

Business Week

East Africa

Rwanda in record inflation

MONDAY, 21 MARCH 2011 13:49 BOSCO HITIMANA

KIGALI, RWANDA — Rwanda's inflation could surpass the initial projection of 6% at the end of 2011 on the back of high oil prices raising concerns that the cost of living could rise sharply in the East African country.

The March inflation is expected to hit 3% from 2.6% in February because of high oil prices.

Since last week, petrol and diesel pump prices jumped up 5.2% and 6% respectively, becoming the highest oil prices the country has ever had.

A litre of petrol as well as diesel is costing Rwf1, 015(US\$1.7) because of unrest in the oil rich Libya and Middle East.

Transport and education costs have gone up 4% and 18.17% respectively.

Food prices jumped 1% as farmers enter a new season. Rwanda suffers similar problem as her neighbours in the region.

“There are certainly worries of general inflationary pressures higher than initially projected, if international oil prices continue to shoot up,” the National Bank of Rwanda (NBR) Deputy Governor Mr. Claver Gatete said.

He said imports' prices pass-through in domestic prices is high in Rwanda since imported consumer goods weight 20.5% in the Consumer Price Index (CPI) basket.

Last month, inflation or the measure of the change in prices of goods and services more than doubled.

Inflation rose to 2.6% from 1.1% in January while it stood at 0.2% in December last year.

Energy and education were the first driving factors of inflation accounting for

25% each, against 20.0% for food.

Gatete said during the past two months, significant increases in school fees, transport cost and clothes' prices had been recorded.

High oil prices are a threat to local producers. Since this year, prices of locally made goods have gone by at 2.5%.

Inyange Industries, the leading food processor in Rwanda has raised prices twice citing at costly raw materials.

The company has cut off its distributors and is replacing them with its direct sales depots.

Gatete said that the current inflation rate is far below the Central bank's policy rate, which stands at 6%.

He said the Bank's monetary policy committee expected to meet end of March or early April will have to undertake an assessment of short-term effect of current exogenous shocks and will review accordingly the monetary policy orientation for the second quarter 2011.

11 August 2011

humanitarian news and analysis

[a service of the UN Office for the Coordination of Humanitarian Affairs](#)

EASTERN AFRICA: Consumers, traders feel the burn as prices skyrocket

Rwanda

Fidèle Karinjabo, a motorcycle taxi-driver in the capital, Kigali, told IRIN his client base had shrunk in the two weeks since the sharp increase in fuel prices.

"We are wondering why the government is so slow in revising prices for transportation," Karinijabo said.

Agnes Mukanyarwaya, who sells farm produce in Nyabugogo market in a Kigali suburb said the price of many goods had almost doubled.

"There is a need to consider complaints from both consumers and sellers as most of the basic commodities such as cooking oil, sugar and rice are no longer affordable, compared to two months ago," she said. "We now prefer to sell most commodities outside the market as street vendors, because there has not been any action from government to revise fuel prices downwards."

“Skyrocketing fuel and food prices have made Kenyans suffer; urgent measures need to be taken to avoid social unrest”

The key, she said, was to come up with a compromise between the interests of vendors and consumers.

Rwanda's National Institute of Statistics reported in April that prices for domestic products such as bread, cereals, vegetables and transport had gone up by an annual 4.11 percent in March, against 2.56 percent in February.

Consumers in Rwanda are grouped in different associations and, although they have managed to come together to some extent in specific advocacy, they are far from achieving a united front.

"We only blame these [consumer] associations for not being able to defend the interests of the general public when looking at the extent to which prices are being distorted by business operators at the market," Sylvestre Ntakiyimana, a rice grower from Gasabo, a district of Kigali, said.

EASTERN AFRICA: Tough lifestyle changes as food prices continue to rise

Rwanda

Food prices have continued to increase in Rwanda over the past two months, despite the government's tax exemptions on some basic commodities.

According to the National Institute of Statistics, the increase in the consumer price index of 1.54 percent is attributable primarily to the increase in prices of food and non-alcoholic beverages (2.41 percent), housing, water, electricity, gas and other fuels (0.95 percent) and transport (3.08 percent).

The cost of local goods increased by 5.12 percent, according to the institute, attributed to a 1.7 percent price increase in vegetables and a 6.12 percent increase in bread and cereals prices.

Although Agriculture Minister Agnes Kalibata has stressed there is no evidence of food insecurity across the country, she said Rwandans had been advised to stock food and to avoid selling their surplus produce.

"The issue of food insecurity cannot be taken [to be] as serious [in Rwanda] because it has been noticed that prices of certain food commodities in some parts of the country are extremely high while farmers in other parts struggle to get buyers," Kalibata said.

Jean-Chrysostome Ngabitsinze, a Rwandan agricultural researcher, said there was a need to engage rural farmers in cash-crop farming. "While encouraging farmers to adopt fruit and vegetable crops, which [are] suitable to both local and international markets, this will help ensure food security and enhance the livelihoods of local farmers," he told IRIN.

“ Prices are rising night after night; I hold my breath when entering the market because of the rising food prices ”