



ECONOMIC IMPACT OF THE COVID-19 PANDEMIC IN RWANDA AND THE EFFECTIVENESS OF RECOVERY STRATEGIES: A BRIEF DESK REVIEW

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Abstract

This paper provides a concise desk review of the COVID 19 pandemic's macroeconomic impact in Rwanda and evaluates the effectiveness of recovery strategies implemented between 2019 and 2024. Employing a descriptive, cross sectional mixed methods design, the study analyses time series data on GDP, exports, foreign direct investment (FDI), and unemployment across three periods: pre pandemic (2019), pandemic (2020–2021), and post pandemic (2022–2024). It complements quantitative trend analysis with a systematic review of government reports, peer reviewed literature, and grey literature, triangulated by key informant interviews with policymakers and sector experts. Results show that Rwanda's economy contracted sharply in 2020—GDP fell by 3.4%, exports declined 14.9%, FDI capital inflows dropped 23.3%, and unemployment rose to 21.1%—before experiencing a robust “V shaped” recovery: GDP growth rebounded above 8% annually from 2021 onward, exports and FDI flows surpassed pre pandemic levels by 2023, and unemployment returned to 14.9% by 2024. Recovery measures—including monetary easing by the National Bank of Rwanda, the Economic Recovery Fund, the Manufacture and Build to Recover Programme, and targeted fiscal incentives—were instrumental in stabilizing credit, preserving jobs, and revitalizing private sector activity. The paper concludes that Rwanda's rapid policy response fostered macroeconomic resilience but highlights persistent gaps: SMEs faced barriers to eligibility, and female labor market

recovery lagged behind. It recommends establishing an inclusive investment fund, institutionalizing public–private dialogue, and prioritizing strategic mega projects to enhance preparedness for future shocks and sustain long term growth.

Keywords: COVID 19 pandemic; macroeconomic impact; recovery strategies; monetary and fiscal measures; economic resilience

INTRODUCTION

This paper reviews how COVID-19 disrupted Rwanda's economy and evaluates the recovery measures—including monetary, fiscal, and development-partner interventions—implemented to restore stability. It examines their impact on key macroeconomic indicators (GDP, exports, foreign direct investment, and unemployment) to draw lessons on Rwanda's economic resilience.

Overview of the COVID-19 Pandemic and Its Economic Impact in Rwanda

The novel coronavirus (SARS-CoV-2), first identified in Wuhan, China, in November 2019, rapidly gave rise to the COVID-19 pandemic through sustained person-to-person transmission (Hao et al., 2022). By February 2025, the World Health Organization had reported over 777 million confirmed cases and 7.09 million deaths worldwide, with Africa accounting for roughly 1 percent of cases and 2 percent of fatalities (WHO, 2025). Governments across the globe imposed stringent containment measures—including lockdowns, travel bans, and social-distancing mandates—that, while essential for public health, precipitated the sharpest economic contraction since the Great Depression. World real GDP fell by 3.3 percent in 2020 (after 2.8 percent growth in 2019), and international trade volumes plunged by more than 10 percent, exceeding the downturn witnessed during the 2008–2009 financial crisis (World Bank, 2021).

Sub-Saharan Africa (SSA) proved particularly vulnerable to both the health and economic shocks of COVID-19. Teachout and Zipfel's (2020) simulations estimate that 9.1 percent more Africans fell into extreme poverty due to pandemic lockdowns, with 31.8 million people suffering severe food deprivation by the end of an eight-week confinement period. Although the effects varied across the region—Tanzania posted 1 percent GDP growth in 2020, while Burundi, Kenya, Rwanda, South Sudan, and Uganda saw contractions ranging from 0.1 percent to 6.6 percent—the East African Community as a whole contracted by 1.6 percent (Teachout & Zipfel, 2020).

In Rwanda, the economy contracted by 3.4 percent in 2020, driven by a 6 percent decline in services and a 4 percent decline in industry; agriculture, however, grew by 1 percent despite disruptions to imported inputs (NISR, 2021; IMF, 2021). Sector-level studies confirm these macro trends: SMEs saw sales plummet, medium-sized firms' tax contributions fell by 74.6 percent, and forced reductions in refugee food rations exposed acute vulnerabilities in humanitarian supply chains (Munyemana et al., 2024; Manirambona et al., 2021). Tourism and MICE (meetings, incentives, conferences, and exhibitions) activities virtually halted, and external trade and investment flows contracted sharply (Rwigema, 2020; Bizoza & Sibomana, 2020).

To cushion these shocks, Rwanda deployed an array of recovery instruments: the Economic Recovery Fund (RWF 105 billion in Phase 1, plus USD 250 million in Phase 2), the Manufacture and Build to Recover Programme (MBRP), and accommodative monetary policies (MINECOFIN, 2021; National Bank of Rwanda, 2021). Early assessments suggest these targeted interventions mitigated bankruptcies and stabilized credit for SMEs (Ndagijimana, 2022; Uwizeye et al., 2022), yet systematic evaluations of their comparative effectiveness and longer-term impact on resilience remain scarce.

Although international scholarship has examined the economic fallout of COVID-19 in East Africa (Baliga et al., 2021; Eze et al., 2022), most analyses focus on larger economies such as Kenya and Uganda, leaving a gap in our understanding of smaller, land-locked nations like Rwanda. Moreover, evaluations of post-pandemic recovery mechanisms frequently rely on aggregate indicators (e.g., GDP growth or fiscal deficits) without interrogating how targeted instruments—such as the MBRP or sector-specific working-capital guarantees—mitigate sectoral disruptions or foster micro-level resilience.

This desk review seeks to fill these gaps by synthesizing macroeconomic trends, policy documents, and peer-reviewed research—and by triangulating these findings with insights from key-informant interviews.

Research Objectives

The objectives of this study are threefold:

1. **Quantify** the macroeconomic impact of the COVID-19 pandemic on Rwanda's GDP, sectoral output, exports, foreign direct investment (FDI), and employment over a six-year window (2019–2024).
2. **Evaluate** the design and implementation of Rwanda's recovery strategies—particularly the Economic Recovery Fund, fiscal incentives, and monetary measures—with respect to their reach, timeliness, and alignment with resilience objectives.

3. **Identify** lessons learned and best practices to inform policy frameworks for future shock-responsive economic planning in similar contexts.

By addressing these objectives, the study contributes to the macroeconomic literature on crisis response in emerging economies and offers evidence-based recommendations for policymakers in Rwanda and beyond. Specifically, it advances the discourse by integrating quantitative trend analysis to illuminate what recovery strategies achieved and which instruments were applied.

Methodologically, this paper employs a descriptive, cross-sectional mixed-methods approach: historical macroeconomic data are analyzed across the pre-pandemic (2019), pandemic (2020–2021), and post-pandemic (2022–2024) periods; government reports and policy briefs are reviewed to contextualize findings; and a systematic review of academic articles is conducted.

