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Welcome to the 7th issue of our newsletter!

In this edition, we share key updates on Rwanda's economic performance in 2025, the launch of the country's first insurance strategy, Cabinet approval of the law on virtual assets, and the validation of the proposed Rwanda Development Cooperation Policy. We also examine why tracking climate spending is essential for sustainable growth, alongside other stories that reflect our commitment to transparency, resilience, and inclusive development.

Whether you are an investor, development partner, stakeholder, or member of the public, your perspective matters. We invite you to share your feedback to help us make this newsletter more relevant and useful to you.

Enjoy the read!



Rwanda's Economy Surpasses Expectations with 9.4% Growth in 2025

Rwanda's economy delivered a standout performance in 2025, growing at 9.4% exceeding the projected target of 7.0% according to the National Institute of Statistics of Rwanda (NISR). The result points to an economy that is not only expanding but doing so with notable resilience, underpinned by the efforts of Rwandans across every sector and the effectiveness of the country's economic framework.

In absolute terms, the total value of the economy at current market prices reached Frw 23,387 billion in 2025, up from Frw 19,918 billion the previous year, a sizeable leap that underscores the scale of the expansion.

The Minister of Finance and Economic Planning, Yusuf Murangwa, reflected on the outcome: *"We projected 7%, but reaching 9.4% shows strong, resilient growth and reflects the hard work of Rwandans across all sectors."*

Growth was distributed across all three major pillars of the economy. Services retained its position as the dominant contributor, accounting for 52% of GDP, followed by industry at 22% and agriculture at 20%, with the remaining 5% made up by other activities.

A detailed look at the sectoral performance reveals the engines of this growth. The agriculture sector grew by 7%. Food crops production increased by 3%, while export crops saw an exceptional 32% jump. Coffee production soared by 60%, and tea production increased by 8%.

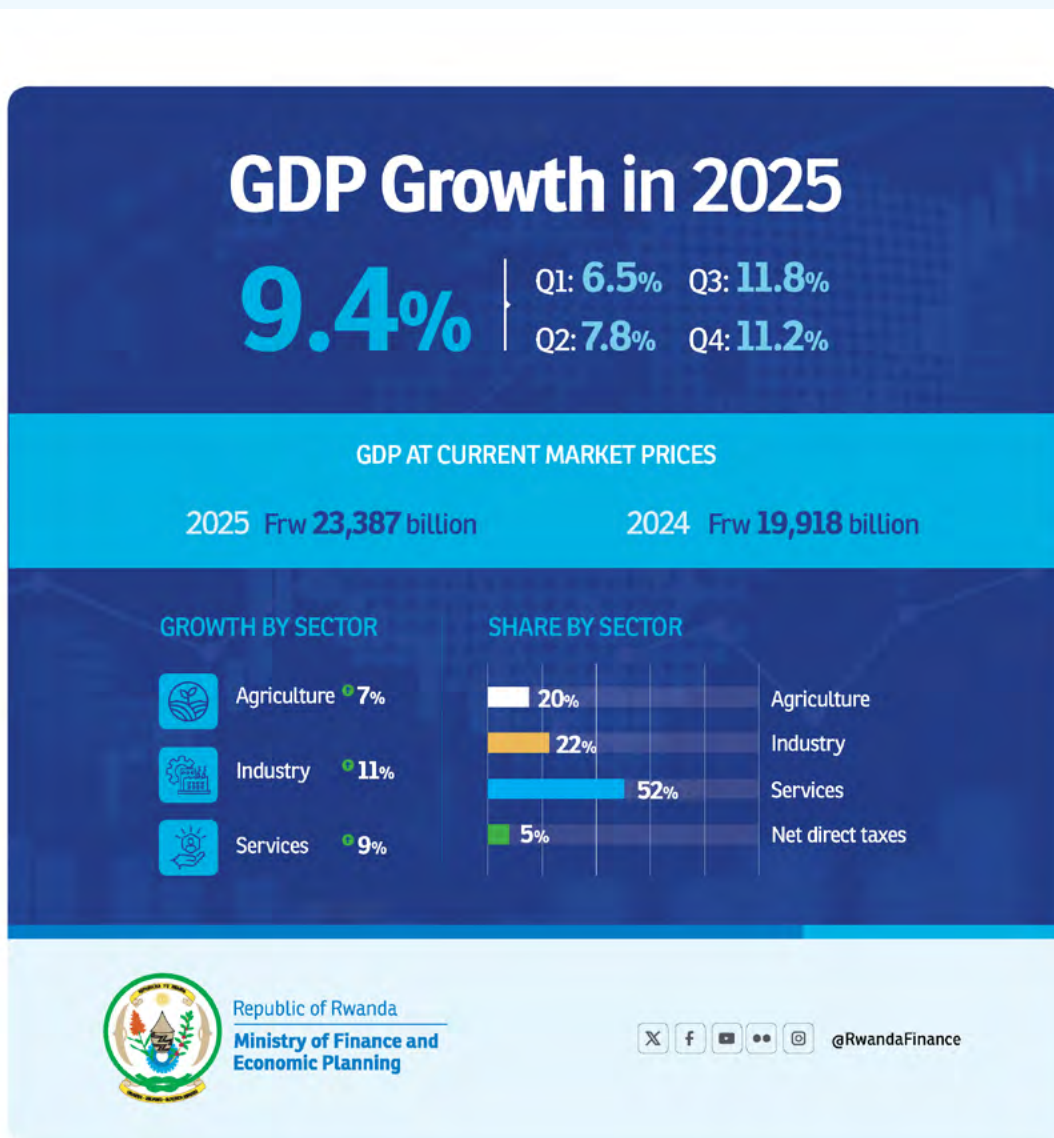
The industrial sector recorded an 11% expansion. Mining and quarrying led the sector with 17% growth, supported by a 33% rise in mining activity. Construction grew by 11%, while manufacturing increased by 10%. Within manufacturing, the production of non-metallic minerals

such as cement rose by 35%, contributing to the overall performance of the sector.

