



“Insights on economic situation of Rwanda amidst COVID-19”

Presented by: Mr. Willis Odhiambo Okul

Senior Member & M&E Consultant for EPRN

Contact: willisokul@gmail.com

Tel: +250-789-362-219

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- ▶ Overview of COVID-19 Pandemic;
 - ❖ Definition
 - ❖ Chronology of events
- ▶ Impact of COVID-19 on the key sectors of the Economy of Rwanda.
- ▶ Ongoing Efforts for Post COVID-19 recovery in Rwanda.
- ▶ Conclusions.
- ▶ Question and Answer.

Overview of COVID-19 Pandemic (1/4)

Defining the Coronavirus disease 2019 (COVID-19)

- ▶ **An** illness caused by a novel (unique) **coronavirus** now called severe acute respiratory syndrome **coronavirus** 2 (SARS-CoV-2; formerly called 2019-nCoV).
- ▶ It was first identified amid an outbreak of respiratory illness cases in Wuhan City, Hubei Province, China.

Overview of COVID-19 Pandemic (2/4)

- ▶ The COVID-19 pandemic characterized by airports and border closures plus lockdowns, has been an economic and labour market shock, impacting not only supply but also demand globally.
- ▶ In Rwanda, the implementation of lockdown measures placed a major distress on the country's food value-chains, particularly businesses in the agricultural sector.
- ▶ In Rwanda, SMEs account for 41% of all private sector employment (98% of all enterprises, provide 84% of private employment).
- ▶ The COVID 19 measures (WHO & GOR) have created a huge impact on SMEs.

Chronology of the disease

- ▶ Jan 2020-First cases reported Wuhan City, Hubei province, China).
 - ❖ June 11th 2020: Total global (infection 7,546,633, deaths 421,676, recovered 3,824,170 and 3,300,787 active cases).
 - ❖ June 11th 2020: Rwanda (494 cases, deaths 2, recovered 313 and 179 active cases).
 - ❖ August 31, 2020

Scope	Total Cases	Recovered	Deaths
Rwanda	3,742	1,886	16
World wide	25,300,000	16,700,000	848,000

Source:Wikipedia

World Economic Recession Trends

Percent

100

80

60

40

20

0

1871

1901

1931

1961

1991

2021

Source: World Bank 2020

- ▶ The global economy has experienced 14 global recessions since 1870: in 1876, 1885, 1893, 1908, 1914, 1917-21, 1930-32, 1938, 1945-46, 1975, 1982, 1991, 2009, and 2020. The COVID-19 recession will be the deepest since 1945-46, and more than twice as deep as the recession associated with the 2007-09 global financial crisis.

The Impact of COVID-19 to key sectors of the Rwandan Economy (1/6)

- ▶ COVID-19 pandemic has had devastating effects on the key socio-economic sectors both globally and nationally as listed below;
 - ❖ Health
 - ❖ Education
 - ❖ Tourism/Service
 - ❖ Agriculture and food security
 - ❖ Trade and Industry

- ▶ The above listed sectors have experienced varied impacts in terms of effect and extent by the COVID-19 pandemic. The subsequent slides detail the impacts by sector.

The Impact of COVID-19 to key sectors of the Rwanda Economy (2/6)

1. Impact on the Health sector

- ▶ Increased demand for resources for prevention, testing and response to the COVID-19 threats (surveillance, data, communication, awareness creation & management of cases).
- ▶ Enhanced efforts at strengthening the national health systems in terms of public health preparedness (human, logistics, technology, research etc).

2. Impact on the Education sector

- ▶ Prolonged closure of learning institutions with a view to containing the spread of the COVID-19 pandemic:
 - ❖ Interrupted learning; confusion and stress for teachers; parents unprepared for alternative learning strategies and challenges measuring and validating learning;
 - ❖ High economic costs at family level; increased exposure to social exploitation; social isolation and gaps in childcare;

The Impact of COVID-19 to key sectors of the Rwanda Economy (3/6)

3. Impact on Tourism sector

This sector contributes to 10.19% of GDP and 10.38% of total employment.

- ▶ Travel restrictions aimed at containing the spread of the COVID-19 virus with consequent loss of revenue (international tourism receipts/exports).
- ▶ Decline of business travel and postponement of international conferences e.g. CHOGM 2020 and the collapse of tourism related SMEs hence loss of foreign exchange revenues and jobs.

