The International Monetary Fund (IMF) has raised concern over Rwanda’s rising public debt, warning that without accelerated domestic revenue mobilization and tighter fiscal control, the country could face long-term sustainability challenges.

The call came as the IMF Executive Board concluded its fifth review of Rwanda’s performance under the Policy Coordination Instrument (PCI).

Public debt in Rwanda is expected to peak in the 2025/26 fiscal year, driven by heavy spending on flagship infrastructure projects—including the New Kigali International Airport and the expansion of RwandAir—as well as the fiscal impact of recent pension reforms. With concessional financing becoming increasingly scarce, the IMF stressed that Rwanda must restore its policy space by enhancing domestic revenue collection and adhering to a credible fiscal consolidation path.

“Sustaining fiscal consolidation remains vital to preserving macroeconomic stability and ensuring debt sustainability,” said Mr. Bo Li, IMF Deputy Managing Director and Acting Chair. “The fiscal implications of pension reform and the financing needs for priority infrastructure projects must be carefully managed.”

The IMF noted that country’’s current debt trajectory will require careful calibration of expenditures and continued vigilance over state-owned enterprises (SOEs) and other potential fiscal risks. The PCI’s debt anchor is now projected to be achieved by 2033, reflecting the need for longer-term adjustments.

To address the growing fiscal burden, the government recently approved a comprehensive tax policy package aimed at broadening the tax base and improving efficiency. Though implemented with some delay, the reform is seen as a key step toward reducing dependency on external borrowing.

“The recently adopted tax reform package is a welcome step,” Mr. Li added. “But continued rationalization of spending and tighter monitoring of fiscal risks are essential, especially from SOEs and high-priority investments.”

The economy grew by **8.9 percent in 2024**, bolstered by rebounds in agriculture and sustained activity.