



A new era for non-profit financial reporting

The launch of INPAS



Table of contents

01	The launch of INPAS	3
02	Authors	7

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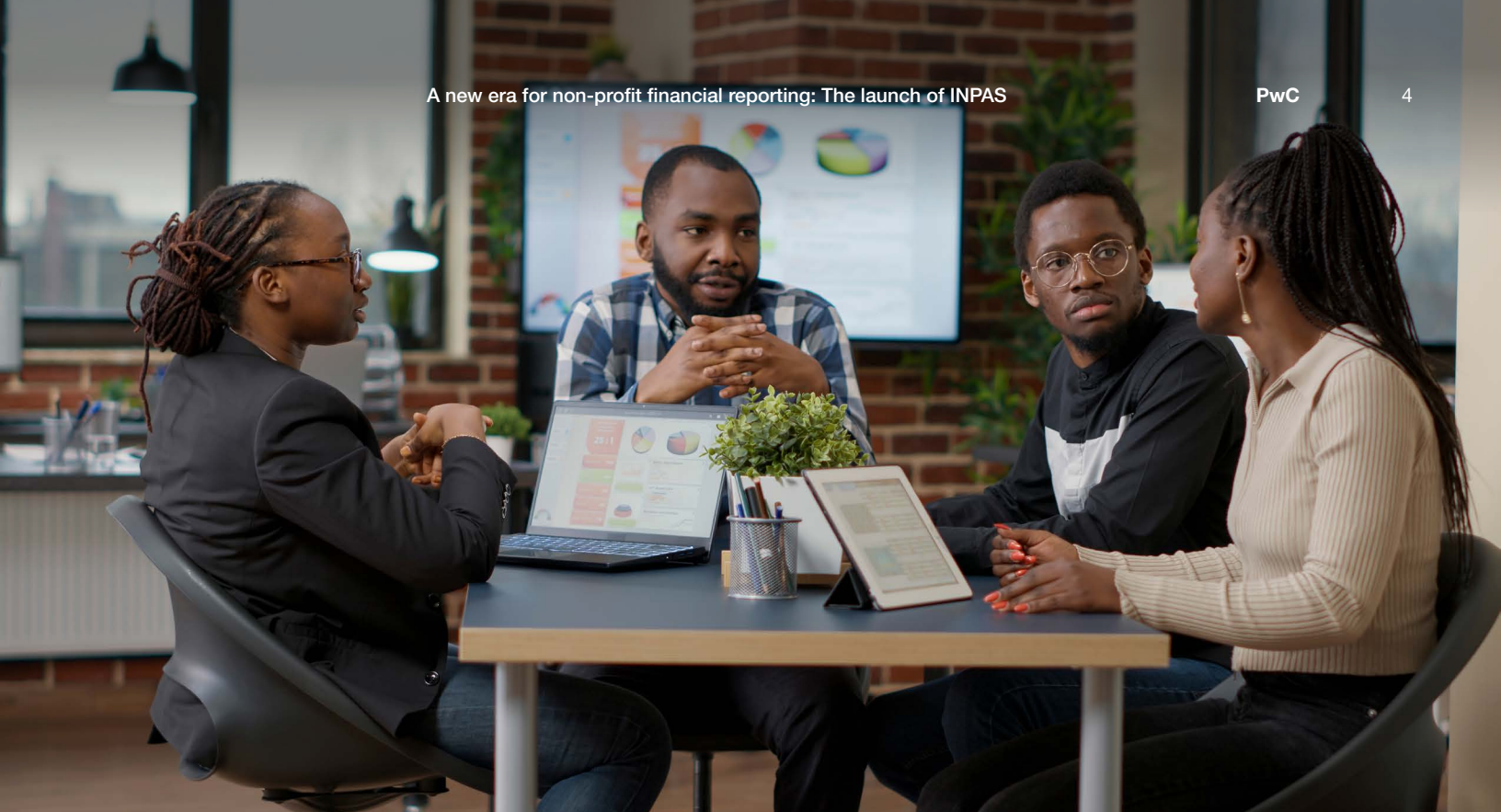
On 20 October 2025, the global non-profit sector reached a historic milestone with the launch of the International Non-Profit Accounting Standard (INPAS), the first globally recognised accounting framework designed specifically for non-profit organisations (NPOs). Developed over six years through the IFR4NPO project, INPAS is the result of a collaborative effort led by the Chartered Institute of Public Finance and Accountancy (CIPFA) and Humentum, culminating in the establishment of the International Non-Profit Reporting Foundation (INPRF) to steward the standard going forward.

While adoption is voluntary, Rwandan NPOs have compelling reasons to consider integrating INPAS into their financial reporting practices, especially in light of the new NGO Law No. 058/2024 and evolving compliance expectations from the Rwanda Governance Board (RGB).

