

**EXECUTIVE  
BOARD  
MEETING**

EBS/21/55  
Supplement 1

June 28, 2021

To: Members of the Executive Board

From: The Acting Secretary

Subject: **Rwanda—Fourth Review Under the Policy Coordination Instrument and Request for an Extension of the Policy Coordination Instrument—Supplementary Information, Revised Proposed Decision, Revised Letter of Intent, and Revised Program Statement**

Board Action:	Executive Directors' <b>consideration</b> (Formal)
Tentative Board Date:	<b>Thursday, July 1, 2021</b>
Proposed Decision:	Page 2
Publication:	Yes*
Questions:	Ms. Teferra, AFR (ext. 37301) Mr. Duarte Lledo, AFR (ext. 36748) Ms. Woldemichael, AFR (ext. 38909)
Document Transmittal in the Absence of an Objection and in accordance with Board policy:	After Board Consideration—African Development Bank, Common Market for Eastern and Southern Africa, World Trade Organization

\*The authorities have indicated that they consent to the Fund's publication of this paper.





# RWANDA

June 25, 2021

## FOURTH REVIEW UNDER THE POLICY COORDINATION INSTRUMENT AND REQUEST FOR AN EXTENSION OF THE POLICY COORDINATION INSTRUMENT—SUPPLEMENTARY INFORMATION, REVISED PROPOSED DECISION, REVISED LETTER OF INTENT, AND REVISED PROGRAM STATEMENT

Approved By  
**Catherine A. Pattillo (AFR) and  
Delia Velculescu (SPR)**

Prepared by the African Department in consultation with the Legal and the Strategy, Policy, and Review Departments.

- 1. This supplement addresses an inconsistency between the IMF policy for the length of the Policy Coordination Instrument (up to 48 months, Decision No. 16230-(17/62)) and the authorities request to extend the PCI by 49 months in their letter of intent dated June 14, 2021.** The authorities have signed a revised letter of intent and program statement reflecting their request to extend the PCI with Rwanda through June 27, 2023 in line with IMF policy.
- 2. This supplement also revises the program exchange rate for the end-June 2021 quantitative targets to make it consistent with the technical memorandum of understanding,** wherein the program exchange rate for Rwanda Francs to US dollars in Table 1.a of the Program Statement is revised from 937 to 972.
- 3. A revised proposed decision, letter of intent, and program statement are attached to this supplement.**

## Revised Proposed Decision

The following decision, which may be adopted by a majority of votes cast, is proposed for adoption by the Executive Board:

1. Pursuant to paragraph 7 of Decision No. 16230-(17/62), adopted July 14, 2017, and paragraph 1 of the Policy Coordination Instrument for Rwanda ("PCI"), EBS/19/52, the Fund has conducted a review to assess program implementation.
2. The Program Statement dated June 25, 2021 (the "June 2021 Program Statement") and its attached Technical Memorandum of Understanding ("June 2021 TMU") shall be attached to the PCI, and the Program Statement dated June 11, 2019, together with all of its attachments, shall be read as supplemented and modified by the June 2021 Program Statement and its attached TMU.
3. Accordingly, the end-June 2021 and end-December 2021 quantitative targets, the standard continuous targets and the reform targets under the PCI shall be as specified in Tables 1a, 1b, and 2 attached to the June 2021 Program Statement and as further specified in the June 2021 TMU. The monetary policy consultation clause shall be as specified in Paragraph 21 of the June 2021 TMU.
4. The last paragraph of the introductory section of the PCI shall be amended by replacing the words "for a period of 36 months" with "for a period of 48 months".
5. Paragraph 1 of the PCI shall be amended to read as follows:

"1. Review Schedule. Rwanda' implementation of the Program will be assessed by the Fund through reviews, which are scheduled to be conducted by December 15, 2019, June 15, 2020, December 15, 2020, June 15, 2021, December 15, 2021, June 15, 2022, December 15, 2022, and June 15, 2023, subject to paragraphs 7(b) and (c) of the PCI Decision."
6. The Fund completes the Fourth Review specified in paragraph 1 of the PCI on the condition that the information provided by Rwanda on its performance under the quantitative targets and standard continuous targets related to this review is accurate.

## Revised Letter of Intent

Ms Kristalina Georgieva  
Managing Director  
International Monetary Fund  
Washington, D.C. 20431  
U.S.A.

Kigali, June 25, 2021

Dear Ms. Georgieva:

The COVID-19 pandemic continues to take a toll on our economy. Real GDP contracted by 3.4 percent in 2020 and a second wave of infections prompted a three-week lockdown in Kigali in early 2021. We expect growth to rebound in 2021, supported by our ongoing vaccination efforts targeting 60 percent of the population by end-June 2022 and continued government support to hard-hit businesses and vulnerable households. However, downside risks remain high owing to uncertainties surrounding the duration of the pandemic and supply constraints for vaccines. The fiscal and debt outlook have deteriorated on the back of increased spending needs to cushion the economic and social impact of the pandemic.

In light of these developments, we request a one-year extension, through June 27, 2023, of our Policy Coordination Instrument-supported program to allow more time to address emerging risks and meet our program's objectives. To support the recovery while preserving debt sustainability, we recognize the importance of identifying credible revenue and spending measures underpinning our growth-friendly fiscal consolidation with a view to reaching our debt anchor within a reasonable timeframe, and stepping up efforts to quantify, contain, and remediate emerging fiscal risks. Consistent with our program pillars, we are committed to maintaining the reform momentum in mobilizing domestic revenue, enhancing fiscal transparency, and strengthening our monetary policy framework. This will lay the foundation for a sustained and inclusive economic recovery and accelerate progress towards achieving our Sustainable Development Goals.

In keeping with our longstanding commitment to transparency, we have also requested a voluntary safeguards assessment to be conducted as soon as possible. The last safeguards assessment mission was held in 2016, with all recommendations implemented to date. To enable the assessment, we will provide the IMF with the central bank's most recently completed external audit reports and authorize our external auditors to hold discussions with the IMF.

The Program Statement attached to this Letter of Intent presents our performance under the program and updates the specific policies to meet the program's objectives, including the

associated quantitative and reform targets. We will monitor progress continuously in consultation with the IMF. We stand ready to take any additional measures that may prove necessary to reach our objectives and will consult with the IMF on the adoption of such measures and in advance of any revisions to policies included in this Program Statement in accordance with the IMF's policies on consultations. Timely information needed to monitor the economic situation and implementation of policies relevant to the program will be provided, as agreed under the attached Technical Memorandum of Understanding, or at the IMF's request.

