

**FOR  
AGENDA**

**ARCHIVES  
ROOM IS11-400      0451**

EBS/00/264  
Correction 1

CONFIDENTIAL

December 18, 2000

To:            Members of the Executive Board

From:         The Secretary

Subject:      **Rwanda—Staff Report for the 2000 Article IV Consultation and  
Requests for the Third Annual Arrangement Under the Poverty  
Reduction and Growth Facility and for Extension of Commitment  
Period**

The following corrections have been made in EBS/00/264 (12/12/00):

**Page 4, line 4:** for “10.8 percent” read “10.9 percent”

**Text table title:** for “1996–2004” read “1997–2004”  
**line 4, column 5:** for “7.4” read “6.8”  
**line 9, column 8:** for “10.8” read “10.9”

**Page 16, para. 34, line 2:** for “10.8” read “10.9”

**Pages 33, 80, and 90:** revised

**Pages 34, 83, and 91, under Timing, line 10:** for “September 2001”  
read “November 2001”

**Pages 35 and 92:** revised

**Pages 36 and 37:** revised

**Page 39, under Memorandum items, line 2, column 8:** for “-7.1” read “-9.5”

**Page 41:** revised

**Page 52, para. 23, line 2:** for “10.8” read “10.9”

Corrected pages are attached.

Att: (16)

Other Distribution:  
Department Heads

### EXECUTIVE SUMMARY

- In the context of a generally successful reconstruction and economic reform effort since the 1994 Genocide, Rwanda continued to make progress in macroeconomic stabilization and structural reforms in the 1999/2000 program, although not without some slippages and delays. With respect to performance criteria for the second review of the second annual arrangement under the PRGF (which expired on November 18, 2000 without completion of the review), a number of them were not met, partly on account of capacity constraints and some exogenous shocks. A revenue shortfall was only partially offset by expenditure cuts and that affected performance vis-à-vis a number of performance criteria. However, social/antipoverty spending was close to target, and defense spending was contained at the programmed amount. Domestic arrears were accumulated, and monetary policy was looser than targeted.
- An investigation of past domestic arrears shows that there may be up to RF 27 billion (about 4 percent of GDP) in hitherto-unidentified arrears from earlier periods, including a large amount from before and during the 1994 war. Of these, RF 2.3 billion—the amount incurred in 1998 and 1999 during the ESAF-supported program—have been verified. The government will begin shortly implementation of a quarterly program to eliminate the verified arrears by end-2002. A third party will carry out audits of claims not recognized by the government to identify any further valid obligations.
- Retrenchment and regularization continued in the public service payroll, but the implementation of the new civil service organizational structures has experienced delays. About two-thirds of the targeted offers for sales of companies were carried out, but the preparation for privatization of utilities and tea factories lagged. A new functional budget classification was adopted for the 2001 budget preparation and a medium-term expenditure framework, while the organic budget law and a public accounts law were submitted to parliament, though with some delay. The Auditor General initiated audits of five ministries, but did not meet the completion deadline. Progress continued to be made in bank supervision and restructuring; however, there was no improvement in the legal environment for recovery of nonperforming loans.
- The medium-term macroeconomic strategy of the authorities aims to take the necessary steps to successfully graduate from excessive reliance on donor funds, arrest the deterioration in debt sustainability indicators, and thus decrease uncertainty about the sustainability of macroeconomic stability and start putting in place the conditions for eventually integrating Rwanda into international capital markets. In this context, the authorities will aim to reduce the fiscal deficit from 9.6 percent of GDP in 2001 to about 7.8 percent by 2004, mainly on the basis of steps to increase the now very weak revenue performance. However, the scenario shows that, despite a projected improvement of the current account, debt sustainability will still only come about if the share of grants in total financing is substantially larger than the historical trend for a number of years.
- The authorities have taken measures in the last quarter of 2000 to attain a primary fiscal deficit for 2000 close to the program target and to avoid a weakening of the initial conditions for the program for the coming year. In 2001, they will limit the

overall fiscal deficit to 9.6 percent of GDP and achieve a primary fiscal surplus of 0.2 percent of GDP. Attainment of the 2001 fiscal targets would involve important revenue measures that are projected to improve revenues by about 0.6 percentage point of GDP to 10.9 percent of GDP. The authorities have committed to containing total government expenditure at 20.5 percent of GDP, compared with a revised projection of 19.6 percent of GDP in 2000. Military spending will be reduced to 3.2 percent of GDP in 2001 (from 3.8 percent in 2000), and antipoverty spending will increase to 4.9 percent of GDP (from 4.1 percent in 2000). Capital expenditure would increase in 2001 to 7.6 percent of GDP from 7 percent in 2000.

- The monetary program for 2001 is consistent with a 6 percent real GDP growth, 3 percent inflation, and a significant acceleration of bank credit to the private sector. To ensure meeting its monetary targets, the National Bank of Rwanda (NBR) will make more active use of its sterilization instruments. It will also introduce foreign exchange auctions so as to ensure market determination of the exchange rate.
- The authorities will continue with the planned strengthening of bank supervision; improve the recovery of loans; and address weaknesses of microfinance. They will continue implementing the civil service reform strategy, and the civil servants' code will be adopted. The government will offer 51 percent of Rwandatel to a strategic investor and put Electrogaz under private management during 2001. In the budget area, high priorities are to strengthen the Rwanda Revenue Authority's performance, improve expenditure monitoring, and prepare financial instructions to promote effective expenditure control. In the area of governance, the government has committed itself to strengthening the office of the Auditor General and carrying out the planned audits; improving tendering procedures; taking stock of all extrabudgetary funds, projects, and transactions and including them in the budget; establishing a commercial court and a tax court; and reviewing exemptions from taxes, with a view to minimizing them.

Rwanda: Selected Economic and Financial Indicators, 1997–2004											
	1997	1998		1999		2000		2001 Prog.	2002	2003 Proj.	2004
		Prog.	Est.	Prog.	Prel. Est.	Prog.	Prog. Rev.				
	(Annual percentage changes, unless otherwise indicated)										
Real GDP growth	12.8	6.7	9.5	5.0	5.9	5.0	5.2	6.0	6.4	6.4	6.5
Consumer prices (period average)	11.7	11.0	6.8	-2.5	-2.4	3.0	4.0	3.0	3.0	3.0	3.0
Broad money	47.5	17.3	-3.9	5.0	6.6	8.2	6.3	7.7	...	...	...
Gross official reserves (in months of imports)	5.5	6.0	6.1	7.3	6.8	6.7	6.8	7.0	6.6	6.4	6.2
	(In percent of GDP, unless otherwise indicated)										
Overall balance (payment order)											
Including grants	-2.4	-5.6	-2.9	-5.4	-3.9	-5.8	-5.5	-4.9	-3.8	-3.0	-2.6
Excluding grants	-9.2	-13.7	-8.1	-9.8	-9.9	-11.2	-9.3	-9.6	-8.6	-8.2	-7.8
Primary fiscal balance	0.3	-0.2	0.0	-0.7	-2.2	0.1	-0.1	0.2	0.8	1.0	1.0
Government revenue	10.3	10.7	10.4	10.5	9.8	10.7	10.2	10.9	11.7	12.2	12.6
Government expenditure and net lending	19.5	24.3	18.6	20.3	19.7	21.9	19.6	20.5	20.3	20.4	20.4
<i>Of which:</i> military spending	4.1	3.8	4.3	4.0	4.2	3.7	3.8	3.2	2.9	2.6	2.3
social spending (current)	2.5	3.1	2.8	3.7	3.9	3.9	4.1	4.9	5.5	6.1	6.9
exceptional social spending	0.2	1.6	0.9	1.3	1.2	1.8	1.5	1.5	1.2	0.8	0.5
External current account balance	-17.3	-20.1	-16.9	-15.8	-15.3	-16.7	-16.8	-14.7	-13.4	-12.1	-10.7

6 percent; (b) maintaining inflation at about 3 percent; (c) reducing the external current account deficit to 14.7 percent of GDP; and (d) maintaining gross international reserves at 7 months of imports.<sup>12</sup>

### **Fiscal policy**

32. **The government is persuaded of the need to achieve the fiscal deficit targets for 2000 to avoid a weakening of the initial conditions for the program for 2001.** It is, therefore, making efforts to restrain nonsocial expenditure and to contain the revenue shortfall through revenue measures taken in November–December 2000. These revenue measures (see MEFP, Box 1) could help achieve a primary fiscal balance (-0.1 percent of GDP), very close to the one envisaged under the program for 2000 (0.1 percent of GDP).<sup>13</sup> It is expected that the envisaged measures will help contain the shortfall of revenue from the program target at about 0.5 percent of GDP, and total revenue could amount to 10.2 percent of GDP in 2000. To meet the revised primary fiscal deficit target, the government has committed itself to restraining expenditures below the program target in the areas of purchases of goods and services in the nonsocial sectors and domestically financed capital expenditure. As exceptional social expenditures and foreign-financed capital expenditures are also expected to be lower than under the program, the overall fiscal deficit in 2000 is projected to amount to 9.3 percent of GDP, compared with a programmed deficit of 11.2 percent of GDP. The authorities have also confirmed their commitment to reducing domestic arrears as envisaged under the program, and to prevent any loosening of the monetary policy stance.

33. **The overall fiscal deficit (excluding grants) for 2001 will be limited to 9.6 percent of GDP, and the primary surplus will amount to 0.2 percent of GDP,** in order to allow for a significant increase in credit to the private sector, support the projected decline in the external current account deficit, and contain the deterioration in debt sustainability indicators. While a more ambitious fiscal stance in 2001 could potentially avoid any deterioration in debt sustainability indicators, it would not be consistent with the need to accommodate an up-front large increase in antipoverty/social spending and/or with the cautious projections about the improvement of revenue performance expected from the envisaged measures. Moreover, the deficit target for 2001 is compatible with possible external financing. The government has identified contingency measures in the areas of fiscal revenue and nonsocial expenditure that would yield RF 3 billion, to be taken in the event of fiscal revenue shortfalls or expenditure overruns in the course of 2001.

---

<sup>12</sup> Output growth in 2001 is predicated on a return of normal weather conditions, improved confidence due to inter alia the decision to provide debt relief through HIPC, a large increase in the growth of credit to the private sector, and an increase in government expenditure.

<sup>13</sup> Program numbers in this paragraph refer to the ones agreed under the first review of the second annual PRGF (EBS/00/143; 7/17/00).

34. **A fundamental building block of the 2001 budget is the envisaged increase in revenue as a percent of GDP** from 10.2 percent now targeted for 2000 to 10.9 percent in 2001. Several measures are to be taken to achieve this goal (see MEFP, Box 2). Customs duty collection is to be improved by reducing undervaluation, corruption, and smuggling. Tax collections from large companies are to be increased by accelerating and strengthening the process of tax auditing, reassessment and collection. The proceeds from the presumptive tax from small and medium-sized enterprises would be increased by, inter alia, raising the rate from 2 percent to 5 percent of annual turnover and using withholding practices and payment compliance targets for the Rwanda Revenue Authority (RRA). Excise tax collection would be improved by, inter alia, implementing a revised petroleum pricing mechanism and measures to address tax evasion and smuggling. The tax base is to be broadened by replacing the turnover tax (ICHA) with a value-added tax (VAT) on January 1, 2001.<sup>14</sup> Nontax revenue performance would be ameliorated by collecting what is due in the form of dividends and fees, and by adjusting the latter to the current price level, given they were last adjusted in 1980.

35. **Another important goal of the 2001 budget is to significantly increase expenditures with the greatest antipoverty impact** while containing total government expenditure at 20.5 percent of GDP, compared with a revised projection of 19.6 percent of GDP for 2000. Antipoverty spending is envisaged to increase to 4.9 percent of GDP in 2001 from 4.1 percent in 2000. This increase is in part made possible by the expected interim assistance under the HIPC Initiative (estimated at about 1.5 percent of GDP in 2001). The government has sought to arrive at a more accurate and broader definition for social/antipoverty spending by including only those current expenditures by the Ministries of Education and Health that are important for poverty reduction,<sup>15</sup> while adding to the definition other expenditures with a significant effect on the welfare and earning capability of the poor, such as in the areas of water and sanitation, rural development and infrastructure, human settlement, gender programs, and youth job creation.<sup>16</sup> The government has also worked to identify the ways in which these expenditures and their impact will be monitored under the program (see paragraph 51). Moreover, it has identified priority programs on which any additional external financing beyond the programmed amounts may be spent, in close consultation with the staffs of the Fund and World Bank.

---

<sup>14</sup> To ensure revenue neutrality, the government intends to strictly implement the VAT and stands ready to increase the rate from 15 percent if receipts are lower than expected.

<sup>15</sup> For example, in both the Ministries of Education and Health the new definition now excludes expenses of the office of the minister and other administrative expenses, while it incorporates expenses on a number of specialized programs (e.g., AIDS education and research on retroviral infections).

<sup>16</sup> Social spending according to the previously used definition (which included only current expenditure by the Ministries of Education, Health, Gender, and Youth and Sports) would also increase from 4.1 percent of GDP in 2000 to 4.9 percent of GDP in 2001.