The paper proceeds with a literature review, followed by a detailed description of the methodology. It then presents a discussion of quantitative macroeconomic trends and pandemic impacts, assesses recovery efforts using qualitative insights, and concludes with evidence-based recommendations.

LITERATURE REVIEW

The COVID-19 pandemic inflicted severe macroeconomic shocks across sub-Saharan Africa (SSA). World real GDP in the region contracted by an estimated 2.2% in 2020, worse than the 1.6% decline during the 2008–2009 global financial crisis and trade volumes fell by over 10% as border closures and supply-chain disruptions took hold (World Bank, 2021). IMF (2021) data show heterogeneous impact across SSA: oil-exporters suffered sharper contractions, while more diversified economies like Kenya saw a smaller GDP decline of 0.1%. Teachout and Zipfel's (2020) simulations attribute a 9.1% rise in extreme poverty in SSA to lockdown measures, with nearly 32 million people facing severe food deprivation by the end of an eight-week shutdown.

Several studies highlight the uneven sectoral fallout. Tourism and hospitality collapsed, Kenya's "MICE" sector revenues fell by over 80% in the first half of 2020 (Rwigema, 2020). In Rwanda, the manufacturing and SMEs lost between 40–60% of monthly revenues, exacerbating urban unemployment (Munyemana et al., 2024). In agriculture, however, resilience varied: smallholder farmers in Rwanda saw only a 1% output increase in 2020 owing to continued field operations, despite supply-chain challenges for inputs (National Institute of Statistics of Rwanda [NISR], 2021).

The literature on Rwanda's economic response to the COVID-19 pandemic highlights a multifaceted policy framework and its differentiated impacts across sectors and households. Using a dynamic computable general equilibrium (CGE) model, Aragie et al. (2024) find that Rwanda's 2020 relief and recovery measures combining monetary easing, fiscal stimulus, and targeted cash transfers—mitigated GDP contractions by approximately 0.8 percentage points and preserved around 115,000 jobs, with welfare gains for poorer households outweighing costs more than twofold. Complementing this forward-looking analysis, Aragie et al. (2021) employ a Social Accounting Matrix (SAM) multiplier approach to show that shocks to contact-intensive services propagated through supply chains, driving a 3.4% decline in GDP in 2020, and that sector-specific fiscal transfers could efficiently blunt poverty increases among non-farm wage-dependent households.

Firm-level and microsimulation studies shed light on the heterogeneous impacts and recovery trajectories. Mascagni (2023) exploits administrative VAT records to document that smaller and younger firms suffered the largest revenue losses during lockdowns, whereas larger, more established firms adapted through digital channels, suggesting that digitalization policies can enhance business resilience. At the household level, Diao et al. (2021) use microsimulation on representative survey data to estimate a 33% average income decline during the March–May 2020 lockdown, with urban middle-income households experiencing the steepest relative losses and rural populations accounting for the bulk of newly impoverished groups.

Empirical survey evidence further underscores the socio-economic toll and recovery needs. Uwimana et al. (2024) report that 57.7% of households surveyed between December 2021 and March 2022 suffered income losses and 4.6% lost employment, with low-education and rural households disproportionately affected. The authors advocate for strengthened social safety nets, livelihood diversification, and gender-sensitive policies to support inclusive recovery. Collectively, these studies demonstrate that Rwanda's rapid policy response fostered macroeconomic stabilization and partial recovery, but also reveal persistent vulnerabilities among SMEs, urban middle classes, and rural households—pointing to the need for targeted, equitable interventions in future crises.

Governments deployed a mix of broad and targeted fiscal interventions. Rwanda's Economic Recovery Fund (ERF) injected RWF 105 billion in loans and guarantees (Phase 1) and USD 250 million in Phase 2, prioritizing SMEs, hotels, and transport operators (Ministry of Finance and Economic Planning, 2021). Early assessments suggest the ERF reduced SME insolvencies by $\approx 15\%$ (Ndagijimana, 2022).

In SSA, Central banks cut policy rates and reserve requirements to ease credit flows. In Rwanda, the National Bank's measures correlated with a 1.2pp increase in SME lending (Mukamunana & Habimana, 2023). Meanwhile, digital financial services (DFS) emerged as a critical resilience mechanism. Mugume (2022) documents 28.2% growth in mobile-money transactions in Uganda and Kenya during 2020, driven by trust in agents and multiple SIM ownership. However, DFS adoption remains uneven, hindered by digital divides and regulatory barriers (Mugume, 2022).

Most SSA studies employ descriptive trend analyses using national accounts and trade data (IMF, 2021; World Bank, 2021), supplemented by simulations (Teachout & Zipfel, 2020) or firm-level surveys (Munyemana et al., 2024). While these methods capture broad impacts, causal attribution of recovery interventions remains underdeveloped. Few studies use quasi-experimental designs to isolate policy effects, and very limited research extends beyond 2021, leaving recovery trajectories and long-term resilience underexplored.

The literature underscores both the severity of COVID-19 shocks in SSA and the promise of targeted fiscal, monetary, and digital interventions. Yet critical gaps persist: (a) rigorous evaluation of intervention effectiveness using causal inference; and longitudinal studies covering post-2021 recovery.

METHODOLOGY

This desk review employs a descriptive, cross-sectional, quantitative methods design to assess Rwanda's macroeconomic trajectory before, during, and after the COVID-19 pandemic. It covered quantitative time-series data covering: Pre-pandemic period: January–December 2019; Pandemic period: January 2020–December 2021; Post-pandemic period: January 2022–December 2024. This temporal framework enables a clear comparison of key indicators such as GDP, exports, FDI, and unemployment across the three phases.

