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November 4, 1996

To: Members of the Executive Board
From: The Secretary
Subject: Rwanda - Selected Issues and Statistical Appendix

This paper provides background information to the staff report on the 1996 Article IV consultation discussions with Rwanda, which was circulated as SM/96/271 on October 31, 1996. This paper updates the statistical appendix contained in the last background paper on Rwanda (SM/95/193, 8/11/95).

Mr. Kimaro (ext. 36946) or Mr. Krichene (ext. 37015) is available to answer technical or factual questions relating to this paper prior to the Board discussion.

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INTERNATIONAL MONETARY FUND

RWANDA

Selected Issues and Statistical Appendix

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Approved by the African Department

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Rwanda - Basic Data

Social and demographic indicators:

(Prewar situation, except where indicated)

Area	26,338 square kilometers
Population	
Total (1995 estimate)	6.0 million
Growth rate	3.7 percent
GDP per capita (1995)	US\$188
Crude birth rate	54 per thousand
Crude death rate	18 per thousand
Infant mortality rate	11.5 percent
Average life expectancy at birth (years)	
Men	50.0
Women	48.5
Food availability (calories/person/day/average)	2,243
Literacy rate (adult)	55.8 percent
School enrollment ratio (of relevant age group)	
Primary	61
Secondary	6
Number of telephones per 1,000 inhabitants	0.8
Circulation of daily newspapers per 1,000 inhabitants	0.1
Installed electricity-generating capacity (kilowatts per 1,000 inhabitants)	4.1

	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u> Est.	<u>1995</u> Est.
<u>Gross domestic product</u>	<u>(In billions of Rwanda francs)</u>				
GDP at 1990 constant prices 1/	204.8	218.3	203.4	103.8	129.3
Of which: primary sector	(68.4)	(71.9)	(61.2)	(36.2)	(43.5)
secondary sector	(36.6)	(40.9)	(35.5)	(18.2)	(19.1)
tertiary sector	(87.2)	(91.8)	(91.4)	(42.4)	(60.5)
GDP at current prices	239.3	271.8	284.4	165.1	327.5
Private consumption	208.8	233.1	252.7	242.2	328.2
Public consumption	28.9	35.2	32.9	13.6	31.0
Gross fixed investment and changes in stocks	27.3	37.9	42.4	5.6	44.5
Exports 2/	17.5	15.1	14.8	9.7	19.8
Imports 2/	43.1	49.5	58.3	106.1	96.0
<u>Price indices</u> (in Rwanda francs)	<u>(Percentage change)</u>				
GDP deflator	16.8	6.6	12.3	13.7	59.3
Consumer price index	19.6	9.5	12.4	64.0	22.0
Export price index	51.1	-16.5	23.6	57.6	107.8
Import price index	47.1	9.6	2.2	56.6	43.8
<u>Government finance</u>	<u>(In billions of Rwanda francs)</u>				
Total revenue and grants	36.1	44.3	44.0	7.5	61.5
Of which: total revenue	(25.0)	(27.6)	(25.9)	(6.0)	(23.1)
Total expenditure and net lending 3/	52.5	65.6	67.2	26.6	69.4
Current	35.9	45.7	43.5	22.2	42.1
Capital	16.8	20.1	21.6	4.4	27.3
Of which: externally financed	(14.0)	(18.2)	(20.3)	(4.1)	(27.3)
Net lending	-0.2	-0.1	2.0	--	--
Overall deficit on a commitment basis (including grants)	-16.4	-21.3	-23.2	-19.0	-7.9
Domestic financing	2.7	6.6	4.6	5.7	-12.8
Of which: banking system	(-1.3)	(5.9)	(4.2)	(5.4)	(-12.8)
External financing (net)	7.5	10.5	8.6	-2.4	7.4

Rwanda - Basic Data (concluded)