We agree to the publication of this Letter of Intent and its attachments, as well as the related Staff Report, on the IMF's website.

Sincerely yours,

/s/

\_\_\_\_\_  
Ndagijimana, Uzziel  
Minister of Finance and Economic Planning

/s/

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Rwangombwa, John  
Governor, National Bank of Rwanda

Attachments (2)

- I. Program Statement
- II. Technical Memorandum of Understanding

# Revised Program Statement

(Kigali, Rwanda, June 25, 2021)

## I. RECENT DEVELOPMENTS

**1. Rwanda is still dealing with the fallout from the COVID-19 pandemic.** A second wave of infections led to a tightening of restrictions in December and a three-week lockdown in Kigali in January 2021. Some of the restrictions on mass movements, including the imposition of curfews, continued through the end of the first quarter of 2021. While the overall spread of the disease has been limited, with about 2,061 confirmed cases per 1 million people and 27 deaths per 1 million people as of end-May 2021, COVID-19 remains a serious concern and a major risk to public health. Moreover, the attendant economic disruption arising from restrictions on mass movements has caused widespread income losses. While a gradual lifting of restrictions is currently underway, our development goals have already suffered a significant setback, and we face a difficult task of returning to a path of sustained and inclusive growth.

**2. The toll on the economy has been larger than anticipated.** After a 12 percent y/y contraction in Q2, the economy gradually recovered in the second half of 2020. Real GDP contracted by 3.4 percent in 2020. While the agriculture sector grew by 0.8 percent, output in the industry and services sectors decreased by 4.2 percent and 5.5 percent, respectively. Within the services sector, transport activities, wholesale and retail trade, and hotels and restaurants, which represented some of the hardest hit sectors, contracted by 23.7, 3.3, and 40.6 percent, respectively.

**3. The vaccination campaign has kicked off, with a target of reaching 60 percent of the population by end June-2022.** We launched our national vaccination campaign mid-February with the inoculation of frontline health workers. The vaccination cost will be financed by grants (mainly through the COVAX initiative) representing half of the total financing and through concessional loans. As of end-May, about 3 percent of the population in Rwanda has been vaccinated against COVID-19. This is our plan for vaccine rollout, provided that the vaccine supply issue is resolved and there is a fair and equitable access to COVID-19 vaccines for all countries globally.

**4. The fiscal deficit was larger than expected in the first half of FY20/21, despite overperforming revenues.** Revenues collected in the first half of the fiscal year reached RWF 1,230 billion (12.2 percent of GDP) mainly due to disbursements of previously delayed funds for peace-keeping operations, and overperforming tax revenues. The latter was mainly due to one-off events unrelated to economic activity, notably (i) payments of corporate income tax (CIT) and personal income tax (PIT) in July originally due in March, and (ii) an increase in value-added tax (VAT) and larger-than-anticipated Pay As You Earn (PAYE) collections on account of the surge in capital imports due to a pickup in public construction, including the government's accelerated school construction program, and public employment in the health sector. Total expenses exceeded allocations in the revised budget mainly due to the accelerated execution of these infrastructure projects. Except for policy lending affected by slow disbursements under the Economic Recovery Fund (ERF), COVID-19-related spending was also over-executed. Despite the overperformance in

revenues, the higher-than-expected total spending led to an overall deficit in the first half of the fiscal year of RWF 523 billion (5.2 percent of GDP) above the amount of RWF 481 billion (4.7 percent of GDP) allocated in the revised budget. As a result, Rwanda's total public and publicly guaranteed (PPG) debt stood at 71.3 percent of GDP as of end-December 2020. The higher-than-anticipated stock was mainly attributed to larger-than-anticipated sales of domestic government securities (3 percent of GDP), a faster-than-projected depreciation of the Rwandan franc against the US dollar, and a lower nominal GDP growth.

**5. Delayed budget support disbursements from development partners at end-2020 led to a temporary spike in unpaid bills, which have been paid by end-March.** Delayed budget support amounted to about US\$ 220 million, mainly due to unanticipated delays in the approval of a new education law, a prior action under the World Bank program. Some of these funds only started to materialize at the end of the year, leaving insufficient time to draw down on government deposits to meet spending commitments, and leading to a temporary increase in accounts payables (float) of RWF 157.8 billion (1.6 percent of GDP) and a buildup in deposits. With the drawdown of government deposits since January and the disbursement of delayed funds following the adoption of the education law in early March, these unpaid bills were settled before end-March.

**6. The government is considering new policy measures to lay the foundations for a strong and inclusive recovery.** Our Economic Recovery Plan (ERP) was adopted in May 2020, at the beginning of the crisis. Given the more protracted impact of the pandemic, particularly in the hospitality sector, we are targeting the manufacturing sector to boost job creation and support the economic recovery (see ¶36). To this effect, we launched in December 2020 the Manufacture and Build to Recover Program (MBRP) with the objective to fast-track the economic recovery mainly through temporary tax incentives for manufacturing and construction activities. In addition, with support from the World Bank and the Asian Infrastructure Investment Bank, we will revamp our ERF with the creation of a new investment window. This new investment window will provide financing to create and expand new ventures in agro-processing, light manufacturing, construction, and other job-intensive manufacturing activities.

**7. Inflation reached 2.4 percent y/y in April, against 2 percent y/y the previous month.** Inflation has been declining since 2020Q4, driven by falling food prices on the back of good agricultural production in season A and the downward revision of public transport fares. The Monetary Policy Committee (MPC) kept the policy rate unchanged in May given the subdued inflation outlook.

**8. The financial sector has been resilient so far, but risks loom large.** The banking sector continues to maintain sufficient capital and liquidity buffers, with the capital adequacy (CAR) and liquidity coverage ratios at 21.5 percent and 254.7 percent respectively at end-December 2020, well above the minimum prudential requirements (15 and 100 percent, respectively). Similarly, the microfinance (MFI) sector's CAR stood at 36 percent, while the liquidity ratio stood at 101.5 percent against the 30 percent minimum requirement. The insurance sector remained resilient, with the aggregate solvency ratio of private insurers at 114 percent and a liquidity ratio at 134 (against 100 and 120 percent prudential minimum requirements), although the increase in insurance

premium receivables poses credit and liquidity risks to the sector. The non-performing loans (NPLs) ratio declined for both banks and MFIs at end-December 2020 relative to the previous quarter, falling to 4.5 and 6.7 percent, respectively. However, the reduction in banks' NPLs reflects the strong growth in gross loans, supported by new authorized loans, COVID-19-related restructuring, and forbearance on the write-off of loss loans. At end-December 2020, outstanding COVID-19-related restructured loans stood at RWF 799.9 billion (31.7 percent of total loans) in banks, and at RWF 14.8 billion (7.3 percent of loans) in MFIs. In the absence of loan restructuring and forbearance on the write-off of class 5 loans, growth in banks' outstanding loans could have been as low as 7.1 percent y/y at end-2020, against 21.2 percent currently recorded.