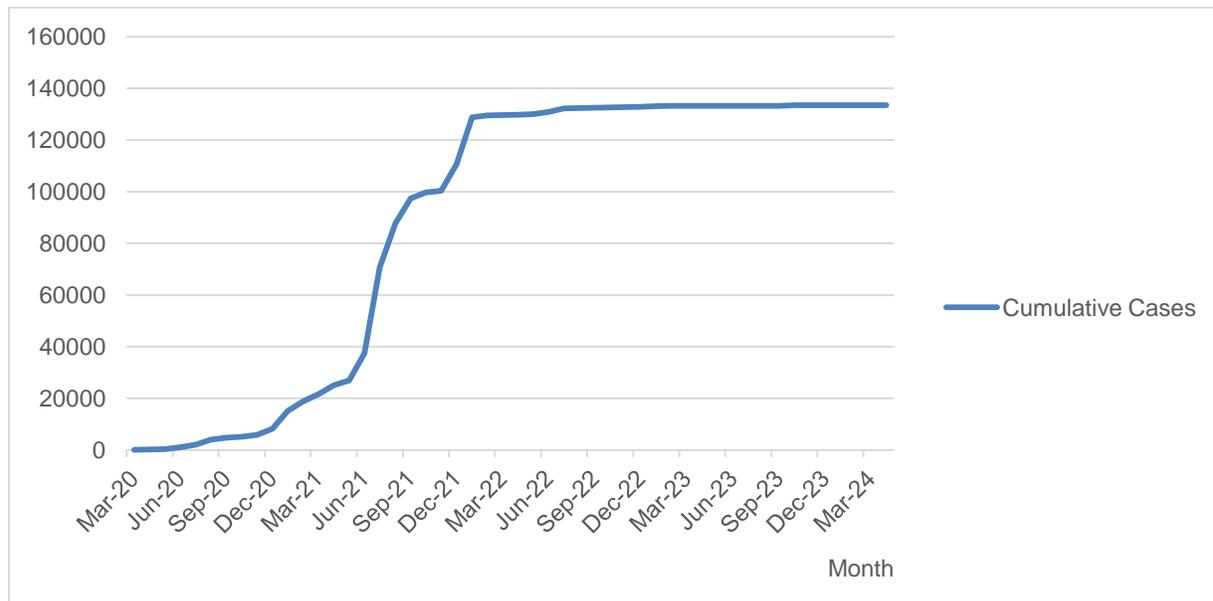
The document review synthesizes evidence from the multiple sources including official publications: Government policy briefs, Rwanda Development Board reports, and central bank statements. International reports such as the World Bank, IMF, and development-partner analyses. It included peer-reviewed literature and empirical studies on pandemic impacts and recovery interventions in Rwanda and sub-Saharan Africa. It also captured grey literature like working papers, conference proceedings, and policy analyses not formally published.

DISCUSSION

Cumulative Morbidity and Mortality from COVID-19 in Rwanda

According to Worldometer, official tracking of the COVID-19 pandemic was discontinued on April 13, 2024. By that time, Rwanda had recorded a total of 133,518 confirmed cases, 1,468 deaths, and 132,039 recoveries. The infographic below provides a visual summary of Rwanda's COVID-19 situation at the close of official reporting (Worldometer, 2024).

Figure 1: Cumulative Morbidity Cases [March 2020 – March 2024]



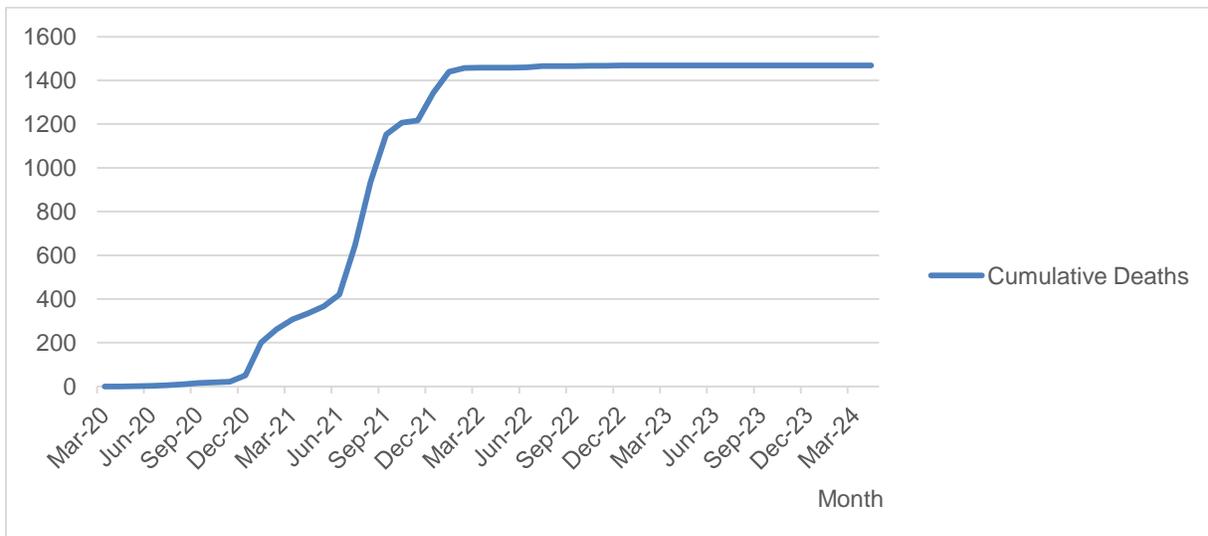
Source: Researcher's analysis based on worldometer data on COVID-19, June 2025

Between March 2020 and March 2024, Rwanda's COVID-19 case trajectory unfolded in three distinct stages. In the initial emergence phase (March–December 2020), the country recorded its first case in mid-March, and cumulative infections climbed gradually, from fewer than 100 in March to around 8,400 by year's end, as strict containment measures and border controls limited widespread community transmission (Worldometer, 2024).

The major transmission waves phase (January 2021–March 2022) saw two pronounced surges. The first, in early 2021, coincided with the relaxation of lockdowns and expanded testing, doubling cumulative cases in just three months. A more severe Delta-driven wave in mid-2021 propelled total infections from approximately 39,000 in June to nearly 98,000 by September. A third wave in early 2022 added another 35,000 cases, despite the ramp-up of vaccination efforts that began in March 2021.

Following these peaks, Rwanda entered a stabilisation and plateau phase from April 2022 onward. Monthly case increases dwindled to the low hundreds, and by April 2024, cumulative cases had edged only marginally to 133,518; the final tally reported before global tracking ceased. This de facto plateau reflects the combined impact of high vaccination coverage, sustained public-health measures, and adaptive surveillance strategies, signalling a transition from crisis response to long-term management of COVID-19.

Figure 2: Cumulative Mortality Cases [March 2020 – March 2024]



Source: Researcher's analysis based on worldometer data on COVID-19, June 2025

Between March and June 2020, Rwanda recorded virtually no COVID-19 fatalities; cumulative deaths rose from zero at the pandemic's outset in mid-March to just two by the end of June 2020, reflecting effective early containment and the lag between case detection and mortality.

From July to December 2020, deaths climbed modestly to 50 by year's end, as small community outbreaks began to translate into mortalities (Wikipedia contributors, 2025). A more pronounced increase emerged in early 2021, when cumulative deaths surged to 200 by January, driven by the first major wave of community transmission.

The deadliest period coincided with the Delta-variant wave of mid-2021: fatalities rose from 335 in April to 645 in July, 935 in August, and 1,153 in September, before reaching 1,344 by December 2021. This spike mirrored regional trends where the Delta variant precipitated sharper mortality increases.

In early 2022, incremental mortality continued—cumulative deaths edged from 1,440 in January to 1,468 by December—after which no further COVID-19 deaths were reported through

March 2024. This plateau at 1,468 fatalities underscores the combined impact of widespread vaccination, strengthened health-system capacity, and sustained public-health interventions in curbing pandemic mortality.