Table 2 Rwanda Quantitative Performance Criteria and Benchmarks Under the Second and Third Annual PRGF Arrangements, 1999-2001  
(In billions of Rwanda francs, unless otherwise indicated)

	1999		2000				2001			
	Sep	Dec *	Mar	Jun	Sep *	Dec.	Mar *	Jun	Sep *	Dec.
	PRGF II									
	PRGF III									
	(Performance criteria, on test dates <sup>1</sup> , and quantitative benchmarks)									
Net foreign assets of the NBR (floor on stock) 1:										
Actual (program exchange rate)	22.8	25.5	23.2	15.8	17.8	..	..	..	..	..
Adjusted program	29.3	30.8	26.4	23.8	23.1	..	..	..	..	..
Program 2:	28.0	28.0	26.6	25.1	22.0	25.6	24.3	23.9	23.1	22.3
Net domestic assets of the banking system (ceiling on stock)										
Actual (program exchange rate)	60.9	61.9	61.2	75.8	70.4	..	..	..	..	..
Adjusted program 3:	..	..	..	..	..	59.6	62.8	65.0	67.7	70.4
Program 2:	..	..	..	..	..	..	..	..	..	..
Net domestic assets of the NBR (ceiling on stock):										
Actual (program exchange rate)	11.5	14.9	12.1	21.3	17.7	..	..	..	..	..
Adjusted program 3:	7.6	6.6	11.6	14.6	13.1	..	..	..	..	..
Program 2:	8.9	9.4	11.4	13.3	16.0	..	..	..	..	..
Net credit to the central government by the banking system (ceiling on stock) 4:										
Actual	27.1	32.4	26.5	34.7	33.6	..	..	..	..	..
Adjusted program	22.5	24.0	32.6	31.1	27.5	..	..	..	..	..
Program 2:	23.8	26.9	32.4	29.8	28.6	32.8	33.3	32.8	32.8	32.8
New nonconcessional external debt (ceiling on flow) 5:										
Actual	0.0	0.0	0.0	0.0	0.0	..	..	..	..	..
Program 2:	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Short-term external debt (ceiling on stock) 6:										
Actual	0.0	0.0	0.0	0.0	0.0	..	..	..	..	..
Program 2:	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Primary fiscal balance (floor on cumulative flow since Dec 31) 7: 8										
Actual	-11.5	-14.4	5.7	4.2	-0.8	..	..	..	..	..
Adjusted program	-4.8	-4.9	-0.3	3.3	2.1	..	..	..	..	..
Program 2:	-5.8	-4.5	-1.5	2.8	1.8	-1.5	1.3	4.1	1.4	1.1
Stock of outstanding nonreschedulable external arrears (ceiling on stock) 9:										
Actual	0.0	0.0	0.0	0.0	0.4	..	..	..	..	..
Program 2:	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net accumulation of domestic arrears (ceiling on cumulative net accumulation since Dec 31)										
Actual	0.4	-4.0	1.6	-2.0	0.9	..	..	..	..	..
Program 2:	-2.8	-3.5	-0.2	-1.5	-2.5	-4.5	0.0	0.0	0.0	0.0
Social spending (floor on cumulative flow since Dec 31) 10:										
Actual	17.7	25.1	4.5	10.9	18.3	..	..	..	..	..
Program 2:	18.6	24.8	5.8	11.4	18.6	28.4	6.0	14.5	25.5	36.5
Reserve money (ceiling on stock)										
Actual	34.2	40.4	35.3	37.1	35.5	..	..	..	..	..
Adjusted program	36.9	37.4	..	..	..	..	..	..	..	..
Program 2:	36.9	37.4	38.0	38.5	38.0	37.9	38.8	39.6	40.5	41.3
Budgetary revenue (floor on cumulative flow since Dec 31)										
Actual	47.6	63.6	20.1	36.0	51.6	..	..	..	..	..
Program 2:	49.5	71.0	15.6	38.5	56.8	69.6	18.7	39.9	60.1	81.3
Wage bill (ceiling on cumulative flow since Dec 31)										
Actual	25.6	34.4	8.3	17.5	26.6	..	..	..	..	..
Program 2:	26.3	34.0	8.7	17.5	26.2	36.0	0.0	18.5	28.5	38.6
Memorandum items:										
Total external budgetary support and social spending adjustment (min (A, B)) 11:	-1.3	-2.9	0.2	1.3	-1.1	..	..	..	..	..
Cap on external budgetary support adjustment (A)	9.0	12.0	9.0	11.0	13.0	15.0	9.0	11.0	13.0	15.0
Uncapped external budgetary support and social spending adjustment (B = C + D)	-1.3	-2.9	0.2	1.3	-1.1	..	..	..	..	..
Budgetary support cumulative shortfall + (excess -) (C)	0.6	-2.0	2.4	1.8	1.2	..	..	..	..	..
Financed social and exceptional social spending, excess + (shortfall -) (D) = min (E, F)	-0.7	-0.9	-2.3	-0.5	-2.4	..	..	..	..	..
Budgetary support cumulative excess + (shortfall = 0) (E)	0.6	2.0	0.0	0.0	0.0	..	..	..	..	..
Social and exceptional social spending, excess + (shortfall -) (F)	-0.7	-0.9	-2.3	-0.5	-2.4	..	..	..	..	..

Sources: Rwandese authorities, and Fund staff estimates and projections

1: Net foreign reserves are defined, for this purpose, consistent with the definition of the Special Data Dissemination Standards (SDDS) template, as external assets readily available to, or controlled by, the National Bank of Rwanda (NBR) net of external liabilities of the NBR. Pledged or otherwise encumbered reserves assets including, but not limited to, reserve assets used as collateral or guarantee for third-party external liabilities are to be excluded.

2: "Program" targets for 2000 are revised program targets.

3: If the required reserve ratio changes, the ceiling on net domestic assets of the NBR will be adjusted by the absolute change in the ratio times the projected deposit base of the commercial banks.

4: Ceiling on contracting or guaranteeing by the central government, local governments and the NBR of new nonconcessional external debt with original maturity of more than one year. Debt rescheduling and restructuring are excluded from the borrowing limits. Includes financial leases and other instruments giving rise to external liabilities, contingent or otherwise, on nonconcessional terms. In determining the level of concessionality of these obligations, the definition of concessional borrowing shall apply. Concessional borrowing is defined as having a grant element of 35 percent or more until September 2000, and 50 percent or more from December 2000 onwards. For loans with a maturity of at least 15 years, the 10-year average commercial interest reference rates (CIRRs) published by the OECD should be used as the discount rate for assessing the level of concessionality, while the 6-month average CIRRs should be used for loans with shorter maturities. To both the 10-year and the 6-month averages, the following margins for differing repayment periods should be added: 0.75 percent for repayment periods of less than 15 years; 1 percent for 15-19 years; 1.15 percent for 20-29 years; and 1.25 percent for 30 years or more.

5: From December 2000 onwards, the definition of net credit to government by the banking system has been changed to exclude public nongovernmental deposits.

6: Ceiling on change in outstanding stock of external debt (excluding normal import-related credits) owed or guaranteed by the central government, local government and the NBR with original maturity of up to and including one year.

7: The primary fiscal balance is defined as total revenue (excluding privatization proceeds) minus current expenditure (excluding scheduled interest payments and exceptional social expenditure) minus domestically financed capital expenditure.

8: The primary fiscal balance is adjusted downward to accommodate any fully externally financed excess social spending.

9: To be monitored on a continuous basis.

10: The definition of social spending from March 2001 has been changed to include a larger variety of social-antipoverty spending. Before March 2001, social spending is defined as expenditures by the ministries of health and education.

11: Applies to net domestic assets of the NBR up to September 2000, to net domestic assets of the banking system from December 2000 onward, and to net credit to the central government by the banking system, and, in the opposite direction, to net foreign assets of the NBR. Cumulative shortfall (excess -) in budget support, excluding debt relief from Paris Club and non-Paris Club creditors, since December 31. The adjustment in case of a shortfall is capped at RF 12 billion at end-December 1999, and at RF 9 billion, RF 11 billion, RF 13 billion, and RF 15 billion at end-March, June, September, and December in both 2000 and 2001 respectively. Excludes shortfalls in amounts used to repay domestic debt.

Table 3. Rwanda: Proposed Structural Performance Criteria and Benchmarks for the First and Second Review under the Third Annual PRGF Arrangement, 2000/2001

Action	Timing
Develop a system for monitoring poverty related expenditures on a monthly basis <sup>1</sup>	January 1, 2001
Begin collecting taxes under VAT law <sup>2</sup>	January 1, 2001
The NBR to conduct weekly auctions to sell foreign exchange to the highest bidder among the commercial banks at whatever rate clears the auction <sup>2</sup>	January 31, 2001
Prepare a monitorable action plan for further strengthening the Auditor General's office, and a strategy and timetable for delivering a full audit of public accounts annually <sup>1</sup>	End-February 2001
Completion of audits of the large companies' 1998 tax returns and completion of 40 audits of 1999 returns <sup>1</sup>	End-March 2001
Issue financial instructions in accordance with the organic budget law <sup>2</sup>	End-June 2001
Submit to Parliament TPR law to make all salary allowances in cash and in kind fully subject to TPR <sup>1</sup>	End-June 2001
Adopt law that allows for the efficient and timely enforcement of arbitration awards rendered by the arbitration center <sup>2</sup>	End-June 2001
Effect improvements in the system of the <i>voie parée</i> in accordance with the recommendation of the interministerial committee established for the purpose <sup>1</sup>	End-June 2001
Offer 51 percent of Rwandatel to a strategic investor <sup>1</sup>	November 2001
Achieve collection rate of 75 percent of tax assessment within one month of assessment through strict application of reminder enforcement procedures <sup>1</sup>	September 2001
Maintain and achieve voluntary declaration and payment compliance rates of at least 95 percent for large enterprises and at least 40 percent for SME (from 95 percent and 10 percent, respectively in 1999) <sup>1</sup>	September 2001
Complete a review of all waivers and exemptions from import duties and taxes, produce a plan that provides for their elimination by a specific date (with the exception of those established under international treaties) and propose in accordance with this plan that some of the waivers or exemptions will be eliminated with effect for the 2002 budget. <sup>2</sup>	September 2001
Establish a <i>Tribunal de Commerce</i> (Commercial Court) and a <i>Tribunal Fiscal</i> (Tax Court) <sup>1</sup>	End-December 2001

<sup>1</sup>Structural benchmark.

<sup>2</sup>Structural performance criterion.

**Table 4. Rwanda: Structural Performance Criteria and Benchmarks Under the Second Annual PRGF Arrangement, 1999/2000 1/**

<b>Reform</b>	<b>Original Timing</b>	<b>Status</b>
Implement tax-inclusive tendering ( <i>toute taxe comprise</i> ). <sup>2</sup>	2000 budget	Done January 2000
Submit to parliament a draft value-added tax (VAT) law and publicize proposed VAT introduction. <sup>3</sup>	End-December 1999	Done end-March 2000
Introduce VAT. <sup>3</sup>	End-July 2000	Postponed to January 1, 2001
Submit to parliament the organic budget law. <sup>3</sup>	Mid-August 2000	Draft law submitted to parliament in August 2000
Implement functional classifications for the recurrent and development budgets; adapt the classification for the health and education ministries, consistent with key objectives/programs for these sectors. <sup>2</sup>	January 2000	Done, to be fully implemented in 2001 Budget
Create a central computerized database of central administrative civil servants' career, background, and job records integrated with the computerized payroll system. <sup>3</sup>	November 30, 2000	Done for Ministry of Public Service and Labour, to be extended to other ministries by end-December 2001
Complete the audits of the 1999 accounts of the Ministries of Public Works, Transport, and Communication; Defense, Health, and Education; Energy, water, and Natural Resources. <sup>2</sup>	October 31, 2000	Not done. Postponed to December 2000, except for Ministry of Health which is postponed to end-March 2001.
Complete redeployment of staff within all ministries in line with the new <i>cadres organiques</i> .	October 2000	Done
Sell, bring to the point of sale, or liquidate government's shares of a cumulative total (since mid-1998) of 46 enterprises out of a divestiture program of 69 enterprises, based on the agreed quarterly timetable. <sup>2,4</sup>	Mid-2000	Done for 15 out of 22 companies to be brought to the point of sale by September 2000
Eliminate import surcharge.	July 2000	Done, September, 2000
Reach agreement with all commercial banks on revised restructuring plans over three years in line with the recommendations of the recently completed audits agreed upon among the BNR, the auditors, and the banks. <sup>3</sup>	End-December 1999	Partially implemented by end-1999; fully implemented by end-June 2000
Adopt an action plan for the financial and operational restructuring of the Caisse Social du Rwanda (CSR), and reach agreement with the CSR on the amount and modalities of consolidation of the government's debt to the CSR. <sup>2</sup>	December 1999	Agreement on consolidation reached April 2000; action plan on restructuring pending completion of actuarial study (expected for end-2000)

<sup>1</sup> Adoption of a satisfactory budget for 2000 would be a condition for completion of the first review of the second annual PRGF arrangement (July 1999-June 2000).

<sup>2</sup> Structural benchmark for second annual PRGF arrangement.

<sup>3</sup> Structural performance criterion for second annual PRGF arrangement.

<sup>4</sup> Under the original plan a total of 46 enterprises, out of a total of 69 remained to be divested. At end-September 1999, 19 enterprises had been sold, 3 were under liquidation, and the minority shares in 1 had been sold. The **timetable for divestiture** was as follows:

**End-1999 (14)** - Coffee Factory Masaka; Mukamira Maize Factory; Lake Ihema Fisheries; Couvoir National de Rubirizi; Gishwati Dairy Plant; Pyrethrum Factory (OPYRWA); Papeterie du Rwanda; Oprovia Warehouses; Hotel Izuba; Hotel Akagera; Guest House Kinigi; Sopab; \* Sorwal; \* Sonafruit.\*

**End-June 2000 (9)** - Rwamagana Rice Mill; Bugarama Rice Mill; Butare Rice Mill; Caisse hypothécaire du Rwanda; \* Rwandex; Soproriz; Rwantexo; \* Tabarwanda; \* Caisse d'épargne du Rwanda.

**End-2000 (16)** - Tea factories (9); Rwandatel; Etiru; \* Imprisco; Magerwa; \* Onatracom; Sorwathe; \* Redemi.

**End-2001 (7)** - Banque Commerciale du Rwanda; Banque Rwandaise de Developpement; \* BACAR; \*Banque de Kigali; \* Electrogaz; Sonarwa; \* Bralirwa\*. (\* = government (minority) shares to be sold)

