



Policy Brief

IS RWANDA READY FOR NATURE-RELATED FINANCIAL DISCLOSURES?

A Policy and Market Assessment of Nature-related Disclosure and Reporting Trends

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Nature is material to economic stability & growth

Biodiversity loss and ecosystem collapse are now among the top five risks to the global economy over the next decade. Around \$44 trillion almost 50% of global GDP is moderately or highly dependent on nature, yet ecosystems are in rapid decline¹. 70% of land systems, 50% of freshwater bodies, and 40% of marine ecosystems have already been significantly altered by human activity².

Since 1970, vertebrate populations have fallen by 68% and 82% of wild fauna biomass has disappeared, while two in five plant species face extinction³. The World Bank estimates a \$2.7 trillion GDP loss by 2030 if key ecosystem services like pollination, carbon storage, and fisheries collapse⁴.

Just pollinator decline alone threatens \$235–577 billion in food production annually, leading to a global net loss of up to \$688 billion across producers, consumers, and downstream markets⁵.



1 World Economic Forum (2020) *Nature Risk Rising: Why the Crisis Engulfing Nature Matters for Business and the Economy*. Geneva: World Economic Forum. Available at: https://www3.weforum.org/docs/WEF_New_Nature_Economy_Report_2020.pdf

2 IPBES (2019) *Global Assessment Report on Biodiversity and Ecosystem Services*. Bonn: Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services. Available at: <https://ipbes.net/global-assessment>

3 WWF (2020) *Living Planet Report 2020: Bending the Curve of Biodiversity Loss*. Gland, Switzerland: World Wildlife Fund. Available at: <https://livingplanet.panda.org/en-GB/>

4 World Bank (2021) *The Economic Case for Nature: A Global Earth-Economy Model to Assess Development Policy Pathways*. Washington, DC: World Bank. Available at: <https://www.worldbank.org/en/news/press-release/2021/07/01/protecting-nature-could-avert-global-economic-losses-of-usd2-7-trillion-per-year>

5 IPBES (2016) *Assessment Report on Pollinators, Pollination and Food Production*. Bonn: Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services. Available at: <https://ipbes.net/assessment-reports/pollinators>

Understanding natural capital, ecosystem impacts and dependencies

Natural capital—the stock of natural assets like soil, air, water, and biodiversity—underpins Rwanda’s economy by providing essential **ecosystem services** such as pollination for agriculture, watershed protection for hydropower and drinking water, and carbon sequestration for climate resilience. These services represent both **critical dependencies** for sectors like agriculture, energy, and tourism, and **areas of impact** through land degradation, water use, and emissions ⁶ (figure 1).

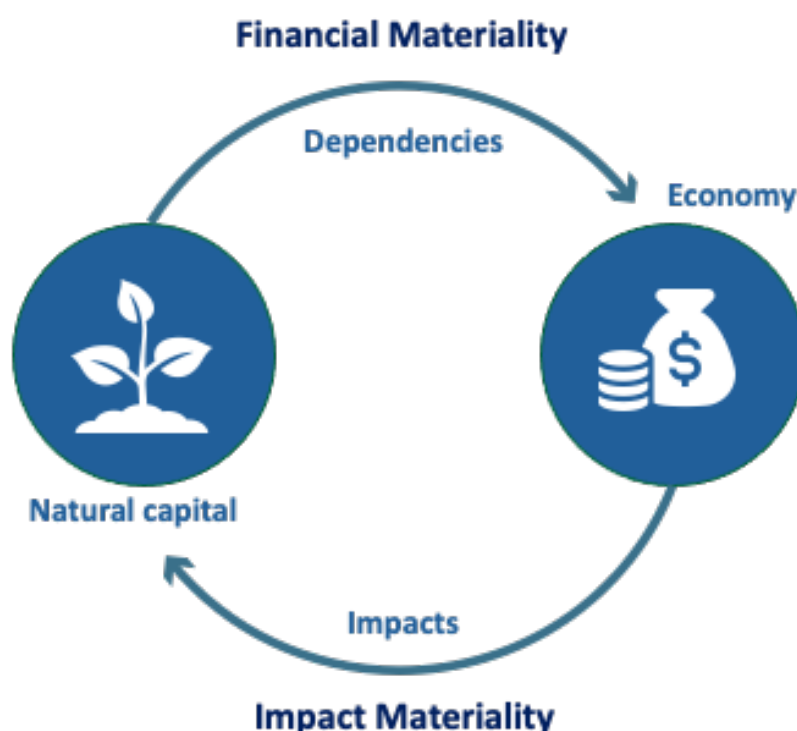


Figure 1: The relationship between impacts and dependencies, and financial and impact materiality.

Rwanda faces escalating **nature-related risks**:

- **Physical risks** (e.g., soil erosion, deforestation, climate-driven disasters) directly threaten resource availability and operational continuity.
- **Transition risks** arise from evolving regulations, shifting market preferences, and stakeholder pressure for transparency on nature-related performance.
- **Systemic risks** stem from macroeconomic disruptions linked to large-scale biodiversity loss, such as reduced crop yields or energy shortages from degraded watersheds.

Yet, this challenge presents a strategic opportunity. Rwanda’s green growth vision positions it to **unlock sustainable finance opportunities** (e.g., green bonds and nature-based credits), **boost ESG credibility**, and **strengthen supply chain resilience**. Companies that act early can secure **first-mover advantages in emerging regulatory and investment landscapes**, particularly as global disclosure frameworks like the TNFD gain traction⁷. Recognizing and managing nature-related risks, dependencies and impacts is not just environmental stewardship—it’s a pathway to sustainable economic advantage.