**9. The central bank continues to make its liquidity support measures available to banks.**

The RWF 50 billion worth extended lending facility established in April 2020 for a period of six months was extended in October to offer a standby support to liquidity-stressed banks. To date, RWF 5 billion have been disbursed to two banks. The T-bond rediscounting window remains unused. Limited take-up reflects liquidity buffers from the implementation of Basel II/III standards pre-pandemic, further buttressed by the policy rate cut in April 2020, the reduction of the reserve requirement ratio from 5 to 4 percent (which injected RWF 23.4 billion in the system), continued restriction on dividend distribution, and the operationalization of the ERF, which injected around RWF 48 billion in the banking sector by end-December 2020 under the hotel refinancing and working capital windows.

**10. The trade and current account balances widened in 2020.** The COVID-19 pandemic had a material impact on Rwanda's net exports of goods and services, leading to a wider trade deficit of 16.4 percent of GDP in 2020. Rwanda's exports of goods and services fell to 18.7 percent of GDP from 21.8 percent of GDP at the same period last year. Pandemic containment measures introduced worldwide have negatively impacted cross-border movements, hence reducing revenues from key sectors, notably travel and tourism, and air transport. Export receipts from travel and tourism shrank by 73.7 percent y/y. Similarly, merchandise exports dropped by 20.9 percent as the COVID-19 pandemic hit global demand, weighing down commodity prices and domestic economic activities. On the imports side, merchandise imports dropped by 1.4 percent in 2020, mainly driven by lower demand for capital and intermediate goods, reflecting decreased economic activity and fuel demand in part due to falling global oil prices. The increasing trade deficit widened the current account deficit (CAD) to RWF 1,264.7 billion in 2020 while inflows from private transfers, mainly from remittances and official transfers, were relatively stable. This CAD was financed in large part by external borrowing, mainly public loans, which helped cushion foreign reserve assets. At end-December 2020, gross international reserves stood at US\$1,780 million, covering 6.0 months of prospective imports of goods and services.

## Program Performance

**11. Program performance at end-December 2020 was strong.** The debt-creating overall deficit (including grants) was kept below the program ceiling, while the floors on the stock of the National Bank of Rwanda (NBR)'s net foreign assets, total priority spending, and domestic revenue mobilization were exceeded. Rwanda did not accumulate domestic arrears, nor external payment

arrears. The monetary policy consultation clause (MPCC) was also observed, with the 12-month average y/y headline inflation within the inner band at end-2020. The ceiling on the present value (PV) of new PPG external debt, the target on the stock of new external debt contracted or guaranteed by nonfinancial public enterprises, and standard continuous targets were also observed.

## 12. All but one end-December 2020 reform targets (RTs) were met.

- **Expanding coverage of fiscal reporting to central government.** We expanded the coverage of fiscal reporting in GFSM 2014 from budgetary central government to central government (i.e. including extrabudgetary entities) and local governments. We remain committed to making further progress on expanding the coverage of fiscal reports (see ¶24).
- **Automating the risk-based verification process for refund claims.** The RT was not met due to technical challenges in the development of procedures to automate risk rules on the data platform. Progress towards implementing this RT has been significant, with the automation of a number of activities to improve the integrity of the VAT process. These include (i) the full validation of Electronic Billing Machine (EBM)-issued VAT input claims; (ii) the development of risk indicators to detect fictitious claims and the use of cancelled EBMs, and (iii) the creation and maintenance of a blacklist of fraudulent taxpayers. Meeting this RT will still require the automatic detection of fraudulent export claims, which Rwanda Revenue Authority (RRA) expects to achieve by end-October 2021.
- **Produce financial and management reports from the Information Technology (IT) system for all schemes managed by Rwanda Social Security Board (RSSB).** The RT was met ahead of schedule. This was made possible after RSSB successfully managed to produce real-time assessments of Rwanda’s community-based health insurance scheme—“*mutuelle de santé*”—the main obstacle to the RT, using its current IT system instead of waiting for the rollout of the new IT system, as initially envisaged. The rollout of the new IT system will further simplify the production of these reports. Production of these reports will improve fiscal transparency and strengthen the management and sustainability of all schemes managed by RSSB (see ¶25).
- **Expanding industrial and market expectation surveys that feed into macro forecasting, beginning collecting data to construct a purchasing managers index (PMI), and accelerating the publication of the foreign private capital survey.** We have improved the structure and content of the food price expectation survey questionnaire by adding more items which have a significant weight in our consumer price index, digitized the survey instrument, and expanded the coverage from 10 to 14 districts, with further plans to reach all rural districts by December 2021. In 2019, NBR initiated the Agricultural Forecasting Group (AFG) that brings together experts from the Ministry of Agriculture, Rwanda Agriculture Board, Ministry of Trade and Industry, Ministry of Finance and Economic Planning, Ministry of Environmental Management, National Bank of Rwanda, and the Rwanda Meteorology Agency, to inform our near-term forecasts for inflation. The first formal meeting of the AFG took place on October 9, 2020. We started collecting PMI data in Kigali

City in September 2019, expanded the coverage to provinces from July 2020, and are now using the results as inputs to the FPAS tool that informs MPC meetings. We expect to increase the sample of manufacturing companies from 55 to 96 by December 2021. The 2020 foreign private capital survey was conducted in July-September 2020 and the report published on NBR's website in December 2020.

## II. OUTLOOK AND POLICIES

### A. Outlook

**13. The outlook is that of a gradual recovery in economic activity from the trough in the second quarter of 2020 as vaccination gains steam, with the output gap projected to close by early 2023.** The economic recovery could be delayed if the vaccination program encounters difficulties both in the country and the region. The renewed lockdown in Kigali in January and tighter restrictions are expected to have less impact on activity compared to the first lockdown in 2020. This is due to a combination of factors, including the more limited extent of the 2021Q1 lockdown, Rwandans' adaptation to remote work, and the subdued contact-intensive activity in 2021 compared to the first phase of the lockdown. In 2021Q1, we expect agriculture to be the least affected by the lockdown, followed by industry. On the other hand, the services sector is expected to contract, affected by ongoing restrictions. For the remainder of 2021, we expect agriculture to continue to grow, in part reflecting favorable export crop prices. Industry is expected to rebound and continue to be the driver of growth, supported by manufacturing and construction activities, while recovery in the services sector is expected to be slower as travel restrictions continue in 2021H2. As a result, growth is projected at 5.1 percent in 2021.