Table 5. Rwanda: Selected Economic and Financial Indicators, 1994-2004

	1994	1995	1996	1997	1998	1999		2000		2001	2002	2003	2004
					Est.	Prog.	Prel. Est.	Prog.	Rev. Prog.		Program		
(Annual percentage changes, unless otherwise indicated)													
<b>Output and prices</b>													
Real GDP growth	-50.2	34.4	15.8	12.8	9.5	5.0	5.9	5.0	5.2	6.0	6.4	6.4	6.5
GDP deflator	17.2	51.3	10.4	15.5	2.6	2.0	-3.5	3.0	1.1	3.0	3.0	3.0	3.0
Consumer prices (period average)	64.0	22.0	8.9	11.7	6.8	-2.5	-2.4	3.0	4.0	3.0	3.0	3.0	3.0
Consumer prices (end of period)	64.4	38.3	9.2	16.6	-6.0	2.5	2.1	3.0	6.5	3.0	3.0	3.0	3.0
<b>External sector</b>													
Export, f.o.b (in U.S. dollars)	-52.5	56.8	22.9	50.0	-31.0	13.6	-4.5	9.5	11.7	15.1	12.6	18.4	21.1
Imports, f.o.b (in U.S. dollars)	37.2	-47.2	9.9	30.1	-7.8	-5.4	-12.2	11.4	9.5	1.2	7.3	6.9	5.6
Export volume 1/	-60.3	21.4	39.4	13.4	-8.9	25.1	11.8	10.1	12.2	15.5	11.1	16.9	20.5
Import volume 1/	28.2	-49.8	6.3	42.9	2.2	-8.6	-12.7	6.5	3.8	2.7	5.0	5.3	4.1
Nominal effective exchange rate (end of period; depreciation -) 2/	2.9	-54.8	3.8	12.3	-11.9	8.6	5.7	...	-9.3	...	...	...	...
Real effective exchange rate (end of period; depreciation -) 2/	51.9	-39.7	8.6	26.9	-18.3	7.6	5.3	...	-9.8	...	...	...	...
Terms of trade (deterioration -) 1/	11.8	22.6	-14.7	45.3	-16.1	-12.3	-15.0	-4.9	-5.7	1.1	-0.8	-0.2	-0.9
<b>Government finance</b>													
Revenue and grants	-80.4	716.9	15.1	35.4	3.3	1.8	3.3	10.5	-5.8	20.9	16.4	15.3	12.0
Revenue	-76.7	283.4	70.5	47.3	13.7	7.6	-3.6	18.6	10.4	15.7	18.4	13.9	13.0
Total expenditure and net lending	-60.5	161.3	37.1	15.1	7.1	17.0	8.6	21.1	5.4	14.0	8.8	10.0	9.6
Current expenditure	-49.0	89.7	32.7	14.6	17.6	13.5	15.7	3.6	-0.4	11.2	4.8	8.5	9.6
<b>Money and credit</b>													
Net domestic assets 3/	1.2	3.2	-7.4	35.1	-6.0	10.3	10.0	12.5	-0.4	9.7	...	...	...
Domestic credit 3/	-38.7	15.3	-2.6	42.1	9.9	7.5	12.9	12.8	1.4	10.9	...	...	...
Government 3/	-16.5	-34.4	-2.8	18.8	1.0	0.6	8.0	-4.9	-1.9	0.0	...	...	...
Economy 3/	-22.3	49.7	0.2	23.3	8.9	4.8	17.6	3.2	10.9	...	...	...	...
Money and quasi money (M2)	-6.5	73.7	8.2	47.5	-3.9	5.0	6.6	8.2	6.3	7.7	...	...	...
Reserve money	10.0	43.1	21.5	14.6	-11.0	5.0	13.5	-1.8	-6.3	9.1	...	...	...
Velocity (ratio of GDP to M2; end of period)	4.5	5.3	6.2	5.5	6.5	6.6	6.2	6.3	6.2	6.3	...	...	...
Interest rate (one-year savings deposits, in percent; end of period) 2/	9.0	12.0	11.0	11.4	10.0	9.8	10.1	...	9.7	...	...	...	...
(In percent of GDP, unless otherwise indicated)													
<b>National income accounts</b>													
National savings (excluding official transfers)	-41.3	-4.1	-3.5	-2.4	-1.2	-0.2	-0.9	1.2	-1.1	2.1	4.2	6.3	8.1
Of which: private (including public enterprises)	-31.6	1.5	0.4	-1.4	0.3	2.0	2.6	3.5	1.5	4.3	5.0	6.3	7.7
Gross investment	11.7	15.0	15.5	14.9	15.7	15.6	14.3	17.9	15.7	16.8	17.6	18.4	18.8
Of which: private (including public enterprises)	9.0	6.9	6.4	6.7	9.0	8.0	8.0	9.0	9.0	9.4	9.8	10.2	10.6
<b>Government finance</b>													
Total revenue and grants	4.5	18.2	16.4	17.0	15.7	14.9	15.8	16.0	14.0	15.5	16.5	17.4	17.8
Total revenue	3.6	6.9	9.1	10.3	10.4	10.5	9.8	10.7	10.2	10.8	11.7	12.2	12.6
Total expenditure and net lending	16.0	20.6	22.1	19.5	18.6	20.3	19.7	21.9	19.6	20.5	20.3	20.4	20.4
Capital expenditure	2.7	8.1	9.1	8.1	6.7	7.7	6.3	9.1	7.0	7.6	8.0	8.2	8.2
Current expenditure	13.4	12.5	12.9	11.4	11.9	12.6	13.5	12.8	12.6	12.9	12.3	12.2	12.2
Primary fiscal balance													
Excluding exceptional expenditure and including domestic capital expenditure	-5.4	-3.3	-1.8	0.3	0.0	-0.7	-2.2	0.1	-0.1	0.2	0.8	1.0	1.0
Overall balance (payment order)													
Including grants	-11.5	-2.4	-5.7	-2.4	-2.9	-5.4	-3.9	-5.8	-5.5	-4.9	-3.8	-3.0	-2.6
Excluding grants	-12.4	-13.8	-12.9	-9.2	-8.1	-9.8	-9.9	-11.2	-9.3	-9.6	-8.6	-8.2	-7.8
<b>External sector</b>													
External current account balance													
Including official transfers	-6.0	4.2	-0.2	-3.2	-4.8	-5.9	-2.2	-9.5	-8.4	-9.2	-8.4	-7.0	-4.4
Excluding official transfers	-53.0	-19.1	-19.0	-17.3	-16.9	-15.8	-15.3	-16.7	-16.8	-14.7	-13.4	-12.1	-10.7
External debt (end of period in percent of GDP) 4/	82.7	79.0	61.2	57.4	57.4	61.2	67.5	65.6	77.5	76.8	68.5	65.8	60.8
Net present value of external debt after rescheduling 5/ 6/ (in percent of exports of goods and nonfactor services)	...	...	...	423.5	588.3	557.7	523.6	656.9	576.5	538.0	490.1	448.0	397.0
Debt service ratio (in percent of exports of goods and nonfactor services)													
After debt rescheduling 5/ 6/	55.4	54.3	44.0	24.6	33.9	40.5	42.7	51.9	30.8	28.9	24.3	18.7	17.8
Gross reserves (in months of imports, c.i.f)	1.3	5.0	5.0	5.4	6.1	7.3	6.8	6.7	6.8	7.0	6.6	6.4	6.2
(In millions of U.S. dollars, unless otherwise indicated)													
Overall balance of payments	-44.1	51.2	-0.9	11.7	-25.5	-112.5	-14.4	-132.8	-122.3	-87.4	-50.4	-34.3	-13.8
External arrears 7/	66.5	61.5	78.9	97.3	43.1	0.0	48.5	0.0	0.0	0.0	0.0	0.0	0.0
External financing gap 8/	0.0	0.0	0.0	0.0	0.0	145.6	0.0	158.7	149.4	76.5	57.3	42.0	22.5
External debt (end of period) 4/	1,012.6	1,063.0	1,111.9	1,137.9	1,154.4	1,254.3	1,301.7	1,372.4	1,375.2	1,410.9	678.6	753.8	806.2
Gross official reserves	51.2	99.7	106.6	153.4	164.2	133.5	174.8	174.7	174.8	180.8	180.7	187.0	190.9
<b>Memorandum items:</b>													
Nominal GDP (in billions of Rwanda francs) 9/	165.8	337.2	431.4	562.4	632.1	677.0	646.1	706.6	686.8	749.3	821.3	899.7	986.7
Domestic debt (end of period; in percent of GDP)	...	...	...	15.8	13.7	10.5	10.5	8.7	8.7	7.2	6.0	6.0	6.0

Sources: Rwandese authorities; and staff estimates and projections.

1/ Differences vis-à-vis the last staff report (EBS/99/22; 2/26/99) reflect a change in the methodology of the calculation of these indices.

2/ Nominal and real effective exchange rate and interest rate data for 2000 as at end-September 2000.

3/ As a percent of the beginning-of-period stock of broad money.

4/ Including Fund obligations, external arrears, and financing gap, before debt rescheduling and hypothetical stock-of-debt operation.

5/ Scheduled debt service before rescheduling and hypothetical stock-of-debt operation.

6/ Reflects flow rescheduling on Naples terms of outstanding arrears at end of June 1998 and maturities falling due between July 1998 and end-May 2001 to

Paris Club creditors, and assumes at least comparable treatment of debt to other bilateral and commercial creditors.

7/ The end-1997 stock of arrears includes accumulated late interest that was determined by the Paris Club Secretariat at the time of the rescheduling agreement in July 1998.

8/ Excludes exceptional financing (bilateral debt forgiveness and rescheduling and refinancing from multilaterals).

9/ In December 1997, the national accounts for 1995-97 were revised upward by a cumulative 10 percent, reflecting an adjustment in the GDP deflator.

Table 6. Rwanda: Operations of the Central Government, 1996-2004 1/

	1996	1997	1998	1999		2000								2001				2002-2004		
				Prog	Est	March		June		Sep		Dec		Mar	Jun	Sep	Dec	Projections		
						Prog	Est	Prog	Est	Prog	Est	Prog	Rev					Prog	2002	2003
(In billions of Rwanda francs)																				
Revenue and grants	70.8	95.9	99.0	100.8	102.3	23.2	29.6	54.8	57.9	84.4	75.2	113.3	95.7	27.5	57.5	86.5	116.6	135.7	156.5	175.3
Total revenue	39.4	58.1	66.0	71.0	63.6	15.6	20.1	38.5	36.0	56.8	51.6	75.4	69.6	18.7	39.9	60.1	81.3	96.3	109.7	123.9
Tax revenue	36.2	54.9	62.4	67.5	60.4	14.8	18.3	36.2	33.7	53.6	49.1	71.3	65.5	17.0	36.5	56.1	76.8	91.3	104.2	117.9
Direct taxes	10.3	14.6	18.3	18.8	15.8	4.9	7.7	13.1	11.8	16.8	15.0	21.7	18.5	5.1	10.7	16.4	22.6	29.3	34.5	39.6
Taxes on goods and services	14.4	21.9	28.5	35.7	33.6	7.5	7.9	17.2	16.4	27.7	25.7	37.3	35.0	8.5	16.5	28.6	39.0	43.7	49.4	55.8
Taxes on international trade	11.5	18.5	15.8	13.0	11.0	2.4	2.7	5.8	5.5	9.0	8.4	12.3	12.0	3.4	7.3	11.2	15.3	18.3	20.4	22.5
Of which: export tax	0.3	4.3	1.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-tax revenue	3.2	3.1	3.4	3.5	3.2	0.8	1.7	2.3	2.3	3.2	2.5	4.1	4.1	1.7	3.4	4.0	4.5	5.0	5.5	6.0
Grants	31.4	37.8	33.0	29.8	38.6	7.6	9.5	16.3	22.0	27.7	23.7	37.9	26.1	8.8	17.6	26.4	35.2	39.4	46.8	51.3
Budgetary grants	0.1	2.8	3.5	0.0	15.0	0.0	4.3	0.0	10.7	0.0	16.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital grants	31.3	35.0	29.5	29.8	23.7	7.6	5.2	16.3	11.2	27.7	7.5	37.9	26.1	8.8	17.6	26.4	35.2	39.4	46.8	51.3
Of which: HIPC debt relief	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total expenditure and net lending 2/	95.3	109.6	117.4	142.4	127.5	32.1	21.2	68.6	49.2	111.7	77.6	154.5	134.4	33.5	71.2	112.9	153.6	166.6	183.4	201.0
Current expenditure	55.9	64.0	75.3	90.5	87.1	19.5	16.1	40.7	37.3	64.9	61.1	90.2	86.7	19.5	43.3	70.3	95.6	101.0	109.6	120.1
Wages and salaries	19.1	28.7	28.9	34.0	34.4	8.7	8.3	17.5	17.5	26.2	26.6	34.9	36.0	9.0	18.5	28.5	38.5	41.0	44.6	50.0
Civil	10.2	13.6	12.3	16.8	17.2	4.7	4.2	9.6	9.4	14.3	14.5	19.0	20.1	5.4	11.3	17.7	24.4	27.5	31.0	37.1
Defense	8.9	15.1	16.6	17.2	17.2	4.0	4.0	7.9	8.1	11.9	12.1	15.9	15.9	3.6	7.2	10.8	14.2	13.5	13.6	13.9
Purchases of goods and services	25.0	21.2	25.5	29.8	26.8	5.1	3.8	11.5	9.2	18.4	16.4	25.5	22.5	4.4	10.2	17.2	24.7	29.7	33.5	37.3
Civil	11.3	13.0	14.9	19.7	17.0	3.1	2.5	7.7	5.4	11.9	9.9	15.6	12.6	2.7	6.3	10.4	15.1	19.7	23.8	27.7
Defense	13.7	8.2	10.6	10.1	9.8	2.0	1.3	3.8	3.8	6.5	6.5	9.9	9.9	1.7	3.9	6.8	9.7	10.0	9.8	9.6
Interest payments	6.9	6.8	5.7	5.8	6.4	1.2	1.1	2.5	2.2	3.8	3.6	6.1	6.9	1.8	3.7	5.5	7.3	4.5	5.2	5.4
Domestic debt (due)	2.9	3.0	2.3	1.9	2.4	0.3	0.3	0.6	0.5	0.9	0.7	2.0	2.0	0.4	0.8	1.2	1.6	1.6	1.6	1.6
External debt (due)	4.0	3.8	3.4	4.0	4.0	0.9	0.8	1.9	1.7	2.9	2.9	4.1	4.9	1.4	2.9	4.3	5.8	3.0	3.6	3.8
of which: HIPC debt relief	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfers (including Rwanda Revenue Authority)	3.1	6.2	9.3	11.8	11.5	2.8	2.1	5.5	4.7	8.3	8.4	11.0	11.0	2.8	6.0	10.7	14.0	15.6	18.9	22.2
Exceptional social expenditure 3/	1.7	1.0	5.8	9.1	7.9	1.8	0.8	3.8	2.7	8.2	6.1	12.6	10.2	1.5	4.4	11.7	10.2	7.3	5.3	5.3
Assistance to victims of genocide	...	0.0	3.8	4.2	3.8	1.1	0.3	1.5	2.1	3.0	1.7	4.5	4.5	0.4	2.2	3.6	5.2	4.5	3.2	2.3
Demobilization/reintegration	...	1.0	1.5	1.9	1.9	0.0	0.0	0.0	0.0	0.9	0.7	1.9	0.8	0.0	0.2	0.6	0.9	0.8	0.6	0.4
Retrenchment/food for prisons	...	0.0	0.0	0.2	0.0	0.3	0.0	0.4	0.0	0.9	1.6	1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Education assistance and governance	...	...	0.5	2.9	2.2	0.4	0.5	1.8	1.6	3.4	2.1	4.9	4.9	1.1	2.6	4.2	5.6	4.9	3.5	2.5
Capital expenditure	39.4	46.1	42.3	51.3	40.8	12.5	5.3	26.8	11.6	45.7	15.5	62.7	46.3	13.5	27.3	41.6	55.9	64.1	73.8	80.9
Domestic	0.0	0.1	2.5	5.1	5.3	0.6	0.1	1.1	0.3	3.9	1.6	0.2	0.7	1.7	2.7	3.3	3.6	3.9	3.6	3.9
Foreign	39.4	46.0	39.8	46.2	35.5	11.9	5.2	25.7	11.2	43.6	14.5	59.7	44.7	13.3	26.6	39.9	53.2	60.8	70.2	77.0
Net lending (including privatization proceeds)	0.0	-0.5	-0.2	0.6	-0.4	0.0	-0.3	1.1	0.3	1.1	1.0	1.5	1.5	0.5	0.6	1.6	1.4	1.6	0.0	0.0
Primary balance 4/	-2.8	1.9	-0.3	-4.5	-14.4	-1.5	5.7	2.8	4.2	1.8	-0.8	1.6	-0.9	2.3	4.6	1.9	1.3	6.7	9.0	10.6
Overall deficit (payment order)																				
Including grants	-24.5	-13.8	-18.4	-36.5	-25.3	-8.9	8.4	-13.8	8.8	-27.2	-2.4	-41.1	-38.1	6.0	-13.7	-26.5	-37.1	-39.9	-26.9	-25.8
Excluding grants	-55.9	-51.6	-51.4	-66.3	-63.9	-16.5	-1.1	-30.1	-13.2	-54.9	-26.1	-79.0	-64.2	-14.8	-31.3	-52.9	-62.3	-70.4	-73.7	-77.1
Change in arrears (net reduction -)	9.4	1.6	-22.2	-17.8	-4.9	-0.2	1.2	-1.5	-2.0	-2.5	1.3	-21.6	-23.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic 5/	2.5	-4.2	-3.9	-3.2	-4.0	-0.2	1.6	-1.5	-2.0	-2.5	0.9	-4.5	-4.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
External 6/	6.9	5.8	-18.3	-14.3	-0.9	0.0	-0.4	0.0	0.0	0.0	0.4	-17.1	-18.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ministerial accounts	0.0	0.0	-0.7	0.8	0.5	0.5	3.2	3.2	3.5	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Discrepancy	0.0	0.0	1.4	0.4	0.7	0.4	0.4	0.4	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deficit (cash basis)	-15.1	-12.2	-41.2	-54.3	-31.4	-9.1	8.4	-15.3	3.1	-29.7	-7.8	-62.7	-63.3	-6.0	-13.7	-26.5	-37.1	-30.9	-26.9	-25.8
Financing	15.1	12.2	41.2	5.8	31.4	3.2	-8.4	4.4	-3.1	6.9	7.8	6.9	5.7	1.5	3.1	3.2	5.2	7.2	9.4	16.4
Foreign financing (net)	10.6	11.6	39.2	10.6	24.5	3.2	-1.3	6.8	-2.5	11.3	9.4	15.3	11.0	2.7	5.6	7.0	10.2	17.2	19.4	21.4
Drawings	16.5	18.6	22.0	16.4	29.1	4.4	0.0	9.4	0.0	15.9	13.2	21.8	18.5	4.5	9.0	13.5	18.0	21.4	23.4	25.7
Budgetary loans	8.4	7.6	11.7	0.0	17.3	0.0	0.0	0.0	0.0	0.0	0.0	6.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Project loans	8.1	11.0	10.3	16.4	11.8	4.4	0.0	9.4	0.0	15.9	7.0	21.8	18.5	4.5	9.0	13.5	18.0	21.4	23.4	25.7
Amortization	-5.9	-7.0	-7.7	-8.7	-7.9	-2.0	-2.6	-4.1	-5.2	-6.9	-7.9	-9.5	-10.5	-3.2	-4.3	-6.5	-8.7	-4.2	-4.0	-4.3
of which: HIPC debt relief	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Observed rescheduling and refinancing 7/	0.0	0.0	34.2	2.9	3.3	0.8	1.3	1.5	2.7	2.3	4.0	3.0	3.0	0.4	0.9	0.9	0.0	0.0	0.0	0.0
Domestic financing	4.5	0.6	2.0	-4.8	7.0	0.0	-2.1	-2.4	-0.6	-4.4	-1.7	-8.5	-5.4	-1.3	-2.5	-3.8	-5.0	-10.0	-10.0	-5.0
Banking system (monetary survey) 8/	-1.8	0.7	1.0	1.9	7.9	0.0	-6.3	-2.6	1.1	-3.8	0.9	-5.1	-2.0	0.0	0.0	0.0	0.0	-5.0	-5.0	-5.0
Nonbank sector (including CSR repayment)	6.3	-0.1	1.0	-5.8	-0.9	0.0	-0.9	0.2	-1.7	-0.6	-2.6	-3.4	-3.4	-1.3	-2.5	-3.8	-5.0	-5.0	-5.0	0.0
Of which: nonbank consolidated development bonds	...	...	...	-0.5	0.0	-0.3	0.0	-0.5	...	-0.8	-1.0	-1.0	...	...	...	...	...	...	...	...
Financing gap	0.0	0.0	0.0	48.5	0.0	5.9	0.0	10.9	0.0	22.9	0.0	55.9	57.6	4.5	10.7	23.2	31.9	23.8	17.6	9.4
(In percent of GDP, unless otherwise indicated)																				
Revenue and grants	16.4	17.0	15.7	14.9	15.8	3.3	3.7	6.9	12.0	8.6	16.0	14.0	3.7	7.7	11.5	15.6	16.5	17.4	17.8	
Revenue excluding grants	9.1	10.3	10.4																	