	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u> Est.	<u>1995</u> Est.
<u>Money and credit (end of period)</u>					
	<u>(In billions of Rwanda francs)</u>				
Foreign assets (net)	12.2	10.3	3.0	2.6	31.6
Domestic credit <u>4/</u>	30.0	37.3	45.6	42.6	41.7
Claims on Government (net) <u>4/</u>	16.3	21.1	25.4	24.8	11.9
Claims on private sector	13.7	16.1	20.3	17.8	29.8
Narrow money	18.0	22.5	24.8	28.1	40.3
Quasi-money	15.5	15.2	14.6	8.4	22.4
Other items (including medium- and long-term loans)	-8.7	-9.9	-9.2	-8.8	-10.7
<u>Balance of payments</u>					
	<u>(In millions of U.S. dollars)</u>				
Exports, f.o.b.	95.6	68.8	67.7	32.2	51.2
Of which: coffee	(57.6)	(35.1)	(37.6)	(17.4)	(38.1)
Imports, f.o.b.	-228.1	-241.1	-267.7	-367.1	-237.3
Trade balance	-132.5	-172.3	-200.1	-334.9	-186.2
Services (net)	-83.4	-97.5	-117.3	-109.6	-70.7
Private transfers (net)	20.9	20.1	22.1	44.5	15.8
Official transfers (net)	161.8	170.9	164.9	354.1	298.3
Current account balance (including grants)	-33.3	-78.8	-130.3	-45.9	57.3
Gross official reserves (end of period)	110.1	78.7	47.5	51.2	98.9
Exchange rate for the Rwanda francs per U.S. dollar (period average)	125.1	133.0	144.3	220.0	290.0
Nominal trade-weighted effective exchange rate (1990 = 100)	70.5	70.5	68.8	47.1	47.9
Real trade-weighted effective exchange rate (1990 = 100)	76.0	73.3	70.7	60.5	78.6

Sources: Data provided by the Rwandese authorities; and staff estimates.

1/ Including net indirect taxes (not included in the three sectors shown below).

2/ Exports and imports include both goods and nonfactor services.

3/ On a commitment basis.

4/ Including government deposits at the Central Bank, as well as special deposit accounts held by a number of public entities.

I. Introduction ^{1/}

This paper contains analyses of certain issues that are relevant to the Fund's policy work on Rwanda and background economic statistics. These issues, pertaining to the post-conflict environment in Rwanda, relate to technical assistance in the macroeconomic field, national reconciliation, the tax effort, and the development of the private sector. The introductory section provides a summary description of the salient developments described in the appended charts and tables (Appendix I); the tax system (Appendix II); the exchange and trade system (Appendix III); and the discussion on the selected topics (Sections II-V).

1. Statistical weaknesses

During the recent civil war, Rwanda's capacity to compile economic statistics virtually disintegrated, and some of the available information disappeared. The statistics contained in this report reflect the authorities' efforts to build a database for the postwar period and to reconstruct the quantitative information for the prewar years. There are a number of problems in using the data that are presently available. First, the statistics may not be comparable to those published in previous Fund reports, owing to war-related interruptions in the collection of the data or the use of a different methodology in reconstructing the prewar series. Second, the methodology underlying the current compilation of some of the data is based on expediency, particularly in generating essential statistics for policy purposes. Such statistics (particularly those in the areas of public finances, money, and the balance of payments) may not be fully in line with the accepted methodology. Third, the substantial demographic, institutional, and policy changes that have taken place recently following the cessation of the war point to pronounced changes in the behavioral functions underlying the major economic aggregates. These caveats notwithstanding, the available data provide a reasonable approximation of orders of magnitude and the direction of the changes that have taken place in the postwar period.

2. Salient social and economic developments: An overview

The recent civil war resulted in the following major demographic changes: more than 500,000 people were killed in 1994; approximately 800,000 "old" refugees from the earlier civil wars during the 1950s to 1980s have returned to Rwanda; and some 1.5 million (out of an initial total of 2.4 million) refugees from the recent civil war are still in exile.

Real GDP rebounded by 25 percent in 1995, but activities in virtually all sectors were still well below the prewar levels. Meanwhile, Rwanda experienced a large resource gap, with domestic savings being negative and

^{1/} Prepared by Sadikiel Kimaro and Nouredine Krichene.

investment remaining substantially below the past levels. 1/ The rate of domestic inflation abated from an estimated 64 percent in 1994 to 22 percent during 1995.

During the postwar period, Rwanda's basic fiscal performance has improved, with the primary budgetary deficit declining, in relation to GDP, from 5.3 percent in 1994 to an estimated 2.4 percent in 1995. The improvement reflects efforts to rehabilitate revenue administration and restrain expenditure, especially on the civilian side. Nonetheless, the underlying fiscal situation remains weak: arrears on external and domestic debt have continued to increase, spending in the priority areas is inadequate, and defense-related outlays absorb more than 40 percent of current expenditure.

The latest revisions in the tax system reflect ongoing efforts to rationalize the structure of external tariffs, with a view to lowering the level of effective protection, and introduce various revenue-oriented adjustments in domestic tax rates and business license fees. The present tax system provides numerous exemptions granted in the context of the investment code and various conventions, thereby contributing to widespread tax evasion.

