



Republic of Rwanda  
**Ministry of Finance and  
Economic Planning**

# **PUBLIC DEBT MANAGEMENT STRATEGY**

**FY 2025/2026-2027/2028**

JUNE, 2025

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# 1. STRATEGY OVERVIEW

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The 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 ensure selection of the best strategy to implement, scenario analysis and cost-risk assessments were used to evaluate alternative borrowing strategies under different macroeconomic conditions. The selected strategy reflects a prudent shift toward more sustainable financing sources, with a gradual increase in longer-dated domestic instruments and the selective use of external financing on favorable terms.

## 1.1. KEY PRIORITIES

Given rising global interest rates that could lead to increased debt servicing costs, the strategy prioritizes a debt portfolio with significant share of fixed-rate debt, lower debt to GDP and interest cost, extensive average time to maturity and average time to refixing. All of these are key to mitigating interest rate and refinancing risks within Rwanda's debt portfolio over time while preserving the country's debt sustainability. With a significant share of debt being denominated in foreign currency, the strategy seeks to mitigate FX risk by increasing domestic borrowing on long-term instruments and maximizing external concessional and semi-concessional loans which are usually on fixed terms.

## 1.2. STRATEGY COVERAGE

The 25/26-27/28 strategy covers the entire public and publicly guaranteed and non-guaranteed debt portfolio, with a keen eye on mitigating fiscal risks stemming from state owned enterprises debt.

## 1.3. EXPECTED OUTCOMES

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

## 2. REVIEW OF PREVIOUS STRATEGY (FY 24/25-26/27)

The previous 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.

**Table 1. Performance Against targets FY 24/25 vs 25/26**

Risk Indicators	Jun-24			Jun-25			*Benchmarks	
	External Debt	Domestic Debt	Total Debt	External Debt	Domestic Debt	Total Debt	End June 2027	
Amount (in Millions of RWF)	10,596.1	2,760.1	13,356.2	12,610.0	2,687.8	15,297.8		
Amount (in Millions of USD)	7,916.4	2,062.1	9,978.5	8,754.6	1,866.1	10,620.7		
Nominal Debt as percentage of GDP	61.4	16	77.3	62.9	13.4	76.4	Max. 75	
PV as Percentage of GDP	41.1	13.9	55	42.9	9.8	52.7	Max. 65	
Cost of debt	Interest payment as % of GDP	1.3	1.8	3.1	1.4	1.5	2.9	Max. 5
	Interest payment as % of Revenues	5.9	8.2	14.1	6.6	7	13.5	
	Weighted Av. IR (%)	2.2	13.2	4.2	2.2	15.2	4	
Refinancing risk	ATM (Years)	14.84	4.8	13.6	19.9	4.9	19	Min. 10
	Debt maturing in 1ye (% of GDP)	1.3	4.2	5.4	2.1	2.7	4.8	
Interest rate risk	ATR (years)	13.89	4.8	12.6	18.7	4.9	17.8	Min. 10
	Fixed rate debt incl T-bills (%total)	91.33	100	92.5	91.1	100	91.7	Min. 80
FX risk	FX debt (% of total debt)			79.3			88.5	Max. 95
	ST FX debt (% of reserves)			7.6			11.4	Max. 15

\*Benchmarks set in June 2024 valid through June 2027

Source: MINECOFIN, MTDS Tool, June, 2025

## 2.1 KEY ACHIEVEMENTS

The government has been working to get the country's finances in better shape, making changes to how it manages debt so that costs stay close to what was planned (benchmark). The nominal debt as percentage of GDP fell to 76.4 end June 2025 down from 77.3 percent at end June 2024. Despite the current challenging volatile global market characterized with increased borrowing costs, the weighted average interest cost of the debt portfolio dropped slightly from 4.2 percent as of June, 2024 to 4.0 percent as of June, 2025. Thanks to Government efforts to maximize external concessional loans. Interest payment as percentage of GDP has also dropped to 2.9 down from 3.1 mainly due to increased share of concessional debt.

**Average time to maturity:** ATM increased from 13.6 to 19 years from June 2024 to June 2025 respectively. This was mainly driven by contracting of highly concessional financing and issuance of longer-dated domestic debt securities.

**Average time to refixing:** ATR increased remarkably, from 12.6 in June 2024 to 17.8 years end June 2025. The improvement is largely attributed to the dominance of highly concessional loans with fixed rate and the reduction in the stock of treasury bills.

**Domestic debt market:** Domestic bond market has shown remarkable progress due to the liquidity available compared to the previous years in addition to the increased demand for longer-dated instruments.