Table 7. Rwanda: Monetary Survey, 1999-2001 1/

	1997	1998	1999	2000								2001			
				Mar.		June		Sep.		Dec.		March	June	Sep.	Dec.
				Prog.	Est.	Prog.	Est.	Prog.	Est.	Prog.	Est.				
(In billions of Rwanda francs)															
<b>Monetary authorities</b>															
Net foreign assets	27.8	28.0	27.0	26.6	24.1	23.1	17.4	22.0	20.8	22.3	26.1	25.3	24.4	23.6	22.8
Foreign assets 2/	46.7	54.3	60.9	62.0	58.3	61.0	52.3	59.6	61.5	71.8	72.7	73.5	74.3	73.1	
Foreign liabilities 2/	19.0	26.3	33.9	35.4	34.2	37.9	34.9	37.5	38.8	39.2	45.8	47.4	49.0	50.7	
Net domestic assets	12.3	7.7	13.5	11.4	11.2	13.3	19.6	16.0	14.7	17.4	11.1	13.5	13.2	16.9	18.5
Domestic credit	26.7	21.8	31.7	29.8	28.8	30.7	37.3	32.9	33.2	33.8	34.8	36.6	38.3	40.1	41.8
Government (net) 3/ 4/	23.5	24.4	30.3	30.7	28.5	29.7	32.1	32.1	31.1	26.0	29.7	29.7	29.7	29.7	
Claims	44.1	44.4	50.7	50.7	46.5	50.6	49.1	48.7	48.2	46.8	46.8	46.8	46.8	46.8	
Of which: overdraft	0.7	1.0	7.2	7.2	3.0	7.1	5.7	5.2	4.8	4.2	4.2	4.2	4.2	4.2	
Deposits (including autonomous bodies)	18.7	20.0	20.2	20.0	20.1	20.9	17.1	20.6	17.1	20.2	17.1	17.1	17.1	17.1	
Public nongovernment deposits (-)	0.0	-1.0	-1.8	-1.8	-1.1	-1.8	-0.7	-1.8	-1.5	-1.8	-1.8	-1.8	-1.8	-1.8	
Nongovernment credit	1.3	2.4	3.0	0.9	3.9	2.8	5.9	7.6	5.5	11.0	6.9	8.7	10.4	13.2	
Private sector	0.2	0.8	1.0	0.9	1.1	1.0	1.2	0.9	1.3	0.8	1.0	1.0	1.0	1.0	
Public enterprises	0.7	0.7	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.2	0.2	0.2	0.2	0.2	
Commercial banks	0.3	0.9	1.8	-0.2	2.6	1.6	4.5	6.5	4.1	10.0	5.7	7.5	9.2	11.0	
Discount window	0.3	0.9	1.8	1.3	2.0	1.3	2.0	0.7	2.1	0.0	0.0	0.0	0.0	0.0	
Money market (- = absorption)	0.0	0.0	0.0	-1.6	0.6	0.3	2.5	5.8	2.1	10.0	5.7	7.5	9.2	11.0	
Other items (net asset +) 3/ 4/	-14.4	-18.2	-18.2	-18.4	-17.6	-17.4	-17.7	-17.9	-20.3	-18.4	-23.0	-23.1	-23.1	-23.2	
Reserve money 3/	40.0	33.6	40.4	38.0	33.0	38.5	37.1	38.0	33.5	39.7	37.9	38.8	39.6	40.5	
Currency in circulation	22.6	20.9	21.5	21.9	19.8	22.5	21.7	23.0	20.1	23.3	22.6	23.0	23.4	23.8	
Commercial bank reserves 3/	16.1	12.2	16.8	14.0	13.0	14.0	13.9	13.0	14.1	14.3	13.7	14.1	14.6	15.0	
Nonbank deposits	1.3	2.5	2.1	2.1	2.0	2.0	1.3	2.0	1.3	2.1	2.1	2.1	2.1	2.1	
Of which: autonomous public agencies	0.5	1.5	0.5	0.5	0.4	0.5	0.4	0.5	0.4	0.5	0.5	0.5	0.5	0.5	
<b>Commercial banks</b>															
Net foreign assets	18.4	20.5	17.9	18.0	18.3	18.2	18.1	18.1	21.5	19.0	21.8	26.0	26.3	26.5	
Foreign assets	22.3	24.1	19.8	19.8	20.9	20.5	21.0	20.2	24.3	19.9	28.0	28.3	28.5	28.8	
Foreign liabilities	3.9	3.8	1.9	1.9	2.4	2.4	2.9	2.1	2.8	1.9	2.2	2.2	2.2	2.2	
Reserves	16.1	12.2	16.8	14.0	13.0	14.0	13.9	13.0	14.1	14.3	13.7	14.1	14.6	15.0	
NBR deposits	14.2	10.2	14.5	11.4	11.1	11.5	11.5	10.4	11.0	11.7	10.6	11.0	11.1	11.9	
Required reserves 5/	10.0	8.0	8.5	8.7	8.6	9.0	8.9	9.0	7.1	9.3	7.3	8.3	8.3	8.7	
Of which: foreign exchange	0.0	0.0	4.5	...	2.6	...	3.7	...	4.0	...	0.0	0.0	0.0	0.0	
Excess reserves	1.5	2.3	5.9	2.8	2.5	2.5	2.6	1.3	3.9	2.4	3.3	1.7	1.0	2.3	
NBR borrowing from money market	2.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Cash in vault	1.9	1.9	2.1	2.3	2.4	2.5	2.4	2.6	3.1	2.7	2.6	2.6	2.6	2.6	
Credit from NBR (rediscount; liability -)	-0.3	-0.9	-1.1	0.2	-2.6	-1.6	-4.5	-6.5	-4.1	-10.0	-5.7	-7.5	-9.2	-11.0	
Domestic credit	44.9	56.5	64.2	66.8	64.4	66.3	69.7	74.9	70.6	81.6	66.4	69.4	72.3	75.5	
Central government (net) 6/	-0.1	1.9	3.7	3.3	1.6	1.9	3.3	3.3	4.0	2.5	2.6	2.6	2.6	2.6	
Credit	3.6	7.0	7.7	7.7	7.9	7.9	7.3	7.8	7.7	7.7	7.7	7.7	7.7	7.7	
Deposits 6/	3.7	5.1	4.0	4.3	6.3	5.9	4.0	5.6	3.7	5.2	5.2	5.2	5.2	5.2	
Public enterprises	0.0	0.4	0.7	0.7	1.0	0.9	0.9	0.8	0.7	0.7	0.7	0.7	0.7	0.7	
Private sector	43.1	54.2	59.7	62.6	61.8	63.5	65.5	71.8	65.9	78.4	63.1	66.2	69.2	72.2	
Other items (net asset +)	-1.2	-13.6	-16.2	-16.4	-13.3	-13.2	-12.4	-14.8	-16.9	-16.4	-13.4	-13.7	-13.9	-14.2	
Deposits 6/	78.0	74.5	80.8	82.3	80.2	83.6	84.8	84.7	83.1	87.5	86.3	88.0	89.7	91.5	
Private	66.8	60.4	67.8	69.2	67.3	69.4	71.8	71.4	72.0	73.3	72.5	73.9	75.3	78.1	
Public (nongovernment) 6/	11.2	14.1	13.0	13.2	12.9	14.2	12.9	13.2	11.0	14.2	13.8	14.1	14.4	13.4	
<b>Monetary survey</b>															
Net foreign assets	46.1	48.2	44.9	44.3	42.3	43.3	35.3	40.1	42.3	40.5	51.9	51.3	50.7	50.2	
Net domestic assets	55.8	49.7	59.5	62.0	59.6	64.5	72.4	69.6	64.2	73.6	59.1	61.8	64.3	67.2	
Domestic credit	71.4	81.5	94.1	94.9	90.6	94.4	102.5	102.3	101.6	107.4	94.5	96.5	98.5	104.6	
Central government (net) 3/ 4/	23.3	26.5	34.2	34.2	27.9	31.6	35.4	30.4	35.1	29.2	32.3	32.3	32.3	32.3	
Public nongovernment deposits (-)	0.0	-1.0	-1.8	-1.8	-1.1	-1.8	-0.7	-1.8	-1.5	-1.8	-1.8	-1.8	-1.8	-1.8	
Public enterprises	0.7	1.2	0.9	0.9	1.2	1.1	1.1	1.0	0.8	0.9	0.9	0.9	0.9	0.9	
Private sector	45.3	53.0	60.7	63.5	62.9	64.5	66.7	72.7	67.1	79.2	64.1	67.2	70.2	73.1	
Other items (net asset +)	-15.6	-31.8	-34.6	-34.8	-31.0	-30.6	-30.1	-32.7	-37.4	-34.8	-36.4	-36.7	-37.0	-37.3	
Broad money 3/	101.9	97.9	104.4	106.5	101.9	104.1	107.9	109.7	106.5	112.9	111.0	113.1	113.2	117.4	
Currency in circulation	22.6	20.9	21.5	21.9	19.8	22.5	21.7	23.0	20.1	23.3	22.6	23.0	23.4	23.8	
Deposits	79.3	77.0	82.9	84.6	82.1	81.6	86.3	86.7	86.4	89.6	88.4	90.1	91.8	93.6	
Of which: foreign currency deposits	13.9	18.5	19.5	19.9	19.2	19.8	20.8	20.3	23.3	21.1	23.0	23.5	24.0	26.5	
(Annual change in percent of beginning-of-period broad money)															
Net foreign assets	12.4	2.0	-3.4	9.1	6.9	-1.0	-3.6	-3.6	-1.6	-4.3	4.7	8.8	14.1	7.4	
Net domestic assets	33.1	-4.0	10.0	-1.4	-3.9	10.0	17.4	8.9	3.8	12.5	-0.4	2.2	-7.3	8.7	
Domestic credit	42.1	9.9	12.9	7.0	0.4	11.0	18.2	11.1	10.4	12.8	1.4	7.8	-0.9	10.9	
Government (net)	18.8	1.0	8.8	1.3	-4.4	8.8	13.2	1.4	3.8	-4.9	-1.9	4.2	-2.9	0.0	
Private sector and public enterprises	23.3	8.9	4.1	5.8	3.2	2.2	4.4	9.3	3.9	17.6	3.3	4.1	3.2	10.9	
Other items (net asset +)	-7.0	-15.9	-1.8	-8.4	-4.5	-1.1	-0.8	-2.2	-6.6	-0.3	-1.7	-5.6	-4.4	-1.2	
Broad money	47.5	-3.9	6.6	7.7	3.0	8.9	8.8	5.3	2.2	8.2	6.3	11.0	6.8	10.2	
(In percent, unless otherwise indicated)															
<b>Memorandum items:</b>															
Currency/broad money ratio	22.7	21.4	20.6	20.6	19.4	20.8	20.1	21.0	18.8	20.6	20.3	20.3	20.3	20.3	
Reserve money/money growth	14.6	-11.0	15.5	-3.4	-10.2	5.8	1.9	11.0	3.7	-1.8	-6.3	9.8	6.9	14.0	
Reserve/deposit	31.4	47.8	30.0	46.1	44.0	46.0	43.7	44.9	41.7	45.3	43.9	44.0	44.3	44.4	
Money multiplier	2.5	2.7	2.6	2.8	2.9	2.5	2.9	2.9	3.0	2.8	2.9	2.9	2.9	2.9	
Velocity of broad money (end of period)	5.3	6.5	6.2	...	...	...	...	...	...	6.0	6.2	...	...	6.3	
Velocity of broad money (period average)	6.4	6.3	6.4	...	...	...	...	...	...	6.3	6.4	...	...	6.3	
Net open position of the NBR	17.8	18.0	22.4	...	21.5	...	13.8	...	16.8	...	26.1	23.3	24.4	23.6	
Net open position of commercial banks	1.5	1.8	3.0	...	1.7	...	1.0	...	2.2	...	0.8	0.3	0.3	0.6	
Nominal GDP (in billions of Rwanda francs)	562.4	632.1	646.1	...	...	...	...	...	...	706.6	686.8	749.3	749.3	749.3	

Source: National Bank of Rwanda (NBR).

