conditions driven by prolonged monetary policy tightening and risk aversion in international capital markets have increased borrowing costs and constrained access to external financing.

In this context, Rwanda's debt management strategy remains firmly anchored on safeguarding debt sustainability while ensuring adequate financing for its development agenda. The strategy prioritizes external concessional and semi-concessional borrowing, complemented by the issuance of long-term domestic debt instrument

Chart 2. Strategy against Operational Benchmarks-End June 2029

Source: Minecofin, MTDS Tool, June, 2026

The Strategy is expected to remain cost- risk efficient, supported by a projected nominal debt-to-GDP ratio of 71.9 percent equivalent to 53.9 percent in present value terms, relatively low interest payments of 2.3 percent of GDP, and a favorable implied rate of 3.6 percent by end June 2029.

Overall risks profile is expected to remain well contained, with both refinancing and interest rate risks kept below their respective benchmark.

Refinancing risks:

over the medium-term refinancing risks are expected to increase to 13.5 years due to anticipated long-term borrowing, debt maturing within one year is projected to remain low at 3.2 percent of GDP justifying an expectation of a more concessional portfolio with extensive grace period.

Interest rate risk:

Exposure to interest rate movements is expected to remain moderate. The average time to refixing is projected to be 11.6 years, while the share of fixed-rate debt about 82.1 percent provides strong protection against interest rate shocks.

Foreign exchange (FX) risk:

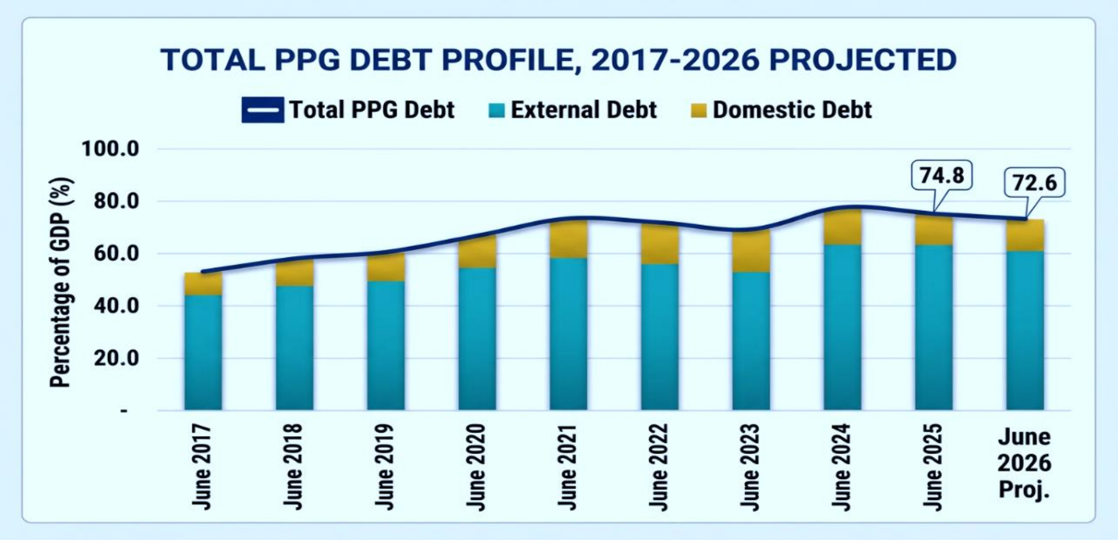
FX exposure is expected to remain elevated but intentional, reflecting continued reliance on concessional external financing. Foreign currency debt is projected at 89.8 percent of the total portfolio, helping to secure favorable funding terms while underscoring the importance of continued prudent risk management.