## 2.2. CHALLENGE

The inclusion of large-scale infrastructure projects, notably the New Kigali International Airport, into Rwanda's fiscal framework during FY25/26 has necessitated adjustments to the country's debt projections. Given the project's substantial investment by the Government of Rwanda estimated at \$1.2bln and its anticipated completion by 27/28, the government has prudently extended the debt anchor target of 65 percent from 2031 to 2033. This shift aims to accommodate the increased financing needs while maintaining fiscal sustainability and supporting long-term economic growth.

# 3. CURRENT DEBT MANAGEMENT STRATEGY (FY 25/26-27/28)

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The current strategy aims to finance the government's needs with a balanced cost and risks approach to ensure that debt levels are maintained at sustainable path. Therefore, the strategy targets to achieve the following objectives:

- Maintain an upward trend of the average time to maturity and refixing;
- Keep foreign exchange debt to no more than 95 percent;
- Diversify financing sources by using different debt instruments;
- Prioritize innovative/blend financing at semi-concessional terms before commercial borrowing.

## 3.1. RATIONALE

According to the World Economic Outlook released on January 17, 2025, global growth remains uneven and uncertain, with projections holding steady at 3.3 percent for both 2025 and 2026 (unchanged from the October 2024 forecast), Divergent economic paths and downside risks such as persistent inflation and tighter global financing conditions pose challenges for fiscal and debt sustainability.

In light of these uncertainties, Rwanda's debt strategy prioritizes external concessional and semi-concessional borrowing along with long term domestic debt instruments to ensure debt sustainability, mitigate risks, and prudently finance to the country's development agenda.

**Table 2. Strategy against Operational Benchmarks-End June 2028**

Risk Indicators		2028	Benchmark
		Strategy	End June 2027
Nominal debt as percent of GDP		74.4	<b>Max.75</b>
Present value debt as percent of GDP		54.8	<b>Max.65</b>
Interest payment as percent of GDP		2.6	<b>Max.5</b>
Implied interest rate (percent)		3.8	<b>Max.5</b>
Refinancing risk <sup>2</sup>	Debt maturing in 1yr (percent of total)	3.9	<b>Max.10</b>
	ATM Total Portfolio (years)	18.3	<b>Min.10</b>
Interest rate risk <sup>2</sup>	ATR (years)	17.6	<b>Min.10</b>
	Fixed rate debt incl T-bills (% of total)	91.7	<b>Min.80</b>
FX risk	FX debt as % of total	93.0	<b>Max.95</b>
	ST FX debt as % of reserves	14.5	<b>Max.15</b>

**Source: MINECOFIN, MTDS Tool, June, 2025**

The Strategy is designed to be cost-risk effective due to its projected nominal debt-to-GDP ratio of 74.4 percent, and lower interest payment of 2.6 percent of GDP, as well as a favorable implied interest rate of 3.8 percent at end June 2028.

Risks are projected to be prudently managed ensuring both refinancing and interest rate risks remain below their respective thresholds.

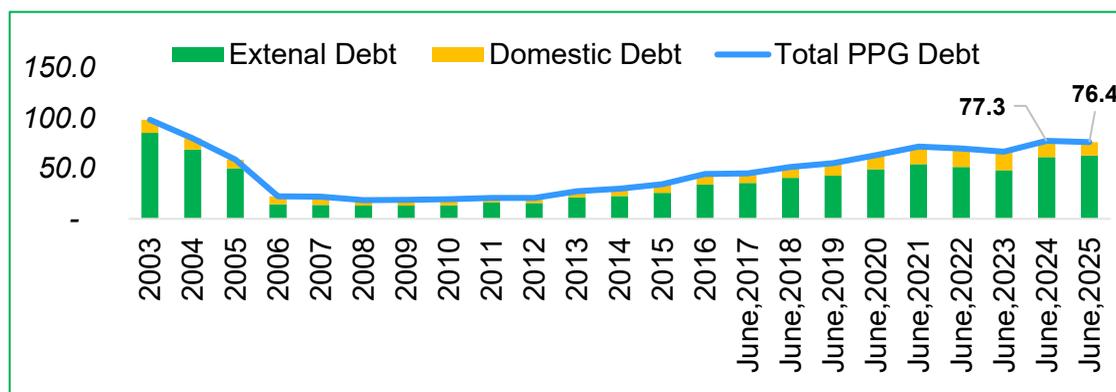
- a) **Refinancing risks:** the average tenor is projected to be 18.3 years, while debt maturing in one year's time as percentage of the total is anticipated to converge to 3.9.
- b) **Interest rate risks:** the average time to refixing is expected to be at 17.6 years, while the share of fixed rate debt is projected to be 91.7 percent of the total debt portfolio.
- c) **Foreign exchange (FX) risk:** in order to maximize the benefit of favorable terms from external concessional financing, the strategy projects FX debt as percentage of the total debt to be 93.