1/ Actual figures are based on current exchange rates and are not adjusted for program adjustments as described in the Technical Memorandum of Understanding.

2/ The program exchange rate is US\$1=RF411 in 2000 and US\$1=RF413.5 in 2001.

3/ As was recently agreed with officials at the NBR, net credit to government includes RF 9 billion in NBR claims on government arising from exchange losses related to the liberalization of the exchange system in March 1995, as well as RF 2 billion overdraft to the private government. Accordingly, the figures for net credit to government (+RF 11 billion), reserve money (+RF 2 billion), and other items net (+RF 9 billion) have been adjusted for all years, compared with EBS/99/23 (2/24/99).

4/ Other items as projected under the 2000 program include exchange revaluation changes due to the difference between the program exchange rate (US\$1=RF 411) and the actual exchange rate at end-1999.

5/ The reserve requirement was reduced in July 1998 from 12 percent to 10 percent, and from 10 percent to 8 percent in July 2000.

6/ At end-1998, the figures for net credit to government from commercial banks and broad money in 1997 and 1998 were revised (both upward) after reclassifying deposits of public enterprises and other autonomous public agencies, that had been previously classified under government deposits and excluded from broad money.

Table 8. Rwanda: Balance of Payments, 1994-2004 1/  
(In millions of U.S. dollars, unless otherwise indicated)

	1994	1995	1996	1997	1998	1999		2000		2001	2002	2003	2004
						Prog	Est	Prog	Rev.				
								EBS/00/143	Prog		Projections		
Exports, f o b	32.2	50.4	62.0	93.0	64.1	70.8	61.2	67.1	66.4	78.7	88.6	104.9	127.1
<i>Of which:</i> coffee	17.4	38.8	43.2	45.3	28.1	26.5	26.5	26.6	22.7	26.3	31.8	38.3	45.1
tea	5.8	3.8	9.3	20.6	22.8	20.2	17.5	19.1	26.4	30.3	32.6	36.7	39.4
Imports, f o b	367.4	194.1	213.3	277.4	255.7	242.0	224.5	250.0	245.9	248.8	267.0	285.3	301.3
Trade balance	-335.2	-143.7	-151.3	-184.5	-191.5	-171.1	-163.2	-183.0	-177.5	-170.1	-178.4	-180.4	-174.2
Services (net)	-108.7	-118.2	-142.0	-162.1	-166.1	-163.0	-149.2	-163.8	-133.7	-126.5	-114.9	-108.3	-104.5
<i>Of which:</i> interest on public debt (including Fund)	9.2	13.9	13.8	12.1	12.9	13.3	11.7	15.1	13.9	14.9	15.6	16.4	16.2
Transfers (net)	398.6	316.5	290.1	287.6	262.1	212.9	270.1	204.3	160.8	129.3	128.8	139.2	177.5
Private	44.5	15.8	26.5	25.0	18.3	10.0	18.2	12.0	12.0	29.8	30.4	30.9	31.5
Public	354.1	300.7	263.6	262.6	243.8	202.9	251.9	192.3	148.8	99.4	98.4	108.2	146.0
Current account balance (including official transfers)	-45.3	54.5	-3.2	-59.0	-95.6	-121.2	-42.4	-142.4	-150.4	-167.4	-164.5	-149.6	-101.2
Current account balance (excluding official transfers)	-399.4	-246.2	-266.8	-321.6	-339.3	-324.1	-294.3	-334.7	-299.2	-266.8	-262.9	-257.8	-247.2
Direct investment	--	2.0	2.2	2.6	7.1	5.4	1.7	2.1	6.1	11.5	13.0	14.4	17.3
Public sector capital	-10.1	28.4	32.1	42.9	46.4	23.3	51.6	26.9	53.0	63.5	91.1	85.9	50.1
Long-term borrowing	7.0	50.7	53.7	63.9	68.9	49.8	86.8	62.0	79.2	84.5	101.1	95.4	60.1
Budget support	--	45.4	27.4	26.1	37.2	--	51.5	--	31.1	41.0	50.0	40.0	--
Other long-term loans	7.0	5.3	26.3	37.8	31.7	49.8	35.3	62.0	48.1	43.5	51.1	55.4	60.1
Scheduled amortization	17.1	22.3	21.7	21.0	22.4	26.5	35.2	35.2	27.1	30.2	27.7	23.9	28.4
Private capital	12.4	-47.0	-13.6	1.2	-2.1	-20.0	-33.5	-19.3	-30.0	5.0	10.0	15.0	20.0
Commercial banks	11.0	-33.6	-13.5	1.3	-0.9	--	10.0	--	-11.5	-1.7	-6.4	-6.9	-7.5
Net repatriation lag	--	--	--	--	7.2	--	5.8	--	--	--	--	--	--
Other (including unrecorded imports)	1.4	-13.4	-0.1	-0.2	-8.3	--	-41.2	-19.3	-19.5	6.7	16.4	21.9	27.5
Capital account balance	2.3	-16.6	20.7	46.7	51.4	8.7	28.0	9.6	28.1	80.0	114.1	115.3	87.4
Errors and omissions	-1.0	13.3	-18.4	24.0	18.6	--	--	--	--	--	--	--	--
Overall balance	-44.1	51.2	-0.9	11.7	-25.5	-112.5	-14.4	-132.8	-122.3	-87.4	-50.4	-34.3	-13.8
Financing	44.1	-51.2	0.9	-11.7	25.5	-33.1	14.4	-26.0	-26.7	10.6	-7.1	-7.8	-8.8
Change in net foreign assets of NBR (increase -)	9.0	-46.7	-17.2	-29.2	6.6	1.2	7.4	13.8	13.7	8.5	-7.1	-7.8	-8.8
Net credit from the Fund	--	13.5	-1.3	18.1	13.8	20.6	20.8	14.3	14.3	14.6	-7.1	-1.6	-4.9
Disbursements/purchases	--	13.5	--	20.5	16.1	29.0	29.3	25.8	25.8	25.8	--	--	--
Repayments/repurchases	--	--	1.3	2.4	2.4	8.4	8.5	11.4	11.4	11.3	7.1	1.6	4.9
Change in gross official reserves (increase -) 1/	-3.7	-48.5	-7.0	-46.7	-10.8	-19.4	-10.0	-0.6	-0.6	-6.0	--	-6.2	-3.9
Change in other foreign liabilities (increase +)	12.7	-11.8	-9.0	-0.5	3.6	--	-3.4	--	--	--	--	--	--
Change in arrears (decrease -) 4/	35.1	-4.5	18.1	17.5	-58.2	-43.1	-2.7	-48.5	-48.5	--	--	--	--
Accumulation	35.1	15.9	18.1	17.5	15.0	--	6.5	--	--	--	--	--	--
Reduction	--	20.4	--	--	73.2	43.1	10.2	48.5	48.5	--	--	--	--
Exceptional financing	--	--	--	--	77.2	8.8	9.7	8.8	8.1	2.1	--	--	--
Bilateral debt forgiveness 4/	--	--	--	--	17.9	1.0	1.0	1.0	1.0	--	--	--	--
Bilateral debt rescheduling 4/	--	--	--	--	28.7	5.2	5.2	5.2	5.5	2.0	--	--	--
Multilateral debt refinancing	--	--	--	--	30.5	2.6	3.6	2.6	1.6	--	--	--	--
Financing gap	--	--	--	--	--	--	--	--	-149.0	76.7	57.4	42.2	22.7
<i>Of which:</i>	--	--	--	--	--	--	--	--	--	28.1	29.0	30.0	32.4
Expected effects of enhanced HIPC	--	--	--	--	--	--	--	--	--	28.1	29.0	30.0	32.4
Memorandum items													
Current account deficit (in percent of GDP)													
Excluding official transfers	-53.0	-19.1	-19.0	-17.3	-16.9	-15.8	-15.3	-16.7	-16.8	-14.7	-13.4	-12.1	-10.7
Including official transfers	-6.0	4.2	-0.2	-3.2	-4.8	-5.9	-2.2	-9.5	-8.4	-9.2	-8.4	-7.0	-4.4
Gross official reserves 2/	51.2	99.7	106.6	153.4	164.2	183.5	174.8	174.7	174.8	180.8	180.7	187.0	190.9
Gross official reserves (in months of imports, c.i.f.) 1/	1.3	5.0	5.0	5.4	6.1	7.3	6.8	6.7	6.8	7.0	6.6	6.4	6.2
Overall balance (in percent of GDP)	-5.8	4.0	-0.1	0.6	-1.3	-5.5	-1.2	-6.6	-6.9	-4.8	-2.6	-1.6	-0.6
Total external debt stock, end-of-year	1,012.6	1,063.0	1,111.9	1,137.9	1,154.4	1,254.3	1,301.7	1,372.5	1,344.3	1,392.3	1,345.5	1,400.9	1,404.6
External debt stock (in percent of GDP)	134.4	82.7	79.0	61.2	57.4	61.2	67.5	65.6	77.5	76.8	68.5	65.8	60.8
Debt service after rescheduling (in percent of goods and nonfactor services)	55.4	54.3	44.0	24.6	30.3	29.6	45.3	42.0	30.8	28.9	24.3	18.7	17.8

Sources: Rwandese authorities; and staff estimates and projections.

1/ Does not include the effects of the enhanced HIPC Initiative

2/ Gross reserve levels in 2002 do not reflect Fund disbursements under a possible PRGF successor arrangement

3/ The estimated decrease in arrears in 1998 includes US\$9.6 million in accumulated late interest on arrears to Paris Club creditors. All arrears to the European Union (US\$ 8.3 million) were cleared in 1999. The regularization of an amount of US\$ 41.7 in arrears vis-à-vis non-Paris Club creditors (including reschedulable arrears accumulated in 1999) is expected in 2000

4/ Includes the consolidation of outstanding arrears at end-June 1998 and scheduled debt service from July 1998 to end-May 2001 to Paris Club creditors

5/ Rwanda francs per U.S. dollar, period average

Table 9. Rwanda: External Public Debt, 1995-2000 1/2/  
(In millions of U.S. dollars, end of period)

	1995	1996	1997	1998		1999		2000	
				Total Debt	In Percent of Total	Total Debt 3/	In Percent of Total	Total Debt 3/	In Percent of Total
Total external debt 3/	1,063.0	1,111.9	1,137.9	1,154.4	100.0	1261.5	100.0	1230.0	100.0
Multilateral	854.9	899.2	927.4	1,012.3	87.7	1093.8	86.7	1067.7	86.8
IBRD/IDA	500.7	520.1	557.5	642.7	55.7	691.1	54.8	684.6	55.7
African Development Fund	201.0	226.7	203.4	220.4	19.1	218.3	17.3	215.2	17.5
African Development Bank	7.7	7.5	6.8	6.5	0.6	1.5	0.1	0.9	0.1
International Fund for Agricultural Development (FIDA)	23.4	23.1	25.3	29.1	2.5	31.9	2.5	31.6	2.6
Arab Bank for Economic Development in Africa (BADEA)	39.2	40.2	30.8	13.6	1.2	33.4	2.6	31.4	2.5
Arab League	2.0	1.6	1.7	0.3	0.0	0.4	0.0	0.1	0.0
European Union	32.7	32.9	34.4	30.3	2.6	28.2	2.2	27.0	2.2
European Investment Bank	11.8	13.1	15.0	11.3	1.0	1.2	0.1	1.1	0.1
OPEC Fund	10.2	10.0	12.3	1.7	0.1	6.7	0.5	6.3	0.5
IMF	26.3	24.2	40.4	56.4	4.9	75.9	6.0	64.3	5.2
Bilateral	208.1	212.7	210.5	142.1	12.3	167.7	13.3	162.3	13.2
Paris Club	112.1	113.7	102.8	57.2	5.0	73.6	5.8	73.6	6.0
Official development assistance (ODA)	76.0	77.6	70.6	53.6	4.6	69.5	5.5	69.5	5.7
Austria	16.8	17.0	14.5	15.1	1.3	9.3	0.7	9.3	0.8
Caisse Française de Développement (France)	44.3	45.5	41.4	31.9	2.8	45.0	3.6	45.0	3.7
Fonds de Coopération Economique d'Outre-Mer (Japan)	15.0	15.1	14.6	6.7	0.6	15.2	1.2	15.2	1.2
Non-ODA (suppliers' credits)	36.0	36.1	32.2	3.5	0.3	4.1	0.3	4.1	0.3
Banque Nationale de Paris (Amsterdam)	3.5	3.4	1.8	0.0	0.0	0.5	0.0	0.5	0.0
Banque Nationale de Paris (Paris)	16.1	15.9	7.3	0.0	0.0	0.0	0.0	0.0	0.0
Société pour l'Expansion des Exportation (Canada)	4.1	4.4	6.5	1.6	0.1	3.0	0.2	3.0	0.2
Compagnie Française d'Assurance pour le Commerce Extérieur (France)	12.4	12.4	15.2	1.9	0.2	0.0	0.0	0.0	0.0
United States (Air Rwanda)	0.0	0.0	1.4	0.0	0.0	0.6	0.0	0.6	0.0
Non-Paris Club	96.0	99.0	107.7	84.9	7.4	94.1	7.5	88.7	7.2
ODA	96.0	99.0	107.7	84.9	7.4	94.1	7.5	88.7	7.2
China	25.3	25.3	24.9	23.1	2.0	32.0	2.5	29.7	2.4
Abu Dhabi Fund	2.9	3.2	3.7	2.4	0.2	1.8	0.1	1.8	0.1
Kuwaiti Fund for Arab Economic Development	32.2	33.7	37.4	28.7	2.5	29.4	2.3	27.8	2.3
Libya	1.4	2.0	2.2	1.2	0.1	1.0	0.1	1.0	0.1
Saudi Fund for Development	34.2	34.8	39.4	29.5	2.6	30.0	2.4	28.3	2.3
Non-ODA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Sources: Rwandese authorities; and Fund staff estimates.

1/ Before application of the Enhanced HIPC Initiative.

2/ Including arrears and late interest.

3/ In 1999 and 2000 does not include new debt.