The services sector, a key pillar of the economy, expanded by 9% overall. This performance was driven by a 15% increase in wholesale and retail trade, alongside a matching rise in information and communication services. Transport activities

grew by 7%, supported by an 11% uptick in land transport. Financial services recorded a steady 7% growth during the same period.

The combined strength of agriculture, industry, and services highlights a resilient and wide-ranging economic momentum that extends across all major sectors of the economy.



Strategic Reprofiling: Behind Rwanda's Revised 2025/26 Budget

When the Minister of Finance and Economic Planning, Yusuf Murangwa, presented a revised budget for the 2025/26 fiscal year to Parliament in February 2026, the headline figure was a reduction. But beneath the numbers lies a deliberate strategic shift: Rwanda is trading expensive debt for fiscal space, reallocating resources from consumption to capital, and signalling confidence in its own revenue capacity.

The revised budget stands at Frw 6,952.1 billion, a reduction of Frw 80.4 billion from the initial Frw 7,032.5 billion approved earlier in the fiscal year. That contraction, however, is not a sign of austerity. Instead, it reflects three precise fiscal manoeuvres: securing more affordable concessional and domestic financing for the New Kigali International Airport project, rescheduling a RwandAir loan repayment to the next fiscal year, and, as a result, reducing the need for budgetary loans by Frw 645.4 billion.

In effect, the government has replaced costlier borrowing with lower-cost alternatives and deferred a major repayment, easing pressure on the current budget without halting strategic investments.

A Revenue Upgrade, Not a Downgrade

Notably, the revision does not lower revenue expectations. Projected tax and other revenues have been revised upward by Frw 41 billion. That increase is significant: it signals that the government's economic assumptions remain intact, and in some areas, performance is exceeding earlier forecasts. In budget revisions, revenue upgrades are rare confidence indicators, suggesting that the underlying economy is sustaining momentum even as the government reconfigures its financing mix.



Spending: Less on Consumption, More on Capital

The most revealing shift lies in the composition of expenditure.

The recurrent budget, which covers operational costs, public debt service, subsidies, and goods and services, has been reduced by Frw 198 billion to Frw 4,114.9 billion. Some of this reduction is mechanical: lower-cost financing means lower debt service obligations. But part of it reflects tighter management of subsidies and operational spending.

Conversely, the development budget dedicated to capital investments and infrastructure has increased by Frw 253.2 billion to Frw 2,115.8 billion. This means that even as the overall budget shrank slightly, the portion allocated to long-term projects grew by over 13 per cent.

The arithmetic is deliberate. The government has effectively redirected resources away from recurrent expenditure and toward capital formation, compressing operational costs to protect, and expand investment in infrastructure.

What the Numbers Reveal

Three insights emerge from the revision:

First, Rwanda is prioritizing debt affordability. By securing concessional and domestic financing for the New Kigali International Airport, the government is lowering the long-term cost of a critical asset while reducing exposure to commercial borrowing.



Second, fiscal discipline is being exercised selectively. The recurrent budget absorbed the entire reduction, while the development budget increased. That choice reflects a policy judgment: where cuts must occur, they will fall on consumption rather than investment.

Third, the government is positioning itself for flexibility. Rescheduling the RwandAir loan creates breathing room in the current fiscal year without defaulting on obligations. Such cash-flow management, when executed transparently, strengthens fiscal credibility rather than undermining it.

The Road Ahead

Minister Murangwa framed the revision as an exercise in prudent management. The numbers bear that out—but with a qualification. Prudence here does not mean simply spending less. It means spending differently: financing major projects on better terms, tightening operational expenditure, and betting on revenue growth to sustain momentum.

The government has indicated it will continue monitoring economic performance to ensure budget execution remains on track. The revision suggests that the fiscal strategy for 2025/26 is no longer simply about funding projects, but about how those projects are funded—and what trade-offs the government is willing to make to preserve investment while improving its debt profile.

For observers of Rwanda's fiscal policy, the signal is clear: the era of viewing budgets primarily through the lens of total expenditure is giving way to a more nuanced focus on composition, financing terms, and the distinction between what the state consumes today and what it builds for the long term.

Fitch Ratings Affirms Rwanda's 'B+' Credit Rating, Upgrades Outlook to Stable

Kigali, Rwanda March 13, 2026: Fitch Ratings has affirmed the country's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'B+' and revised the Outlook from Negative to Stable.

This decision, announced on March 13, 2026, signals that international financial experts see a clear path of stability and growth for Rwanda, despite a challenging global and regional environment.