Rwanda’s public health containment measures

This timeline captures the major public-health interventions, waves of transmission, and vaccination milestones that defined Rwanda’s COVID-19 experience

- **14 March 2020:** Rwanda reported its first COVID-19 case, an Indian national who arrived from Mumbai on 8 March 2020 (afro.who.int). President Kagame urged citizens to remain calm and adopt simple preventive measures (hand washing, mask use, distancing) (afro.who.int).
- **18–21 March 2020:** The Ministry of Health announced (via Twitter on 18 March) that all international passenger flights would be suspended for 30 days (effective 20 March) to curb importation of cases (exchangevzw.be). Three days later (21 March), the government imposed a nationwide two-week lockdown: schools and most workplaces closed and all borders sealed (cargo excepted). All incoming travellers were required to undergo a mandatory 14-day quarantine (exchangevzw.be).
- **4 May 2020:** The Cabinet approved easing of lockdown measures from 4 May. Mandatory face masks in public were introduced, and a nightly curfew (8 PM–5 AM) was instituted (chr.up.ac.za). Some markets and essential businesses (e.g. manufacturing, construction, hotels) were allowed to reopen under strict protocols (e.g. reduced capacity, hygiene rules) (chr.up.ac.za).
- **July 2020:** The European Commission added Rwanda to its list of “safe” countries effective 1 July. Rwanda was the only sub-Saharan African nation on that list, meaning Rwandans could travel to the EU without quarantine (kpmg.com). This reflected Rwanda’s early success in controlling community transmission.
- **25 September 2020:** After a drop in cases over the summer, Rwanda began relaxing inter-district travel and schooling. Public transport between Kigali and other provinces was allowed to resume, and the Cabinet approved plans to reopen schools (chr.up.ac.za). Schools eventually reopened in a phased manner in late October–November 2020, with

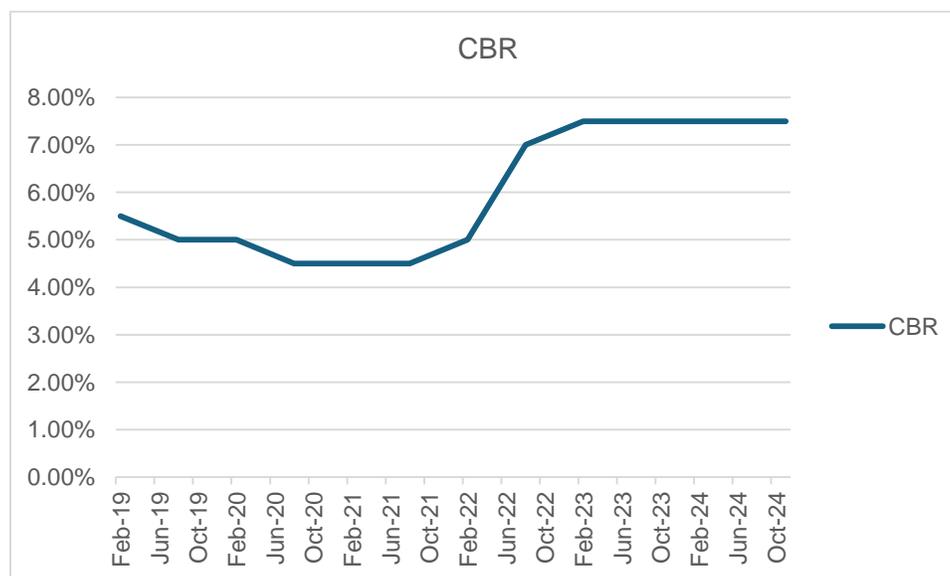
older students returning first and younger classes (P1–P3 and nursery) continuing remote learning (ktpress.rw).

- **15 January–23 February 2021:** Facing a second wave driven by relaxed vigilance, Kigali (the capital) was put under a strict lockdown on 19 January 2021 (initially 15 days, later extended one week). Movement between districts was banned and a night-time curfew (7 PM–5 AM) applied nationwide (downtoearth.org.in). All non-essential businesses and schools in Kigali remained closed through late February, and only essential travel was permitted.
- **5 March 2021:** Rwanda launched its COVID-19 vaccination campaign. The first shipments (via COVAX) comprised 240,000 doses of AstraZeneca (Covishield) and 102,960 doses of Pfizer–BioNTech vaccine (reuters.com), targeting frontline health workers and the elderly. (Rwanda became the first African country to deploy the Pfizer vaccine.)
- **23 June–17 July 2021:** As a third wave began in June, authorities reimposed travel restrictions around Kigali. By 23 June inter-district travel was heavily curtailed and the curfew was moved earlier. On 17 July, Kigali and 8 surrounding districts were placed under full lockdown (shops closed, movements banned except for essentials) aa.com.tr. The nightly curfew was set from 6 PM (earlier than before), aa.com.tr. A mass-testing campaign in late July accompanied these measures. The lockdown lasted about two weeks, and on 1 August the government lifted the Kigali lockdown while reinstating a 6 PM–4 AM curfew and strict gathering limits (theestafrican.co.ke).
- **25 September 2022:** The Ministry of Health launched a paediatric vaccination drive for children aged 5–11. Rwanda began vaccinating this age group with the Pfizer paediatric formulation to close remaining immunity gaps and protect vulnerable populations (ktpress.rw).
- **By April 2025:** Rwanda had administered over **11.4 million** COVID-19 vaccine doses (including boosters), and reported about **133,264** confirmed cases with **1,468** deaths en.wikipedia.org. Experts noted that Rwanda’s response was “swift, effective, and well organized” aa.com.tr, attributes credited to proactive testing, contact tracing, public compliance and clear messaging.

Monetary recovery strategies initiated by the National Bank of Rwanda

The outbreak of the COVID-19 pandemic in early 2020 presented unprecedented economic challenges for Rwanda, prompting the National Bank of Rwanda (BNR) to implement a series of proactive monetary measures to stabilize the economy and support recovery. These interventions aimed to enhance liquidity, reduce borrowing costs, and safeguard the financial sector, all while ensuring that businesses and households could withstand economic shocks.

Figure 3: Reduction of the Central Bank Rate [March 2020 – March 2024]



Source: Researcher's analysis based on BNR Monetary Policy Committee Reports, June 2025

One of the most significant actions was the reduction of the central bank rate (CBR) from 5.0% to 4.5% in April 2020, to lower the cost of borrowing and stimulate credit to the private sector (BNR, 2020a). In tandem, the reserve requirement ratio was reduced from 5% to 4%, effectively injecting liquidity into the banking sector to the tune of approximately RWF 23.4 billion (BNR, 2020a). These measures were intended to cushion financial institutions and promote continued lending during a period of declining revenues and rising uncertainty.

BNR also introduced a RWF 50 billion lending facility available to banks at the policy rate, with flexible tenors of 3, 6, and 12 months. This emergency liquidity support ensured that banks could maintain liquidity positions and respond to cash flow needs of distressed borrowers (BNR, 2020a). In addition, the central bank authorized commercial banks to restructure loans for businesses and individuals negatively affected by the pandemic. By mid-2020, over 8,000 loan facilities—amounting to RWF 255 billion—had been restructured to extend payment periods and offer grace periods on interest or principal (BNR, 2020b).