**14. Inflationary pressures should remain subdued in the near term.** Headline inflation is projected to fall below NBR's benchmark in 2021 owing to subdued demand, before picking up in 2022. However, inflationary risks could materialize, including from the increase in international energy and food prices.

**15. The current account deficit is expected to widen temporarily in 2021, driven by a pickup in imports, before starting to decline in the medium term.** It is projected to widen to 13.4 percent of GDP in 2021, mainly due to high imports of capital and intermediate goods as economic activity improves amid slow recovery of export receipts from travel and tourism, albeit the projected significant improvements in merchandise exports as external demand picks up. The CAD is projected to improve significantly in the medium to long term, driven in large part by government policies to transform its output, which are expected to diversify the export base and decrease imports.

### B. Fiscal Policies

**16. Our medium-term budget framework fully accommodates our COVID-19 spending needs under our ERP, including those for the vaccine rollout and for healing social and**

**economic scars from the pandemic.** The fiscal deficit under the current and next two budget years fully accommodates spending needs under the ERP, including those necessary to allow for the envisaged vaccine rollout and limit scarring due to the pandemic by accelerating already planned education-related spending, which is critical to enhancing human capital, and providing support to private firms under the ERF and distressed state-owned enterprises (SOEs). In particular, headline deficits in FY20/21, FY21/22, and FY22/23 are projected to be above the figures agreed under the 3<sup>rd</sup> Policy Coordination Instrument (PCI) review by 0.6, 0.9, and 1 percentage points of GDP, respectively, reflecting the following measures:

- In FY20/21, the slightly higher deficit reflects in particular vaccine-related costs, faster project implementation, including the accelerated school construction program (as mentioned in ¶14), and higher non-vaccine current spending, which are partly offset by delayed disbursements to fund ERF activities and higher-than-anticipated revenues.
- In FY21/22, the higher deficit is mainly attributed to additional COVID-19-related expenditure, notably vaccine-related costs, support to the private sector through additional ERF resources, wage bill increases reflecting the need to hire new teachers and health workers as well as the restructuring of the civil service to improve central government service delivery, support to distressed SOEs in the form of subsidies, loans, and equity acquisitions, and an increase in public investment in priority projects to support the economic recovery. The proposed spending increase is partially compensated by revenue gains and spending cuts in goods and services.
- In FY22/23, the higher deficit is the result of the above-mentioned wage increases, support to SOEs and private firms through the ERF, and public investment targeting priority projects.

**17. Our fiscal path has been revised to allow for this additional fiscal support, while remaining consistent with reaching our debt target over the medium term.** To continue providing fiscal stimulus in the short term and fast-track the economic recovery, we have allowed for a more gradual fiscal consolidation path than the one agreed in the 3<sup>rd</sup> review. Under this path, debt would converge to our medium-term target by 2030 instead of 2028 projected in the 3<sup>rd</sup> review. This would be achieved through annual reductions in the headline deficit of 0.7 percentage point of GDP on average between 2021 and 2029, reflecting the gradual phasing-off of COVID-19-related spending through 2024 with no additional fiscal effort and the implementation of consolidation measures thereafter when the economic impact of the pandemic fully recedes. To this end, we plan to identify a full set of credible revenue and spending measures and start to implement them before the end of our PCI program, which we request to be extended through June 27, 2023.

**18. We have started to design our growth-friendly fiscal consolidation strategy.** We have started to lay out policy measures conducive to a growth-friendly fiscal consolidation aimed at balancing the need for supporting the recovery and meeting our development needs against the imperative of debt sustainability. We will pursue a three-pronged strategy consisting of domestic revenue mobilization, spending rationalization, and structural reforms to (i) accelerate and sustain economic growth through greater private sector participation and (ii) contain fiscal risks.

- Revenue mobilization.** With IMF technical assistance (TA) support, we are finalizing our first Medium-Term Revenue Strategy (MTRS-1) expected to be launched in July 2021 and spanning the next three fiscal years (FY21/22 to FY23/24). MTRS-1 was designed to strike a balance between supporting the recovery and mobilizing additional revenues to help finance Rwanda's development priorities under the National Strategy for Transformation (NST-1). It identifies tax policy and administration measures to increase revenue-to-GDP ratios by 1 percentage point of GDP. MTRS-1 will lay the foundations for a more fundamental set of reforms to be carried under a second MTRS (MTRS-2). MTRS-2 will cover a 5-year period and be aligned to the forthcoming national strategy supporting its financing need. We are committed to withdrawing any remaining COVID-19-related tax relief as soon as the crisis abates.
- Spending rationalization.** Initial efforts to rationalize spending have already begun with a focus on making some of the temporary savings in current spending, such as those related to official travel and conferences, permanent by increasing reliance on virtual meetings and other remote work practices developed during the pandemic. We are also considering other measures such as the consolidation of some on-going projects and the adoption of an expenditure management system to contain the growth of spending. To assess the scope of these and other measures, we have requested the World Bank to perform a Public Expenditure Review (PER) this fiscal year. To complement the PER analysis on public investment and review existing public investment management practices to minimize government exposure to risky projects, we plan to request the IMF by end-June 2021 to conduct a Public Investment Management Assessment (PIMA). To this end, we are engaging with the World Bank and IMF to better define the scope of these exercises and better understand their methodologies, data requirements, and participating government agencies. Both exercises are expected to be finalized in 2021, with preliminary recommendations expected to be available in time for the next PCI review.
- Structural reforms.** Our strategy will put more emphasis initially on structural reforms to improve economic performance, strengthen public finance management practices, and contain fiscal risks. Fiscal consolidation measures are expected to be adopted as soon as growth is back to pre-COVID-19 levels.

**19. We have phased out all pandemic tax relief measures, while staying the course on reforms to strengthen our revenue administration.** All COVID-19-related tax relief measures have been phased out, including the PAYE tax exemption for employees earning up to RWF 150,000 in private schools and companies operating in the tourism and hotel sectors, which was extended beyond the initial deadline of September 2020 to December 2020. RRA has also accelerated the adoption of IT during the COVID-19 pandemic period where physical contact has been a challenge. Most taxpayer services are now offered electronically, including requests for transfer of assets, motor vehicle services, and EBM services. RRA has also disseminated phone and e-mail contacts for taxpayer support.

