

REPUBLIC OF RWANDA



MINISTRY OF FINANCE AND ECONOMIC PLANNING

Aligning Public Finance with Climate Resilience

Fiscal & Regulatory Frameworks Supporting
National Adaptation Plans and Resilience Building

International Dialogue on Climate Finance • June 2026

POLICY ANCHORS

Vision 2050

Green & resilient economy

NST2 (2024–29)

Climate-responsive growth

NDC 3.0

53% GHG reduction by 2035

CNFS 2024–30

Climate & Nature Finance Strategy

PFM Strategic Plan

2024–2029

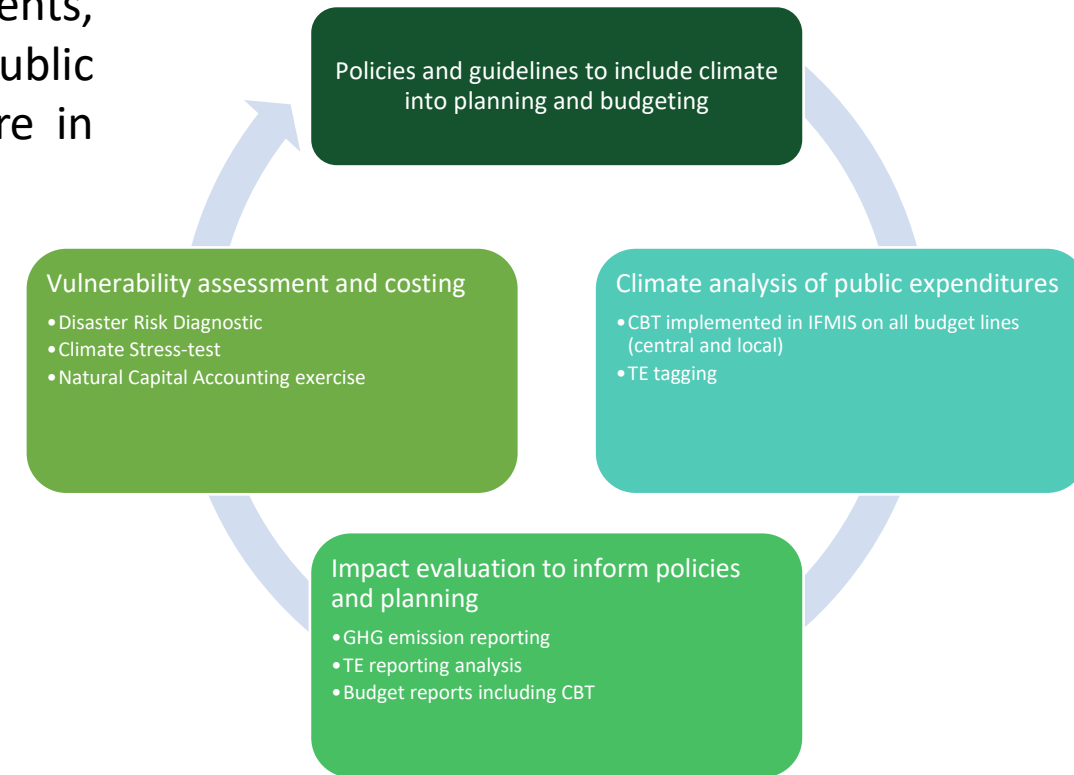


Integration of climate into the PFM cycle

Rwanda is highly **vulnerable** to climate change. In the last years, the country has made climate resilient development a priority.

This is done through reforms like climate sensitive public investments, climate budget tagging, tax expenditure tagging, sustainable public procurement, supervision of climate and environmental exposure in the financial sector.

Floods & drought losses today	1.75% GDP/yr
Projected losses with climate change	3.25% GDP/yr
Disaster spending as % of govt expenditure (avg.)	4.3%
Avg. GDP deviation (2022–2050)	-0.6 to -2.6%
Worst-year GDP deviation	-5 to -7%



FISCAL FRAMEWORKS ALIGNED WITH NAPs & RESILIENCE BUILDING



MINECOFIN

Climate Budget Tagging (CBT)

Since 2025, **all climate-relevant budget expenditures are tagged** green or brown at activity level **in IFMIS**. Results are **published annually** in the Climate Budget Statement submitted to Cabinet and Parliament. Execution of these expenditures are published in the Budget Reports.

Tax Expenditure Tagging

Since 2025, Rwanda is the first country in East Africa to also tag climate-relevant Tax Expenditures.

MINECOFIN

Climate-Sensitive Public Investment

The Government has developed **sectoral guidelines for adaptation** (road construction, mining sector). Since 2023, climate analytics are integrated into **feasibility study guidelines**. **Periodization** of projects for funding is done using **climate selection criteria**.

Integration of PIM in IFMIS

Rwanda is currently integrating a PIM tool in IFMIS to ensure that C&E considerations can be tracked from feasibility stage to implementation.

RPPA

Sustainable Public Procurement (SPP)

The SPP Policy was approved by Cabinet in October 2024. The on-going **piloting phase includes 24 contracting entities** across **4 product categories**: (30% of) EVs, energy efficient laptops and water gallons.

Leading by example

Public Procurement represents 13.5% of Rwanda's GDP. By implementing SPP, the government influences availability of SPP products on the market

MINECOFIN

Disaster Risk Financing Strategy

Adopted end of 2025, the Disaster Risk Financing Strategy aims to **strengthen the Fiscal Risk Statement** and **macro-modelling to include natural disasters**, and put in place **pre-arranged financing schemes** to reduce budget reallocations, as well as **increase cooperation with private sector** (insurers).

