The International Monetary Fund has approved a 38-month financial arrangement for Rwanda worth SDR 185.031 million (about $250 million) under its Extended Credit Facility, aimed at supporting economic adjustment, sustaining growth, and strengthening fiscal stability.

The IMF Executive Board also authorized an immediate disbursement of SDR 26.433 million (about $35.7 million), according to a statement issued Tuesday.

The program is designed to help Rwanda adapt to tighter global financing conditions while maintaining growth, protecting priority social and development spending, and rebuilding policy buffers.

Rwanda’s economy remains strong, with growth reaching 9.4 percent in 2025, significantly above earlier expectations. However, inflation has risen sharply, surpassing the central bank’s target range and reaching 13.2 percent year-on-year in April 2026.

The IMF said Rwanda’s external position improved in 2025, supported by strong exports of coffee and minerals. Imports also remained elevated, driven by demand for equipment and materials tied to domestic investment projects. Foreign exchange reserves remain at a comfortable level, covering just over four months of imports.

Despite strong performance, the IMF warned that risks to the outlook are tilted to the downside. It said the war in the Middle East is expected to weigh on growth and add pressure on inflation, fiscal balances, and the current account through higher global oil and fertilizer prices, as well as financing needs linked to major strategic investments.

Growth is projected to moderate to below 6.8 percent in 2026.

Following the Executive Board discussion, IMF Deputy Managing Director Bo Li, acting chair, said Rwanda’s economy has remained resilient despite “successive shocks,” reflecting strong reform ownership and agile policymaking.

He said that against a backdrop of tighter global financing conditions, declining official development assistance, and heightened uncertainty, growth has remained robust, even as inflation pressures have intensified and external imbalances remain elevated.

Bo said risks remain tilted to the downside despite a favorable outlook.

He added that advancing development objectives while rebuilding buffers will require a well-calibrated policy mix and greater exchange rate flexibility to support external adjustment. He warned that without the newly approved program, the required adjustment would be more severe.

Bo emphasized that a credible medium-term fiscal consolidation path will be essential to reduce external imbalances and safeguard Rwanda's moderate risk of debt distress while protecting social priorities.

He said fiscal consolidation should be anchored in stronger domestic revenue mobilization, improved public investment management, and enhanced monitoring of capital spending and other fiscal risks. He also said any support measures should remain targeted, temporary, and consistent with the fiscal framework.

On monetary policy, Bo said an appropriately tight and forward-looking stance will be needed to address elevated inflation. He added that stronger communication, improved transmission, and reinforcement of the inflation-targeting framework will be important to anchor expectations.

He also noted that rapid credit growth and concentrated exposures require close monitoring, although the financial sector remains stable.

Bo said structural reforms will be key to strengthening resilience and supporting more private-sector-led growth. He highlighted priorities including improving public investment efficiency, strengthening institutional frameworks, and accelerating state-owned enterprise reforms to reduce fiscal risks.

He said the IMF-supported program, backed by strong policy commitment from Rwandan authorities and continued engagement with development partners, provides a policy anchor to support orderly adjustment, sustain reforms, and mobilize additional financing.