The revision to a Stable Outlook is a significant acknowledgment of Rwanda's resilience and the effectiveness of its diplomatic and economic strategies. Fitch specifically highlighted two major factors behind its decision:

Reduced Financing Risks: The agency noted that uncertainty over Rwanda's access to external funding has eased considerably. This reflects the continued



and strong confidence of our multilateral and bilateral partners. As Fitch reports, Rwanda continues to receive robust financial support, with net external disbursements reaching approximately US\$ 1.2 billion in the last fiscal year.

Commitment to Regional Peace: Fitch recognized the government's proactive diplomatic engagement, which has supported a de-escalation in regional tensions. This commitment to peace and stability reinforces investor confidence and ensures that national resources remain focused on development priorities.

Looking ahead, Fitch projects that Rwanda's public debt will stabilize in the coming years. The agency acknowledges that our debt burden is significantly eased by its highly concessional nature, a direct result of the strong and trusted partnerships Rwanda has built with international financial institutions and bilateral development partners. This translates into favorable debt affordability for the nation.

The rating agency also painted a positive picture of Rwanda's economic fundamentals:

Robust Growth: Fitch estimates that the economy grew by a strong 8% in 2025 and expects growth to remain above 7% through 2027, driven by construction, agriculture, and tourism. This performance outpaces the median for countries in the same rating category.

Strong Governance: Rwanda continues to score highly on governance indicators, with Fitch pointing to our strong institutional capacity and established rule of law as key supports for the rating.

While acknowledging challenges such as the need to continue narrowing the fiscal deficit, the overall message from Fitch is one of confidence. The agency's analysis underscores that Rwanda's policy framework is working, our partnerships are solid, and our growth potential remains among the highest in the region.





Rwanda Advances New Framework for Development Cooperation

Rwanda has taken a decisive step toward redefining its engagement with international development partners with the introduction of the draft Rwanda Development Cooperation Policy (RDCP). This landmark framework is designed to guide the country's cooperation architecture through 2050 and will replace the 2006 Aid Policy, which has long governed external partnerships.

The draft policy was deliberated at the annual Development Partners Retreat in Rubavu District, where senior government officials convened alongside bilateral and multilateral partners to chart a new course

for development cooperation. The review reflects Rwanda's growing institutional capacity while acknowledging the constraints of traditional, fragmented aid approaches. The RDCP responds directly to this reality by consolidating previously fragmented sector interventions into a coordinated, results-based cooperation model fully embedded within national planning instruments, including the National Strategy for Transformation.

Minister of Finance and Economic Planning Yusuf Muringwa was unequivocal, stating that Rwanda is entering a new phase in its development journey, one that

demands partnerships anchored in joint programme planning, mutual accountability, and strategic alignment that prioritizes national objectives while promoting constructive and mutually beneficial engagement with development partners.

The policy represents a structural shift in how Rwanda engages with the global development community. It enhances policy coherence, strengthens accountability, and ensures that international financing delivers measurable, nationally owned outcomes. Its forward-looking scope also integrates emerging priorities such as climate finance mobilization and digital transformation, positioning Rwanda to remain relevant and competitive within a rapidly evolving global development landscape.

Development partners present at the retreat welcomed the proposed direction, with former United Nations Resident Coordinator Ozonnia Ojielo affirming the importance of unified action in scaling impact and reinforcing investment sustainability.

With broad stakeholder endorsement secured, the focus now shifts to execution. Over the next two years, multi-sectoral working groups will translate the RDCP's policy commitments into targeted programmes spanning economic growth, social development, and resilience. Government institutions, development partners, and civil society are called upon to engage actively within this strengthened cooperation architecture by aligning resources, coordinating delivery, and holding one another accountable to the shared ambition of Rwanda's long-term transformation agenda - Vision 2050.



Beyond the Premium:

Rwanda's Push for Trust and Tangible Protection

The Paradox of Growth

Rwanda's insurance sector tells two stories simultaneously. The first is one of impressive expansion: Gross Written Premiums have doubled to Frw 399 billion over five years, with sector assets now standing at Frw 1.3 trillion. By any financial metric, the industry is maturing.

The second story is one of exclusion: fewer than 2 out of every 100 Rwandans hold an insurance policy. This penetration rate sits well below the African average. What we have, therefore, is a sector that has grown *deep*,—accumulating capital and institutional weight—but has not grown *wide*. It serves vehicles and formal sector employees, but leaves farmers, informal workers, and ordinary households exposed



to the very shocks that insurance was designed to mitigate.

The National Insurance Strategy (NIS) acknowledges this disconnect. It is not merely a growth strategy; it is a **relevance strategy**. Its central argument is that an insurance sector cannot be considered healthy if it remains inaccessible to the majority of the population it is meant to serve.

The Five Structural Fault Lines

The strategy identifies five underlying problems that explain the gap between industry growth and public uptake. Understanding these is essential to appreciating why past efforts have fallen short and why this approach differs.

1. The Trust Deficit

Insurance is a promise to pay in the future. For a population that has experienced systemic uncertainty (economic, climatic, and historical) trust in such promises is not automatic. The strategy acknowledges that low awareness in rural areas is compounded by a deeper skepticism: many Rwandans doubt that companies will actually settle claims when the time comes. This is not irrational; it is a rational response to an opaque system.

