

Both Rwandan traders and consumers are already feeling the pinch of soaring commodity prices. Rwandans that talked to *Rwanda Dispatch* this week hugely blamed the devastating economic situations on the rising prices of petroleum products that have eventual rise of transport fees of commodities.

The prices of some essential commodities such as sugar, potatoes have pretty much doubled within the last one year.

Alphonsine Mukazibera is one of several traders who are stuck and says meeting the basics of life of her four-member household is taking a toll her life unabated. Mukazibera, in her late forties, is a widow with three children in Secondary school exclusively under her care.

“My situation started with the outbreak of the COVID-19 pandemic when money started to be very scarce, and even after the pandemic my situation worsened,” said Mukazibere who operates a small grocery shop in Kinunga village, Nyabisindu Cell in Remera Sector of Gasabo District.

She sells tomatoes, carrots, Irish potatoes and other foodstuffs.



Alponsine Mukazibere is a trader who operates a small grocery shop in Kinunga village, Nyabisindu Cell in Remera Sector of Gasabo District.

“With a capital of Rwf100,000 (approx. \$100), I can no longer buy all the food stuffs I used to buy because the prices are incredibly high. I buy very few items and getting a profit is impossible leave alone affording meals, and I failed to pay school fees last term,” added Mukazibera.

National Institute of Statistics (NISR) report released this July confirms the situation. According to NISR commodity prices went up by 13.7 per cent measured against the prices of the same time last year.

NISR’s current report further reveals that the rise means a disturbing increase of 0.8 per cent monthly on the prices of goods and services.

“Prices of food and non-alcoholic beverages increased by 25.1 per cent while housing water, electricity, gas and other fuels increased by 7.9 per cent,” said the NISR report.

Eric Mutabazi, 18, a resident in Remera Sector, Gasabo District, a house-help in Kigali who is in charge of buying household items for a 8-member family notes “I’m always giving explanations to my boss on how I spend the money he allocates for food stuffs and other basics. Every time I go to the market I find a different price, much higher than the previous one.”

“And, money is becoming scarcer as days go by, and we hear on radio stations that the rising prices of petroleum products is the major cause of all this, yet our incomes don’t increase, ” added Mutabazi.

The report from the statistics body said that transport fees had increased by 11.5 per cent while prices of services of hospitality entities such as hotels, restaurants et cetera climbed by 14.3 per cent.

What do experts say?

Rwandan authorities and economic experts are much aware of this low business season and have come up with measures to mitigate and/or reverse the situation. Experts blame the situation on the relaxation of COVID-19 restrictions, economic recovery support measures, low local Agricultural produce and global supply chains.



John Rwangombwa, the Governor Rwanda's Central Bank (BNR) during the quarterly monetary policy and financial stability statement presentation

"Globally, the relaxation of Covid-19 related restrictions and economic recovery support measures in place led to excess demand for commodities. Consequently, prices have been increasing for key commodities such as oil, gas, and food," observed John Rwangombwa, the Governor Rwanda's Central Bank (BNR).

Presiding over the quarterly monetary policy and financial stability statement on August 11, 2022, Rwangombwa partly apportioned blame on Russia-Ukraine crisis. The two countries each claims a huge share on the international trade - as major producers and exporters of fertilisers, oil, gas, sunflower-seed, oils, metals, and cereals globally.

The expert cited a bad Agricultural season, which he blamed on undesirable weather conditions. Food production dropped by 1.2 per cent in Season A [farming year 2022].

To improve the purchasing power of the francs and control the climbing inflationary pressures BNR has raised the key repo rate (the fee central bank charges commercial banks on the money they borrow) to six up from five.

“Normally we have the primary inflationary drivers, supply shocks, links to global challenges, and food challenges, which we can’t do much to control,” said the central bank governor.

According to Rwangombwa, BNR is currently doing everything to avert and/mitigate second round effects from higher imported prices.