To support digital financial services and reduce physical cash handling, BNR, in collaboration with the financial sector, waived fees on mobile money transfers and other digital payments, while increasing transaction limits to encourage wider adoption (BNR, 2020b). This not only promoted safer transactions in the pandemic environment but also advanced the national digital financial inclusion agenda.

Furthermore, the central bank took steps to enhance the liquidity of government securities markets by allowing the rediscounting of treasury bonds and reducing the minimum holding period in the secondary market from 30 to 15 days (BNR, 2020a). These measures were designed to make government securities more attractive and improve market functioning.

As the pandemic's immediate shock began to subside in 2021, BNR maintained an accommodative stance, holding the CBR at 4.5% through the first half of the year to support the nascent recovery (BNR, 2021). However, with inflationary pressures emerging by 2022, the central bank began a gradual tightening of monetary policy, raising the CBR to 7.0% by August 2022 while still monitoring growth dynamics (BNR, 2022).

Establishment of Rwanda's Economic Recovery Fund (ERF)

The Government also rolled out the Economic Recovery Fund (ERF). In Phase 1, the government injected RWF 105 billion including RWF 73 billion for loan refinancing across hotels, schools, and transport operators; RWF 11.5 billion as working capital for 157 businesses; and RWF 6.7 billion through 344 Savings and Credits Cooperatives (SACCOs) to sustain micro-enterprises.

With an additional USD 250 million for ERF Phase 2, total mobilisation now stands at USD 355 million, aiming to bolster access to finance and safeguard employment. It will extend financing to priority manufacturing sectors—construction materials, agro-processing, textiles, and light manufacturing—that drive innovation, job creation, and the “Made in Rwanda” agenda. It will offer loans to businesses demonstrating at least a 20% sales drop over the past year, allocate working capital for small enterprises, guarantee credit for youth, women, and people with disabilities, and provide a refinancing window for eligible sectors (MINECOFIN).

Deployment of Diverse Fiscal Interventions

Tax Filing Extensions and Targeted PAYE Waivers for Education and Hospitality Sectors

Rwanda Revenue Authority extended the deadline for businesses to file and pay income taxes, and relaxed other administrative requirements. Additionally, RRA waived Taxes over salaries (PAYE) for a period of six months (April to September 2020) for private school teachers earning up to Rwf150, 000 net salary. This waiver also applied for three months (April-June

2020) for hospitality sector employees earning Rwf150, 000 net salary, (Rwanda Revenue Authority, 2020).

Launch of the Manufacture and Build to Recover program - MBRP

As part of Rwanda's post-COVID-19 economic recovery strategy, the Manufacture and Build to Recover Program (MBRP) was launched in December 2020 to stimulate investment and support industries severely impacted by the pandemic. This program was designed to reduce the cost burden on investors by offering exemptions from VAT and customs duties for projects considered impactful, particularly in the real estate, construction, manufacturing, and agro-processing sectors. The overarching goal of the MBRP was to revive stalled investments, bolster expansion of existing operations, and incentivize new investments that were in the planning or early implementation stages.

According to the Rwanda Development Board (RDB), by the end of 2023, the program had approved 136 projects representing a total investment of over USD 2.38 billion, with the potential to create 43,959 jobs. The MBRP has played a vital role in Rwanda's economic recovery efforts, acting as both a stimulus for investment and a catalyst for job creation across key sectors. Its design and implementation demonstrate the government's strategic focus on leveraging fiscal incentives to fast-track the recovery and expansion of priority industries (RDB, 2024).

Role of International Organizations and Development Partners

International organizations and development partners played a pivotal role in supporting Rwanda's economic resilience and recovery during the COVID-19 pandemic. The financial interventions provided helped alleviate foreign exchange pressures, support fiscal operations, and strengthen social protection systems in response to the pandemic's socio-economic consequences.

The International Monetary Fund (IMF) approved an initial disbursement of US\$109.4 million through the Rapid Credit Facility (RCF) to address foreign exchange constraints and support urgent balance of payments needs (IMF, 2020a). A second disbursement of US\$111.06 million was approved shortly thereafter, bringing the total IMF emergency COVID-19 support to US\$220.46 million (IMF, 2020b).

The World Bank, through the International Development Association (IDA), also extended significant support. Rwanda received an immediate IDA credit of US\$14.25 million under the COVID-19 Emergency Response Project aimed at enhancing the country's capacity to prevent, detect, and respond to the pandemic (World Bank, 2020a). Additionally, the World

Bank approved a further US\$150 million in IDA financing to improve access to finance and bolster the recovery and resilience of businesses affected by COVID-19 (World Bank, 2020b).

The African Development Bank (AfDB) contributed a concessional loan of US\$97.675 million through its COVID-19 Response Facility. The objective was to strengthen Rwanda's national budget and ensure continuity of essential public services amid pandemic-induced economic disruptions (AfDB, 2020).

Germany, through the KfW Development Bank, partnered with Rwanda to deliver targeted support via grant agreements formalized during bilateral consultations. A major component was a sector budget support of €36 million for Rwanda's Vision Umurenge Program (VUP). This initiative aimed to expand social protection coverage and effectiveness, specifically to mitigate the pandemic's impact on vulnerable populations (BMZ, 2020).

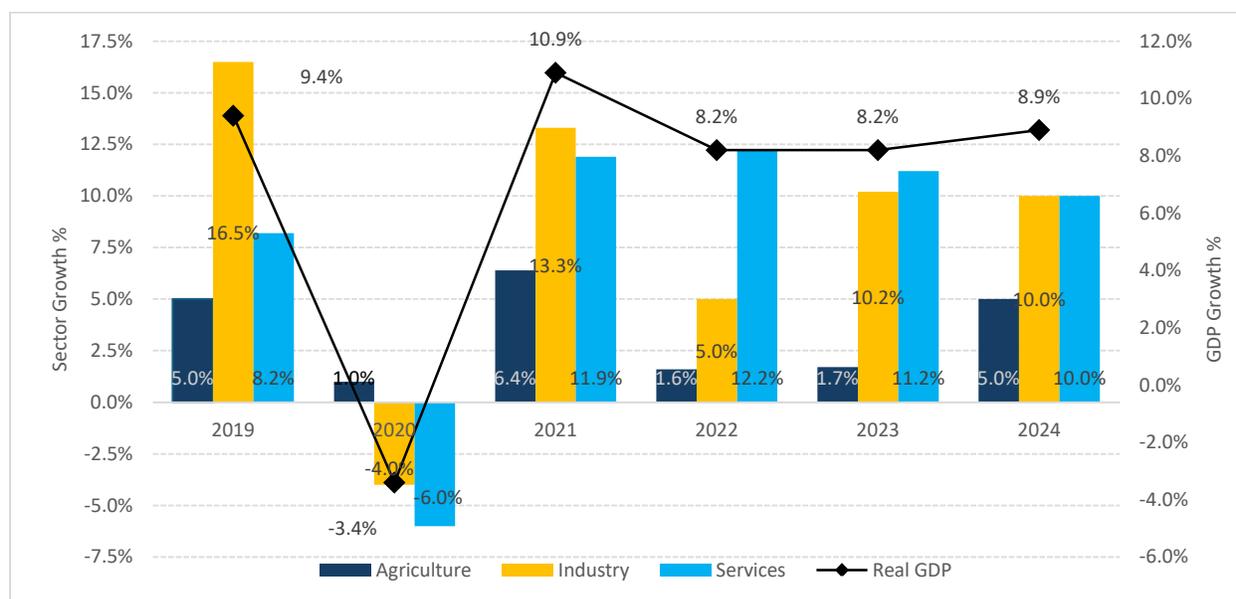
These international contributions reflect a strong confidence in Rwanda's governance systems and its evidence-based approach to pandemic response. More importantly, they demonstrate the critical role of multilateral and bilateral partners in addressing not only immediate fiscal needs, but also in supporting structural resilience and inclusive recovery.

