The International Monetary Fund (IMF) today approved an additional $111.06 million to Rwanda under the Rapid Credit Facility (RCF). This is the second emergency disbursement since the onset of the Cocid-19 pandemic and will help finance the country's urgent balance of payments (BOP) and budget needs.

According to a statement from IMF, this brings the total for COVID-19 support to Rwanda to $ 220.46 million.

Rwanda's economic outlook has worsened since the approval of the first RCF request on April 2, 2020, leading to a further downward revision in the 2020 GDP growth forecast from 5.1 to 2.0 percent due to deepening of the COVID-19 impact. the international finance body said.

The unprecedented spending needs generated by the pandemic, combined with losses of revenues, are putting significant pressures on public finances and compounding the impact of sharp declines of exports and remittances on the balance of payments. The additional disbursement under the RCF will provide much needed support for critical COVID-related spending under the government's Economic Recovery Plan, but further support will be needed from the international community. The authorities have committed to transparency and accountability to ensure the appropriate use of emergency financing, building on their strong public financial management framework.

Following the Executive Board's discussion, Mr. Tao Zhang, Deputy Managing Director and Acting Chair, issued the following statement:

"The COVID-19 pandemic continues to severely impact the Rwandan economy. The global and domestic macroeconomic outlook has further deteriorated. Growth projections have been revised down, and revenue losses and spending needs are more than twice the size estimated at the time of the first RCF request.

"The policy measures deployed by the authorities to respond to the pandemic and accelerate economic recovery are appropriate. The additional fiscal spending should help mitigate the impact of the pandemic while ensuring that spending is well-targeted and cost-effective so as not to crowd-out other priority areas. Additional financing from the international community remains critical to ease the adjustment burden. The authorities' commitment to high standards of transparency and accountability in the management of emergency financial assistance is welcome.

“It will also be important to maintain data-driven monetary policy and continue to provide liquidity support to cushion the impact of the pandemic as well as step up supervision to safeguard financial stability.

“Once the crisis abates, it will be critical to adopt a credible fiscal adjustment path to maintain debt sustainability in the medium-term and preserve Rwanda’s development gains over the last two decades.”