2. Product Misalignment

The market is heavily skewed toward motor vehicle and health insurance. While these are important, they do not address the actual risk profiles of most Rwandans. A smallholder farmer does not need comprehensive motor coverage; they need protection against a failed harvest. A small business owner needs coverage for business interruption. The absence of these products means insurance remains a niche service rather than a universal tool.



3. Capacity Constraints

Actuaries (the professionals who price risk) are scarce. Digital skills are concentrated in a few firms. This means that even when insurers want to innovate, they often lack the technical talent to design viable products or the digital infrastructure to deliver them efficiently.

4. Operational Inefficiencies

Claims processing has historically been slow, burdened by paperwork and manual verification. Fraud, while not rampant, is persistent enough to raise costs for everyone. These operational failures reinforce the trust deficit: a slow claim feels like a denied claim.

5. Missed Developmental Potential

Insurance is not just a safety net; it is a source of long-term capital. Premiums collected today can be invested in infrastructure, housing, and productive

enterprise. Currently, Rwanda is not fully harnessing this potential. Premiums flow out for reinsurance, and domestic investment remains limited.

The Eight Pillars: A Closer Look at the Architecture

The strategy organizes its response around eight pillars. While the summary version listed them, the underlying logic deserves expansion.

Pillar 1: Public Awareness goes beyond radio campaigns. It embeds insurance education into existing community structures—*Inteko z'abaturage* (community meetings), schools, and cooperatives. The insight here is that trust is built through intermediaries people already rely on, not through corporate advertising.

Pillar 2: Digital Transformation is the operational backbone. The creation of a centralized platform will allow customers to buy policies, pay premiums, and file claims via mobile money. This reduces the cost of distribution (a critical factor for reaching low-income customers) and creates a digital trail that improves transparency and fraud detection.

Pillar 3: Universal Coverage introduces a tiered approach. For informal workers and low-income households, the strategy promotes microinsurance—affordable products with simple terms. For the most vulnerable, identified through *Ubudehe* categories, premium support mechanisms will subsidize coverage. This recognizes that universal coverage cannot be achieved through market forces alone; targeted subsidy is necessary.

Pillar 4: Financial Sustainability addresses a structural weakness. Currently, much of the premium collected leaves the country through reinsurance. The establishment of a National Reinsurance Company will retain a portion of these premiums domestically, building local capacity and ensuring that profits from risk underwrite Rwandan development. Complementary **risk pools** for agriculture and health will spread costs across insurers, preventing any single company

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from bearing unsustainable losses from high-risk populations.

Pillar 5: Customer-Focused Products is where the strategy demonstrates granular understanding of risk. New products will cover crops, livestock, small business interruption, homeownership, and even cyber risks. Critically, the strategy introduces **innovation sandboxes** (controlled environments where insurers can test new products with real customers before full launch). This de-risks innovation and ensures that products are refined based on actual user feedback rather than boardroom assumptions.

Pillar 6: Stronger Regulation shifts the regulator's role from passive oversight to active market shaping. The National Bank of Rwanda will enforce faster claims settlement timelines, mandate transparent reporting of claims ratios, and strengthen consumer protection mechanisms. This is not about adding bureaucracy; it is about ensuring that the rules of the market align with the interests of the insured.

Pillar 7: Social Protection Link clarifies a point of potential confusion. Insurance is not intended to replace existing social protection programs like *Mutuelle de Santé* or pension schemes. Instead, it will complement them, filling gaps that public systems cannot cover such as asset loss, business interruption, or catastrophic crop failure.

Pillar 8: Climate Resilience recognizes that for many Rwandans, the most immediate risk is environmental. **Parametric insurance** will be a game-changer here. Instead of requiring a claims adjuster to verify losses after a flood or drought, parametric policies pay out automatically when rainfall or wind speed crosses a predetermined threshold. This speed is critical for recovery; a farmer who receives a payout within days can replant, whereas one who waits months may lose an entire season.

Tackling the Long-Standing Problems: The Operational Solutions

The strategy's credibility rests on its answers to three persistent complaints: slow claims, fraud, and low trust. Each is addressed with a specific mechanism.

Slow Claims

The centralized digital platform will automate workflows, reducing the manual handoffs that cause delays. Regulators will enforce service standards, with a target of claims settled in under 30 days. Parametric insurance bypasses the claims process entirely for climate-related events. The result is a system designed for speed, not administrative convenience.

Fraud

Fraud in insurance typically takes two forms: false claims and multiple claims for the same loss. The strategy counters this with shared industry databases that flag duplicate claims, artificial intelligence that identifies suspicious patterns, and blockchain technology that creates tamper-proof records of policies and claims. Stronger penalties will act as a deterrent.

Low Public Trust

Trust is rebuilt through transparency. Insurers will be required to publish the percentage of claims actually paid. This creates a public scorecard, allowing consumers to choose companies with proven track records. A Consumer Protection and Education Fund will finance awareness campaigns and provide recourse for customers who feel they have been treated unfairly. By embedding education within trusted community structures, the strategy meets people where they already place their trust.

Stakeholder Impacts: Who Gains and How

The strategy is clear about differentiated impacts. This is not a one-size-fits-all approach.

Ordinary Families will gain affordable products accessible via mobile money, protection against medical and property loss, premium support for lower *Ubudehe* categories, and clearer information to guide choices.