⁶ UNDP (2020) *Rwanda Biodiversity Finance Plan: A Strategic Approach to Mobilising and Aligning Finance for Nature*. Kigali: United Nations Development Programme. Available at: https://www.biofin.org/sites/default/files/content/publications/BIOFIN_Rwanda_Biodiversity_Finance_Plan.pdf

⁷ Republic of Rwanda (2020) *Vision 2050: The Rwanda We Want*. Kigali: Ministry of Finance and Economic Planning. Available at: https://www.minecofin.gov.rw/fileadmin/user_upload/Vision_2050.pdf

Box 1

Over **70% of Rwanda's population** relies directly on agriculture for their livelihoods. The country's economic resilience is closely tied to **healthy ecosystems, fertile soils, and predictable rainfall** patterns.

World Bank Group (2021) *Rwanda Climate Risk Country Profile*. Washington, DC: The World Bank. Available at: <https://climateknowledgeportal.worldbank.org/country/rwanda>

How does nature contribute to Rwanda's economy

As of the 2023/2024 fiscal year, Rwanda's economy was valued at approximately **RWF 17,684 billion** (around **USD 14.1 billion**)⁸. Nature is a **foundational asset** for Rwanda's economy, underpinning key sectors such as **agriculture, tourism, and water resources**. Rwanda's renowned biodiversity—including its mountain gorillas, national parks, and forest reserves—also **drives a thriving ecotourism industry** that generates significant foreign exchange and employment⁹. Additionally, natural ecosystems play a crucial role in sustaining water security and renewable energy, particularly through hydropower. As climate and environmental risks intensify, preserving nature is not only essential for sustaining livelihoods and rural development but also for maintaining macroeconomic stability and long-term growth.

Box 2

Key Economic Sectors Contribution to the Rwandan Economy

Agriculture

Agriculture remains a cornerstone of Rwanda's economy, contributing about 26% to the national GDP. This translates to roughly USD 3.67 billion. The sector employs a significant portion of the population and is vital for food security and export earnings, with key exports including tea and coffee.

Energy

Specific GDP contributions from the energy sector are not detailed, energy and manufacturing together accounted for 75% of all investments registered in 2019, with energy alone attracting 45% of these investments. This underscores the sector's growing importance in Rwanda's economic development.

Tourism

Tourism is a vital pillar of Rwanda's economy, contributing approximately **4.4% to the national GDP** in 2023, generating approximately USD 620 million, marking a 36% increase 2022. This growth reflects Rwanda's appeal as a destination for eco-tourism and its efforts to promote attractions like mountain gorilla trekking and national parks.

National Institute of Statistics of Rwanda (2024) *GDP – 2023 Provisional Estimates*. Kigali: NISR. Available at: <https://www.statistics.gov.rw>

⁸ National Institute of Statistics of Rwanda (2024) *Gross Domestic Product – 2023/2024 Fiscal Year Estimates*. Kigali: NISR. Available at: <https://www.statistics.gov.rw>

⁹ Republic of Rwanda (2020) *Updated Nationally Determined Contribution (NDC)*. Kigali: Ministry of Environment. Available at: https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Rwanda%20First/Rwanda_Updated_NDC_May_2020.pdf

Rwanda's strategic focus on high-end, low-volume tourism, coupled with conservation efforts and international partnerships, has solidified its position as a premier destination for sustainable and luxury travel experiences. Collectively, these sectors play crucial roles in Rwanda's economic landscape, contributing to GDP, employment, and foreign exchange earnings.

The global policy response to halt biodiversity loss and promote transparent disclosures

In response to this eminent crisis, the Kunming-Montreal **Global Biodiversity Framework (GBF)** was adopted at COP15 in December 2022. Recognising the pivotal role of capital markets in steering finance towards nature-positive outcomes, the GBF explicitly incorporates business and finance-focused targets—particularly **Targets 14 and 15**. **Target 14** calls for organs of state to fully integrate biodiversity and its values into policies, regulations, development planning, and national accounting—across all sectors and levels of governance. This includes aligning **fiscal and financial flows**, poverty reduction strategies, and environmental assessments with the Global Biodiversity Framework (GBF). The target applies to all public institutions with regulatory mandates, especially those overseeing industry, finance, and environmental management, requiring them to embed biodiversity considerations into economic decision-making. **Target 15** is especially relevant for the private sector, as it calls for enhanced disclosure and accountability of nature-related risks, impacts, and dependencies¹⁰.

To support this global effort, the **Taskforce on Nature-related Financial Disclosures (TNFD)** was launched in 2021, providing a disclosure and risk management framework for nature, organised on the architecture of the Task Force on Climate-related Financial Disclosures (TCFD), and building on the market's experience with climate-related reporting over the past decade. The framework consists of a conceptual foundation for nature-related disclosures, a set of general requirements, and a set of recommended disclosures structured around four recommendation pillars - governance, strategy, risk and impact management, and metrics and targets. These are consistent with, and build on, existing frameworks and standards, including those of the International Sustainability Standards Board (ISSB) IFRS Standards, and the Global Reporting Initiative (GRI)¹¹, **figure 2**.

Box 3

The ISSB's **BEES (Biodiversity, Ecosystems and Ecosystem Services)** project explores how to incorporate nature-related risks and opportunities—particularly ecosystem services—into IFRS Sustainability Disclosure Standards. It is closely aligned with the **TNFD framework**, ensuring coherence in corporate reporting on nature across both climate and biodiversity dimensions.

<https://tnfd.global/ifrs-foundation-and-tnfd-collaboration-to-provide-capital-markets-with-high-quality-nature-related-information/>

In parallel, the **UNDP Biodiversity Finance Initiative (BIOFIN)** initiated readiness assessments in emerging economies to evaluate their capacity for the institutional and market adoption of nature-related financial disclosures. Rwanda was selected as a focus country due to its advanced environmental policies and its ambition to transition to a **nature-positive, climate-resilient economy**.

This aligns with Rwanda's broader sustainability frameworks, including **Vision 2050**, the **Green Growth and Climate Resilience Strategy**, and the emerging **Rwanda Green Taxonomy**, and contributes to BIOFIN's goal of closing the biodiversity finance gap through integrated sustainable finance solutions.