The Impact of COVID-19 to key sectors of the Rwanda Economy (4/6)

4. Impact on Agriculture and food security

- ▶ Disruption of supply chain system during lockdown -shortage of production inputs affected agricultural production.
- ▶ Disruption of agricultural trade- Restrictions on traditional trading patterns hence limited earning for agriculture value chain stakeholders.
- ▶ Lockdown disrupted the agricultural end market points at tourism destination centers, trading markets and education institution (Hotels, restaurant services, café and school meals program which were reliable supply points).

The Impact of COVID-19 to key sectors of the Rwanda Economy (5/6)

5. Impact on Trade and Industry sector

- ▶ The lockdown limited social interaction and movement of traders unless for those dealing with essential goods and services.
- ▶ Formal non-essential industries were closed down in order to limit social interaction at work place hence loss of livelihoods and lay off of staff.
- ▶ Informal sector business operations were also restricted by lock down
- ▶ The financial and corporate sectors suffered large scale deterioration due to unreliable market for goods and services.
- ▶ Incomplete access to market information.

COVID-19 impacts businesses in two distinct yet related ways (6/6)

Demand and supply shocks to global and domestic markets

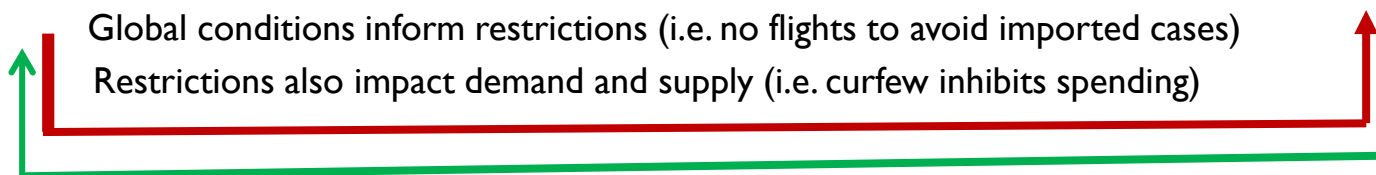
- ▶ Impact can only partially be attributed to government interventions
- ▶ Demand shock- global airlines & tourism halting
- ▶ Supply shock - higher input costs from disrupted global supply chains
- ▶ GOR has lower control – cushioned businesses & individuals & stimulated demand and supply;
- ▶ Though impact is dependent on global economic conditions, Health Economy Society Primary driver of severe distress to Rwandan businesses to-date

Primary driver of severe distress to Rwandan businesses to-date

Disruption caused by restrictions, aimed at flattening the COVID 19 curve

- ▶ Impact directly attributed to government interventions e.g. international travel control, restrictions on internal movement, workspace and school closures, cancelled public events
- ▶ GOR has higher control – ease restrictions (i.e. allow workplaces to re-open), or make more stringent (i.e. 24-hour curfew), depending on disease situation

GOR taken balanced approach (i.e. kept operations running with partial curfew)



Noteworthy Ongoing Efforts for Post COVID-19 recovery in Rwanda

SECTOR	NOTABLE EFFORT
Health	<ul style="list-style-type: none"> ▶ Enhanced research and technology (robots) in management of health sector (medical research).
Education	<ul style="list-style-type: none"> ▶ Observing WHO standards in preparation for re-opening of learning institutions. ▶ Supporting investment in innovations and technologies that can have longer-term benefits and impact on transfer of knowledge (on-line learning).
Tourism	<ul style="list-style-type: none"> ▶ Monetary stimulus (low interest loans for affected businesses). ▶ Fiscal stimulus: Tax relief for small and medium-sized business. ▶ Promotion of domestic tourism.
Agriculture & Food Security	<ul style="list-style-type: none"> ▶ Stimulating the economy by supporting enterprises through economic stimulus programmes for income generation and job creation.
Trade & Industry	<ul style="list-style-type: none"> ▶ Operationalization of online trading options. ▶ Use of cashless transactions. ▶ Tax relief for SMEs.

- 1) Regional growth has been very negatively impacted by the COVID-19 Pandemic.
- 2) Measures to prevent spread of the disease has slowed down economic activity and severely hit the service sector across board.
- 3) Commodity price shock has hit hard the net commodity exports in the region.
- 4) Disruption to trade is likely to continue being severe and will require response by governments to scarcities in some sectors.
- 5) Over the mid to long term disruptions in supply chains has necessitated filling of gaps through innovation and use of locally manufactured products.
- 6) Containment efforts have been effective; however, an impending global recession means the economic impacts of the pandemic will continue to be felt.

Thank You