

SU/21/96

July 6, 2021

**The Acting Chair's Summing Up
Rwanda—Fourth Review Under the Policy Coordination
Instrument and Request of an Extension of the Policy
Coordination Instrument
Executive Board Meeting 21/68
July 1, 2021**

Executive Directors commended the Rwandan authorities for their swift policy response to the COVID-19 pandemic and strong commitment to the objectives under the Policy Coordination Instrument. Noting the still elevated uncertainty from the pandemic, they agreed that continued policy support is needed to limit the scarring, reduce poverty, and support economic activity. Directors agreed that while containing the pandemic remains the immediate policy priority, it is important to safeguard debt sustainability and financial stability. In this regard, they concurred that the reform agenda under the Policy Coordination Instrument remains appropriate. Directors noted the low vaccination rate in Rwanda despite the authorities' best efforts and encouraged them to sustain their efforts to secure vaccines.

Directors supported the relaxation of fiscal targets to counter the impact of a more protracted pandemic. They welcomed the timely audit and publication of public spending, including those related to COVID-19, and stressed the importance of transparency and accountability of crisis-related spending. Once the crisis abates, Directors saw a need for a gradual and credible fiscal consolidation predicated on a timely implementation of the Medium-Term Revenue Strategy and spending rationalization measures informed by recommendations from the World Bank Public Expenditure Review and the Fund's Public Investment Management Assessment.

Directors welcomed the authorities' efforts to contain fiscal risks and encouraged them to step up these efforts given the rising debt level. They called for limiting government exposure and tapering budget support to SOEs and PPPs, and also limiting state-guaranteed loans.

Directors supported the accommodative monetary policy stance given the low inflation outlook and welcomed the authorities' commitment to keep monetary policy data driven and a flexible exchange rate. Directors stressed the need to minimize credit risks in the financial sector and cautioned against relaxing regulatory and supervisory requirements to ensure the prudent restructuring and timely recognition of problem loans.

Noting the impact of the pandemic on the population, especially on women and children, Directors supported the expanded social safety nets and efforts to improve the quality of education and health care. They also encouraged measures to increase the role of the private sector and continue to foster financial inclusion and digitalization.