4. REVIEW OF DEBT PORTFOLIO AS OF END JUNE 2026

4.1. DETAILED DESCRIPTION OF THE EXISTING DEBT PORTFOLIO

Rwanda's public and publicly guaranteed (PPG) debt is projected to decline modestly to 72.6 percent of GDP by end June 2026, from 74.8 percent at end June 2025. This trend reflets the government's cautious and proactive approach to public debt management, with both domestic and external debt components expected to ease. The domestic debt-to-GDP ratio is projected to decrease from 13.7 percent to 12.8 percent, while external debt is expected to fall from 61.4 percent to 59.8 percent over the same period.

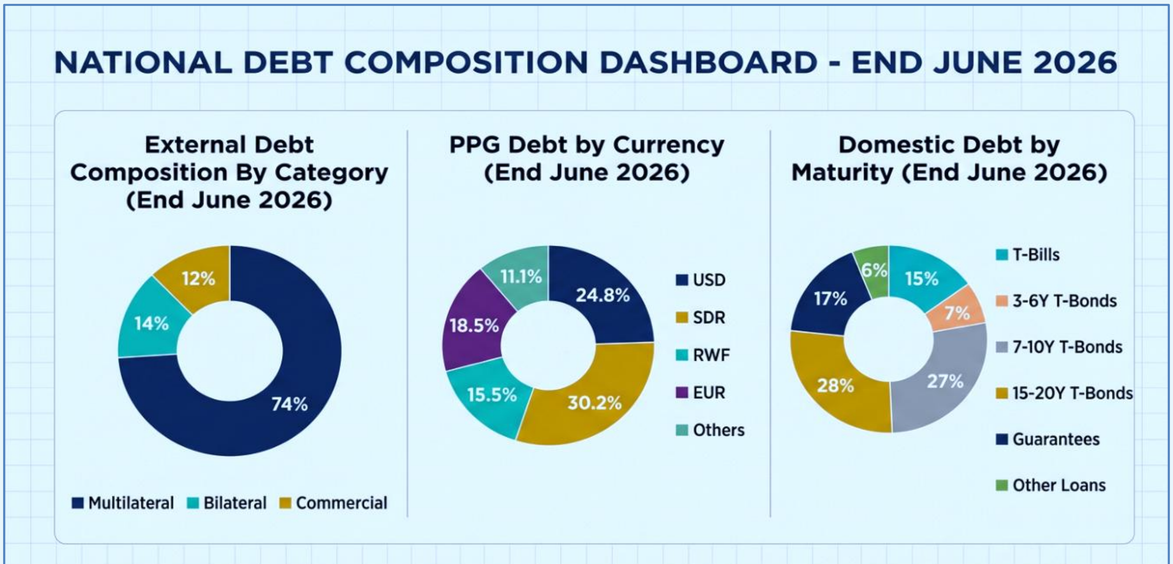
Chart 3. Total PPG Percentage of GDP



As of June 2026; public publicly guaranteed debt in nominal terms is projected to be RWF 18.5 billion from RWF 16.1 billion of June 2025. Of this, RWF 15.2 billion is expected to be owed to external creditors with both multilateral and bilateral accounting for the largest share. The domestic debt is also projected to rise to RWF 3.2 billion from RWF 2.9 billion in June 2025. While nominal debt levels are on upward trajectory, the composition and use of this debt remain aligned with a prudent and growth-oriented policy framework. The government continues to direct borrowing towards high impact, productivity-enhancing investments in strategic sectors, including infrastructure, energy, and export-oriented industries. These investments are expected to generate sustainable economic returns over the medium to long term, supporting revenue mobilization and strengthening the country's debt -servicing capacity.