Economic Impact of COVID-19 and Sustained Recovery in Rwanda

Prior to the COVID-19 shock, Rwanda's economy exhibited a sustained upward trajectory, underpinned by strong performance across all major sectors. According to the National Institute of Statistics of Rwanda (NISR, 2020), real GDP growth accelerated from 5.9% in 2016 to 6.1% in 2017, before leaping to 8.6% in 2018 and reaching 9.4% in 2019. This momentum reflected robust expansion in services, contributing nearly 49% of GDP and growing by 8% in 2019, alongside a 16% surge in industry (18% share) and a resilient 5% increase in agriculture (24% share) (NISR, 2020).

These gains were driven by sustained public-investment in infrastructure, business-climate reforms that attracted foreign and domestic investment, and diversification efforts into manufacturing and tourism (IMF, 2019). By the close of 2019, Rwanda's GDP at current market prices had climbed to RWF 9,313 billion, up from RWF 8,298 billion the year before, signalling one of the region's most dynamic growth performances (Reuters, 2020). This pre-pandemic expansion set a high baseline against which the economic disruptions of 2020 would be measured.

Figure 4: Real GDP and Sector Growth (%) 2019-2024



Source: Researcher's analysis based on NISR – National Accounts, June 2025

In 2020, Rwanda's economy experienced its first contraction in over two decades as the COVID-19 pandemic took hold. According to the National Institute of Statistics of Rwanda (NISR), real GDP fell by 3.4%, with divergent sectoral impacts reflecting the nature of lockdowns and global demand shocks (NISR, 2021). The service sector dominated by tourism, hospitality, and professional services contracted by 6.0%, as international travel bans and domestic curfews sharply reduced activity. The industrial sector, including construction and manufacturing, declined by 4.0%, hindered by disrupted supply chains and postponed public-investment projects. In contrast, agriculture demonstrated modest resilience, recording 1.0% growth; farming activities were largely exempt from lockdowns, though farmers faced higher input costs and logistical hurdles (NISR, 2021).

The economy rebounded strongly in 2021, driven by pent-up demand and the gradual relaxation of restrictions. Real GDP expanded by 10.9%, led by a 13.3% surge in construction, mining and light manufacturing (NISR, 2022). Service grew by 11.9% as tourism slowly resumed and transport and retail sectors recovered (NISR, 2022), while agriculture posted 6.4.0% growth, supported by improved weather conditions and continued government support measures.

Growth moderated in 2022 to 8.2%, marking a transition from recovery to sustained expansion (NISR, 2023). Service sector growth eased to 12.2% as global tourism remained subdued, though domestic hospitality and finance continued to expand. Industry rose by 5.0%, reflecting ongoing infrastructure projects and renewed investor confidence. Agriculture growth slowed to 1.2%, as global input-price pressures and shifting export demand tempered gains.

In 2023, Rwanda sustained solid growth of 8.2%, driven by diversification and productivity enhancements (NISR, 2024). Services grew by 11.2%, underpinned by digital-economy services and robust financial-services expansion. Industry increased by 10.2%, as public-private partnerships bolstered manufacturing capacity. Agriculture grew by 1.7%, reflecting both continued resilience and structural reforms in value chains.

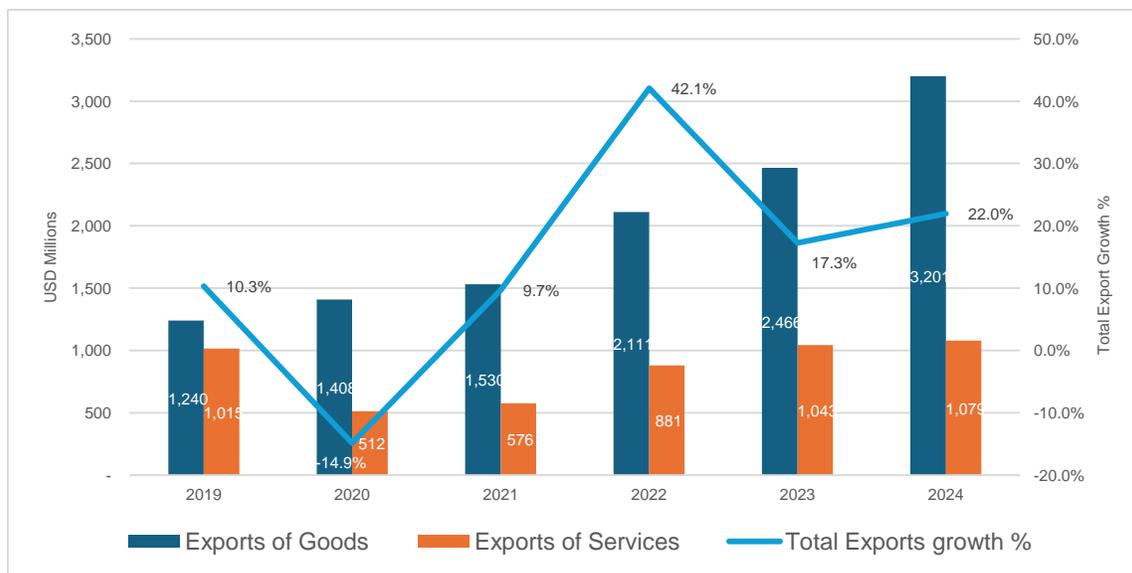
Data from 2024, indicate 8.9% GDP growth, signalling a gradual normalisation toward pre-pandemic rates (NISR, 2025). The service sector expanded by 10.0%, buoyed by renewed international tourism and business travel. Industry grew by 10.0%, reflecting completion of major infrastructure projects and steady factory output. Agriculture grew by 5.0%, supported by ongoing modernization and export diversification efforts.