Table 10. Rwanda: External Public Debt Service and Other Debt Indicators, 1995-2004 1/  
(In millions of U.S. dollars, unless otherwise indicated)

	1995	1996	1997	1998	1999	2000 Est.	2001	2002	2003	2004
							Projections			
Total debt service before rescheduling	36.2	36.7	35.5	37.7	55.4	43.7	50.6	50.2	46.2	50.0
Principal	22.3	22.9	23.4	24.8	43.7	31.5	37.8	36.9	32.8	36.5
Interest	13.9	13.8	12.1	12.9	11.7	12.2	12.8	13.3	13.4	13.6
Scheduled debt service on existing contracted debt	36.2	36.7	35.5	37.5	51.9	42.8	49.0	47.6	42.8	46.1
Principal	22.3	22.9	23.4	24.6	41.7	31.5	37.8	36.9	32.8	36.5
Medium and long term	22.3	22.9	23.4	24.6	41.7	31.5	37.8	36.9	32.8	36.5
Multilateral	11.9	15.3	14.6	15.3	21.7	26.0	30.1	27.6	23.8	28.4
Official bilateral	10.4	7.7	8.8	9.2	20.0	5.4	7.7	9.3	9.0	8.1
Paris Club	3.0	3.1	3.1	4.4	4.9	0.0	2.3	3.9	3.5	3.5
Other official	7.4	4.6	5.7	4.8	15.1	5.4	5.4	5.4	5.4	4.6
Commercial	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Short term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest	13.9	13.8	12.1	12.9	10.2	11.4	11.2	10.7	10.0	9.6
Medium and long term	13.9	13.8	12.1	12.9	10.2	11.4	11.2	10.7	10.0	9.6
Multilateral	9.4	9.8	8.1	9.8	8.4	9.9	9.3	8.6	8.1	7.8
Official bilateral	4.4	4.0	3.9	3.0	1.8	1.5	1.9	2.1	2.0	1.8
Paris Club	2.7	2.6	2.3	2.3	1.3	1.3	1.7	2.0	1.9	1.8
Other official	1.7	1.4	1.7	0.7	0.5	0.3	0.2	0.2	0.1	0.1
Commercial	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Short term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt service on new borrowing 2/	0.0	0.0	0.0	0.2	3.5	0.9	1.7	2.6	3.4	3.9
Principal	0.0	0.0	0.0	0.2	2.0	0.0	0.0	0.0	0.0	0.0
Interest	0.0	0.0	0.0	0.0	1.5	0.9	1.7	2.6	3.4	3.9
Memorandum items:										
Total debt service (in percent of exports of goods and nonfactor services)										
Before rescheduling	54.3	44.0	24.6	33.7	47.9	51.9	44.4	39.5	33.6	21.1
After rescheduling 2/ 3/	54.3	44.0	24.6	30.3	45.3	30.8	28.9	24.3	18.7	17.8
Total debt stock (including new debt)	1,063.0	1,111.9	1,137.9	1,154.4	1,301.7	1,344.3	1,392.3	1,345.5	1,400.9	1,404.6
Net present value of debt stock (in percent of exports of goods and nonfactor services) 3/	--	--	423.5	558.3	523.4	576.3	559.6	527.5	497.9	441.2

Sources: Rwandese authorities; and Fund staff estimates and projections.

1/ Public and publicly guaranteed debt before application of the Enhanced HIPC initiative.

2/ Assuming that debt service vis-à-vis non-Paris Club bilateral and commercial creditors receives a treatment comparable to that of debt vis-à-vis Paris Club creditors (i.e., Naples terms).

3/ Assuming a flow rescheduling on Naples terms of arrears outstanding at end-June 1998 and scheduled debt service from July 1 1998 to end-May 2001 vis-à-vis official bilateral and commercial creditors; no stock-of-debt operation is assumed.

Table 11. Rwanda: Indicators of Capacity to Repay the Fund, 1998-2010 1/  
(In millions of SDRs, unless otherwise indicated)

	1998	1999	2000 Est	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
								Projections					
<b>Fund credit outstanding (end of period) 1/</b>													
In millions of SDRs	40.1	55.3	65.9	76.6	71.4	70.2	66.6	59.0	47.6	33.3	20.2	9.5	2.9
In millions of U.S. dollars	56.4	75.9	89.2	104.2	97.7	96.6	92.2	81.9	66.0	46.2	28.1	13.2	4.0
In percent of quota	67.4	69.0	82.2	95.6	89.1	87.7	83.2	73.7	59.4	41.6	25.3	11.9	3.6
<b>Fund obligations 2/</b>	3.1	7.2	9.3	9.0	5.7	1.6	3.9	7.9	11.7	14.5	13.2	10.8	6.7
Fund total charges and interests	1.4	1.0	0.9	0.7	0.5	0.4	0.3	0.3	0.3	0.2	0.1	0.1	0.0
Existing drawings	1.4	1.0	0.8	0.5	0.2	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Prospective drawings	0.0	0.0	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.0
Fund total repayments/repurchases	1.8	6.2	8.4	8.3	5.2	1.2	3.6	7.6	11.4	14.3	13.1	10.7	6.7
Existing drawings	1.8	6.2	8.4	8.3	5.2	1.2	3.6	4.8	4.8	4.8	3.6	1.2	0.0
Prospective drawings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.9	6.7	9.5	9.5	9.5	6.7
<b>Fund credit outstanding in percent of:</b>													
Exports of goods and nonfactor services	50.8	69.9	70.9	71.3	60.8	52.0	42.2	31.8	21.7	20.1	11.0	4.7	1.3
Total external debt 3/	4.7	5.5	6.1	6.9	12.6	11.3	10.2	8.5	6.5	2.5	1.5	0.7	0.2
Gross official reserves	34.4	43.6	51.0	57.7	54.1	51.7	48.3	40.7	31.0	51.9	29.8	12.7	3.3
<b>Fund obligations in percent of:</b>													
Exports of goods and nonfactor services	4.0	9.1	10.0	8.4	4.8	1.2	2.5	4.3	5.3	8.7	7.2	5.3	3.0
External debt service 3/	10.5	15.2	19.4	20.6	23.8	9.6	18.2	26.1	30.1	32.6	31.4	28.7	22.8
Gross international reserves	2.7	5.7	7.2	6.8	4.3	1.1	2.8	5.5	7.6	22.6	19.5	14.4	7.8
<b>Memorandum items:</b>													
Exports of goods and nonfactor services (in millions of U.S. dollars)	111.0	108.5	125.8	146.2	160.8	185.8	218.6	257.2	304.7	230.3	254.5	279.9	307.9
Gross official reserves (in months of imports, c.i.f.)	6.1	7.4	6.8	7.0	6.6	6.4	6.2	6.1	6.1	2.1	2.1	2.2	2.4

Sources: Rwandese authorities; and Fund staff estimates and projections.

1/ Includes the prospective (1999-2001) disbursements under the three-year Poverty Reduction and Growth Facility arrangement of SDR 71.4 million (120 percent of quota).

2/ Includes debt service on prospective disbursements.

3/ Assumes debt rescheduling from July 1998 to end-May 2001 from Paris Club (on Naples terms) and non-Paris Club bilateral creditors (on terms comparable to those granted by the Paris Club); a stock-of-debt operation on Naples terms (67 percent of NPV reduction) is assumed to take place in 2001.

**A. Macroeconomic Policies**

**Fiscal policy**

21. The government is persuaded of the need to achieve the fiscal deficit targets for 2000 despite the significant shortfall in revenue and avoid a weakening of the initial conditions for the program for 2001. It is, therefore, making every effort to restrain nonsocial expenditure and to contain the revenue shortfall through revenue measures in November–December 2000 so as to achieve virtually the same primary fiscal balance (-0.1 percent of GDP) as the one envisaged under the program for 2000 (0.1 percent of GDP). To this effect, the measures taken by the government are described in Box 1. It is expected that these steps would contain the shortfall of revenue from the target envisaged under the program to about 0.4 percent of GDP, and total revenue would amount to 10.2 percent of GDP in 2000. Expenditures will be

<b>Box 1. Revenue Measures To Be Taken in 2000<sup>1</sup></b>	
Action	Effective Date
<b>A. In the Context of the Revised Budget for 2000</b>	
<b>To improve customs collection</b>	
• Monthly reconciliation of SGS valuation with that of customs and justification of eventual differences between taxation proposed by SGS and effective taxation by customs. Requires only an administrative directive.*	Immediately
• Enact and implement ministerial decrees to reduce delays in clearance of goods and improve revenue collection:	Nov. 1, 2000
- Increase Magerwa storage fees, the levy of penalties for late withdrawal after customs declaration, and reduce period from date of storage after which the goods shall be considered abandoned and auctioned from 12 to 3 months.	
- Accelerate from quarterly to monthly, the transfer to the treasury of three-quarters of the 4 percent of the c.i.f. value as handling fee (1 percent for imports exempt from import duties).	
- Limit Magerwa's insurance coverage for goods stored in its warehouses to three months.	
• Enact and implement directive to reduce transit fraud by limiting the time periods of transit journeys between borders and borders, borders and Gikondo, and imposing progressive penalties.	Oct. 11, 2000 Done
• Enact and implement ministerial decree to reduce customs fraud evasion by introducing mandatory clearance by professional customs clearing agents ("customs broker").	End-November 2000
• Improve the coverage of imports subject to preshipment inspections (above US\$5,000) to 90 percent; and report on a monthly basis PSI coverage, based on PSI documents (in addition to customs declaration forms), import value, and tax collected by customs.	Ongoing Nov. 1, 2000
<b>To improve tax collection</b>	
• Enact and implement a revised law on fiscal procedures to reduce the legal delays and the taxpayer's response time to the revised tax assessment between the notice to start a tax audit and the confiscation of assets to collect the tax from 123 to 76 days.	January 1, 2001
• <b>Accelerate the auditing of enterprises:</b>	
- complete 1998 tax audits (risk-based) for at least 100 large enterprises with assistance from external auditors under the UK-DFID support project;*	December 15, 2000
- thereafter complete at least 20 audits of large enterprises per month; and	2001
- increase the number of ICHA/VAT issue-oriented audits to significantly improve compliance, in particular for small and medium enterprises	Immediately
• Strengthen tax collection through the extension of the <i>avis-à-tiers détenteur</i> to clients of enterprises in arrears, and exclusion of such enterprises from public auctions for at least six months.	End-January 2001
<b>B. Other Measures</b>	
• Strengthen control of exit of excisable goods from factories.	Immediately
• Collect dividends from state enterprises.	November 2000
• Ensure that fees for services and other nontax revenue are collected in accordance with the services delivered (nontax revenue).	Immediately
* An asterisk indicates a prior action for issuance of the staff report to the Executive Board.	

restrained below the program target in the areas of nonsocial sector purchases of goods and services and domestically financed capital expenditure. As exceptional social expenditures and foreign-financed capital expenditures are also expected to be lower than under the program, the overall fiscal deficit in 2000 is projected at 9.3 percent of GDP, compared with 11.2 percent in the program. In addition, the government will ensure that the reduction in domestic arrears envisaged under the program is carried out and that there is no loosening of the monetary program on account of inter alia increases in the net credit to government from the banking system.

22. The government intends to limit the 2001 overall fiscal deficit (commitment basis and excluding grants) to 9.6 percent of GDP and to achieve a primary surplus of 0.2 percent of GDP, in order to allow for a significant increase in bank credit to the private sector, while initiating a gradual decline in the external current account deficit. A more ambitious fiscal stance is not envisaged in 2001 in order to accommodate an upfront large increase in antipoverty (social) spending and reflecting the expectation that revenue improvements on account of measures will occur gradually. This deficit target is consistent with possible external financing for 2001.

23. The government's budget for 2001 envisages an increase in revenue from the updated projections for 2000 of 10.2 percent of GDP to 10.9 percent in 2001. Revenue performance is expected to improve progressively on account of improvements in tax and customs administration, in particular the strengthening of the administrative capacity of the Rwanda Revenue Authority and political commitment behind measures to enforce tax laws, combat tax evasion, and address corruption. Such measures include inter alia strengthening income tax recovery, improving transit and warehouse control, broadening the tax base, reducing exemptions, increasing the presumptive tax on small- and medium-size enterprises' profits, and implementing fully the liberalized petroleum pricing mechanism. On January 1, 2001, the government will also introduce a value-added tax (VAT) with a rate of 15 percent, a turnover threshold of RF 15 million, and minimal exemptions, that would make the VAT at least revenue neutral. The authorities are committed to monitoring closely the outturn of the VAT receipts and make adjustments in the rate and/or threshold, if required to ensure adequate revenue performance. The specific measures that are envisaged to deliver the revenue projections for 2001, including the timetable for their implementation, are shown in Box 2.

24. In the area of expenditures, the goal of the government in 2001 will be to significantly increase those expenditures, which have been identified to have the greatest antipoverty impact while containing total government expenditure to 20.5 percent of GDP, compared with a revised projection of 19.6 percent of GDP for 2000. In the government's budget, the wage bill will be kept to 5.1 percent of GDP in 2001, marginally lower as a percent of GDP than in 2000. This would allow large increases in the social sector wage bill to be offset by decreases in other areas. More generally, with a view to reallocating expenditure toward antipoverty areas, the government will aim to reduce military spending to 3.2 percent of GDP in 2001 (from 3.8 percent in 2000), in line with its announced intention for gradual reductions in such spending over the medium term.

corresponding adjustment will be made to broad money to maintain consistency of the monetary survey.

5. **Reclassification of deposits with the NBR of the CSR and other autonomous public agencies:** In tables presented by the IMF prior to January 1, 1999 deposits of the central government with the NBR included deposits of the CSR and other autonomous public agencies. As of January 1, 1999, these deposits will be categorized in other nonbank deposits, and figures for net credit to the government from the banking system will be higher than comparable figures from before January 1, 1999 by the amounts of these deposits. A corresponding adjustment will be made to reserve money to maintain consistency of the monetary survey.

6. **Reclassification of the deposits of 15 additional autonomous public agencies:** In tables presented by the IMF prior to November 5, 2000, deposits of the central government with the NBR included deposits of 15 autonomous agencies not identified in the original reclassification of January 1, 1999. As of November 6, 2000 these deposits will be itemized separately in a category called "public nongovernment deposits," but will still be included in the domestic credit of the NBR.