# 4. REVIEW OF DEBT PORTFOLIO AS OF END JUNE 2025

## 4.1. DETAILED DESCRIPTION OF THE EXISTING DEBT PORTFOLIO

Rwanda's public and publicly guaranteed (PPG) debt is projected to decline slightly to 76.4 percent of GDP by end-June 2025, down from 77.3 percent as at end-June 2024. This shift reflects changes in both domestic and external debt components. The domestic debt-to-GDP ratio is expected to decrease from 16 percent to 13.4 percent, while external debt is projected to rise from 61.4 percent to 62.9 percent over the same period. This shift aligns with the debt management Strategy (DMS) for FY 2024/2025–2026/2027, which aimed at reducing the share of short-term debt and increase the portion of longer-dated instruments with fixed interest rate.

**Chart 1. Total PPG Percentage of GDP**

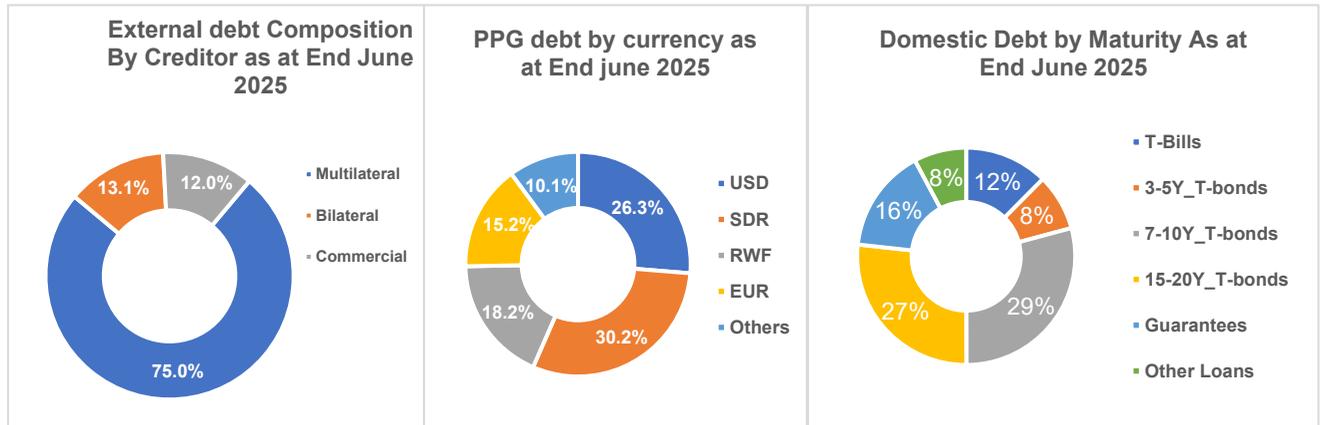


The decrease in domestic debt by FRW 72.3 billion is attributed to reduction of state-owned enterprises (SoEs) debt stock and the retirement of Treasury bills. While the increase in external debt by FRW 2 trillion is primarily driven by substantial inflow of concessional loans, and the impact of exchange rate depreciation of Rwandan Francs against Major currencies in the portfolio. These changes are the result of the government's ongoing liability management and fiscal consolidation efforts to lengthen debt maturities and improve overall debt sustainability.

As of June 2025, domestic debt is projected to stand at Frw 2,687.8 billion, with Treasury Bonds making up 64.3 percent, and T-bills accounting for 12.4 percent of the total domestic debt while other loans represent 23.3 percent of total domestic debt. On external debt front, multilateral creditors hold a larger share at 75 percent, followed by bilateral creditors at 13.1 percent and commercial at 12 percent.