Collectively, these data illustrate a classic “V-shaped” recovery: a sharp pandemic-induced decline in 2020, followed by strong rebounds in 2021 and 2022, and a convergence toward long-run growth trajectories by 2023–2024. The differential sectoral responses underscore the importance of targeted policy support, particularly for services and industry, while reinforcing agriculture’s role as a stabilizer during systemic shocks.

Recovery of Exports and Investment

Prior to COVID-19 pandemic, Rwanda’s export for goods and services were growing at a positive trend, the external sector experienced a pronounced shock in 2020 as the COVID-19 pandemic disrupted trade and investment flows.

Figure 5: The successful recovery of Rwanda’s exports 2019-2024



Source: Researcher’s analysis based on RDB – Annual Reports, June 2025

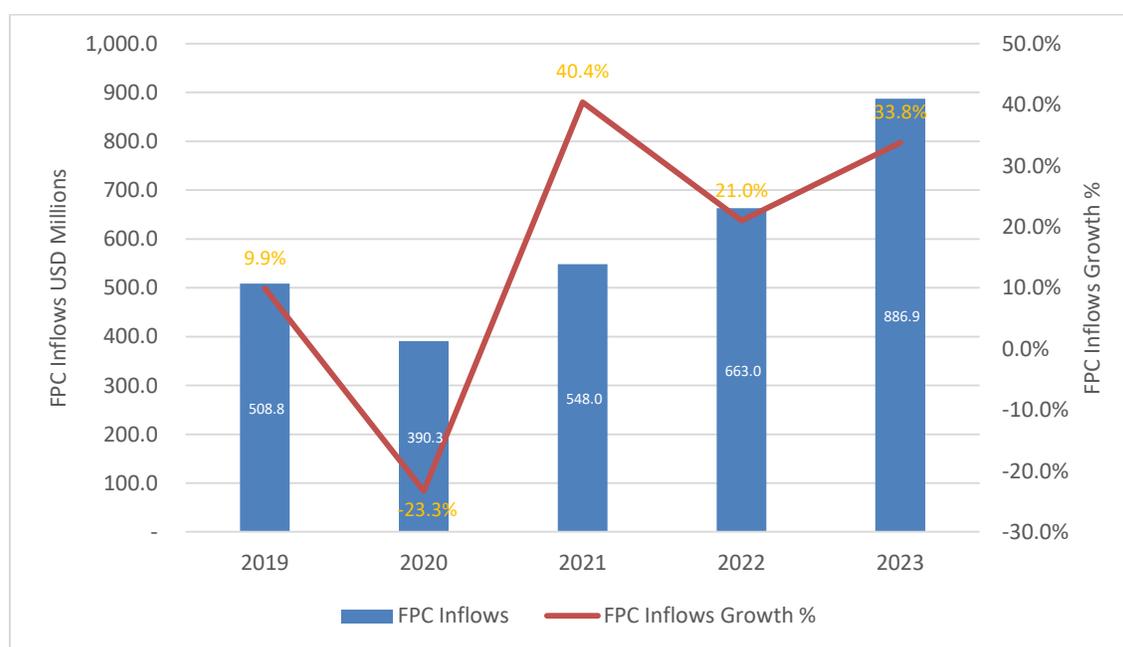
Rwanda's export sector demonstrated notable resilience and variability around the COVID-19 shock. In 2019, total exports grew by 10.3%, driven by robust performance in both goods and services. However, in 2020 overall exports contracted by 14.9%, with services exports—dominated by tourism and air transport, falling sharply from USD 1.0 billion to USD 0.512 billion amid pandemic lockdowns. In contrast, goods exports remained broadly stable and continued to record modest gains despite global disruptions.

A concerted policy response, including accommodative monetary and fiscal measures, alongside targeted support from development partners helped fuel a strong rebound. Total exports rose by 9.7% in 2021, surged 42.7% in 2022, and maintained double-digit growth of 17.1% in 2023. By 2024, export growth moderated to 22.0%, bringing the overall value of goods and services exports to approximately USD 4.3 billion. Notably, services exports fully recovered to their pre-pandemic level in 2023, reaching USD 1.04 billion, underscoring the sector's rapid resurgence once travel and mobility restrictions were lifted.

The recovery of Foreign Direct Investment inflows

The COVID-19 pandemic not only disrupted Rwanda's export performance but also altered the trajectory and timing of foreign direct investment inflows. The infographic below illustrates the annual trends in foreign private capital (FPC) inflows from 2019 through 2023, highlighting the pandemic's impact and the subsequent recovery.

Figure 6: FPC inflows 2019 - 2023



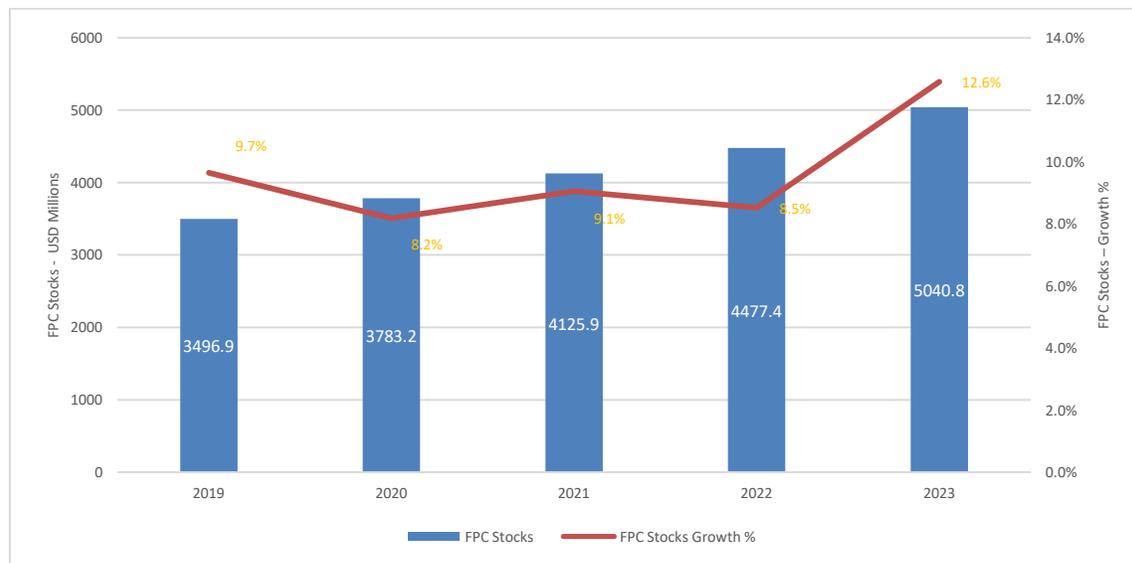
Source: Researcher's analysis based on BNR – FPC Survey, June 2025

Prior to the pandemic, foreign private capital (FPC) inflows into Rwanda reached USD 508.8 million in 2019, marking a 9.9% increase over 2018. In 2020, COVID-19–related disruptions caused a 23.3% contraction, with inflows falling to USD 390.3 million. A combination of accommodative monetary and fiscal policies, together with development-partner initiatives, spurred a 40.4% rebound in 2021, lifting inflows to USD 548.0 million—7.7% above the 2019 level. Growth momentum continued in 2022 and 2023, with inflows rising to USD 663.0 million (21.0% growth) and USD 886.9 million (33.8% growth), respectively. These trends underscore the resilience of Rwanda’s investment climate and the effectiveness of policy measures in restoring investor confidence.