**20. Tax measures under our MTRS-1 will help lay the foundations of the planned post-COVID-19 fiscal consolidation.** We are considering a set of tax policy measures yielding about 0.48 percent of GDP and aimed at (i) restructuring the PIT rate schedule to provide relief to taxpayers from the impact of inflation over the last 15 years and improve progressivity; (ii) implementing a wide range of CIT reforms comprising rate reduction, full expensing and indefinite allowability of carry forward of business losses, elimination of tax incentives (with capped grandfathering), and the introduction of a minimum alternative tax (MAT) with the provision of MAT credit in subsequent years; (iii) switching to specific rates of excise duties and reviewing them; and (iv) providing incentives under the VAT in the form of rebates for enhanced use of EBMs. MTRS-1 also includes tax administration measures yielding about 0.52 percent of GDP and aimed at (i) fostering voluntary compliance in domestic tax and customs with improved taxpayer services; and (ii) strengthening tax compliance in high-risk sectors such as large businesses and the manufacturing sector. Policy measures to support the recovery by providing relief to taxpayers such as the adoption of a more progressive PIT and more consistent payment of VAT refunds together with administrative measures to enhance taxpayer services, are expected to be implemented in FY21/22. Other measures involving excise taxes and the CIT will be implemented in subsequent fiscal years and will help mobilize additional revenues in the short and medium term.

**21. We are strengthening our tax policy capacity through the creation of a new Tax Policy Directorate General under the Ministry of Finance and Economic Planning.** The Cabinet approved a new structure for the Ministry, recognizing the important role played by tax policy. As a result, the number of staff dedicated to this function increased from two to six with the creation of a separate directorate general. The new directorate will advise the Minister on all tax policy related matters, monitor the implementation of MTRS 1, propose changes in tax legislation, and undertake research and modeling activities to better inform policy.

**22. We have made steady progress in the quantification, reporting, and management of fiscal risks, especially from SOEs.** A health-check assessment of SOEs, including some initial mitigation options and stress tests, was finalized in May 2021 (end-May RT). A summary of the outcome and mitigation options of this assessment was included as part of our latest published Fiscal Risk Statement (FRS). We plan to perform additional stress tests to be finalized by end-December 2021. Informed by these tests, we will refine the mitigation options under our FRS during FY21/22 by including measures to limit government exposure to distressed SOEs and any of their shareholders with the aim of reducing their future impact on the budget. With Fund TA support, our FRS was also expanded to include additional information on contingent liabilities from public-private partnerships (PPPs), as part of on-going efforts to improve the accounting and reporting of those entities. To be aligned with the budget cycle, the FRS preparation and publication has been brought forward. Our second FRS was discussed by the Fiscal Risk Committee (FRC) in May and presented for approval to the Economic Cluster of the Cabinet by end-May ahead of the submission of the Budget to Parliament. We believe that these improvements will help us identify in advance fiscal risks from SOEs, engage them in finding a solution and, if necessary, provision resources in the following budget revision without endangering the agreed fiscal path. Our current medium-term fiscal projections already include some provisions. We have also strengthened the legal basis for our

fiscal risk framework by including some of its key elements such as the mandate and composition of the FRC and publication timeline of the FRS in the revised Law of State Finances and Property (Organic Budget Law) to be submitted to Cabinet by end-June 2021 and approved by Parliament by end-December 2021.

**23. We will continue to take further steps towards shoring up our fiscal risk management capacity and oversight.** We will seek to expand our annual FRS to include selected PPPs based on their size and risk exposure using the IMF-World Bank Public Fiscal Risk Assessment Model (PFRAM) and submit outcomes and mitigation policies to the FRC by end-April 2022 (proposed new RT), also to be summarized in the FY22/23 FRS. Consistent with Fund TA recommendations, we plan to further support risk mitigation in the SOE sector by submitting an SOE Ownership Policy to Cabinet by end-June 2021 and publishing it by end-December 2021. The published policy will provide the Government Portfolio Management Unit (GPMU) with a formal mandate to manage SOEs, and further extend its oversight to subsidiary companies. We also plan to clear the backlog of unaudited Financial Statements for FY17/18 and FY18/19 and require all SOEs to publish their annual financial statements annually and to provide forecasts of their income statements and balance sheets by end-May 2022.

**24. We have made significant strides in the transition of our fiscal accounts to GFSM 2014 and improvement of their coverage.** We have continued our compilation efforts to increase the coverage of our annual government finance statistics and financial balance sheet in GFSM 2014. We plan to start disseminating annual historical data spanning FY16/17-FY19/20 on consolidated government finance statistics for public corporations, general government, and the non-financial public sector (NFPS) by end-December 2021 (new RT). We plan to expand this historical series by one more fiscal year and publish it every year by December thereafter. With respect to financial balance sheets, our plan is to publish by end-December 2022 annual financial balance sheets for the general government, including RSSB, and for public corporations five quarters after the end of any given fiscal year (i.e. by December), starting with FY20/21. In December 2020 (Q1 FY20/21), we started to produce quarterly budget execution report for the general government excluding RSSB using GFSM 2014. Our efforts to abide by good practices in transparent fiscal reporting will be sustained as we are also working to reduce the lag in reporting for some entities under the general government to be able to start the publication of quarterly budget execution reports covering the entire general government by March 2023 (new RT).

**25. We remain committed to the transparency and sustainability of RSSB's finances.** As advanced in the program statement for the 3<sup>rd</sup> review of the PCI, RSSB has undergone important statutory, managerial, and strategic changes since last year, while managing the impact of the COVID-19 pandemic. These changes will be critical to reinforce the transparency and sustainability of all RSSB's schemes. The institution was officially granted autonomy in February 2021 and, under a new management, started a process of organizational restructuring and continued IT modernization. As it was also indicated in our previous program statement, RSSB has approved a new strategic plan for the period 2020-25. Under this plan, all RSSB schemes are subject to wider and on-going reviews. A review of the optimal asset allocation, an RT under the program and originally set for

end-June 2020, was to be part of, and informed by, some of these assessments. Reflecting the longer timeline to complete this broader review and the need to ensure the optimal asset allocation review benefitted from appropriate expert advice, we had requested at the 3<sup>rd</sup> PCI review for the RT to be delayed until end-June 2021. Since then, we have managed to complete actuarial studies for RSSB's Pension and Medical Schemes and Sustainability Studies of CBHI and *Ejo Heza*, whose completion prior to the asset allocation review was critical. However, RSSB's management has also come to realize that the magnitude and importance of the asset review and some of the other on-going reviews would require the services of an advisory firm with an international reputation. RSSB is now in the process of recruiting such firm by conducting introduction meetings of interested firms and a final selection is due by end-June 2021 (new RT). The hired advisory firm is expected, among other things, to conduct a review of the asset allocation, provide recommendations aligned with RSSB's strategic plan, assist in the implementation of the recommendations to achieve the proposed targets, and build capacity. The advisory firm is expected to conclude the review six months after the start of its contract and is expected to be hired for an additional 12 months (renewable if needed) thereafter to support the implementation of the review's recommendations. Against this background, we would like to request for the asset allocation review RT to be reset for end-December 2021.