Addressing vulnerability

Reduce the weight of natural disasters on public budgets

REGULATION & SUPERVISION FOR MACROECONOMIC RESILIENCE



BNR

C&E Risk Management Guidelines

In November 2023, NBR issued **climate-related and environmental (C&E) risk management guidelines** covering risk identification, measurement and governance for all supervised financial institutions. In 2025, 40 FIs submitted self-assessment reports. Integrated into the off-site supervisory cycle.

C&E risk management

Ensure that financial institutions integrate climate risks in their risk management practices

BNR

ESG Disclosure Framework

In November 2024, BNR issued Sustainability Disclosure Guidelines. ESG reporting templates piloted with 40+ financial institutions. Phased mandatory reporting now underway, moving from regulatory guidelines to full implementation.

Reporting beyond numbers

In line with international standards, ensure that financial institutions contribute, in their day-to-day practices, to national sustainable development targets

BNR

EAC Pilot Climate Stress-Test

In 2025, NBR conducted the first East African Community (EAC) **pilot climate stress-test**. Results inform an **update of the macro-prudential** monitoring framework with climate-informed indicators and instruments, strengthening systemic risk oversight.

\$\$ the impacts of climate risks

Through identifying sectoral and geographical exposure, and quantifying the impact of climate change on the financial sector and adapt financial stability framework

BNR / MINECOFIN / NISR

Inclusion of climate and environment into macro-modelling

MINECOFIN and BNR research and macro departments have included climate considerations into their modelling (MANAGE, ESTEEM). NISR is working on a second exercise of Natural Capital Accounting in order to include it in macro projections.

Refine macro-models

Ensure that the vulnerability of Rwanda is captured in macro-models and projections of GDP

MEASURING & VALUING ADAPTATION AND RESILIENCE BENEFITS



GHG Emissions Monitoring and Reporting

Annual NDC implementation reports (2015–2025 series) using **specialised RISQ software modules**, and reporting on climate finance flows (public and private).
Compliance with all UNFCCC reporting obligations (BTR, revised NDC)

2024 annual tracking

1.59 MtCO₂e reduced, representing 13.1% of 2030 BAU emissions

Track the GoR's efforts on the NDC unconditional part

Climate Tax Expenditure Valuation — TPD / RRA

Quantifies cost-effectiveness of fiscal incentives, enables value-for-money comparison across climate fiscal instruments

Impact analysis of TE in avoided GHG emissions

- e-motorcycles > RWF 54,000/tCO₂e avoided
- solar PV > RWF 77,000/tCO₂e;
- solar water heaters > RWF 66,000/tCO₂e.

EV share in car imports grew from ~0% (2021) to ~50% (2024)

Lifting of VAT exemption on fuel

Climate Budget Statement & Execution Tracking

Climate expenditure tracked at activity level in IFMIS. CBS integrated into in-year and year-end budget execution reports, enabling transparency on green spending flows.

Since FY2024/2025

- 8 to 10 % of the budget marked as relevant for climate (brown and green)
- Execution against revised budget > 100%

Track government commitments
Support decision-making

DEEPENING RWANDA'S GREEN FISCAL ARCHITECTURE



Priority policy directions to sustain, scale and institutionalise Rwanda's climate finance reforms

1

Institutionalise Green Public Investment

Scale climate analytics across all sectors; integrate climate dimension into district-level planning; strengthen M&E of public investment portfolios against NDC outcomes.

2

CBT as a Fiscal Decision-Making Tool

Move beyond reporting: use CBT data to actively inform budget allocations, TE reform and expenditure reviews. Align green taxonomy with fiscal classification systems.

3

Scale Sustainable Public Procurement

Expand SPP to construction materials, organic fertilisers and additional product categories. Embed green flagging in UMUCYO. Update the Public Procurement Law to anchor SPP.

4

Strengthen MRV for Adaptation

Improve tracking of adaptation measures alongside mitigation. Develop F-gases inventory. Upgrade RISQ tool ecosystem. Deliver Biennial Transparency Report 2 (BTR 2) under UNFCCC.

5

Natural Capital Accounting (NEW)

Integrate ecosystem and natural capital accounts into national statistics (NISR). Link environmental valuation to fiscal planning, investment appraisal and climate risk disclosure.

6

Green Financial Systems (NBR)

Operationalise C&E risk-based supervision; align with Basel Core Principles ahead of FSAP; develop climate insurance for SACCO network; develop green financial products in line with .



Green PFM for resource mobilization

Provide an enabling environment for climate finance mobilization

CBT and TE tagging

Increased transparency on budget planning and execution

Report on sustainability-linked government debt

- Sustainability Linked Framework (on-going) with support from the World Bank
- Possible reporting framework for the issuance of green bonds

MRV

Increased transparency, impact measurement

Data for reporting

- Carbon-market / carbon-credits
- Impact measurement of environmental and climate policies
- Measurement against NDC achievements

C&E Extra-financial report

Alignment with international standards

More resilient financial sector

- Increased awareness and understanding for climate / environmental risks

Sustainable finance strategy

Enable green financial products

Increase investments

- Third issuance of sustainability-linked bonds by BRD
- Access to finance for public sector through Intego
- Access to finance for private sector through Rwanda Green Funds