¹⁰ CBD (2022) Kunming-Montreal Global Biodiversity Framework. Montreal: Secretariat of the Convention on Biological Diversity. Available at: <https://www.cbd.int/article/cop15-final-text-kunming-montreal-gbf-221222>

¹¹ <https://tnfd.global/>

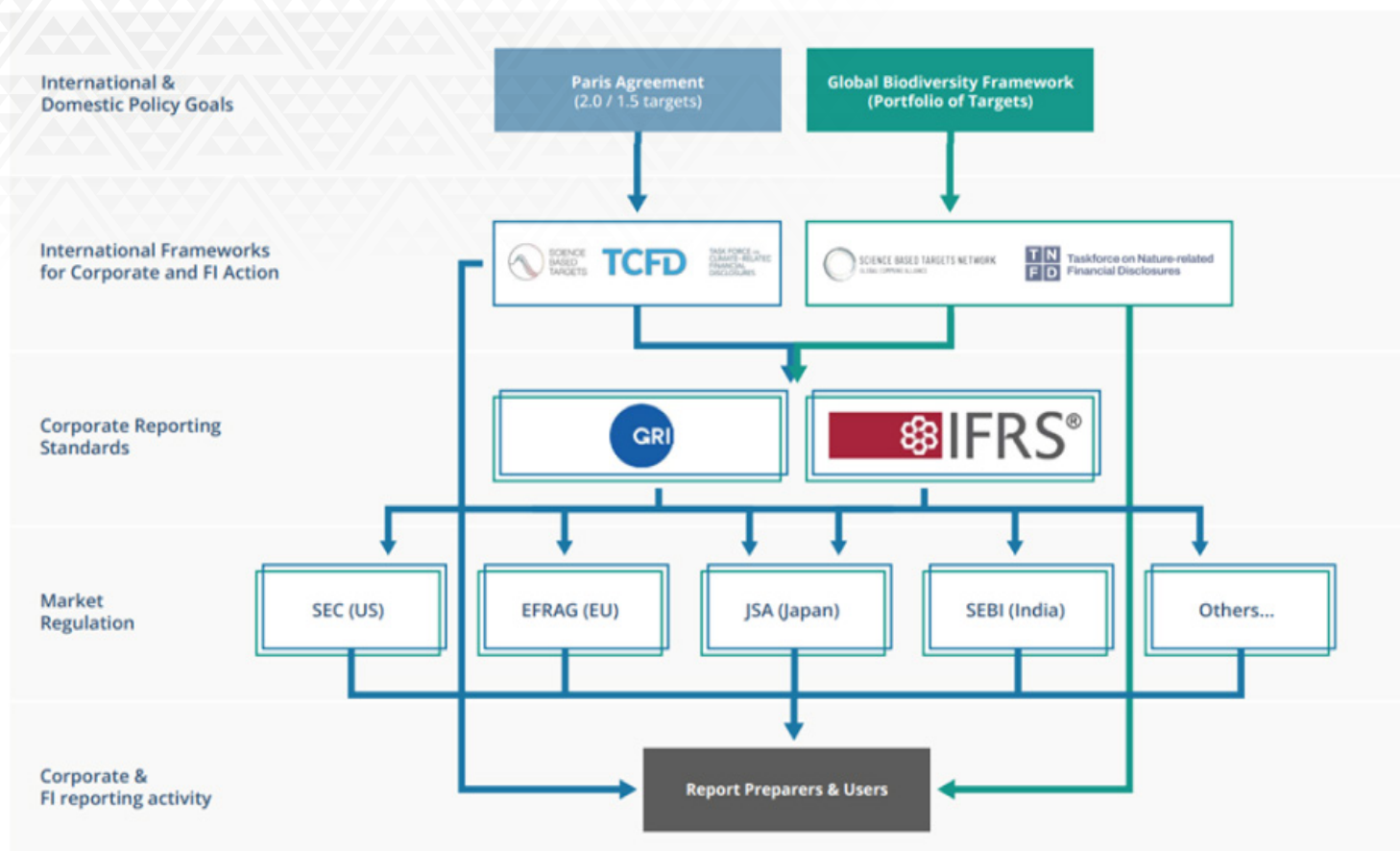


Figure 2: The emerging nature reporting architecture (Source: TNFD.org)

How is Rwanda considering Natural Capital and Ecosystem Services within its Economic Context?

Rwanda has made notable progress in valuing its natural capital—land, forests, water, and minerals—through Natural Capital Accounting (NCA) using SEEA frameworks, supported by the World Bank’s WAVES programme since 2014. Pilot accounts revealed that from 1990 to 2015, ecosystem services declined significantly due to deforestation and land use change. For instance, increased sediment export between 2010–2015 impacted **9% of national hydropower capacity and 59% of water treatment infrastructure**.

Rwanda increased forest cover from **618,000 ha in 2011** to **725,000 ha in 2019**, achieving its **30% national forest cover target** and committing to restore **2 million ha by 2030**. Forest accounts track dependencies, pressures, and economic value, though policy coordination remains a challenge.

Land accounts show **45% of provincial land** is at high erosion risk, with **90% of Rwanda** lying on erosion-prone slopes. A survey of **25,144 plots** found **88%** had low erosion, with the rest facing moderate to severe degradation. These insights support Rwanda’s Land Degradation Neutrality targets.

Despite these insights, integration into national planning is limited. Existing accounts rely on outdated data (e.g., 2010 land cover maps) and are hampered by limited in-country expertise and weak institutional uptake. Although **over 25% of Rwanda’s GDP** is derived from nature-dependent sectors like agriculture, forestry, and fishing, financial institutions and regulators do not systematically assess natural capital trends¹².

12 Republic of Rwanda (2019) Rwanda Natural Capital Accounts: Land, Water, and Ecosystems – Summary for Decision Makers. Kigali: Ministry of Finance and Economic Planning and Ministry of Environment, with support from the World Bank WAVES Program. Available at: <https://www.wavespartnership.org>

Rwanda faces mounting nature-related risks—particularly **land degradation, water stress, and biodiversity loss**—driven by its mountainous terrain, unsustainable land use, and accelerating climate change. Land accounts show that **45% of provinces are at high erosion risk**, while forest and water accounts highlight both progress and vulnerabilities. Although reforestation has exceeded **30% national forest cover**, and water accounts have supported pricing and catchment protection measures, these gains remain fragile without integrated, real-time data and policy alignment.