Table 1a Rwanda. Quantitative Performance Criteria and Benchmarks Under the Second and Third Annual PRGF Arrangements, 1999-2001  
(In billions of Rwanda francs, unless otherwise indicated)

	1999		2000				2001			
	Sep	Dec *	Mar	Jun	Sep *	Dec	Mar *	Jun	Sep *	Dec
			PRGF II				PRGF III			
(Performance criteria, on test dates <sup>1/</sup> , and quantitative benchmarks)										
Net foreign assets of the NBR (floor on stock) 1/:										
Actual (program exchange rate)	22.8	25.5	23.2	15.8	17.8	..	..	..	..	..
Adjusted program	29.3	30.8	26.4	23.8	23.1	..	..	..	..	..
Program 2/	28.0	28.0	26.6	25.1	22.0	25.6	24.3	23.9	23.1	22.3
Net domestic assets of the banking system (ceiling on stock)										
Actual (program exchange rate)	60.9	61.9	61.2	75.8	70.4	..	..	..	..	..
Adjusted program 3/	..	..	..	..	..	59.6	62.8	65.0	67.7	70.4
Program 2/	..	..	..	..	..	..	..	..	..	..
Net domestic assets of the NBR (ceiling on stock)										
Actual (program exchange rate)	11.5	14.9	12.1	21.3	17.7	..	..	..	..	..
Adjusted program 3/	7.6	6.6	11.6	14.6	13.1	..	..	..	..	..
Program 2/	8.9	9.4	11.4	13.3	16.0	..	..	..	..	..
Net credit to the central government by the banking system (ceiling on stock) 4/										
Actual	27.1	32.4	26.5	34.7	33.6	..	..	..	..	..
Adjusted program	32.5	24.0	32.6	31.1	27.5	..	..	..	..	..
Program 2/	23.8	26.9	32.4	29.8	28.6	32.8	33.3	32.8	32.8	32.8
New nonconcessional external debt (ceiling on flow) 5/										
Actual	0.0	0.0	0.0	0.0	0.0	..	..	..	..	..
Program 2/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Short-term external debt (ceiling on stock) 6/										
Actual	0.0	0.0	0.0	0.0	0.0	..	..	..	..	..
Program 2/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Primary fiscal balance (floor on cumulative flow since Dec 31) 7/ 8/										
Actual	-11.5	-14.4	5.7	4.2	-0.8	..	..	..	..	..
Adjusted program	-4.8	-4.9	-0.3	3.3	2.1	..	..	..	..	..
Program 2/	-5.8	-4.5	-1.5	2.8	1.8	-1.5	1.3	4.1	1.4	1.1
Stock of outstanding nonreschedulable external arrears (ceiling on stock) 9/										
Actual	0.0	0.0	0.0	0.0	0.4	..	..	..	..	..
Program 2/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net accumulation of domestic arrears (ceiling on cumulative net accumulation since Dec 31)										
Actual	0.4	-4.0	1.6	-2.0	0.9	..	..	..	..	..
Program 2/	-2.8	-3.5	-0.2	-1.5	-2.5	-4.5	0.0	0.0	0.0	0.0
Social spending (floor on cumulative flow since Dec 31) 10/										
Actual	17.7	25.1	4.5	10.9	18.3	..	..	..	..	..
Program 2/	18.6	24.8	5.8	11.4	18.6	28.4	6.0	14.5	25.5	36.5
Reserve money (ceiling on stock)										
(Indicative targets)										
Actual	34.2	40.4	35.3	37.1	35.5	..	..	..	..	..
Adjusted program	36.9	37.4	..	..	..	..	..	..	..	..
Program 2/	36.9	37.4	38.0	38.5	38.0	37.9	38.8	39.6	40.5	41.3
Budgetary revenue (floor on cumulative flow since Dec 31)										
Actual	47.6	63.6	20.1	36.0	51.6	..	..	..	..	..
Program 2/	49.5	71.0	15.6	38.5	56.8	69.6	18.7	39.9	60.1	81.3
Wage bill (ceiling on cumulative flow since Dec 31)										
Actual	25.6	34.4	8.3	17.5	26.6	..	..	..	..	..
Program 2/	26.3	34.0	8.7	17.5	26.2	36.0	9.0	18.5	28.5	38.6
Memorandum items										
Total external budgetary support and social spending adjustment (min (A, B)) 11/	-1.3	-2.9	0.2	1.3	-1.1	..	..	..	..	..
Cap on external budgetary support adjustment (A)	9.0	12.0	9.0	11.0	13.0	15.0	9.0	11.0	13.0	15.0
Uncapped external budgetary support and social spending adjustment (B = C + D)	-1.3	-2.9	0.2	1.3	-1.1	..	..	..	..	..
Budgetary support cumulative shortfall + (excess -) (C)	-0.6	-2.0	2.4	1.8	1.2	..	..	..	..	..
Financed social and exceptional social spending, excess + (shortfall -) (D = min (E, ..	-0.7	-0.9	-2.3	-0.5	-2.4	..	..	..	..	..
Budgetary support cumulative excess + (shortfall = 0) (E)	0.6	2.0	0.0	0.0	0.0	..	..	..	..	..
Social and exceptional social spending, excess + (shortfall -) (F)	-0.7	-0.9	-2.3	-0.5	-2.4	..	..	..	..	..

Sources: Rwandese authorities, and Fund staff estimates and projections

1/ Net foreign reserves are defined, for this purpose, consistent with the definition of the Special Data Dissemination Standards (SDDS) template, as external assets readily available to, or controlled by, the National Bank of Rwanda (NBR) net of external liabilities of the NBR. Pledged or otherwise encumbered reserves assets including, but not limited to, reserve assets used as collateral or guarantee for third-party external liabilities are to be excluded.

2/ "Program" targets for 2000 are revised program targets

3/ If the required reserve ratio changes, the ceiling on net domestic assets of the NBR will be adjusted by the absolute change in the ratio times the projected deposit base of the commercial banks

4/ Ceiling on contracting or guaranteeing by the central government, local governments and the NBR of new nonconcessional external debt with original maturity of more than one year. Debt rescheduling and restructuring are excluded from the borrowing limits. Includes financial leases and other instruments giving rise to external liabilities, contingent or otherwise, on nonconcessional terms. In determining the level of concessionality of these obligations, the definition of concessional borrowing shall apply. Concessional borrowing is defined as having a grant element of 35 percent or more until September 2000, and 50 percent or more from December 2000 onwards. For loans with a maturity of at least 15 years, the 10-year average commercial interest reference rates (CIRRs) published by the OECD should be used as the discount rate for assessing the level of concessionality, while the 6-month average CIRRs should be used for loans with shorter maturities. To both the 10-year and the 6-month averages, the following margins for differing repayment periods should be added: 0.75 percent for repayment periods of less than 15 years; 1 percent for 15-19 years; 1.15 percent for 20-29 years; and 1.25 percent for 30 years or more.

5/ From December 2000 onwards, the definition of net credit to government by the banking system has been changed to exclude public nongovernmental deposits

6/ Ceiling on change in outstanding stock of external debt (excluding normal import-related credits) owed or guaranteed by the central government, local government and the NBR with original maturity of up to and including one year

7/ The primary fiscal balance is defined as total revenue (excluding privatization proceeds) minus current expenditure (excluding scheduled interest payments and exceptional social expenditure) minus domestically financed capital expenditure

8/ The primary fiscal balance is adjusted downward to accommodate any fully externally financed excess social spending

9/ To be monitored on a continuous basis

10/ The definition of social spending from March 2001 has been changed to include a larger variety of social/antipoverty spending. Before March 2001, social spending is defined as expenditures by the ministries of health and education

11/ Applies to net domestic assets of the NBR up to September 2000, to net domestic assets of the banking system from December 2000 onward, and to net credit to the central government by the banking system, and, in the opposite direction, to net foreign assets of the NBR. Cumulative shortfall (excess -) in budget support, excluding debt relief from Paris Club and non-Paris Club creditors, since December 31. The adjustment in case of a shortfall is capped at RF 12 billion at end-December 1999, and at RF 9 billion, RF 11 billion, RF 13 billion, and RF 15 billion at end-March, June, September, and December in both 2000 and 2001 respectively. Excludes shortfalls in amounts used to repay domestic debt.

Table 2. Rwanda: Proposed Structural Performance Criteria and Benchmarks for the First and Second Review under the Third Annual PRGF Arrangement, 2000/2001

Action	Timing
Develop a system for monitoring poverty related expenditures on a monthly basis <sup>1</sup>	January 1, 2001
Begin collecting taxes under VAT law <sup>2</sup>	January 1, 2001
The NBR to conduct weekly auctions to sell foreign exchange to the highest bidder among the commercial banks at whatever rate clears the auction <sup>2</sup>	January 31, 2001
Prepare a monitorable action plan for further strengthening the Auditor General's office, and a strategy and timetable for delivering a full audit of public accounts annually <sup>1</sup>	End-February 2001
Completion of audits of the large companies' 1998 tax returns and completion of 40 audits of 1999 returns <sup>1</sup>	End-March 2001
Issue financial instructions in accordance with the organic budget law <sup>2</sup>	End-June 2001
Submit to Parliament TPR law to make all salary allowances in cash and in kind fully subject to TPR <sup>1</sup>	End-June 2001
Adopt law that allows for the efficient and timely enforcement of arbitration awards rendered by the arbitrage center <sup>2</sup>	End-June 2001
Effect improvements in the system of the <i>voie parée</i> in accordance with the recommendation of the interministerial committee established for the purpose <sup>1</sup>	End-June 2001
Offer 51 percent of Rwandatel to a strategic investor <sup>1</sup>	November 2001
Achieve collection rate of 75 percent of tax assessment within one month of assessment through strict application of reminder enforcement procedures <sup>1</sup>	September 2001
Maintain and achieve voluntary declaration and payment compliance rates of at least 95 percent for large enterprises and at least 40 percent for SME (from 95 percent and 10 percent, respectively in 1999) <sup>1</sup>	September 2001
Complete a review of all waivers and exemptions from import duties and taxes, produce a plan that provides for their elimination by a specific date (with the exception of those established under international treaties) and propose in accordance with this plan that some of the waivers or exemptions will be eliminated with effect for the 2002 budget. <sup>2</sup>	September 2001
Establish a <i>Tribunal de Commerce</i> (Commercial Court) and a <i>Tribunal Fiscal</i> (Tax Court) <sup>1</sup>	End-December 2001

<sup>1</sup>Structural benchmark.<sup>2</sup>Structural performance criterion.

Table 3. Rwanda: Quarterly Targets for Social and Antipoverty Expenditure, 1998-2001 1/  
(Cumulative flows since the beginning of the year, in billions of Rwanda francs)

	1998		1999					2000					2001					
	Prog.	Est.	Mar. Est.	June Est.	Sep. Est.	Dec.		Mar. Prog.	Est.	June Prog.	Est.	Sep.		Dec. Prog.	Mar.	Jun.	Sept.	Dec.
						Prog.	Est.					Prog.	Est.					
<b>Total social expenditure (recurrent, including UNR)</b>	20.3	17.5	4.5	10.7	17.7	27.5	25.1	5.8	4.5	11.4	10.9	18.6	18.3	28.4	6.0	14.5	25.5	36.7
Basic social spending (recurrent, excluding UNR)	17.6	14.7	3.7	9.2	15.3	24.3	21.9	5.2	4.0	10.0	9.6	16.4	15.9	25.2	5.5	13.2	23.3	33.7
<b>Education</b>	17.6	13.9	3.8	9.1	14.5	20.7	20.4	4.3	3.8	8.9	8.7	14.3	15.0	21.6	4.6	10.8	18.1	25.3
Wages and salaries (excluding UNR)	11.7	7.9	2.4	5.3	8.1	11.3	11.3	2.3	2.8	5.6	5.9	8.4	9.1	12.2	3.1	6.7	10.8	15.0
Goods and services (excluding UNR)	3.2	1.4	0.1	1.0	2.4	2.9	2.8	0.7	0.1	0.7	0.2	1.6	0.8	2.9	0.4	1.2	2.5	3.9
Transfers	2.7	4.6	1.4	2.9	4.1	6.6	6.3	1.3	1.0	2.6	2.6	4.3	5.1	6.6	1.1	2.9	4.8	6.4
University (UNR)	2.7	2.8	0.8	1.5	2.3	3.2	3.2	0.6	0.5	1.3	1.3	2.2	2.4	3.2	0.5	1.3	2.2	3.0
Scholarships 2/	...	1.4	0.5	1.2	1.5	2.8	2.6	0.5	0.4	1.1	1.0	1.8	2.3	2.8	0.4	1.2	2.0	2.6
ISAE, IRST, primary school, other 3/	...	0.3	0.1	0.1	0.2	0.5	0.5	0.1	0.1	0.2	0.2	0.4	0.3	0.5	0.2	0.4	0.6	0.8
<b>Health</b>	2.1	2.6	0.5	1.1	2.3	4.9	3.3	1.0	0.5	1.7	1.7	3.0	2.7	4.9	0.8	2.2	4.4	6.5
Wages and salaries	1.1	1.0	0.3	0.6	1.0	2.0	1.4	0.5	0.3	0.8	0.7	1.3	1.0	2.0	0.4	0.9	1.7	2.5
Goods and services	1.1	1.1	0.1	0.5	1.2	2.6	1.8	0.5	0.2	0.8	1.0	1.6	1.5	2.6	0.3	1.1	2.4	3.8
Transfers	0.0	0.5	0.0	0.0	0.1	0.3	0.1	0.0	0.0	0.1	0.1	0.2	0.2	0.3	0.1	0.2	0.3	0.3
<b>Social affairs/gender, women and development</b>	0.6	1.0	0.0	0.2	0.3	1.0	0.5	0.4	0.1	0.3	0.1	0.6	0.2	1.0	0.3	0.8	1.9	3.2
Wages and salaries	...	...	0.0	0.1	0.1	0.4	0.2	0.1	0.0	0.1	0.1	0.2	0.1	0.4	0.1	0.2	0.3	0.6
Goods and services	...	...	0.0	0.1	0.1	0.6	0.2	0.1	0.0	0.2	0.0	0.3	0.1	0.6	0.2	0.5	1.5	2.5
Transfers	...	...	0.0	0.1	0.1	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	...	0.1	0.1	0.1
<b>Youth, culture and sport</b>	0.0	0.0	0.1	0.3	0.6	0.9	0.9	0.2	0.1	0.5	0.4	0.7	0.5	0.9	0.3	0.7	1.2	1.6
Wages and salaries	...	...	0.0	0.1	0.2	0.3	0.2	0.1	0.0	0.1	0.1	0.2	0.1	0.3	0.1	0.2	0.3	0.1
Goods and services	...	...	0.0	0.1	0.2	0.4	0.3	0.1	0.1	0.2	0.2	0.3	0.3	0.4	0.1	0.3	0.6	0.9
Transfers	...	...	0.1	0.1	0.3	0.3	0.4	0.0	0.0	0.2	0.1	0.3	0.1	0.3	0.1	0.2	0.3	0.7
<b>Memorandum items:</b>																		
Total social expenditure (including KIST, KHI, KIE, teacher training)	...	17.5	4.7	11.1	18.2	29.6	26.1	6.1	4.9	12.2	11.8	20.1	19.6	30.5	6.5	15.6	27.2	39.1
KIST, KHI, KIE, teacher training 4/	...	0.0	0.2	0.4	0.6	2.0	0.9	0.3	0.4	0.9	0.9	1.5	1.3	2.0	0.5	1.1	1.7	2.3

Sources: Rwandese authorities; and staff estimates.

1/ To be monitored based on the fiscal "flash" reports, financial data from the ministries of education and health, and surveys of decentralized units with assistance from the World Bank and DFID.

2/ Include scholarships for Ministry of Education only.

3/ ISAE and IRST are agricultural and technical research institutions; "other" includes higher education activities.

4/ The transfers to these institutions (for training of health workers and teachers and for research) are included under "exceptional social spending."

Table 1. Rwanda: Proposed Prior Actions for the Submission of Request to the IMF Executive Board for Consideration of the Third Annual PRGF Arrangement 2000/2001

- 
1. Adoption by Cabinet and submission to parliament of a 2001 Budget Law consistent with the revenue and expenditure targets agreed with the Fund staff.
  2. Issuance of an administrative directive to reconcile monthly the SGS valuation of imports with that of customs and justify differences of implied taxation.
  3. Announcement by the government, concurrent with the presentation of Budget to parliament, of the decision to tax petroleum products on the basis of a revised petroleum pricing mechanism with implementation in five equal instalments—between February 2001 and June 2001—by:
    - (a) applying a 3-month moving average of international petroleum prices, and
    - (b) adjusting the reference price for taxation in line with the 3-month moving average.
  4. Adopt, as part of the Budget Law for 2001, a 5 percent withholding tax on imports, deductible from profit tax, with introduction from March 1, 2001.
  5. The RRA to complete audits<sup>1</sup> of 100 large companies 1998 tax returns by Dec. 15, 2000.
  6. Complete the audits of the accounts of the Ministries of Public Works, Transport and Communications, Energy, Water and Natural Resources, Defense, and Education and avail the reports at least in one language.
- 

---

<sup>1</sup> This is to understand that the audit reports are issued to the companies.

