Rwanda’s central bank raised its key interest rate to 8.75% from 8.25% on Thursday, stepping up its fight against inflation after consumer prices rose 14.5% in July.

The decision followed a meeting of the National Bank of Rwanda’s Monetary Policy Committee on Aug. 26 and marked the latest in a series of rate increases aimed at bringing inflation back within the central bank’s target range of 2% to 8%.

BNR had raised the Central Bank Rate to 7.25% in February and to 8.25% in May. The latest 50-basis-point increase takes the rate to 8.75%.

Inflation accelerated from an average of 9.1% in the first quarter of 2026 to 13.2% in the second quarter before reaching 14.5% in July, according to BNR.

Governor Soraya Hakuziyaremye said the latest increase was intended to slow inflation and prevent it from remaining outside the range considered consistent with sustainable economic growth.

“The decision was taken to help reduce the pace of inflation and prevent it from remaining outside the 2% to 8% range that the country considers consistent with sustainable economic growth,” she said.

BNR said rising food and energy prices were among the main drivers of inflation, while external pressures, including developments in international energy and commodity markets, had added to the increase in prices.

Hakuziyaremye said the policy rate increase was aimed at reducing inflationary pressure and did not necessarily mean lending to households and businesses would decline.

She said lending by banks and microfinance institutions grew by more than 22% during the first six months of 2026 despite the previous increase in the Central Bank Rate in May.

“The first point I would like to clarify is that when we raised the policy rate in May, lending did not decline,” she said.

BNR expects average inflation to stand at 13.1% in 2026, down from its previous forecast of 13.9%.

The central bank expects inflation to remain above its target range through 2026 before gradually returning to the 2% to 8% band in the second half of 2027.

The rate decision came as Rwanda’s exports continued to grow.

Merchandise exports rose 51% in the second quarter of 2026, driven mainly by mineral exports and favourable international prices. Other exports increased by 39.4%, supported by products including processed cooking oil, cement and wheat flour, while re-exports rose 26%.

Imports increased by 28%, driven by higher purchases of food products, including crude cooking oil and rice, as well as construction materials, beauty products and telecommunications equipment.

BNR said it would continue to use monetary policy to contain inflation while supporting sustainable economic growth and protecting consumers’ purchasing power.