The Recovery of Foreign Private Capital Stocks

The COVID-19 pandemic had only a limited effect on Rwanda’s foreign private capital (FPC) stock levels: despite a temporary slowdown in growth rates, the overall stock continued to expand throughout 2019–2023. The infographic below presents annual inflows to the FPC stock over this period, highlighting the resilience of accumulated investment even amid the pandemic’s peak disruptions.

Figure 7: FPC stocks 2019 - 2023



Source: Researcher’s analysis based on BNR – FPC Survey, June 2025

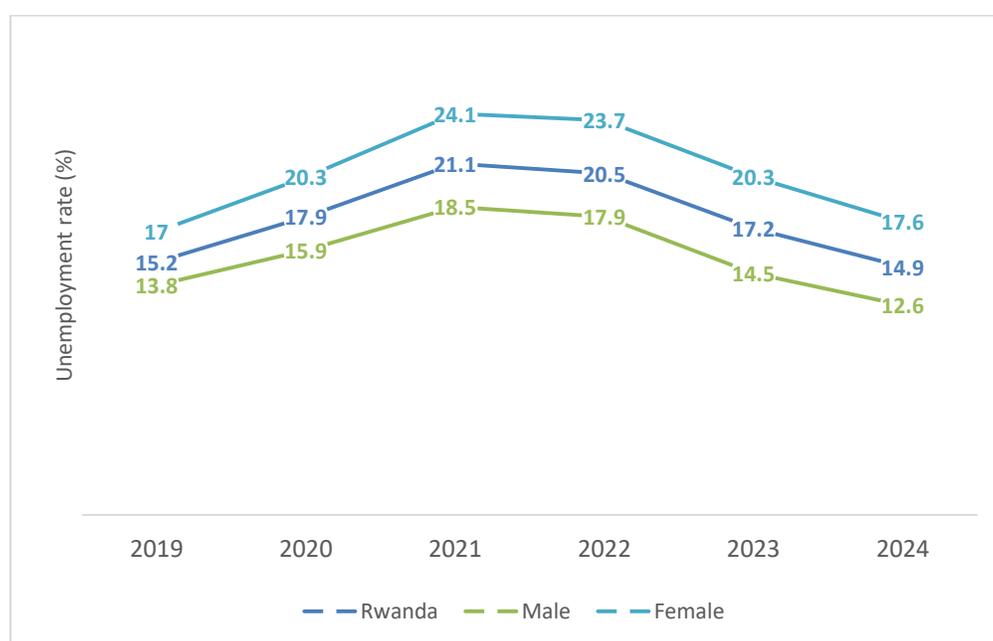
In 2019, Rwanda’s foreign private capital (FPC) stock stood at USD 3,496.9 million, a 9.7% increase from the previous year. Despite the COVID-19 shock, FPC stocks continued to rise in 2020 up 8.2% to USD 3,783.2 million. This upward trajectory persisted through 2021

(9.1% growth), 2022 (8.5%), and 2023 (12.6%), culminating in a total FPC stock of USD 5,040.8 million by the end of 2023.

The recovery of Employment Levels

The COVID-19 pandemic and associated lockdowns precipitated widespread job losses and temporary business closures in Rwanda. Many firms reduced or suspended operations, leading to a sharp rise in unemployment. The infographic below traces the decline in employment during the pandemic's peak and the subsequent recovery in the years that followed.

Figure 8: Recovery of employment levels



Source: Researcher's analysis based on NISR – Labour Force Survey, June 2025

In 2019, Rwanda's unemployment rate stood at 15.2%, with 13.8% among men and 17.0% among women. At the height of the COVID-19 pandemic in 2021, overall unemployment surged to 21.1%—18.5% for men and 24.1% for women—underscoring a disproportionate impact on female workers. Following the implementation of monetary and diversified fiscal measures, the national unemployment rate fell to 14.9% in 2024, dipping below its pre-pandemic level. However, this recovery has been uneven: male unemployment declined to below its 2019 rate, while female unemployment remained elevated at 17.6%, signalling a partial but gender-differentiated labour-market rebound.

CONCLUSION AND RECOMMENDATIONS

In summary, COVID-19 pandemic total cases in Rwanda were 133,518 confirmed cases, 1,468 deaths, and 132,039 recoveries. The pandemic's impact on the economy has been tremendous, and all the sectors have been directly impacted, with GDP contraction at 3.4%; the exports contracted by 14.9%, the FDI capital inflows contracted by 23.3%; the unemployment rate grew 21.1% and unemployment among women peaked to 24.1 %. However, with various recovery strategies, including monetary, fiscal and interventions from development partners, the economy recovered, and has taken a growth trajectory, whereby GDP growth is more than 8%; the unemployment rate is 14.9%.

Rwanda's COVID-19 response combined rigorous public-health measures—such as contact tracing, dedicated treatment facilities, and mass vaccination—with robust economic policies that have underpinned a full recovery across key sectors. However, these interventions largely benefited formal-sector operators and large enterprises; small and medium-sized enterprises (SMEs) were often excluded from programs like the Manufacture and Build to Recover Program (MBRP) and the Economic Recovery Fund (ERF) due to complex eligibility criteria and high investment thresholds.

To foster more inclusive resilience and sustainable growth, the Government of Rwanda should:

1. *Establish a Broad-Based Investment Fund:* Design a financing mechanism with tiered eligibility that addresses SMEs' challenges—particularly high capital costs—to unlock entrepreneurial potential alongside large-scale investors.
2. *Institutionalize Public–Private Dialogue:* Create a permanent platform for continuous engagement between government and the private sector to identify emerging economic issues and co-develop targeted interventions.
3. *Prioritize Strategic Mega-Investments:* Channel resources into large infrastructure and industrial projects with strong spillover effects to bolster macroeconomic stability and prepare for future shocks.

These measures would not only ensure sustained recovery across the entire economic spectrum and enhance Rwanda's preparedness for future crises, but also Rwanda achieves its 2050 long-term vision to become an upper middle-income country by 2035 and a high-income country by 2050.

Future research could build on this study by examining sector-specific resilience and recovery pathways, particularly the comparative performance of tourism, manufacturing, agriculture, and ICT during and after the pandemic. Further inquiry is warranted into the

inclusiveness of recovery programs, with a focus on SMEs, gender-differentiated labour market outcomes, and barriers to accessing fiscal incentives such as the MBRP.

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