The adverse economic effects hugely blamed on the Covid-19 pandemic have left nearly all economies on their knees with more appalling economic shocks in Sub-Sahara Africa.

Economists widely predicted this situation during 2020 and 2021 when the pandemic bit the global economy into its marrows. Rwanda like many economies of the developing world had her economic share by sinking from GDP growth rate of 8% between 2010 and 2019 to -3.4%, statistics from Rwanda Development Board (RDB) indicate.

To deal with the situation, the Government of Rwanda (GoR) launched many measures to mitigate the pandemic's negative effects, which included supporting key sectors – Manufacturing, Agro-processing and Real estate. To this effect, in 2020, a two-year Manufacture and Build to Recover Programme (MBRP) to boost economic recovery efforts was launched and implemented between 2021-2023 amidst outstanding global challenges that the GoR considered to extend the programme.

While presiding over this event that attracted over 600 participants, Prime Minister Edouard Ngirente noted:
"The incentives offered under the program are very unique and extensive and will contribute significantly towards scaling investment projects, exploring additional opportunities within value chains or starting new business ventures. Given the positive impact of the MBRP over the last two years, it is evident that we need more of such innovative and targeted interventions to address our unique challenges and achieve our ambitious aspirations."

"Despite the current global economic shocks, brought on by the COVID-19 pandemic and the global geopolitical tensions, Rwanda's economy has shown strong resilience and recovery over the last two years from the effects of Covid-19," he added.

The PM said this recovery was due to the swift and robust response to the Covid-19 pandemic initiated by his government to safeguard businesses and jobs, and stressed that one of the programmes that was implemented to stimulate private sector recovery and post pandemic growth is MBRP with a focus on manufacturing, agriculture and construction.

The three sectors were identified as critical drivers of growth through value addition, job creation, and enhanced production to recapture the country's domestic market and diversify our exports according to Rt. Hon. Ngirente. The government believes that though there is still a considerate backlog lingering on, Rwanda will realize the economy of its dream by 2050.

"Rwanda can't achieve its ambitious aspirations to become a middle-income country by 2035 and a high-income country by 2050, without a strong private sector driving this growth," said the Premier.

"These sectors are crucial not only for job creation but also post pandemic growth," remarked Clare Akamanzi, CEO of RDB at the Invest Rwanda Forum in the capital, Kigali on March 2, whose objective was to launch the extension of MBRP following the Cabinet's decision in early 2023.

"The objective is to officially launch the extension of the Manufacturing and Build to Recover Programme for another 2 years. This means that for another 2 years, members of the Private sector here present and those a far can apply to benefit from this programme until 2 years with some project completing implementation thereafter," announced Akamanzi.

Relevance of MBRP in building a resilienT economy

To offset the effects of the pandemic, the GoR injected a staggering of $350 million, sources from the Ministry of Finance and Economic Planning (MINECOFIN) confirmed during the launch of phase 2 of MBRP of which $150 million has already been dispatched.

The extended MBRP has boosted the economy due to its potential to attract investors in the three aforementioned sectors where incentives have translated to successful implementation of the projects.
Investors in the General Construction enjoyed VAT exemption and customs duty exemption on imported construction material not accessible in the East African Community (EAC), and VAT exemption on local construction materials.

"General Manufacturing with a minimum investment value of $1million green income value of beneficially by 20% VAT exemption on machines and raw materials sourced domestically. VAT exemption duties on construction materials, raw materials from EAC," reiterated Akamanzi.

Akamanzi said that investors in Agro-processing with a minimum investment of "$100,000 or more, also, receive VAT exemption and custom duty exemptions as investors in the first two categories.
The total of customs duties and domestic taxes forgone by the GoR amounts to Rwf 8.2 billion.

Gains of MBRP phase 1

At least 101 projects 27 of them are in Agro processing, 41 in manufacturing and 33 in construction were registered.

"Out of all the 101 projects we are pleased to report that 52 companies representing 51% are foreign owned while 49 companies are locally owned. Out of 101 projects, twenty six (26) are fully operational, 44 projects are under construction and 31 are yet to start in the extended period of two years," revealed Akamanzi.

"These projects will increase significantly in numbers of affordable housing, hospital …health and commercial space for the country. They will also increase exports, reduce imports by availing important products like cooking oil , hygiene products, medical syringes, construction materials , beverages, furniture et cetera," she added.

MBRP goal and challenges

The goal of MBRP was to mobilize investment totaling $1.17 billion and create 27,394 jobs according to RDB. As of December 2022 when the first phase of MBRP concluded, approved projects were worth more than $1.75 billion and are committed to creating more than 36,000 jobs, exceeding the targets by 150% and 132% for committed investments and job creation, respectively.

The implementation of the projects faced outstanding challenges during first phase most of them were beyond the government's control and hence that made the extension crucial.

"COVID-19 measures and travel restrictions extended the planned project timelines for many investors, impacting their ability to deliver on time while other parts of the world began to relax international travel and other restrictions, China, a major source of imports for many MBRP beneficiaries, experienced prolonged and recurrent lockdowns," said top officials from Rwanda's investment body.

Also, economic analysts contend that the construction sector represents a significant portion of the beneficiaries of MBRP, and this industry requires time to mobilize resources, particularly finance.
RDB's Chief on the matter also noted that some financiers release funds based on progress made on the ground.

The delay by some companies to take off was blamed on the ongoing war in Ukraine that has tangibly disrupted global logistics, causing a dramatic increase in costs and unexpected delays. Such factors have led to increases in project costs, which have had a negative impact on investors' cash flows.

All the above are the main reasons that led the cabinet to extend the incentives under the Manufacture and Build to recover program for 2 more years said Akamanzi.

"Rwanda Development Board has worked on the top 100 investment opportunities that you can readily venture in from the agriculture and livestock value chains (from farming, processing and distribution); the manufacturing from glass manufacturing, e-mobility assembly plants; pharmaceuticals, real estate and construction; a detailed session on these opportunities is scheduled here in the afternoon."

"In order to harmonize and focusing strategies and interventions for strong private sector growth; One-Stop Centre services at RDB have been expanded to house all licenses and permits requested by investors at the business set-up and implementation phases. With a competent and specialized delegation representing in total 22 government institutions providing services on business licensing, the investor's journey will start and end at RDB."

Beneficiaries of Manufacture and Build to Recover Programme speak out

"Investing in real estate right after Covid-19 was not easy but with the incentives, the project became more affordable. And now with the programme being extended, we are looking forward to working on a new project," said Moise Nsengiyumva of Wild Urban International Developments.

"To the different investors, the Government has already done a good job at identifying what the private sector needs. I think you simply need to prepare, read the rules and the proper documentation to have the process facilitated," Ray Power, CEO at PowerX Ltd notes.

"We wanted to invest in Rwanda because of its stable political situation, economic development and social security," observed Dang Bianlian the Manager of Anjia Prefabricated materials.

By and large, at the forum on the extension of MBRP there was also networking and learning sessions with a range of topics discussed including Rwanda's Investment Code, Special Economic Zones and Export Development, taxation, advantages of trading through the African Free Continental Area (AfCFTA) and project financing.