Box 4

Rwanda's Water Accounts

Rwanda's ecosystem and water accounts highlight significant challenges and trends in national water resource management over a 25-year period (1990–2015). Using indicators such as **water yield (baseflow)**, **quickflow (runoff)**, and **sediment and nutrient exports**, the assessments revealed a **decline in ecosystem services linked to water**, driven primarily by forest-to-cropland conversion. From **2010 to 2015**, **42% of water-use sites** experienced increased sediment export upstream, affecting **9% of hydroelectric generation capacity** and **59% of national water treatment capacity**. Additionally, **50% of water treatment plants** had upstream **phosphorus exports above the national average**, threatening water quality, as depicted in the 1990–2015 water accounts trend below.

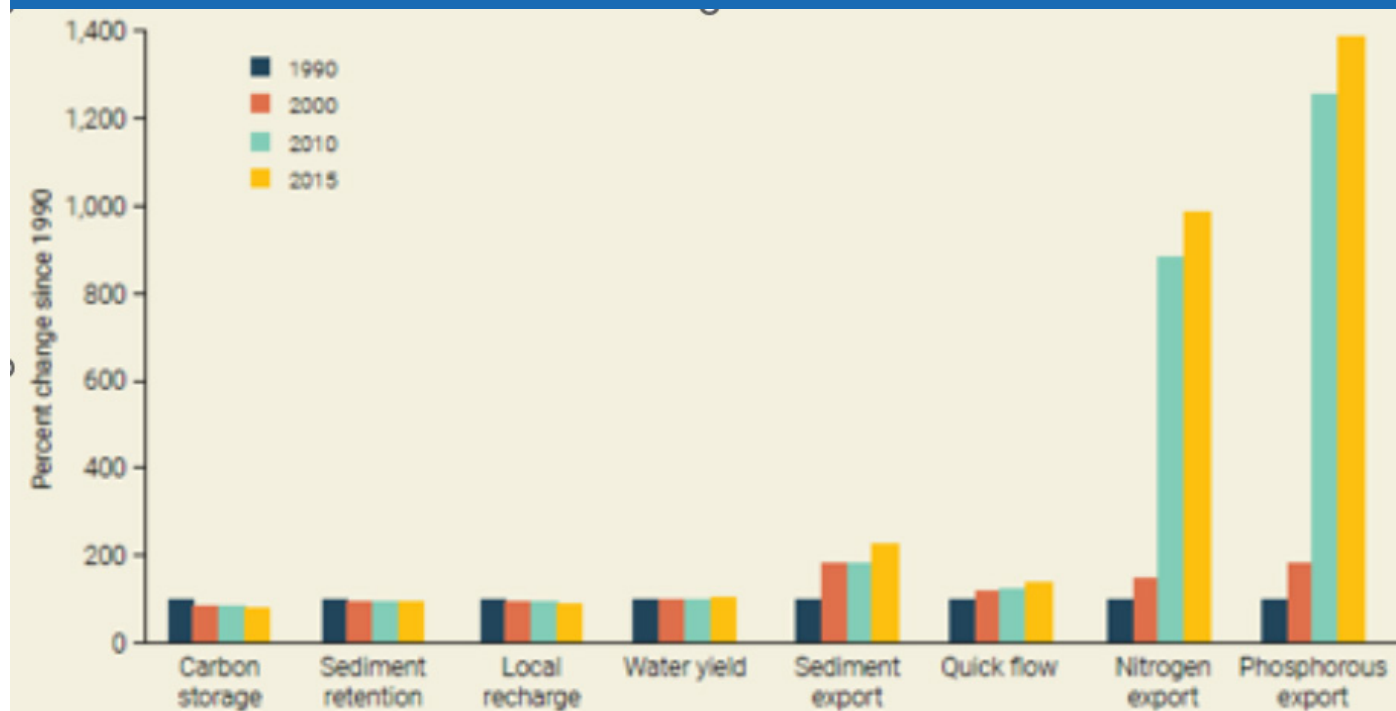


Figure 3: Water account indicators and metrics trends, 1990 – 2015

To address these issues, Rwanda's government, through the **WAVES initiative**, developed dedicated **water accounts** that assess how water contributes to people, the economy, and public revenue, while identifying areas of inefficiency or waste. This has supported the introduction of policy tools such as **water pricing, catchment protection fees, loss reduction strategies, and cost recovery measures**. However, gaps remain due to unrecorded users and incomplete monitoring. Key metrics used in the water accounts include **water availability/stress** and **water use efficiency/productivity**, which are essential for planning sustainable and integrated water resource management.

https://www.wavespartnership.org/sites/waves/files/kc/RW%20NCA%20Water%20Account%20_Published%203-12-2019.pdf

Is Rwanda Ready for Nature-related Disclosures?

To effectively manage these risks, Rwanda must **institutionalise Natural Capital Accounting (NCA)** within national planning systems, ensuring the use of **regularly updated, decision-grade indicators**. Sustained investment is needed to improve data systems, expand metrics, and make ecosystem service values accessible to policymakers, investors, and regulators. This will enable Rwanda to better anticipate and mitigate nature-related risks, access sustainable finance, and deliver on its **National Strategy for Transformation (NST 2)** through a nature-positive economic trajectory.

Building on this policy imperative, Rwanda's environmental legislation is **robust, cohesive, and strategically aligned** across multiple policy domains, providing a sound legal foundation for environmental governance, ESG integration, and nature-related financial disclosure. The legal framework demonstrates strong **complementarity**, with environmental, economic, and financial laws designed to work in tandem rather than in silos. This interoperability is reinforced by **effective institutional coordination**, particularly between the **National Bank of Rwanda (BNR)**, **Capital Market Authority (CMA)**, and the **Rwanda Environment Management Authority (REMA)**, ensuring that environmental risks are systematically embedded into financial regulation and supervision.