**26. Rwanda's external and overall PPG debt remains sustainable at a moderate risk of debt distress.** As of end-2020, the stock of PPG debt stood at 71.3 percent of GDP, with most of the debt (52.5 percent) being contracted in foreign currency and at concessional terms. Going forward, our main priority remains to recover from the impact of the pandemic, while keeping debt at sustainable levels. To this end, we will continue to maximize concessional borrowing, with non-concessional borrowing limited to cases where grants or concessional resources are unavailable. In addition, given the approaching maturity of the US\$400 million Eurobond, we are actively exploring different options that will help to mitigate the refinancing risk in 2023. With regards to domestic debt, we intend to resume issuing T-bonds to promote depth and liquidity in the government bond market over time. We will improve further our analysis of debt guarantees, through the application of scenario analysis tools designed to assist with the assessment of credit risk of new and outstanding loan guarantees. This practice will provide comprehensive information on the government's debt and guarantees to SOEs based on international best practice in debt transparency.

**27. We remain committed to a transparent use of public resources.** Our procurement practices are carried out in accordance with the Law Governing Public Procurement and our E-procurement system. The E-Procurement system provides publicly available information on all awarded government contracts, including the name of companies that participated in the tender, each initial bid, the name and price of the winning bid, the total amount of the contract, and the delivery period. Moreover, following our Organic Budget Law, the Office of the Auditor General, whose independence is enshrined in the Constitution and Law, audited all government expenditures and procurement tenders for FY19/20, including those linked to the pandemic, and made public his findings on April 30, 2021. Beneficial ownership information for companies that have been awarded COVID-19-related government contracts can be made available upon request as part of strengthening the public procurement system.

## C. Monetary and Exchange Rate Policies

**28. We will continue to keep monetary policy data dependent.** We remain committed to closely monitoring price and macroeconomic developments given the uncertainties surrounding the duration and impact of the pandemic. For this purpose, the NBR will continue to strengthen the implementation of the forward-looking monetary policy framework through several initiatives. These initiatives include strengthening economic analysis, research, modelling and forecasting capabilities to support monetary policy decisions; enhancing policy communication to anchor the expectations of economic agents, deepening financial markets by developing the interbank market, and broadening the investor base in government securities. Other enablers include timely production of high frequency economic indicators, market surveys, and market intelligence.

**29. We remain committed to building FPAS capacity to support our interest-based monetary policy framework.** We continue to build analytical capacity to inform monetary policy decisions through enhanced modeling and forecasting tools. High uncertainty about the outlook for output and inflation amidst the COVID-19 pandemic stresses the importance of a properly functioning FPAS for the monetary policy decision-making process. With support from IMF TA, we are working towards strengthening the role of sectoral experts in the forecasting process, refining the design and implementation of alternative model scenarios, and shaping external communication. To enhance the FPAS process, we will prepare forecast and model manuals subject to periodic review and continue publishing the date for MPC meeting, at least two months ahead.

**30. We have taken steps to strengthen our repo market and are committed to maintaining the reform momentum in this area.** Since November 2020, we have upgraded the repo market infrastructure to allow for change of ownership during repo transactions. Measures to roll out the Global Master Repurchase Agreement (GMRA) are ongoing: following consultation with the Capital Market Authority and the Rwanda Stock Exchange, we expect to sign a cooperation agreement with the World Bank/IFC by end-June to launch a legal assessment aimed at identifying gaps in the regulatory framework, together with recommendations on addressing them. The assessment will review national laws to determine whether they accommodate the standard GMRA, or whether a Rwandan annex is needed. We expect the assessment to be completed and a report to be produced by end-November 2021, and thus propose to update the scope and timing of the original RT accordingly. The cooperation agreement with the World Bank/IFC will also include a study on the regulatory aspects and feasibility of extending true repo to non-bank financial institutions. We propose to set the completion of the study as a new RT for March 2022. We expect the GMRA to be rolled out by June 2022, once training of market participants on all aspects of GMRA terms has been completed and all banks have signed the GMRA.

**31. We will continue pursuing financial markets deepening and further strengthening monetary policy transmission.** Interbank market activity has increased relative to 2019, although a decline in the volume and value of transactions was observed since October 2020 owing to relatively low excess reserves held by banks, in line with sluggish economic activity and reduced cash flow from deferred loan repayments. The primary bond market continues to operate despite the

pandemic, with seven new bonds issued and eight bonds reopened in 2020 at an average subscription of 154.8 percent reflecting sustained investor appetite for government securities. To expand the investor base, we have been conducting sensitization campaigns targeted at retail investors, whose participation in the government's securities market should also benefit from the rollout of the electronic subscription platform for government securities (end-June 2021 RT). The secondary bond market was active, with the number of deals and the turnover of traded bonds increasing by 10.9 and 62.3 percent y/y in 2020.

**32. We are committed to exchange rate flexibility in line with the monetary policy framework.**

As the exchange rate is the first line of defense against external shocks, we will only intervene on the foreign exchange (FX) market to minimize excessive exchange rate volatility. Following the lifting of the lockdown in June, high FX demand from the resumption of economic activity created FX pressure, prompting an increase in NBR's FX sales to banks to US\$381.8 million in 2020, against US\$282.5 million in 2019. Pressures on the FX market have abated from December owing to subdued activity and FX demand following the tightening of restrictions and the three-week lockdown in Kigali in January. However, we expect pressures to emerge in 2021 as the economy recovers, supported by the vaccine rollout.

