

**EXECUTIVE
BOARD
MEETING**

EBS/20/179
Correction 2

December 15, 2020

To: Members of the Executive Board

From: The Secretary

Subject: **Rwanda—Third Review Under the Policy Coordination Instrument**

Board Action:

The attached correction to EBS/20/179 (12/2/20) has been provided by the staff:

**Factual Errors Not
Affecting the
Presentation of Staff's
Analysis or Views**

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Questions:

Ms. Teferra, AFR (ext. 37301)
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Ms. Woldemichael, AFR (ext. 38909)

Box 1. The Social Impact of the Pandemic: An Initial Assessment (concluded)

Education losses are likely to be substantial, especially for children from poorer households.

Remote learning was quickly instituted as an estimated 3.5 million children remained out of school for most of 2020. However, participation fell over time, partly due to a lack of interactive learning, the shortness of the broadcast period, parents' unwillingness to allow their children unsupervised access to radios and phones, and difficulties in English. Previously existing inequalities are also expected to widen, as poorer children's limited access to technologies may affect their engagement in remote learning. A recent phone survey also revealed concerns with reduced enrollment, with 63 percent of teachers expecting higher dropout rates. Research in other countries suggests that students in grades 1–12 affected by the closures might expect approximately 3 percent lower incomes over their lifetimes.²

The Rwandan government's swift and effective response has averted the potential for much larger losses in social outcomes. The share of positive COVID-19 results among the tested population (the single best metric for measuring effectiveness) remains one of the lowest in the world. Estimates suggest that, had Rwanda experienced similar declines in health service utilization as observed in other global epidemics, child and maternal mortality could have increased by 29 and 23 percent respectively through 2021. Key elements of the government's response plan include a food distribution program, an expansion of the social safety net, and ongoing improvements in the targeting of social programs using a Household Welfare Scorecard (HWS), inter alia. Rwanda also benefited from its strong pre-COVID-19 primary health system.

^{1/} This box draws from the World Bank's forthcoming "Rwanda Economic Update" Report on the impact of the COVID-19 response with special focus on Human Capital. [However, the assessment in this box excludes mitigating measures.](#)

^{2/} Eric A. Hanushek & Ludger Woessmann, 2020. "The Economic Impacts of Learning Losses"; OECD Education Working Papers 225, OECD Publishing.

2. The pandemic shock slowed economic activity significantly in the first half of 2020, and the recovery has been tepid so far (Figure 2, Table 1). Heavy rains, a decline in the pace of investment, and the COVID-19 outbreak affected activity in 2020Q1 leading growth to decelerate to 3.6 percent y/y from 6.1 percent in 2019Q1. Subsequent measures to contain the spread of the virus deepened the economic slowdown, with output contracting by 12.4 percent in Q2, slightly more than envisaged at the time of the RCF-2 request. The contraction was broad-based, with substantial output loss in services and industry. Business turnover data and the National Bank of Rwanda (BNR)'s Composite Index of Economic Activity suggest a return to recovery in Q3, albeit at a much slower pace. Demand for new loans dropped by 9 percent y/y in 2020H1, but private sector credit continued to grow, supported by loan restructuring. Headline inflation declined to 7.2 percent y/y in October, driven by a decrease in public transport fares and moderation of food inflation. Monetary policy remains accommodative, with the Monetary Policy Committee (MPC) keeping the policy rate unchanged at 4.5 percent following its November meeting (Figure 5, Table 3).