The success of this system lies in its **structured, multi-tiered governance model**, where sectoral mandates are clearly defined yet operationally integrated. REMA's technical expertise informs risk assessment tools that BNR and CMA convert into regulatory guidance, while institutions like **FONERWA** and **ICPAR** provide targeted support for sustainable investment and green accounting practices. This **coordinated, whole-of-government approach** has positioned Rwanda as a regional leader in aligning **environmental integrity with financial system resilience**.

Understanding nature-related expenditure in Rwanda

Efforts are underway to incorporate environmental and biodiversity-related tagging into Rwanda's public budget system. However, no official methodology yet exists to classify expenditures as nature-positive, neutral, or negative. To address this, several assessments have been conducted to establish baseline expenditure levels and guide the integration of environmental considerations into fiscal planning, such as the Biodiversity Expenditure Review, and Environment and Climate Change Expenditure Review. A 2022 feasibility study concluded that budget tagging should focus on specific activities rather than project outputs to better link spending to climate outcomes¹³. A key challenge is the disconnect between Rwanda's strategic frameworks (Vision 2050, NST 1) and the budget process, especially regarding biodiversity integration. NST 2 presents an opportunity to correct this by embedding nature-related classifications into expenditure planning. Guidelines on Climate Budget Tagging (CBT) were published in 2024¹⁴.

Biodiversity Expenditure Review (BER)

Conducted under UNDP's BIOFIN initiative, the BER assessed biodiversity-related spending from 2011 to 2017. It found that biodiversity accounted for only 0.5% to 0.9% of total public expenditure, growing slowly at 2.4% annually—well below the rate of national budget expansion. This suggests chronic underinvestment in biodiversity and exposes the vulnerability of conservation financing to aid fluctuations.

¹³ https://www.rema.gov.rw/fileadmin/user_upload/Summary_Report_PERECC_Final.pdf

¹⁴ <https://www.minecofin.gov.rw/index.php?eID=dumpFile&t=f&f=113059&token=fd1af2804a635b062dc7cee3f29949cc6f06709b>

The review recommended embedding biodiversity into recurrent budget lines, improving expenditure tracking, and developing a tagging system to assess alignment with biodiversity objectives. These measures are necessary for Rwanda to meet its National Biodiversity Strategy and Action Plan (NBSAP) targets and ensure long-term financial sustainability in conservation.

The Environment and Climate Change Expenditure Review (PERECC)

PERECC reviewed public spending from 2013 to 2020, showing that environment and climate change (ECC) expenditures averaged 4.4% of the total national budget, with national government allocating 5.4% and districts 2.3%. Expenditure was highest for adaptation, followed by environment and then mitigation. Ministries such as Agriculture and the Rwanda Water and Forestry Authority were among the top ECC spenders.

Key mitigation investments included reforestation, air pollution control, and promotion of renewable energy. The Rwanda Green Fund (FONERWA) mobilised over USD 200 million and financed 45 projects focused on conservation, climate adaptation, and innovation. Most funds were channelled to central government (58%), districts (29%), and NGOs or the private sector (14%). Private sector efforts primarily focused on mitigation.

Biodiversity Expenditure Review Report: https://www.biofin.org/sites/default/files/content/knowledge_products/Biodiversity%20Expenditure%20Review%20Final%20report.pdf

PERECC: https://www.rema.gov.rw/fileadmin/user_upload/Summary_Report_PERECC_Final.pdf

Rwanda's financial system and its role in sustainability and nature reporting

Rwanda's financial sector is diverse and multilayered, encompassing a wide range of institutions regulated primarily by the **National Bank of Rwanda (BNR)**. Complementing the formal regulatory structure, Rwanda also benefits from an established network of **sector-specific business and financial associations**. Key among these are the **Rwanda Bankers Association (RBA)**, **Rwanda Insurers Association (ASSAR)**, and **Rwanda Microfinance Association (AMIR)**, which play a vital role in industry coordination, professional development, and sector advocacy across banking, insurance, microfinance, accounting, and infrastructure domains.

Rwanda is actively shaping a regulatory and institutional environment that supports structured ESG and nature-related financial disclosure. This transition is being led by the **National Bank of Rwanda (BNR)** and the **Capital Market Authority (CMA)**, both of which are embedding sustainability into financial oversight and capital markets. As of June 2023, BNR supervises a complex financial ecosystem comprising **624 institutions**, including **10 commercial banks, 457 microfinance institutions, 16 insurance firms, 13 pension schemes**, and **various non-bank financial entities** such as PSPs, forex bureaus, and credit reference bureaus. CMA regulates collective investment schemes, trustees, brokers, and listed companies on the **Rwanda Stock Exchange (RSE)**.

BNR is also expanding its regulatory reach to include trusts and corporate service providers. Meanwhile, the Capital Markets Authority (CMA) oversees listed securities, collective investment schemes, custodians, trustees, and brokers. The RSE's ESG disclosure reporting under IFRS-ISSB S1 and S2 aligns with the mandate to incorporate environmental risks and opportunities into financial reporting.

Before the establishment of these guidelines, some large banks voluntarily reported ESG disclosures in their annual reports (BK Group Integrated Report, 2022).

Market readiness remains imbalanced. Four leading banks confirmed that most do not assess **nature-related risks**, use **biodiversity evaluation tools**, or **integrate ecosystem impacts** into investment

decisions. ESG disclosure, where present, is typically limited to carbon emissions or digitalisation narratives, with no reference to biodiversity, ecosystem services, or nature-related dependencies. However, this is expected to change. New BNR and CMA regulations will soon **mandate financial institutions and listed companies to begin assessing and disclosing sustainability-related risks**. BNR has issued two progressive guidelines aligned with the **IFRS Sustainability Disclosure Standards (S1 and S2)**:

- **Guideline No. 2600/2023-0036** on climate-related and environmental risk management, and
- **Guideline No. 040/2024** on sustainability-related financial disclosures.