Table 2. Rwanda Quantitative Performance Criteria and Benchmarks Under the Second and Third Annual PRGF Arrangements, 1999-2001  
(In billions of Rwanda francs, unless otherwise indicated)

	1999		2000				2001			
	Sep	Dec.*	Mar	Jun	Sep.*	Dec.	Mar*	Jun	Sep*	Dec.
			PRGF II				PRGF III			
(Performance criteria, on test dates*, and quantitative benchmarks)										
Net foreign assets of the NBR (floor on stock) 1/										
Actual (program exchange rate)	22.8	25.5	23.2	15.8	17.8	..	..	..	..	..
Adjusted program	29.3	30.8	26.4	23.8	23.1	..	..	..	..	..
Program 2/	28.0	28.0	26.6	25.1	22.0	25.6	24.3	23.9	23.1	22.3
Net domestic assets of the banking system (ceiling on stock)										
Actual (program exchange rate)	60.9	61.9	61.2	75.8	70.4	..	..	..	..	..
Adjusted program 3/	..	..	..	..	..	59.6	62.8	65.0	67.7	70.4
Program 2/	..	..	..	..	..	..	..	..	..	..
Net domestic assets of the NBR (ceiling on stock)										
Actual (program exchange rate)	11.5	14.9	12.1	21.3	17.7	..	..	..	..	..
Adjusted program 3/	7.6	6.6	11.6	14.6	13.1	..	..	..	..	..
Program 2/	8.9	9.4	11.4	13.3	16.0	..	..	..	..	..
Net credit to the central government by the banking system (ceiling on stock) 4/										
Actual	27.1	32.4	26.5	34.7	33.6	..	..	..	..	..
Adjusted program	22.5	24.0	32.6	31.1	27.5	..	..	..	..	..
Program 2/	23.8	26.9	32.4	29.8	28.6	32.8	33.3	32.8	32.8	32.8
New nonconcessional external debt (ceiling on flow) 5/										
Actual	0.0	0.0	0.0	0.0	0.0	..	..	..	..	..
Program 2/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Short-term external debt (ceiling on stock) 6/										
Actual	0.0	0.0	0.0	0.0	0.0	..	..	..	..	..
Program 2/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Primary fiscal balance (floor on cumulative flow since Dec. 31) 7/ 8/										
Actual	-11.5	-14.4	5.7	4.2	-0.8	..	..	..	..	..
Adjusted program	-4.8	-4.9	-0.3	3.3	2.1	..	..	..	..	..
Program 2/	-5.8	-4.5	-1.5	2.8	1.8	-1.5	1.3	4.1	1.4	1.1
Stock of outstanding nonreschedulable external arrears (ceiling on stock) 9/										
Actual	0.0	0.0	0.0	0.0	0.4	..	..	..	..	..
Program 2/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net accumulation of domestic arrears (ceiling on cumulative net accumulation since Dec. 31)										
Actual	0.4	-4.0	1.6	-2.0	0.9	..	..	..	..	..
Program 2/	-2.8	-3.5	-0.2	-1.5	-2.5	-4.5	0.0	0.0	0.0	0.0
Social spending (floor on cumulative flow since Dec. 31) 10/										
Actual	17.7	25.1	4.5	10.9	18.3	..	..	..	..	..
Program 2/	18.6	24.8	5.8	11.4	18.6	28.4	6.0	14.5	25.5	36.5
Reserve money (ceiling on stock)										
(Indicative targets)										
Actual	34.2	40.4	35.3	37.1	35.5	..	..	..	..	..
Adjusted program	36.9	37.4	..	..	..	..	..	..	..	..
Program 2/	36.9	37.4	38.0	38.5	38.0	37.9	38.8	39.6	40.5	41.3
Budgetary revenue (floor on cumulative flow since Dec. 31)										
Actual	47.6	63.6	20.1	36.0	51.6	..	..	..	..	..
Program 2/	49.5	71.0	15.6	38.5	56.8	69.6	18.7	39.9	60.1	81.3
Wage bill (ceiling on cumulative flow since Dec. 31)										
Actual	25.6	34.4	8.3	17.5	26.6	..	..	..	..	..
Program 2/	26.3	34.0	8.7	17.5	26.2	36.0	9.0	18.5	28.5	38.6
Memorandum items:										
Total external budgetary support and social spending adjustment (min (A, B)) 11/	-1.3	-2.9	0.2	1.3	-1.1	..	..	..	..	..
Cap on external budgetary support adjustment (A)	9.0	12.0	9.0	11.0	13.0	15.0	9.0	11.0	13.0	15.0
Uncapped external budgetary support and social spending adjustment (B = C + D)	-1.3	-2.9	0.2	1.3	-1.1	..	..	..	..	..
Budgetary support cumulative shortfall + (excess -) (C)	-0.6	-2.0	2.4	1.8	1.2	..	..	..	..	..
Financed social and exceptional social spending, excess + (shortfall -) (D = min (E,	-0.7	-0.9	-2.3	-0.5	-2.4	..	..	..	..	..
Budgetary support cumulative excess + (shortfall = 0) (E)	0.6	2.0	0.0	0.0	0.0	..	..	..	..	..
Social and exceptional social spending, excess + (shortfall -) (F)	-0.7	-0.9	-2.3	-0.5	-2.4	..	..	..	..	..

Sources: Rwandese authorities, and Fund staff estimates and projections.

1/ Net foreign reserves are defined, for this purpose, consistent with the definition of the Special Data Dissemination Standards (SDDS) template, as external assets readily available to, or controlled by, the National Bank of Rwanda (NBR) net of external liabilities of the NBR. Pledged or otherwise encumbered reserves assets including, but not limited to, reserve assets used as collateral or guarantee for third-party external liabilities are to be excluded.

2/ "Program" targets for 2000 are revised program targets.

3/ If the required reserve ratio changes, the ceiling on net domestic assets of the NBR will be adjusted by the absolute change in the ratio times the projected deposit base of the commercial banks.

4/ Ceiling on contracting or guaranteeing by the central government, local governments and the NBR of new nonconcessional external debt with original maturity of more than one year. Debt rescheduling and restructuring are excluded from the borrowing limits. Includes financial leases and other instruments giving rise to external liabilities, contingent or otherwise, on nonconcessional terms. In determining the level of concessionality of these obligations, the definition of concessional borrowing shall apply. Concessional borrowing is defined as having a grant element of 35 percent or more until September 2000, and 50 percent or more from December 2000 onwards. For loans with a maturity of at least 15 years, the 10-year average commercial interest reference rates (CIRRs) published by the OECD should be used as the discount rate for assessing the level of concessionality, while the 6-month average CIRRs should be used for loans with shorter maturities. To both the 10-year and the 6-month averages, the following margins for differing repayment periods should be added: 0.75 percent for repayment periods of less than 15 years; 1 percent for 15-19 years, 1.15 percent for 20-29 years, and 1.25 percent for 30 years or more.

5/ From December 2000 onwards, the definition of net credit to government by the banking system has been changed to exclude public nongovernmental deposits.

6/ Ceiling on change in outstanding stock of external debt (excluding normal import-related credits) owed or guaranteed by the central government, local government and the NBR with original maturity of up to and including one year.

7/ The primary fiscal balance is defined as total revenue (excluding privatization proceeds) minus current expenditure (excluding scheduled interest payments and exceptional social expenditure) minus domestically financed capital expenditure.

8/ The primary fiscal balance is adjusted downward to accommodate any fully externally financed excess social spending.

9/ To be monitored on a continuous basis.

10/ The definition of social spending from March 2001 has been changed to include a larger variety of social/antipoverty spending. Before March 2001, social spending is defined as expenditures by the ministries of health and education.

11/ Applies to net domestic assets of the NBR up to September 2000, to net domestic assets of the banking system from December 2000 onward, and to net credit to the central government by the banking system, and, in the opposite direction, to net foreign assets of the NBR. Cumulative shortfall (excess -) in budget support, excluding debt relief from Paris Club and non-Paris Club creditors, since December 31. The adjustment in case of a shortfall is capped at RF 12 billion at end December 1999, and at RF 9 billion, RF 11 billion, RF 13 billion, and RF 15 billion at end-March, June, September, and December in both 2000 and 2001 respectively. Excludes shortfalls in amounts used to repay domestic debt.

Table 3. Rwanda: Proposed Structural Performance Criteria and Benchmarks for the First and Second Review under the Third Annual PRGF Arrangement, 2000/2001

Action	Timing
Develop a system for monitoring poverty related expenditures on a monthly basis <sup>1</sup>	January 1, 2001
Begin collecting taxes under VAT law <sup>2</sup>	January 1, 2001
The NBR to conduct weekly auctions to sell foreign exchange to the highest bidder among the commercial banks at whatever rate clears the auction <sup>2</sup>	January 31, 2001
Prepare a monitorable action plan for further strengthening the Auditor General's office, and a strategy and timetable for delivering a full audit of public accounts annually <sup>1</sup>	End-February 2001
Completion of audits of the large companies' 1998 tax returns and completion of 40 audits of 1999 returns <sup>1</sup>	End-March 2001
Issue financial instructions in accordance with the organic budget law <sup>2</sup>	End-June 2001
Submit to Parliament TPR law to make all salary allowances in cash and in kind fully subject to TPR <sup>1</sup>	End-June 2001
Adopt law that allows for the efficient and timely enforcement of arbitration awards rendered by the arbitration center <sup>2</sup>	End-June 2001
Effect improvements in the system of the <i>voie parée</i> in accordance with the recommendation of the interministerial committee established for the purpose <sup>1</sup>	End-June 2001
Offer 51 percent of Rwandatel to a strategic investor <sup>1</sup>	November 2001
Achieve collection rate of 75 percent of tax assessment within one month of assessment through strict application of reminder enforcement procedures <sup>1</sup>	September 2001
Maintain and achieve voluntary declaration and payment compliance rates of at least 95 percent for large enterprises and at least 40 percent for SME (from 95 percent and 10 percent, respectively in 1999) <sup>1</sup>	September 2001
Complete a review of all waivers and exemptions from import duties and taxes, produce a plan that provides for their elimination by a specific date (with the exception of those established under international treaties) and propose in accordance with this plan that some of the waivers or exemptions will be eliminated with effect for the 2002 budget. <sup>2</sup>	September 2001
Establish a <i>Tribunal de Commerce</i> (Commercial Court) and a <i>Tribunal Fiscal</i> (Tax Court) <sup>1</sup>	End-December 2001

<sup>1</sup>Structural benchmark.

<sup>2</sup>Structural performance criterion.

Table 4. Rwanda: Structural Performance Criteria and Benchmarks Under the Second Annual PRGF Arrangement, 1999/2000 1/

Reform	Original Timing	Status
Implement tax-inclusive tendering ( <i>toute taxe comprise</i> ). <sup>2</sup>	2000 budget	Done January 2000
Submit to parliament a draft value-added tax (VAT) law and publicize proposed VAT introduction. <sup>3</sup>	End-December 1999	Done end-March 2000
Introduce VAT. <sup>3</sup>	End-July 2000	Postponed to January 1, 2001
Submit to parliament the organic budget law. <sup>3</sup>	Mid-August 2000	Draft law submitted to parliament in August 2000
Implement functional classifications for the recurrent and development budgets; adapt the classification for the health and education ministries, consistent with key objectives/programs for these sectors. <sup>2</sup>	January 2000	Done, to be fully implemented in 2001 Budget
Create a central computerized database of central administrative civil servants' career, background, and job records integrated with the computerized payroll system. <sup>3</sup>	November 30, 2000	Done for Ministry of Public Service and Labour, to be extended to other ministries by end-December 2001
Complete the audits of the 1999 accounts of the Ministries of Public Works, Transport, and Communication; Defense, Health, and Education; Energy, water, and Natural Resources. <sup>2</sup>	October 31, 2000	Not done. Postponed to December 2000, except for Ministry of Health which is postponed to end-March 2001.
Complete redeployment of staff within all ministries in line with the new <i>cadres organiques</i> .	October 2000	Done
Sell, bring to the point of sale, or liquidate government's shares of a cumulative total (since mid-1998) of 46 enterprises out of a divestiture program of 69 enterprises, based on the agreed quarterly timetable. <sup>2, 4</sup>	Mid-2000	Done for 15 out of 22 companies to be brought to the point of sale by September 2000
Eliminate import surcharge.	July 2000	Done, September, 2000
Reach agreement with all commercial banks on revised restructuring plans over three years in line with the recommendations of the recently completed audits agreed upon among the BNR, the auditors, and the banks. <sup>3</sup>	End-December 1999	Partially implemented by end-1999; fully implemented by end-June 2000
Adopt an action plan for the financial and operational restructuring of the Caisse Social du Rwanda (CSR), and reach agreement with the CSR on the amount and modalities of consolidation of the government's debt to the CSR. <sup>2</sup>	December 1999	Agreement on consolidation reached April 2000; action plan on restructuring pending completion of actuarial study (expected for end-2000)

<sup>1</sup> Adoption of a satisfactory budget for 2000 would be a condition for completion of the first review of the second annual PRGF arrangement (July 1999-June 2000).

<sup>2</sup> Structural benchmark for second annual PRGF arrangement.

<sup>3</sup> Structural performance criterion for second annual PRGF arrangement.

<sup>4</sup> Under the original plan a total of 46 enterprises, out of a total of 69 remained to be divested. At end-September 1999, 19 enterprises had been sold, 3 were under liquidation, and the minority shares in 1 had been sold. The **timetable for divestiture** was as follows:

**End-1999 (14)** - Coffee Factory Masaka; Mukamira Maize Factory; Lake Ihema Fisheries; Couvoir National de Rubirizi; Gishwati Dairy Plant; Pyrethrum Factory (OPYRWA); Papeterie du Rwanda; Oprovia Warehouses; Hotel Izuba; Hotel Akagera; Guest House Kinigi; Sopab;\* Sorwal;\* Sonafruit.\*

**End-June 2000 (9)** - Rwamagana Rice Mill; Bugarama Rice Mill; Butare Rice Mill; Caisse hypothécaire du Rwanda;\* Rwandex; Soproriz; Rwantexo;\* Tabarwanda;\* Caisse d'épargne du Rwanda.

**End-2000 (16)** - Tea factories (9); Rwandatel; Etiru;\* Imprisco; Magerwa;\* Onatracom; Sorwathe;\* Redemi.

**End-2001 (7)** - Banque Commerciale du Rwanda; Banque Rwandaise de Developpement;\* BACAR;\* Banque de Kigali;\* Electrogaz; Sonarwa;\* Bralirwa\*. (\* = government (minority) shares to be sold)