## D. Financial Sector Policies

**33. We continue to closely monitor risks to the financial sector.**

The high level of restructured loans is indicative of a potential uptick in NPLs and loan loss provisions going forward. Although 51 percent of restructured loans at end-December 2020 have resumed repayment following the expiration of the moratorium period, uncertainties surrounding the outlook do not preclude a deterioration of borrowers' ability to pay. To monitor and address risks to the financial sector, we are conducting a systematic review of credit risk across all institutions based on offsite supervision and onsite visits. Supervision will focus on investigating the proper implementation of the June 2020 guidelines, including scrutinizing banks' assessment of borrowers' likeliness to pay and examining whether they are implementing proper classification and timely recognition and provisioning of problem loans. We are also assessing banks' operational resilience and business continuity management and have started compiling more granular data to assess the extent and impact of COVID-19-related loan restructuring by MFIs. We continue to perform stress tests to monitor for early signs of distress. Our latest credit risk stress testing considered the effect of restructured loans on NPLs and banks' solvency positions, with results under the baseline shock indicating that two banks (including one D-SIB) would fall below the prudential capital requirement and necessitate the utilization of the capital conservation buffer.

**34. We are considering measures to safeguard the soundness of the financial sector going forward.**

We have announced the suspension of 2020 dividend distribution in banks, microfinance institutions and insurance companies and are considering new policy measures on pandemic-related loan restructuring by end-June 2021 to preserve financial stability. We are also conducting a study on the sectoral impact of COVID-19 to inform policy interventions to support severely affected sectors. With regards to strengthening the financial stability safety net, the Deposit Guarantee Fund

(DGF) has been operational since November 2016. We have sought for IMF technical assistance with regards to strengthening the crisis management framework following the FSSR.

**35. We are staying the course toward a cashless economy and a more inclusive financial system.** The number of people saving through “*Ejo Heza*”, the long-term saving scheme sponsored by government, increased from 127,768 in December 2019 to 789,981 in December 2020 (the value of savings increased from RWF 1.3 billion to RWF 9.7 billion). The payment interoperability project, aimed at supporting the cashless agenda, is progressing with the first use case on “person-to-person” transfers expected to go live in September 2021. The automation of *Umurenge* Savings and Credit Cooperatives (SACCO) business operations is expected to be completed by end-December 2021, and data cleaning is on-going. The COVID-19 pandemic and associated containment measures also played a catalytic role in the adoption of digital payments as customers, merchants, and financial service providers sought safe means of payment to prevent the spread of the virus as well as flexibility to ensure business continuity amid disruptions and social distancing. As a result, the volume of mobile money transactions increased by 85 percent from 378.8 million (worth RWF 2,349 billion) in 2019 to 701 million (worth RWF 7,177 billion) in 2020. To sustain the digital payment momentum, we have commissioned a study investigating consumer and merchant payment behavior and the challenges to digital payment adoption. This includes understanding and assessing the reasonableness of the pricing of payment services offered by banks and non-banks, and determining the optimal pricing of payment services that would support further digital adoption by consumers and merchants while also preserving the business sustainability of digital payment providers. The study will leverage micro-data on payment choices and the cost of payment services to inform policy interventions (end-December 2021 RT).

## E. Structural Policies

**36. We are working diligently to mitigate the social impact of, and scars from, the pandemic.** We acted swiftly to scale up social safety nets, including emergency transfers, under our social protection system in the wake of the COVID-19 pandemic. Our ERP further refined and strengthened our response to support vulnerable households and boost employment, including by improving the coverage and targeting of social protection. We worked tirelessly and succeeded in restoring access to critical health, especially childhood immunization and nutrition services, temporarily disrupted by lockdown policies and other social distancing measures. To avoid any future prolonged closure in schools, we have, with support from the World Bank and other development partners, frontloaded the construction of public schools, among other things, to ensure social distancing and other required public health standards are properly met. While the long-term effects of school closures and healthcare disruptions are difficult to assess at this stage, the government is committed to continue investing in improving the quality of Rwanda’s education, healthcare, and social protection systems.

**37. We are fine-tuning our growth strategy under NST-1 to ensure a sustainable and inclusive recovery.** While continuing to see opportunities in tourism for growth and job creations, especially Meetings, Incentives, Conventions, and Exhibitions (MICE) tourism, we are stepping up our

interventions to support the manufacturing sector in tandem with the recovering global demand. In addition to previously discussed tax incentives and greater access to finance through our revamped ERF, measures include improving access to utilities and better infrastructure. The aim is to support the industry to produce at full capacity, with a special focus on scaling up investments of manufacturers that can substitute imports, such as in light manufacturing, agricultural processing, and construction materials. Rehabilitation of infrastructure damaged by heavy rains and severe flooding in 2020, such as dams, reservoirs, and irrigation canals, are progressing, and Rwanda aims to build more climate-resilient water management infrastructure with collaboration with the private sector. With support from the World Bank and other development partners, we are also reviewing our medium-term public investment priorities to account for the need to close large infrastructure gaps while scaling up investment in health, education and other social sectors critical to accelerate productivity gains and generate higher and more inclusive growth.

### III. PROGRAM MONITORING

**38. Progress in the implementation of the policies under this program will be monitored through QTs, including an MPCC, continuous targets and RTs.** These are detailed in Tables 1 and 2, with definitions provided in the attached Technical Memorandum of Understanding.

**Table 1a. Rwanda: Quantitative Targets, June – December 2021**

	end-June 2021		end-Dec. 2021
	Prog.	Rev. Prog.	Prog.
(Billions of Rwandan francs, unless otherwise indicated)			
<b>Half-yearly Quantitative Targets<sup>1</sup></b>			
1. Ceiling on the debt-creating overall balance, including grants <sup>2</sup>	-884	-927	-506
2. Floor on stock of Net Foreign Assets	746	1,024	835
3. Ceiling on flow of net accumulation of domestic arrears	0	0	0
<b>Continuous Targets</b>			
4. Ceiling on stock of external payment arrears (US\$ million)	0	0	0
5. Ceiling on present value (PV) of new public and publicly guaranteed external debt <sup>3</sup> (US\$ million)	485	1,149	1,149
<b>Monetary Policy Consultation Band<sup>1,4</sup></b>			
<i>CPI Inflation target</i>			
Inflation, upper inner-bound, percent	5.0	5.0	5.0
Inflation, lower inner-bound, percent	8.0	8.0	8.0
Inflation, upper bound, percent	2.0	2.0	2.0
Inflation, lower bound, percent	9.0	9.0	9.0
Inflation, upper bound, percent	1.0	1.0	1.0
<b>Memorandum items:</b>			
Total priority spending <sup>2</sup>	520	520	740
Floor on domestic revenue collection <sup>2,5</sup>	1,687	1,739	914
Stock of new external debt contracted or guaranteed by nonfinancial public enterprises (US\$ million)	700	700	700
Total budget support (US\$ million) <sup>2</sup>	777	711	370
Budget support grants (US\$ million)	308	284	174
Budget support loans (US\$ million)	469	427	196
PV of budget and project loans dedicated to COVID-19 vaccine interventions (US\$ million) <sup>2,6,7</sup>	...	30	30
Budget and project grants dedicated to COVID-19 vaccine interventions (US\$ million) <sup>2,6</sup>	...	4	42
Total spending dedicated to COVID-19 vaccine interventions <sup>6</sup>	...	17	65
RWF/US\$ program exchange rate	937	972	972

Sources: Rwandan authorities and IMF staff estimates and projections.