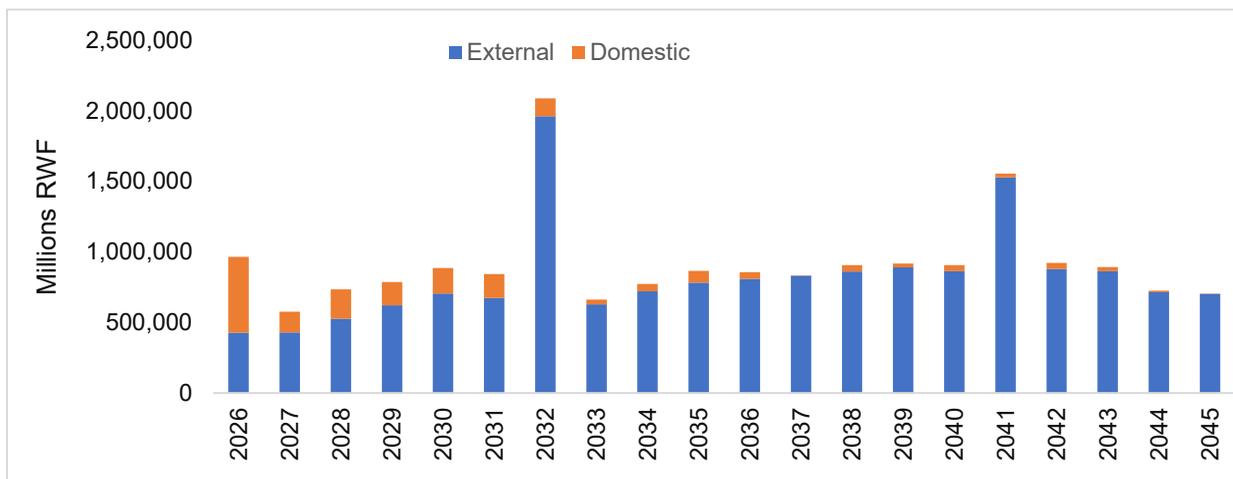
In terms of currency denominations, 30.2 percent of the publicly guaranteed debt is denominated in Special Drawing Rights, followed by 26.3 percent in USD and 18.2 percent in Rwandan francs. The share of fixed-rate debt will anchor at 91.7 percent by end June 2025.

