

An agreement has been reached between Rwanda and the International Monetary Fund (IMF) to bolster the country's economy and maintain financial stability, the Rwandan Ministry of Finance and Economic Planning announced Tuesday.

A new 14-month Stand-by Credit Facility (SCF) is included as part of this agreement to address economic imbalances caused by climate-related shocks.

The statement highlights the IMF mission team's recognition of Rwanda's resilience in the face of recent challenges, including droughts and severe floods. As a result of these obstacles, Rwanda's economy grew by 6.3 percent in the second quarter of 2023.

Ruben Atoyan from the IMF said "Despite the challenging environment, macroeconomic policy performance through end-June 2023 remained broadly in line with program objectives under the Policy Coordination instrument (PCI)." He emphasized the positive performance of Rwanda's macroeconomic policies, with most targets achieved and ongoing reforms to enhance domestic revenue, streamline expenditure, improve fiscal transparency and strengthen the foreign exchange market.

Nonetheless, the IMF mission stressed the need for continued efforts to address imbalances and ensure economic sustainability. This entails fiscal consolidation, data-driven monetary policy, and exchange rate adjustments to manage inflation and debt. It also underscored the importance of tax reforms to broaden the tax base and enhance compliance, in line with Rwanda's revenue objectives.

The statement further highlights the IMF mission's commendation of Rwanda's progress in addressing climate challenges under the Resilience and Sustainability Facility (RSF).

The agreement is pending approval by the IMF executive board in December 2023, which would provide Rwanda with access to 48.5 million U.S. dollars under the RSF and 87.5 million dollars under the SCF.