<sup>1</sup> All items including adjusters are defined in the Technical Memorandum of Understanding (TMU).

<sup>2</sup> Numbers are cumulative from June 30, 2020 for the end-June 2021 targets; and from June 30, 2021 for the end-December 2021 targets.

<sup>3</sup> End-June 2021 and end-December 2021 ceilings are cumulative from the beginning of calendar year 2021.

<sup>4</sup> When the end-of period year-on-year average inflation is above/below the outer band of the upper/lower bound, a formal consultation with the Executive Board would be triggered.

<sup>5</sup> Floor is adjusted to exclude UN peace keeping operations, in line with the TMU.

<sup>6</sup> COVID-19 vaccine interventions are measures associated with the COVID-19 vaccination campaign (e.g. vaccine procurement and distribution) as defined in the TMU.

<sup>7</sup> This includes USD 34 million of budget loan from AFD with a grant element of 33 percent and USD 15 million of project loan from the World Bank/IDA with a grant element of 53 percent.

**Table 1b. Rwanda: Standard Continuous Targets**

- Not to impose or intensify restrictions on the making of payments and transfers for current international transactions.
- Not to introduce or modify multiple currency practices.
- Not to conclude bilateral payment agreements which are inconsistent with Article VIII.
- Not to impose or intensify import restrictions for balance of payment reasons.

**Table 2. Rwanda: Reform Targets, June 2021 – March 2023**

<b>Actions</b>	<b>Target Date</b>	<b>Objective</b>	<b>Comments</b>
<b>Fiscal</b>			
Select advisory firm to conduct a review of RSSB asset allocation	end-June 2021	Improve resource efficiency	New
Automating the risk based verification process for refund claims.	end-Oct. 2021	Improve DRM	Reset from end-Dec. 2020
Conduct a review of RSSB asset allocation and submit the associated report to RSSB management.	end-Dec. 2021	Improve resource efficiency	Reset from end-Jun. 2021
Publication of consolidated fiscal statistics for public corporations, the general government, and the non-financial public sector for FY 16/17 through FY 19/20	end-Dec. 2021	Improve fiscal transparency/PFM	New
Conduct a fiscal risk assessment of public-private partnerships and submit the outcome and mitigation options to the fiscal risk committee.	end-Apr. 2022	Improve fiscal transparency/PFM	New
Expand the coverage in quarterly fiscal reporting in GFS 2014 to include the whole general government (i.e. including RSSB).	end-March 2023	Improve fiscal transparency/PFM	New
<b>Monetary and Financial</b>			
Introduce a platform for issuing government securities using mobile phones.	end-Jun. 2021	Deepen financial markets	On track
Conduct a legal assessment to identify gaps in the regulatory framework for true repo ahead of Global Master Repurchase Agreement (GMRA) rollout.	end-Nov. 2021	Support new monetary policy framework	Reformulated and reset from end-Jun. 2021
Produce a study on consumer and merchant payment behavior and the pricing of digital payment services leveraging micro-data.	end-Dec. 2021	Deepen financial markets	Reformulated
Conduct a study on the regulatory aspects and feasibility of extending true repo to non-bank financial institutions ahead of GMRA rollout.	end-Mar. 2022	Support new monetary policy framework	New
Provide capacity building on all aspects of GMRA terms to market participants and secure the signing of the GMRA by all banks as a final step in the operationalization of the GMRA	end-Jun. 2022	Support new monetary policy framework	New

Table 3. Rwanda: Summary of the External Borrowing Program<sup>1</sup>

	July-December 2020				January-December 2021			
	Program (3 <sup>rd</sup> Review)		Actual		Program (3 <sup>rd</sup> Review)		Program (4 <sup>th</sup> Review)	
	Nominal	PV	Nominal	PV	Nominal	PV	Nominal	PV
(Millions of USD)								
<b>By sources of debt financing</b>	<b>1,374</b>	<b>821</b>	<b>446</b>	<b>229</b>	<b>886</b>	<b>485</b>	<b>1,675</b>	<b>1,149</b>
<b>Concessional debt, of which<sup>2</sup></b>	<b>1,106</b>	<b>592</b>	<b>342</b>	<b>151</b>	<b>814</b>	<b>433</b>	<b>319</b>	<b>150</b>
Multilateral debt	1,040	574	235	109	790	418	272	122
Bilateral debt	66	18	106	42	24	16	47	28
Other	0	0	0	0	0	0	0	0
<b>Non-concessional debt, of which</b>	<b>268</b>	<b>229</b>	<b>105</b>	<b>78</b>	<b>72</b>	<b>52</b>	<b>1,356</b>	<b>999</b>
Semi-concessional <sup>3</sup>	132	93	105	78	72	52	1,208	852
Commercial terms <sup>4</sup>	136	136	0	0	0	0	148	148
<b>By Creditor Type</b>	<b>1,374</b>	<b>821</b>	<b>446</b>	<b>229</b>	<b>886</b>	<b>485</b>	<b>1,675</b>	<b>1,149</b>
Multilateral	1,172	667	340	187	832	449	1,279	837
Bilateral - Paris Club	66	18	106	42	50	34	204	133
Bilateral - Non-Paris Club	0	0	0	0	4	3	45	31
Other	136	136	0	0	0	0	148	148
<b>Uses of debt financing</b>	<b>1,374</b>	<b>821</b>	<b>446</b>	<b>229</b>	<b>886</b>	<b>485</b>	<b>1,675</b>	<b>1,149</b>
Infrastructure	992	556	320	161	509	296	1,269	879
Social Spending	51	32	72	34	0	0	120	71
Budget Financing	331	233	55	35	377	189	286	199
Other	0	0	0	0	0	0	0	0

Sources: Rwandan authorities and IMF staff estimates and projections.

<sup>1</sup> Contracting and guaranteeing of new debt. The present value of debt is calculated using the terms of individual loans and applying 5 percent program discount rate.

<sup>2</sup> Debt with a grant element that exceeds a minimum threshold of 35 percent.

<sup>3</sup> Debt with a positive grant element which does not meet the minimum grant element.

<sup>4</sup> Debt without a positive grant element.