**Figure 1. Debt Composition as of End-June 2025**



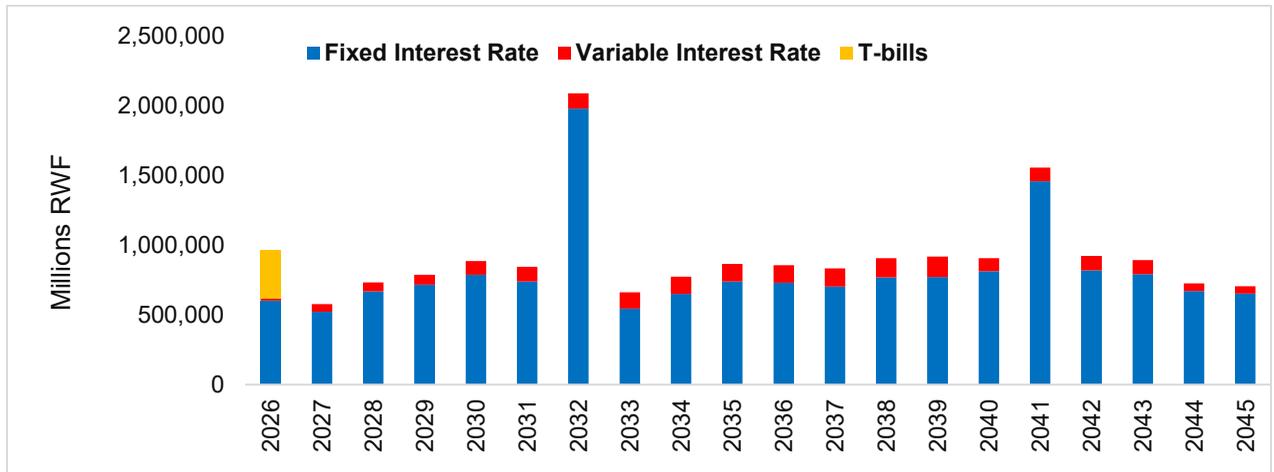
Source: Minecofin, MTDS tool June, 2025

**Figure 2. Redemption profile by Maturity as of End-June 2025**



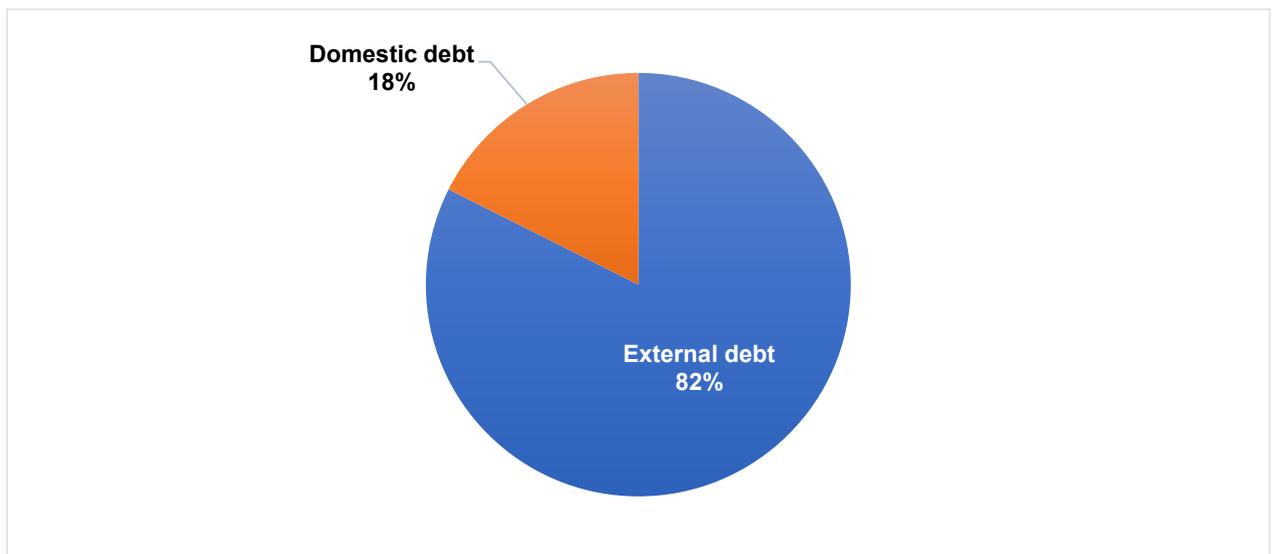
Source: MINECOFIN, MTDS Tool, June, 2025

**Figure 3. Redemption profile by interest Rate, As of End-June 2025**



Source: MINECOFIN, MTDS Tool, June, 2025

**Figure 4. Composition of Debt Outstanding, End-June 2025**



Source: MINECOFIN, MTDS Tool, June, 2025

## 4.2. DEBT SUSTAINABILITY

Development spending, coupled with the need to address the impacts of COVID-19 and other global shocks - including geopolitical tensions, an increasingly volatile external environment, and health crises like the Marburg disease outbreak - placed significant fiscal pressure on the government. This resulted in an increase in public debt from 73.5% of GDP at the end of December 2023 to 78.7% at the close of December 2024. In Present Value terms, public debt stands at 56.7%, which remains well below the 70% sustainability threshold.

Rwanda has preserved the sustainability of its public debt, maintaining a moderate risk of distress despite a measured increase. This reflects the government's deliberate and prudent debt management strategy, with concessional borrowing comprising 87.7% of external debt as of December 2024, demonstrating a strong focus on minimizing costs and managing risks.

Rwanda's debt sustainability remains vulnerable to risks stemming from an uncertain global macroeconomic environment and climate-related shocks, which could drive higher government spending and undermine fiscal sustainability. Additionally, the declining trend of concessional financing may gradually shift government borrowing toward more market-based instruments. Nevertheless, these risks are mitigated by the high proportion of fixed-rate and concessional debt in the portfolio, which the government remains committed to prioritizing.

**Table 4.2.1. DSA Indicators**

Ratios	2024	2025 P	2026 P	2027 P	2028 P	2029 P	Threshold
PV of public debt-to-GDP ratio	56.7%	61.7%	62.1%	61.5%	59.4%	56.8%	< 70%
PV external debt-to-GDP ratio	39.2%	43.9%	46%	47%	46.1%	43.8%	< 55%
PV External debt service-to-exports ratio	5.8%	7.7%	7.7%	8.1%	8.7%	8.7%	< 21%
PV External debt service-to-revenue ratio	9.6%	14.3%	15.2%	16.2%	18.3%	18.7%	< 23%

Source: Minecofin, DSF tool, March, 2025

On the liquidity side, 2024 closed with the Present Value of External Debt Service to Exports and Revenues at 5.8 percent and 9.6 percent, respectively. These ratios are expected to gradually decline over the medium term as the recently approved tax measures begin to yield results.

# 5. MONITORING AND EVALUATION

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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 DMS on its website. In addition, the government will work closely with the National Bank of Rwanda (BNR) to strengthen communication regarding the issuance of government debt securities.



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