The Rwandan Government launched the second phase of the Economic Recovery Fund (ERF2), a move aimed at increasing access to finance to further support economic recovery mostly through investments.

The ERF 2 will provide funding to key sectors manufacturing that champion innovation, create employment opportunities and prioritize Made in Rwanda such as construction material, agro processing, textiles and light manufacturing.

The fund is also expected to provide loans to businesses which demonstrate the negative impact of COVID19 on their operations proven by at least 20% reduction in sales for the past 12 months. Additionally, it will allocate working capital for small businesses, guarantee scheme for special categories such as youth women and people living with disabilities as well as a refinancing window for sectors that are eligible.

Presiding over the launch Prime Minister Dr. Edward Ngirente noted that expansion of the Economic Recovery Fund was aimed at maintaining continuous support to the business community to recover and become resilient.

“We assure the business community of Government’s commitment to providing the necessary support so that they continue to recover from the effects of COVID-19 pandemic, become more resilient and continue to expand,” Prime Minister Ngirente said.

Government pumped Frw 105 billion into the first phase of the Economic Recovery Fund to support businesses. A large slice of this allocation (Frw 73 billion) was allocated to loan refinancing 151 hotels, 69learning institutions and 55 public transport operators. Frw 11.5 billion was allotted as working capital which supported 157 businesses in different sectors. Frw 6.7 billion supported existing micro businesses through 344 SACCO’s.

“The first phase played a critical role in keeping businesses from collapsing especially the hotel and transport industries which were heavily hit. With the additional US$ 250 million for Phase 2, Government has so far mobilized US$ 355 million to increase access to finance and continue to foster recovery and resilience of businesses, Dr. Uzziel Ndagijimana, the Minister of Finance and Economic Planning said.

The Economic Recovery Fund was created to support businesses highly impacted by

the Covid-19 crisis so they could survive, restart production, and safeguard employment.