These frameworks pave the way for more integrated climate and sustainability disclosures across financial institutions. Meanwhile, CMA is finalizing **ESG reporting standards for Rwanda Stock Exchange (RSE)**–listed companies, aligned with **TNFD, TCFD**, and **GRI**, and covering key economic sectors such as banking, telecommunications, manufacturing, media, retail, and health.

Banking Sector ESG Disclosure Snapshot – Rwanda’s Largest Listed Bank

Market Capitalization: FRW 269 billion (2023)

Sector: Banking and Finance (listed on the Rwanda Stock Exchange – RSE)

- **ESG Practice:** The bank voluntarily discloses climate-related efforts in its annual integrated reports. These include initiatives to reduce greenhouse gas emissions, digitize operations for energy efficiency, support environmental project financing, and enhance resource use efficiency.
- **Alignment:** Disclosures reference Rwanda’s national sustainability goals and demonstrate participation in government-led environmental programmes, particularly those aligned with climate mitigation.
- **Reporting Practice:** ESG information is provided on a voluntary basis, without binding regulatory requirements. Climate disclosures are structured but not fully aligned with international sustainability frameworks.
- **Gaps:**
 - ▶ No disclosure of biodiversity-related dependencies or ecosystem service reliance.
 - ▶ No structured assessment of nature-related risks, including physical (e.g., drought, soil degradation) and transition risks (e.g., regulatory shifts).



- ▶ No use of globally recognised frameworks such as TNFD, SBTN, or PBAF for nature-related metrics or scenario analysis.
- **Limitation:** Key nature-related risks and financial exposures—such as to water stress, land degradation, or agricultural vulnerabilities—are not quantified or integrated into enterprise risk management or public reporting.
- **Forward Plans and Anticipated Change:**
 - ▶ The bank is expected to align its reporting with IFRS S1 and S2 and upcoming BNR and CMA guidelines post-2024.
 - ▶ This will likely include mandatory sustainability-related KPIs and enhanced climate-nature risk disclosures.
 - ▶ BNR is anticipated to issue biodiversity-inclusive disclosure guidance, aligned with the TNFD framework, which will strengthen nature-risk integration into financial disclosures.



This bank's trajectory reflects broader trends in Rwanda's financial sector—gradually evolving from voluntary ESG alignment to mandatory, standardised disclosure under global sustainability reporting frameworks.

Despite this momentum, **biodiversity and ecosystem services remain largely unaddressed** in regulatory requirements. Rwanda's current legal instruments do not yet explicitly mandate the disclosure of nature-related dependencies or impacts. Most banks and financial institutions—**do not yet assess nature-related risks in investment proposals**, nor do they use project-level biodiversity screening tools.

Table 1: Enterprise value / market capitalisation for leading companies (RSE)

Company	Outstanding Shares (No.)	Share Price (FRW)	Market Capitalisation (FRW)	Market Capitalisation (USD)
BK Group Plc	928,162,222	290	269,167,044,380	190,371,513
Equity Group Holdings Plc	3,702,777,020	440	1,629,221,888,800	1,152,286,073
KCB Bank Group Plc	2,950,259,818	328	967,685,220,304	684,406,593

I&M Rwanda Bank Plc	1,204,844,600	45	54,218,007,000	38,346,314
UCHUMI Super Market Plc	265,426,614	104	27,604,367,856	19,523,509
National Media Group Plc	157,118,572	1200	188,542,286,400	133,348,718
CIMERWA Plc	703,219,520	132	92,824,976,640	65,651,541
MTN Rwanda Cell Plc	1,350,886,600	170	229,650,722,000	162,423,136
BRALIRWA Plc	1,028,570,000	175	179,999,750,000	127,306,910
RH Bophelo Plc	58,875,000	526	30,968,250,000	21,902,653

Source: Rwanda Stock Exchange, September 20, 2023

The situation is similar at the capital markets level. Though Rwanda's first sustainability-linked bond was issued by **BRD (FRW 30 billion in 2023)** and a green bond by **Energicotel (FRW 3.5 billion in 2021)**, these instruments did not include **standardised nature-finance metrics**. Entities like **BK Group, I&M Bank, MTN Rwanda**, and **CIMERWA** have begun reporting environmental exposure, but none yet disclose against TNFD or ISSB-aligned biodiversity indicators.

Table 2: 'Green' bond issuance in Rwanda

Issuer	Amount Raised	Tenor	Year of Issuance
ENERGICOTEL	FRW 3.5 billion	10 years	2021
BRD (sustainability linked bond)	FRW 30 billion	7 years	2023

Institutional and policy architecture for sustainability-related disclosures in Rwanda

Rwanda is rapidly institutionalising sustainability-related financial disclosures through a coordinated policy, regulatory, and institutional framework. This transformation is underpinned by a growing suite of laws, strategies, and technical instruments designed to integrate climate and nature-related risks into the financial system, investment decision-making, and national development planning.

At the core of this architecture is the **Ministry of Finance and Economic Planning (MINECOFIN)**, which plays a central role in shaping fiscal and investment policy. Through strategic instruments such as the **Rwanda Green Taxonomy**, **green budget tagging**, and the **Rwanda Sustainable Finance Roadmap (2022)**, MINECOFIN has embedded sustainability as a core feature of Rwanda's economic model.

Key financial regulators—the **National Bank of Rwanda (BNR)** and the **Capital Markets Authority (CMA)**—are advancing a shift toward mandatory, standardised sustainability disclosures. BNR supervises more than 620 financial institutions and has issued two pivotal guidelines:

- **Guideline No. 2600/2023-0036**, which mandates the management and disclosure of climate-related and environmental risks, drawing from TCFD and IFRS S2;
- **Guideline No. 040/2024**, which requires public disclosure of sustainability-related financial information in line with IFRS S1 and S2.

CMA complements this regulatory shift by aligning ESG reporting requirements for listed entities with international frameworks including **TNFD**, **GRI**, and **TCFD**, and by introducing new guidance on **GSS+ bond issuance** and **corporate governance codes**.