Farmers and Rural Communities will benefit from quick-payout insurance for drought, floods, and landslides. Products will be designed in partnership with agriculture cooperatives, ensuring they match actual farming practices rather than abstract models.

Small Business Owners will gain coverage for business interruption, liability, and cyber risks. This protection enables them to invest and expand without the fear that a single shock will wipe out their enterprise.

Women and Youth receive specific attention. Products designed for women entrepreneurs recognize their distinct economic roles. Youth-focused insurance bundled with savings or training addresses the dual needs of protection and asset-building for younger populations.

Motorcycle Drivers and Informal Workers will see mandatory but affordable coverage for high-risk activities. Enrolment through SACCOs and cooperatives lowers transaction costs and leverages existing group structures.

The Economy as a Whole benefits from long-term investment capital, reduced poverty due to uninsured shocks, and a more resilient financial system.

Success Metrics: From Ambition to Accountability

The strategy sets specific, time-bound targets that allow for accountability.

Indicator	Today	2030 Target	2035 Target
Insurance penetration (% of GDP)	Under 2%	3%	5%
Adults with insurance	27%	35%	45%
Claims settled fairly	80%	90%	95%
Farmers covered	Limited	1 million	Expanded

These targets are ambitious but plausible if the operational mechanisms are faithfully implemented. The real test will be whether the 2035 figures represent genuine inclusion or merely an expansion of the existing motor-and-health market.

Implementation Risks and Considerations

No strategy is without execution risks. Three deserve particular attention.

First, the digital divide. While the strategy assumes universal mobile money access, rural connectivity and digital literacy remain uneven. The centralized platform will only be as effective as the infrastructure that supports it. Complementary offline mechanisms—community agents, paper-based enrolment for those without smartphones—will be essential to avoid excluding the populations the strategy most intends to reach.

Second, the capacity constraint. The strategy calls for more actuaries, data analysts, and digital professionals. Building this talent pipeline takes time. If implementation outpaces capacity, the result could be poorly designed products that fail in the market, reinforcing rather than reducing skepticism.

Third, the coordination challenge. The strategy involves multiple actors: the Ministry of Finance and Economic Planning, the National Bank of Rwanda, private insurers, SACCOs, mobile network operators, and community structures. Aligning these diverse stakeholders, each with their own incentives requires sustained political will and operational discipline. The risk of fragmentation is real.

Conclusion: A Strategy Worth Watching

The National Insurance Strategy represents a deliberate attempt to reshape an entire sector. Its strength lies in its specificity: it names the problems, identifies the mechanisms, and sets measurable targets. It moves beyond the generic language of “financial inclusion” to articulate how products will be designed, how claims will be processed, and how trust will be rebuilt.

For the next five years, the question will not be whether the strategy is well-designed. It is, but whether implementation matches ambition. If the digital platforms are built, the capacity is developed, and the coordination holds, Rwanda could achieve something rare: an insurance sector that is both financially robust and genuinely inclusive.

For now, the foundation is laid. The work of building, and trusting the structure begins.



East Africa Forges Unified Front to Scale Climate Finance

Robust regional partnerships are no longer optional—they are the currency of climate action. That message anchored discussions when senior government officials, climate finance experts, and development partners convened in Kigali for the 7th East Africa Climate Finance Director Level Meeting (EACFDLM).

Held under the theme *“From Frameworks to Action: Scaling up climate finance to advance NDC 3.0 ambitions,”* the meeting marked a deliberate shift away from policy rhetoric and toward institutional systems capable of delivering investment at scale. Over two days, delegates moved beyond familiar declarations to examine exactly how East African countries can transform climate commitments into funded, implemented projects.

A Macroeconomic Shift

The tone was set early by **Mutesi Rusagara**, the Minister of State for Resource Mobilization and Public Investments, who framed climate change in explicitly fiscal terms:

“Climate change is actively reshaping our fiscal systems, our critical infrastructure needs, and our core social priorities. For Ministries of Finance, this demands a fundamental shift: we must treat climate action as a core macroeconomic challenge, not a sectoral issue.”

Her words captured a consensus that ran through every session: climate finance cannot remain siloed within environment ministries. It must be embedded in national budgets, public financial management systems, and long-term development planning if it is to reach the scale required.

Why Regional Coordination Matters

Ms. Beatrice Jerono of the East African Community Secretariat reinforced the logic of acting together:

“Climate change remains one of the greatest threats to our economies and shared development aspirations. It requires not only ambition but coordinated, well-resourced, and sustained action.”

That coordination was on full display. Delegates from all eight EAC Partner States—Burundi, DRC, Kenya, Rwanda, Somalia, South Sudan, Tanzania, and Uganda—joined peer-learning countries including Zambia, alongside partners such as the UK, Germany, the Global Green Growth Institute (GGGI), and the NDC Partnership.

Pablo Vieira, NDC Partnership Global Director, described the shift underway:

“East African countries are moving beyond fragmented projects toward more coherent, structured approaches that support long-term investment in national climate and development priorities.”

Concrete Outcomes

The meeting translated regional ambition into practical direction across four priority areas:

- ▶ **Climate finance governance:** Strengthening institutional coordination to improve access and readiness
- ▶ **Project pipelines:** Developing bankable regional and national portfolios ready for investment
- ▶ **Private sector engagement:** Unlocking non-public capital through enhanced frameworks
- ▶ **Information integrity:** Building better systems for tracking and reporting climate finance

Eng. Dr. Pablo Martinez, GGGI Country Representative for Uganda, Angola, and Zambia, noted the significance of the platform itself:

“Moving from frameworks to action requires not only technical solutions but coordinated regional commitment. This platform demonstrates both.”