INPAS at a glance: Why now?

For decades, non-profits have operated without a dedicated accounting standard, relying instead on frameworks designed for profit-oriented organisations or public sector entities. This has led to fragmented practices, inconsistent reporting, and high administrative burdens, especially for NGOs managing multiple grants and cross-border operations.

INPAS attempts to fill this gap. It is a standalone, accrual-based framework tailored to NPO realities and includes practical guidance on grant income recognition, fund accounting (restricted vs. unrestricted), narrative reporting, and a Practice Guide to harmonise grant reporting. INPAS is freely available and scalable, making it accessible to both small and large organisations.



Rwanda's evolving NGO reporting landscape

Under the new NGO Law No. 058/2024 and updated RGB guidelines, all registered NGOs must submit annual audited financial statements and activity reports. While the law does not prescribe a single financial reporting framework, it emphasises consistency, transparency, and accountability in the use of funds.

Currently, NPOs in Rwanda use a mix of:

Internal accounting policies — which vary widely.

IFRS — designed primarily for larger profitmaking entities.

IFRS for SMEs — designed primarily for smaller profitmaking entities.

This diversity makes comparability difficult for RGB, donors, and other stakeholders. INPAS offers a sector specific solution that aligns with NGO operating models, supports accrual-based reporting, and fosters harmonised grant reporting across funders.

Recent engagement sessions between RGB and the NPO community held on 17 and 18 September 2025, focused on combating money laundering and terrorism financing, highlighted findings from the National Risk Assessment for non-profit organisations. RGB noted that financial management and reporting practices vary significantly across the sector, with some organisations demonstrating strong systems while others face capacity gaps. This reinforces the need for more consistent, transparent, and structured reporting practices across all NPOs.

Why INPAS matters for NPOs

The absence of a dedicated nonprofit standard has presented three recurring challenges:

Administrative burden from duplicative, donor-specific reporting.

Inconsistent financial statements, hindering cross-border comparison.

Reduced transparency and trust among donors and stakeholders.

INPAS seeks to address these challenges by providing:

- Clear grant income and donation recognition rules.
- Fund accounting that distinguishes restricted and unrestricted resources.
- Integrated narrative reporting that connects financials to mission outcomes.

A Practice Guide that supports harmonised grant reporting, reducing redundancy and confusion.

Building donor and stakeholder trust

Since trust is the currency of the nonprofit sector, INPAS would strengthen trust by:

a) Enhancing comparability and transparency

Standardised treatment of income, funds, and disclosures allows donors to compare NGOs' performance more reliably and assess stewardship of resources.

b) Clarifying restricted vs. unrestricted funds

INPAS mandates transparent classification and disclosure, addressing a common source of audit findings and donor concern.

c) Integrating narrative reporting

By explaining how resources advance the mission, narrative reporting improves stakeholder understanding of effectiveness and impact.

d) Reducing donor specific reporting tensions

Through the INPAS Practice Guide, NGOs can adopt harmonised templates increasingly recognised by funders, cutting reporting friction and improving data quality.

Regional perspective

In East Africa, civil society continues to grow amid evolving regulatory expectations. INPAS adoption would position Rwanda advantageously across the region through:

1. **Cross-border harmonisation:** Regional NGOs can consolidate multi-country operations more efficiently with a common framework.
2. **Competitive edge for funding:** Adherence to a globally recognised standard signals robust governance, appealing to institutional donors.
3. **Alignment with EAC integration goals:** INPAS can underpin financial transparency as part of broader regulatory harmonisation.
4. **Benchmarking for regulators:** Early adoption in Rwanda can set a regional standard, enhancing oversight and sector credibility.

Transition to INPAS

A successful transition to INPAS generally requires organisations to reflect on their current practices, plan for necessary changes, and communicate clearly with key stakeholders. Ensuring that policies, systems, and reporting processes are prepared for the new requirements can help minimise disruption and support a smoother adoption of the standard.

Key takeaways

- INPAS is the first dedicated global standard for nonprofit financial reporting—timely, practical, and tailored to NGO realities.
- Rwanda’s NGO Law No. 058/2024 and RGB expectations make harmonised, transparent reporting both strategic and beneficial.
- INPAS enhances comparability, fund accountability, narrative context, and donor trust, while reducing administrative burden.
- A planned transition assessment, roadmap, system configuration, and pilot would enable smooth adoption.

A strategic move toward transparency and sustainability

The launch of INPAS marks a turning point for the global nonprofit ecosystem. For Rwanda, NGOs are integral to national development. Adoption is more than a compliance choice; it is a strategic commitment to transparency, accountability, and long-term sustainability. Early adopters will set the benchmark for sector professionalism, deepen donor confidence, and strengthen outcomes for the communities they serve.

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