The broader policy landscape is supported by frameworks such as the **Environment and Climate Change Policy (2019)**, the **Biodiversity Law (2021)**, **Vision 2050**, and **NST1**, all of which commit Rwanda to a nature-positive and climate-

resilient growth trajectory. The **Green Taxonomy** plays an operational role by setting eligibility criteria for sustainable finance and guiding the issuance of green and sustainability-linked financial instruments.

Institutional coordination is critical to this transformation. MINECOFIN sets strategic direction, while **REMA** and the **Ministry of Environment** contribute technical expertise on biodiversity and environmental risk. BNR and CMA translate this into enforceable regulatory instruments. **FONERWA**, Rwanda's Green Fund, finances nature-positive and climate-aligned projects. Meanwhile, **ICPAR** supports capacity development for IFRS sustainability disclosures, including assurance readiness.

Rwanda Finance Limited (RFL) and the **Kigali International Financial Centre (KIFC)** are working to position Rwanda as a green finance hub, fostering the development of innovative instruments like sustainability-linked loans. The **Rwanda Development Board (RDB)** is poised to serve as a repository for ESG-related disclosures, enhancing transparency and accountability in private sector reporting.

However, significant implementation gaps remain. While leaders such as **BK Group** and **I&M Bank** have initiated climate disclosures, other sectors—such as manufacturing, telecoms, and beverages—have limited transparency. There is no formal green lending or biodiversity-inclusive credit assessment framework, although sustainable loan guidelines and risk-screening tools aligned with the Green Taxonomy are in development.

To address these gaps, Rwanda is investing in regulatory guidance, capacity-building, and disclosure infrastructure. Together, these efforts signal a shift from voluntary ESG alignment to a legally anchored disclosure regime, laying the groundwork for a more transparent, resilient, and nature-positive financial system.

grounded on international frameworks and standards.

Box 5

Disclosing on sustainability-related financial information

BNR's **Guideline No. 040/2024**, effective from 25 November 2024, establishes mandatory sustainability-related financial disclosure requirements for Rwandan financial institutions. It reinforces **transparency and accountability** by aligning national disclosure practices with the **IFRS Sustainability Disclosure Standards (IFRS S1 and S2)**, replacing earlier TCFD-based provisions.

The guideline supplements BNR's 2023 climate risk regulation and introduces obligations across governance, strategy, risk management, and performance metrics. Institutions must disclose materiality assessments, financial data, and sustainability-linked targets consistent with IFRS S2 and relevant elements of IFRS S1.

To support capacity-building, the rollout follows a tiered approach:

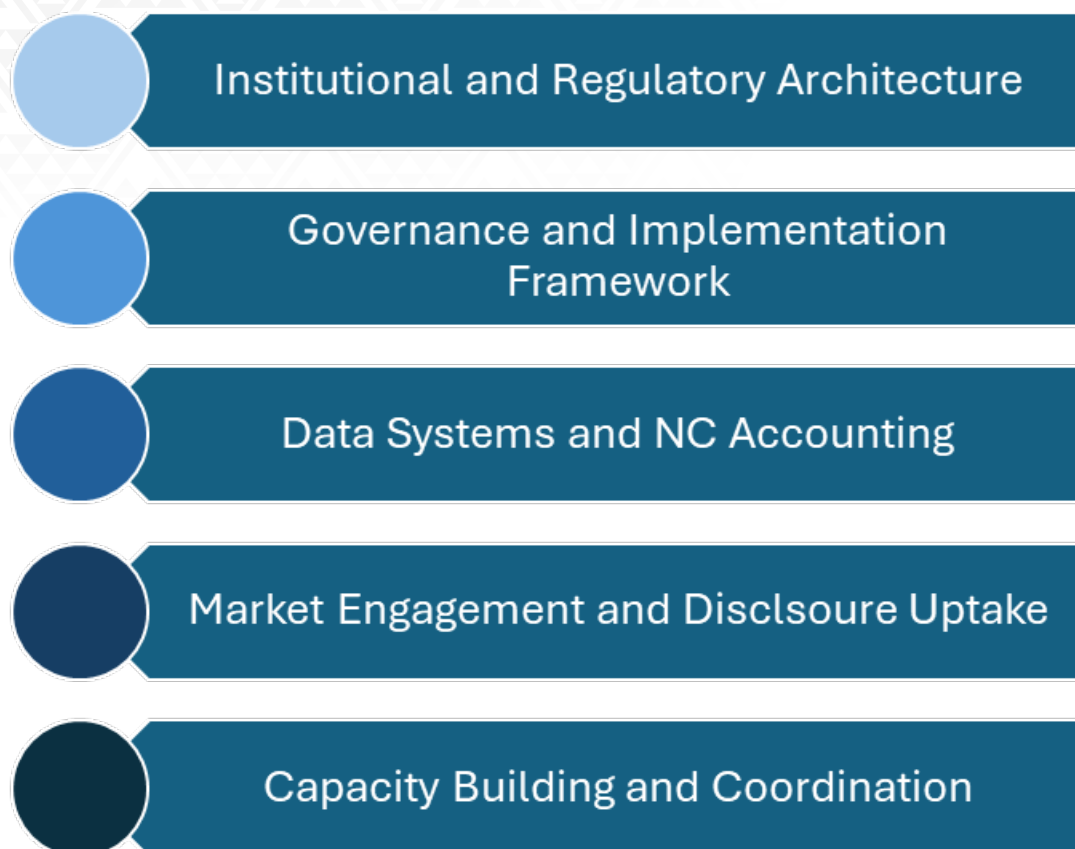
- **Tier I (banks, insurers, public pensions):** reporting starts **January 2025**, full IFRS compliance by **2028**
- **Tier II–III (MFIs, private pensions, mutual insurers, SACCOs):** from **January 2026**, full compliance by **2029**
- **Tier IV (Umurenge SACCOs and others):** from **January 2027**, full compliance by **2030**

BNR will provide **sector-specific guidance, manuals, and disclosure templates** to support implementation. An **ISSB Adoption Roadmap**, led by **ICPAR**, is under development to ensure technical alignment and readiness across the sector.