Partners at the Table

Sustained partnership remains central to the region's approach. **Ms. Jennifer Stockhill**, UK Deputy High Commissioner, reaffirmed the UK's long-term engagement:

“The UK has long supported sustainable growth and resilience across East Africa. Our cooperation with the Rwanda Green Fund reflects a shared commitment to practical, locally driven solutions that deliver lasting benefits.”

The meeting was organized by the Government of Rwanda in partnership with Uganda's Ministry of Finance and Economic Development, with funding from the UK's Foreign, Commonwealth & Development Office (FCDO) and technical support from GGGI. The NDC Partnership Support Unit contributed to event planning.

From Dialogue to Delivery

As the 7th EACFDLM closed, the message was clear: the region is ready to move from dialogue to delivery. The focus now turns to translating policy alignment into bankable investments, strengthening resilience, and driving inclusive green growth across East Africa.

GGGI reaffirmed its commitment to supporting country-led, regionally coordinated climate action—a pledge that will shape the work ahead as East Africa moves from frameworks to results.





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“Over the past two decades, Rwanda has demonstrated that transformative progress is achievable, from 7.5% average annual economic growth and poverty cut by more than half, to life expectancy rising from 50 to 70 years and electricity access expanding from under 5% to over 80% of households. Through NST2 and Vision 2050, we are committed to sustaining this momentum and ensuring its benefits reach every Rwandan.”

Minister Yusuf Murangwa at the 20th National Dialogue (Umushyikirano)



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“Climate change is actively reshaping our fiscal systems, our critical infrastructure needs, and our core social priorities. For Ministries of Finance, this demands a fundamental shift: we must treat climate action as a core macroeconomic challenge, not a sectoral issue.”

Mutesi Rusagara, Minister of State for Resource Mobilization and Public Investments

Rwanda Moves to Regulate Virtual Assets

On March 4, 2026, the Cabinet approved a draft law regulating virtual assets in Rwanda. The move marks a significant step in positioning the country within the evolving global digital economy, balancing the promise of innovation with the imperative of financial integrity.

As virtual assets (commonly known as cryptocurrencies and related digital instruments), gain traction worldwide, Rwanda is opting not to stand on the sidelines. Instead, the new law establishes a clear, risk-based framework designed to protect the financial system while creating space for responsible innovation.

What Are Virtual Assets?

The draft law defines virtual assets as any digital representation of value that can be digitally traded, transferred, or used for payment. This includes cryptocurrencies and similar instruments. Importantly, the definition excludes digital representations of fiat currencies—such as mobile money or traditional electronic banking—which are already governed by existing financial regulations.

Why Regulate Now?

Virtual assets are being adopted at an unprecedented pace across Africa and the globe. While this growth presents opportunities such as financial inclusion, innovation, and new investment channels, it also introduces significant risks. The pseudonymous nature of many virtual asset transactions has made the sector attractive for money laundering, terrorist financing, and other illicit activities.

The draft law is designed to manage these risks while avoiding a blanket prohibition that would stifle innovation. It aligns Rwanda with international standards set by the Financial Action Task Force

(FATF), the global body that establishes anti-money laundering and counter-terrorism financing guide-



lines. By adopting these standards, Rwanda signals to international investors and financial institutions that its virtual asset sector will operate under credible, transparent oversight.

Key Implications for the Public

For ordinary Rwandans, the law introduces important clarifications regarding the status and use of virtual assets:

- ▶ **Not legal tender:** Virtual assets are not recognized as official currency in Rwanda. The Rwandan franc remains the sole legal tender.
- ▶ **Restricted use for payments:** Virtual assets cannot be used as a direct means of payment unless explicitly authorized by the National Bank of Rwanda. This provision ensures that the central bank retains control over the payments system while leaving room for future innovation if circumstances warrant.
- ▶ **Consumer protection:** By establishing a regulatory framework, the law aims to protect consumers and investors from fraud, market manipulation, and the collapse of unregulated platforms—risks that have plagued the sector in jurisdictions without oversight.

Who Will Regulate?

The Capital Market Authority (CMA) will serve as the primary regulator for virtual asset businesses in Rwanda. Once the law is enacted and published in the Official Gazette, CMA, in collaboration with the National Bank of Rwanda, will issue detailed regulations governing:

- ▶ How virtual assets may be issued
- ▶ What services related to virtual assets are permitted
- ▶ How service providers will be licensed and supervised

This phased approach—legislation first, detailed regulations later—allows for stakeholder input and ensures that the rules are tailored to Rwanda's specific context rather than imported wholesale from other jurisdictions.

What Comes Next

The draft law now moves through the remaining legislative process. Upon enactment, businesses seeking to operate in the virtual asset space will be required to obtain licenses from the CMA and comply with anti-money laundering obligations, customer protection standards, and operational transparency requirements.





Government of Rwanda and IFAD Formalize \$78.5 Million Agricultural Development Agreement

The Government of Rwanda, in partnership with International Fund for Agricultural Development, formalized a \$78.5 million financing agreement to accelerate sustainable agricultural transformation, with a focus on irrigation development and livestock value chains.

