Rwanda’s lower house of parliament approved a loan agreement with China worth more than $48 million to finance a major irrigation project aimed at boosting agricultural production and strengthening resilience to climate change in the country’s south.

The agreement, signed in Kigali on Aug. 21, 2025, is between the Rwandan government and the Export-Import Bank of China. It provides a loan of 344.5 million Chinese yuan to fund irrigation infrastructure in Giseke, a sector located in Gisagara District of Rwanda’s Southern Province.

Under the terms of the deal, the loan will be repaid over 13 and a half years, with a grace period of six and a half years before Rwanda begins repaying the principal. The loan carries an annual interest rate of 2%, according to the Ministry of Finance and Economic Planning.

Finance Minister Yusuf Murangwa told lawmakers that the project is designed to reduce farmers’ dependence on rainfall and help the country adapt to the growing effects of climate change.

“The objective of this project is to strengthen agricultural productivity and climate resilience through irrigation of 2,640 hectares, alongside the promotion of water harvesting and efficient water-use technologies,” Murangwa said during the parliamentary session.

He added that the project will include the construction of key infrastructure such as an irrigation dam and water distribution channels, enabling farmers to cultivate crops year-round and increase yields.

Lawmakers generally welcomed the project but raised concerns about some provisions in the agreement, particularly those related to procurement. Several legislators questioned clauses indicating that equipment and technology required for the project would be sourced from China where possible.

lawmaker Germaine Mukabalisa warned that such conditions have previously delayed projects and could lead to higher costs. She noted that similar technologies are sometimes available locally, within the region, or from other markets at lower prices.

Another legislator, Furaha Rubagumya, expressed concerns about requirements

that technical standards for the project align with those used in China, citing differences in environmental and national contexts.

In response, Murangwa said such procurement conditions are common in concessional loans offered by export credit banks. He stressed that Rwanda has a strong track record of cooperation with Exim Bank of China and said no fixed quota obliges the country to purchase all equipment from China.

“We are confident that this project will be implemented at reasonable cost and in line with international quality standards,” Murangwa said, adding that independent, non-Chinese inspectors will be involved to verify the quality of the work.

The government expects construction to be completed within two years, with the irrigation program scheduled to begin no later than 2028.