

REPUBLIC OF RWANDA



THE PRIME MINISTER

Remarks by the Rt. Hon. Prime Minister

Dr. Edouard Ngirente

**At the 2021 Macroeconomic and Financial Management
Institute of Eastern and Southern Africa (MEFMI) Combined
Forum**

Kigali, October 11th, 2021

- **Honorable Ministers,**
- **Executive Director of MEFMI,**
- **Governors of Central Banks,**
- **Representatives of international organizations,**
- **MEFMI Partners,**
- **Distinguished participants,**

1. I am pleased to join you in today's 2021 Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) Combined Forum.
2. I would like to thank MEFMI leadership for inviting me to this important Forum that is taking place at a critical time when economies in the region and the world are facing long-standing challenges caused by COVID-19 Pandemic.

- **Distinguished participants,**

3. The growth path for most of our economies turned negative in 2020, accompanied by extensive loss of jobs and income losses.
4. These losses cut across all countries, and have had the biggest negative economic impact on many economies in Africa, leaving us with limited financial space to respond to the COVID-19 crisis as well as provide required public services.
5. As we all know, debt levels on the continent have increased with debt-to-GDP rising from 60% prior to the pandemic to 70-75% in 2020. In sub-Saharan Africa, public debt increased by more than 6 percentage points in 2020.

6. The interest payments reached about 20% of tax revenues and in some countries exceeded one-third of their revenues.
7. Some projections show that the financing needs for Sub-Saharan African countries could be around \$425 billion for 2021-2025. This makes it even more difficult and expensive for countries to create fiscal space necessary to deal with responses to Covid-19

- **Distinguished participants,**

8. In this challenging macroeconomic environment, the Sub-Saharan Africa is projected to grow by 3.4% this year, from a contraction of -1.9% in 2020.
9. This rebound is currently driven by easing pandemic containment measures, effective public health measures and recovery in global trade among others.

- **Distinguished participants,**

10. Regarding Rwanda's economic performance, the country recorded a sustained average growth of 8% over the last two decades and 9.5% in 2019.
11. However, like other countries, Rwanda's economy contracted in 2020 due to effects of Covid-19 pandemic. We registered a negative growth in 2020 mainly due to restrictions implemented since early 2020 to fight against Covid-19.
12. The total public debt has increased due to an increase in health-related spending and a decline in tax revenues.

- 13.** To ensure positive and quick recovery, Rwanda implemented several macroeconomic policy initiatives. The Government of Rwanda put in place different initiatives and is currently implementing an Economic Recovery Plan with a focus on recovering from the pandemic and strengthening the economic resilience for the medium to long term.
- 14.** This plan is composed of three components: the Economic Recovery Fund (ERF), the Manufacturing and Build to Recover Program (MBRP) as well as a social protection component.
- 15.** The Economic Recovery Fund (ERF) put in place to support various businesses most hit by the pandemic so that they can survive, resume production and safeguard employment.
- 16.** The Manufacture and Build to Recover Program (MBRP) targets to increase investments through provision of attractive incentives to investors, to boost domestic production as well as to create new jobs for our population.
- 17.** Through monetary instruments, Rwanda's Central Bank continues to support private sector investment and growth. Both the policy rate and reserve requirement have been reduced and lending facilities to banks widened. This has been done to ensure there is sufficient liquidity on the market to support private sector investment and doing business confidence.
- 18.** Fiscal instruments were also used to enable Government provide assistance to affected production sectors and firms. This was done through temporary tax cuts, moratoriums on debt repayments, and temporary credit lines.

- 19.** We also raised funds to cater for health-related spending and social protection support to the vulnerable populations especially during lockdowns.
- 20.** Through gradual access to COVID-19 vaccines, Rwanda has been able to vaccinate 21% of our citizens above 18 years so far, and that effort continues.
- 21.** As a result, the strict containment measures will continue to be lifted and economic activities are now gradually reopening.
- 22.** The economic projections indicate that Rwanda's economy will recover by 5.1% this year and is expected to return to pre-pandemic average growth trajectory of 8% by 2023.
- 23.** The fiscal deficit is projected to narrow to 7.8% of GDP in 2021 and to 7.2% in 2022 due to a planned fiscal consolidation strategy put in place in the fiscal year 2021/22. In this strategy, we put more emphasis on the implementation of priority projects and the completion of the ongoing key projects.
- 24.** Our current economic projections rely on the planned rollout of COVID-19 vaccines, which will trigger full opening of our economy and a rebound in tourism and foreign direct investments.
- 25.** Our financial sector remains also capitalized and liquid, following timely fiscal, monetary, and supervisory policy interventions that are supportive to maintain the pre-pandemic buffers.

- **Distinguished participants,**

26. As significant progress is registered towards macroeconomic stabilization in our region during this pandemic, further strengthening of Pan-African collaboration is vital to unlock barriers affecting intra-Africa trade. In this regard, the implementation of African Continental Free Trade Area (AfCFTA) should be a priority to all countries.

27. As I conclude, let me emphasize that to achieve full and inclusive recovery there is need to forge strong and sustainable partnerships. Let us apply the lessons learned from COVID-19 to move faster on key reforms and investments that will revive our economies.

28. I wish to once again thank the MEFMI leadership for organizing this important Forum. I believe that our discussions today will translate into more actionable points, to guide economies for effective and sustainable macroeconomic management.

I thank you so much.