Agriculture remains a foundational pillar of Rwanda's economy, providing livelihoods for a substantial share of the population, particularly in rural communities. Yet the sector continues to face systemic challenges, among them low productivity, insufficient access to modern farming technologies, and growing vulnerability to climate risk and volatile market conditions. This investment directly responds to those realities. The agreement directs funding toward two strategic priorities: the expansion of hillside irrigation infrastructure in Kayonza and the development of small livestock value chains, both carefully selected to strengthen the productive capacity of smallholder farmers and modernize Rwanda's agricultural systems.

The agreement is structured to deliver measurable, long-term socioeconomic returns. Smallholder farmers will be better equipped to increase yields, diversify revenue streams, and contribute to national food systems. At the household level, greater income stability translates into improved quality of life and reduced poverty. At the national level, the ripple effects extend across the broader economy, reinforcing food security, building climate resilience, and accelerating inclusive economic growth for all Rwandans.

With NST2 and Vision 2050 as guiding frameworks, stakeholders across the agricultural value chain, from farmers and cooperatives to local governments and development partners, are called upon to align efforts, leverage this investment, and collectively advance Rwanda's vision of a productive, resilient, and inclusive agricultural sector.

Why tracking climate spending matters more than ever in Rwanda



As climate change continues to reshape economies and livelihoods, a fundamental question remains: are public resources truly aligned with climate priorities?

For many years, this question was not easy to answer. Climate-related investments are often spread across sectors such as Agriculture, Infrastructure, Trade and Industry, Education, Health, and Climate, Environment & Natural Resources (CENR), among others. Without a clear system to track them, it becomes difficult to know how much is being spent, where the gaps are, and whether the investments are making a real difference.

My own experience working in environment and climate change since 2009 reflects this challenge.

At the time, I was involved in the Poverty and Environment Initiative, a joint UNDP-UNEP programme implemented through the Rwanda Environment Management Authority (REMA). The focus was on mainstreaming environment and climate change across government institutions, the private sector, and civil society organizations. Yet one recurring question stood out: why bring environment and climate change issues into sectors that already have their own mandates?

This pointed to a deeper concern. Climate change was not yet widely recognised as a cross-cutting development priority, only gaining prominence when it was formally integrated into medium-term strategies such as the National Strategy for Transforma-

tion (NST), Sector Strategic Plans (SSPs), and District Development Strategies (DDSs).

At the same time, efforts were made to track public spending on environment and climate change through tools such as the Public Environmental Expenditure Review (PEER). The findings were telling. In 2009, only 0.4 per cent of Rwanda's national budget was allocated to environment and climate-related interventions. By 2013, this had increased to 2.5 per cent, signalling growing commitment.

However, these assessments were conducted outside the Integrated Financial Management Information System (IFMIS). They were time-consuming, fragmented, and often prone to omissions. While they provided useful insights, they could not offer a comprehensive, real-time picture of climate finance.

Today, Rwanda is addressing this gap through a more structured and integrated approach: Climate Budget Tagging (CBT).

Climate Budget Tagging was officially introduced into Rwanda's planning and budgeting systems starting in the 2024/2025 fiscal year, marking a major shift towards institutionalised climate finance tracking. The results are already significant. Climate-related allocations have now reached approximately 8 per cent of the national budget in the 2025/2026 fiscal year, compared to just 2.5 per cent in 2013. This represents a substantial leap in prioritising climate action within public finance.

Climate Budget Tagging is a practical tool embedded within the IFMIS system that allows government to identify, classify, and track climate-related allocations and expenditures. Budget lines are tagged based on their contribution to climate mitigation or adaptation, making it possible to generate a clear and real-time picture of how public funds are supporting climate action.

This progress has not happened by chance. The Ministry of Finance and Economic Planning has established a dedicated technical team to support implementation and capacity building across both central and district-level institutions. In addition, comprehensive CBT guidelines have been developed to ensure consistency and accuracy in how climate expenditures are identified and reported.

One of the most notable milestones is the institutionalisation of the Climate Budget Statement as an annex to the national Budget Framework Paper (BFP). This is a significant step forward that practitioners in the field have long advocated for. It ensures that climate finance is no longer treated as an add-on but is fully embedded within the country's core budget planning and reporting processes.

This shift comes at a critical time. Rwanda's updated climate commitments under NDC 3.0 require an estimated USD 12 billion by 2035 to achieve its targets. Encouragingly, since the implementation of NDC 2.0 in 2020, the country has already mobilised approximately USD 5.1 billion towards climate action. While this demonstrates strong progress, it also highlights the scale of financing still required and the importance of ensuring that every dollar is effectively tracked and utilised.

This is where CBT becomes indispensable.

First, it enhances transparency. Policymakers and stakeholders can clearly see how much is



being invested in climate priorities across sectors. Second, it strengthens accountability by enabling better tracking of whether resources are being used effectively. Third, it supports more informed decision-making by identifying financing gaps and guiding investments towards areas with the greatest impact.

Rwanda is also going a step further by expanding the scope of tracking beyond “green” expenditures. With support from Agence Française de Développement (AFD), the country has started integrating brown tagging into its budgeting system—an innovative approach that identifies expenditures that may contribute to maladaptation or environmental harm. Initial focus areas include fossil fuels and inorganic fertilisers, which, while important for economic development, may have negative long-term climate and environmental implications if not carefully managed.