This guideline positions Rwanda to deliver consistent, decision-useful sustainability disclosures and supports its broader ambition to embed climate and nature risks into financial regulation.

Way Forward: Strengthening nature-related financial disclosure in Rwanda

The Review proposes an integrated roadmap for implementing nature-related financial disclosures in Rwanda, grounded on international frameworks and standards. It emphasizes institutional alignment, regulatory reform, market engagement, and capacity building. The action plan includes institutional roles, phased adoption, and the establishment of a national coordination mechanism, and recommendations are aligned with the Government of Rwanda's public objectives.



Institutional and Regulatory Architecture

A robust legal and regulatory framework is essential to embed nature-related financial disclosure into Rwanda's sustainable finance agenda. This includes reviewing and updating existing financial and environmental legislation to mandate nature-related risk disclosures, while ensuring coherence with broader sustainability reporting frameworks such as **IFRS S1/S2**, **TNFD**, **GRI**, and **SASB**. Regulatory instruments should provide clear compliance pathways and avoid fragmentation by harmonizing requirements across different sectors and reporting obligations. Rwanda's evolving green finance infrastructure—anchored by the **Rwanda Green Taxonomy**, the **BNR sustainability disclosure guidelines**, and CMA's ESG reporting standards—provides a strong foundation for introducing mandatory disclosure requirements.

Additionally, the integration of **Natural Capital Accounting (NCA)** into national policy and regulatory frameworks should be formalized. This ensures that nature's contributions to the economy are captured in public finance and macroeconomic planning, helping align fiscal policy, investment decisions, and financial regulation with nature-related risk management.

Governance and Implementation Framework

The governance of nature-related disclosure must be embedded within an inter-institutional architecture that ensures policy coherence, regulatory alignment, and coordinated implementation. Financial sector regulators, including **BNR** and **CMA**, play a central role in enforcing disclosure obligations and issuing sector-specific guidance. These regulators should work closely with policy-setting bodies such as **MINECOFIN**, technical agencies like **REMA**, and biodiversity focal points within the **Ministry of Environment**.

A structured implementation plan—aligned with the **ISSB Adoption Roadmap** and phased according to institutional capacity—will be essential. Financial institutions can be categorised by tier (I–IV), with tailored timelines for compliance. Regular updates to Rwanda's disclosure frameworks should be informed by the latest scientific insights and international developments under the **TNFD**, ensuring continuous improvement and relevance.

Data System and Natural Capital Accounting

High-quality, decision-useful data is foundational for meaningful disclosure. Rwanda must enhance

national biodiversity and environmental data systems, including through the consolidation of monitoring tools, geospatial platforms, and ecosystem service valuation databases. Partnerships with research institutions, academia, NGOs, and government bodies are essential to ensure coverage, accuracy, and accessibility of environmental data.

To operationalize NCA, Rwanda must expand and update indicators—including metrics for **land cover change, water availability, and valuation of forest products**—and embed them into the **System of National Accounts**. Building national capacity and aligning metrics with emerging global disclosure standards (e.g., TNFD) will be critical for enabling nature-related financial reporting and unlocking sustainable finance opportunities.

The regular production of **natural capital accounts**—aligned with the **UN SEEA** framework—should be institutionalised and linked to national accounts. These accounts will provide the quantitative basis for tracking ecosystem changes, understanding sectoral dependencies on nature, and informing both public and private sector disclosures. Data infrastructure should also include **user-friendly digital platforms** that allow companies and financial institutions to submit disclosures and access standardised indicators and templates.

Market Engagement and Disclosure Uptake

A systemic shift in market behaviour is required to normalise the consideration of nature-related risks and opportunities. Financial institutions must be supported in integrating these risks into core business operations, such as **credit evaluation, underwriting, investment screening, and portfolio risk assessment**. Regulatory guidance should encourage the development of internal governance structures and sustainability-linked performance metrics.

To drive uptake, disclosure should be framed as a strategic value proposition—enabling risk-informed decision-making, improved access to **green finance**, and reputational benefits. The focus must be on opportunity as well as risk, highlighting how nature-related disclosures support long-term financial resilience. Sharing of **regional best practices**, early case studies, and pilot experiences from peer markets can build momentum and foster market trust in the process.

Capacity Building and Coordination

Sustained capacity-building is essential to support the successful implementation of nature-related disclosures. A national training programme should be developed, targeting a broad spectrum of stakeholders: **regulators, financial sector professionals, auditors, data providers, and corporates**. This should include both technical training (e.g., scenario analysis, materiality assessments, biodiversity metrics) and awareness-raising on the strategic value of nature-positive finance.

In parallel, an inclusive coordination mechanism is required to align public and private sector efforts. This could involve establishing multi-stakeholder working groups or technical committees bringing together regulators, ministries, financial institutions, NGOs, and academic experts. International partnerships—particularly with initiatives like **TNFD** and **UNDP BIOFIN**—should be leveraged to provide technical assistance, build disclosure infrastructure, and ensure Rwanda remains aligned with emerging global norms.

These results indicate strong potential but critical short-term needs in awareness, technical frameworks, regulatory enforcement, and sectoral skill building to fully align Rwanda's economy with emerging global nature-related disclosure standards.

To close these gaps, Rwanda must:

- **Institutionalise nature-related risk disclosures** across regulatory and reporting frameworks.
- **Develop national taxonomies** and metrics to guide green and nature-positive finance.
- **Expand market literacy** on TNFD-aligned risk assessment and disclosure.
- **Embed biodiversity in financial product development**, including bonds, loans, and investment prospectuses.

With an already strong legal-regulatory base, an evolving ESG infrastructure, and high-level coordination across government and finance sector actors, Rwanda is well-positioned to lead on **nature-integrated sustainable finance** in Africa—provided it accelerates the institutionalisation of nature risks and closes critical technical and capacity gaps.

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