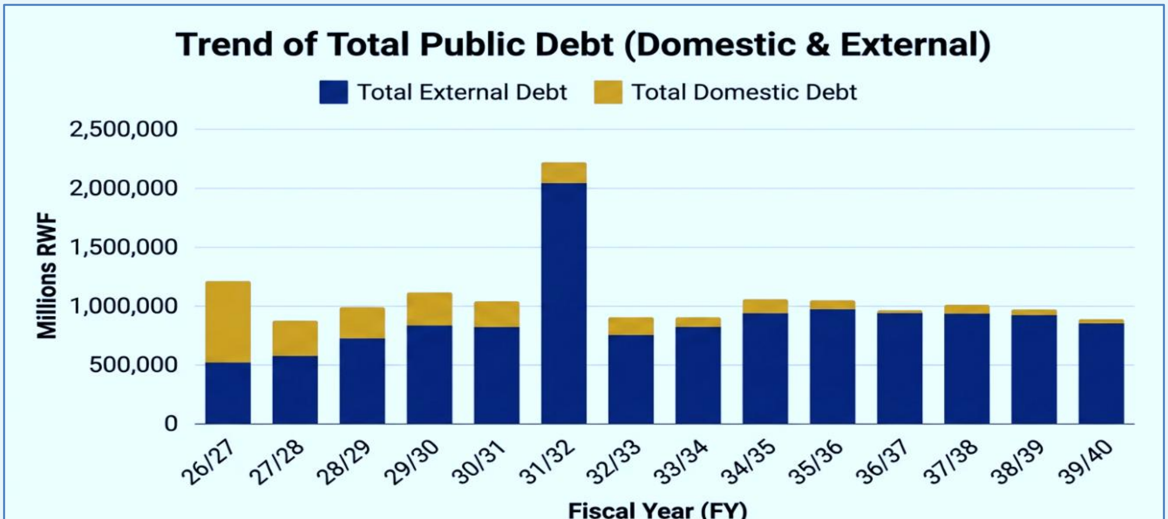
In terms of currency denominations, 30.2 percent of the publicly guaranteed debt is denominated in Special Drawing Rights, followed by 24.8 percent in USD and 15.5 percent in Rwandan francs.