Globally, many countries still struggle to track climate finance effectively because expenditures are dispersed across multiple sectors and institutions. Rwanda’s experience shows that this challenge can be addressed through strong institutional coordination and integration within national systems.



Through collaboration between the Ministry of Finance and Economic Planning, the Ministry of Environment, and partners such as UNDP, IMF, and others, Climate Budget Tagging has been integrated into Rwanda’s IFMIS system. This has enabled the country to track climate-related expenditures more systematically and align public spending with national priorities embedded in the National Strategy for Transformation (NST-2), the Nationally Determined Contribution (NDC), and the Green Growth and Climate Resilience Strategy.

Importantly, Rwanda is also strengthening its global visibility and credibility in climate finance reporting. The Ministry of Finance and Economic Planning has established a partnership with the Climate Policy Initiative (CPI) to support the production of internationally recognised reports on Rwanda’s climate finance flows. This ensures that national data generated through systems like CBT contributes to global reporting while also supporting resource mobilisation efforts.

In addition, the data generated through CBT is feeding into the development of a Climate Finance Dashboard, further enhancing the country’s ability to analyse, visualise, and communicate climate finance flows.

Despite the progress, challenges remain. Implementing CBT requires sustained capacity building, strong coordination, and reliable data systems. Measuring indirect climate impacts also remains complex and requires continuous refinement.

Looking ahead, Rwanda has an opportunity to build on this strong foundation by strengthening digital tools, improving data integration, and aligning with international reporting standards.

At its core, Climate Budget Tagging ensures that climate ambition is matched with real investment. It moves climate action from policy commitments to measurable financial decisions.

In a time when climate risks are increasing and resources remain limited, knowing exactly where every franc is going and what it is achieving is no longer optional. It is essential.

*Contributed by **Fred Sabiti**, Technical Advisor on Environment & Climate Change*

In Pictures



Minister Yusuf Murangwa, keynote speaker at the Inaugural Family Office Symposium, highlighted wealth protection, expansion, and succession as pillars of strong financial systems, reaffirming Rwanda as an investment gateway through KIFC and RDB.



At #IFF2026 in Kigali, Yusuf Murangwa highlighted the role of strong policy and smart capital in Africa's future, as Rwanda also launched its first National Insurance Strategy to boost resilience and inclusive growth.



At the Regional Workshop on Digital PFM reforms in Kigali, Placide Mukwende, the Financial System Development Program Manager stressed that true digitization in public finance drives accountability, transparency, and better service.



At the Launch of CFP Group's new office in Rwanda, Minister Yusuf Murangwa noted the group's expertise will unlock new investment opportunities, drive transformative projects, and create jobs.

In Pictures



We bid farewell to Ozonnia Ojielo of United Nations Rwanda, thanking him for his impactful partnership in advancing Rwanda's development.



At the Gasmeth Energy CNG Forum, Minister Yusuf Murangwa emphasized that Rwanda's energy transition, powered by Lake Kivu methane, relies on strong partnerships to provide cleaner energy, greener transport, and sustainable cooking solutions.



The Government of Rwanda and World Bank Group held high-level consultations on the 2026–2035 Country Partnership Framework, aligning resources with national priorities to advance inclusive growth, human capital, modern agriculture, private sector competitiveness, financial access, and climate-resilient infrastructure.



The Chamber of Deputies Rwanda approved a draft Law revising the 2025/2026 budget to Frw 6,952.1 billion, outlining allocations for recurrent spending and development projects while reinforcing the Government's commitment to infrastructure and public welfare.



Rwanda and GiveDirectly Launch \$150 Million Poverty Reduction Partnership

The Government of Rwanda and GiveDirectly signed the \$150 million Poverty Acceleration Co-Financing Basket Fund Framework Agreement, establishing a five-year strategic partnership with a clear and measurable mandate: accelerate poverty reduction in Rwanda's most vulnerable communities.

Despite Rwanda's remarkable development trajectory over the past two decades, poverty remains concentrated in specific districts, requiring targeted, high-intensity interventions rather than broad-based approaches. In direct alignment with the National Strategy for Transformation (NST2), this agreement establishes a dedicated Basket Fund focused on the five districts with the highest poverty rates in the country. The co-financing structure is deliberate, pooling and coordinating resources from both government and external partners ensures that funding is strategically directed where the need is greatest, eliminating fragmentation and maximizing development efficiency.

The partnership will deploy district-level and cash-based graduation investments as its primary in-

struments, with a combined financing mobilization target exceeding \$150 million over five years. These evidence-backed approaches are projected to achieve a 25% reduction in poverty rates across the five targeted districts within the partnership period. Beyond the headline figures, the agreement reinforces national ownership of Rwanda's poverty reduction agenda, anchoring external financing within a government-led framework that sustains accountability, coordination, and long-term results at the household and community level.

With the framework agreement now formalised, implementation across the five priority districts moves to the forefront. Local authorities, civil society, and development partners are called upon to align behind this shared framework, mobilising resources, coordinating delivery, and ensuring that cash-based and graduation investments reach the households that need them most. This partnership sets a replicable model for how Rwanda channels external financing with precision, purpose, and national ownership toward its Vision 2050 goals.



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