Chart 4. Debt Composition End June, 2026



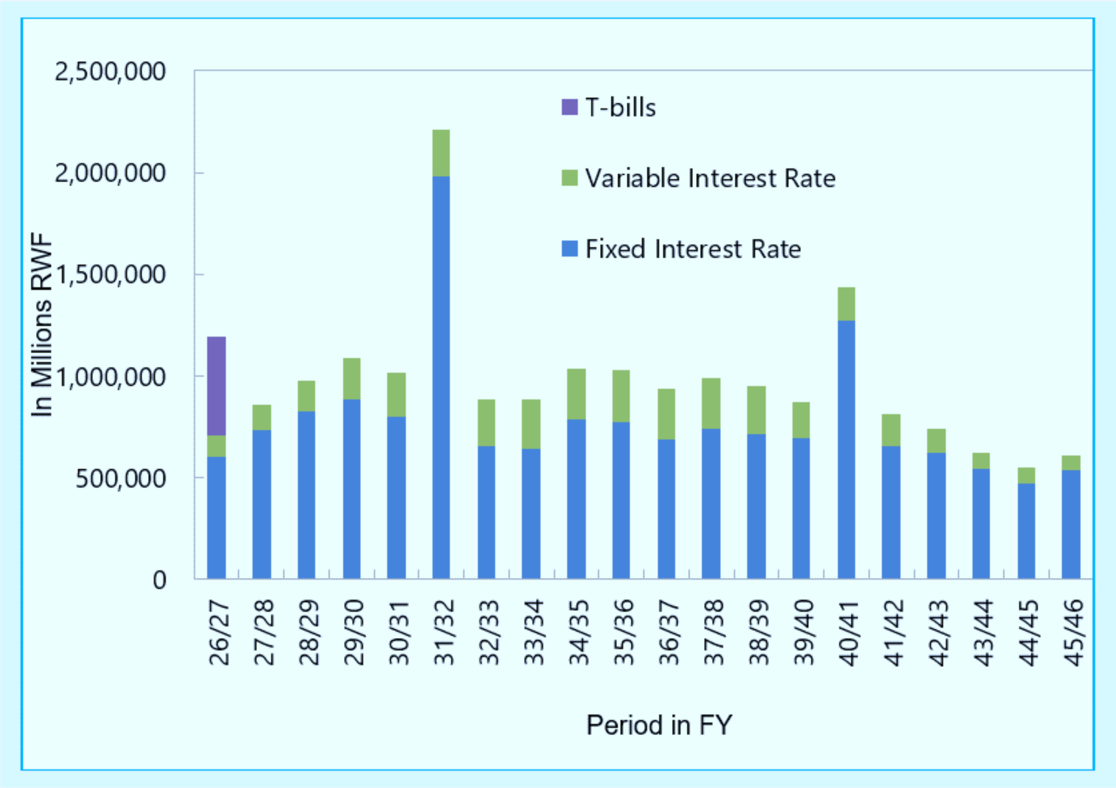
Source: Minecofin, MTDS tool June, 2026

Chart 5. Redemption profile by Maturity as of End-June 2026



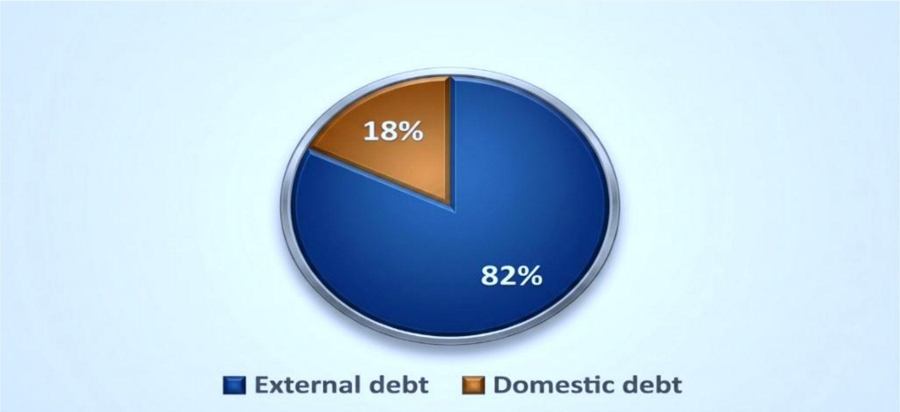
Source: Minecofin, MTDS tool, June, 2026

Chart 6. Redemption profile by interest Rate, As of End-June 2026



Source: Minecofin, MTDS Tool, June, 2026

Chart 7. Composition of Debt Outstanding as percentage of the total End-June 2026



Source: Minecofin, MTDS Tool, June, 2026

5. MONITORING AND EVALUATION

The Debt Directorate General (DDG) has developed an Annual Borrowing Plan aligned with this DMS. The Debt Management Committee (DMC) will hold quarterly reviews of both payments and revenue receipts and advise accordingly the borrowing needs to the Treasury Management Committee (TMC) approval.

5.1. MONITORING MECHANISMS

- Quarterly reviews by Debt Management Committee
- Continuous assessment against cost-risk benchmarks Annual evaluations to inform future DMS updates
- Regular monitoring of external borrowing using standardized tools
- Regular monitoring of SOE debt and other contingent liabilities in collaboration with other departments.

5.2. TRANSPARENCY AND COMMUNICATION

Following parliamentary approval, the Ministry of Finance and Economic Planning will publish the Debt Management Strategy (DMS) on its website to enhance transparency and provide market participants with clear guidance on the Government's medium-term borrowing strategy. The Ministry will continue to work closely with the National Bank of Rwanda (BNR) to strengthen communication on the issuance of government securities, including the timely publication of issuance calendars and auction results.

To further strengthen investor confidence and broaden the domestic and international investor base, the Government will institutionalize an Investor Relations programme that supports regular engagement with market participants. This will include quarterly investor briefings and roadshows, dissemination of timely macroeconomic and debt-related information, and continuous dialogue with investors, credit rating agencies, development partners, and other stakeholders. These engagements will provide an opportunity to communicate the Government's financing strategy, gather investor feedback, and promote greater transparency and predictability in Rwanda's borrowing programme.

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