The authorities have been pursuing a prudent monetary policy, relying on the rediscount rate and the reserve requirement, in the context of market-determined exchange rate and interest rates. An increase of about 72 percent in money supply in 1995 was accompanied by a buildup in the net foreign assets of the banking system and a rapid replenishment of gross official international reserves. Net domestic credit has declined over most of the postwar period, with recovery in credit to the private sector being more than offset by the decline in net government borrowing from the banking system.

The external sector has been characterized by a weak export base, strong demand for imports, high reliance on foreign assistance (largely in the form of official grants), and a strengthening of gross official international reserves to a level equivalent to about three months of imports.

Following the introduction of the market-determined exchange rate system in March 1995, the Rwanda franc depreciated substantially in the ensuing months. However, since August 1995, the exchange rate has fluctuated around a narrow band of RF 300-310 per U.S. dollar. The differential between the rates in the official and the parallel markets has declined progressively.

1/ The negative savings performance reflected the adverse impact of the war on domestic production and incomes, and the attendant heavy reliance on externally supported relief and emergency operations.

At end-1995, Rwanda's external debt, owed mostly to multilateral creditors, amounted to US\$1 billion, and arrears on debt service payments to bilateral, commercial, and some multilateral creditors had increased to about US\$63 million.

As of mid-1996, pledges under the 1995 Round Table conference amounted to about US\$1.5 billion, of which some US\$660 million had been disbursed. An additional US\$607 million was pledged under the second Round Table conference in June 1996.

The authorities have removed practically all restrictions on current account transactions; capital account transactions still require approval by the National Bank of Rwanda.

3. Selected issues: An overview

Technical assistance. The Fund's plan for helping Rwanda in the period following the conflict has included substantial technical assistance in rebuilding the capacity for macroeconomic management. This assistance-- which so far has been aimed mainly at strengthening the National Bank of Rwanda, the Ministries of Finance and Planning, and the compilation of economic statistics--will need to be continued over the medium term. Moreover, the authorities will need to focus increasingly on training, especially within the country, and on selected institutional deepening to support prospective reforms.

National reconciliation. The Rwandese authorities' efforts to promote a national reconciliation in the aftermath of the divisive civil war have until now focused on social and demographic factors. Considerable progress has been made in helping the survivors of the genocide to cope with their tragedies, restoring internal security, rebuilding the judicial system, and supporting the persons returning from exile. Further progress is needed on most of these fronts, including an accelerated return of the large number of Rwandese who are still in exile. Moreover, in fostering continued economic recovery and development, the authorities would need to weigh carefully the potential implications for national reconciliation of the various measures and reforms to be taken in the period ahead. The primary challenge in this regard is to ensure a balanced, efficient, and equitable access to economic opportunities.

Tax effort. Further progress in reducing financial imbalances in the economy will require a sustained improvement in the fiscal situation and a substantial strengthening of revenue performance. In this regard, the authorities would need to address the factors that have contributed to Rwanda's traditionally low revenue- and tax-GDP ratios. These factors, which have been exacerbated by the recent civil war, include widespread tax exemptions and evasion, weaknesses in tax administration, and economic features associated with low tax efforts.

Private sector development. The attainment of the authorities' goal of strengthening the role of the private sector in the economy would require determined efforts to address deep-seated problems that have impeded the development of the agricultural sector and private investment. In agriculture, land fragmentation and poor crop and animal husbandry would need to be addressed. A dynamic role for the private sector in the formal sector would require decisive steps to limit the role of the government in commercially oriented activities and improve the regulatory environment. Manpower training and special initiatives to increase the financing of investment in the formal as well as the informal sectors would also be necessary.

II. Technical Assistance in Rwanda's Post-Conflict Context ^{1/}

Since the cessation of hostilities in 1994, the Fund staff has been helping Rwanda to re-establish macroeconomic stability as the foundation for economic recovery and growth. To this end, the Fund has been providing technical assistance and policy advice in its area of expertise. The Fund staff has also sought to involve the rest of the international community in these efforts, in the context of the Round Table conferences, special meetings with the representatives of the international community in Kigali, and in other fora.

In assisting Rwanda, the Fund staff has attached special importance to the rehabilitation of the National Bank of Rwanda (NBR), the Ministries of Finance and Planning, and the compilation of financial and economic statistics through a comprehensive technical assistance program. The principal elements of this program were identified in consultation with the Rwandese authorities and discussed with interested members of the international community at the first Round Table conference for Rwanda in early 1995. The design of this program was guided by the findings of diagnostic missions carried out by Fund staff from the various departments. A major finding was that Rwanda needed urgently to rebuild its human and institutional capacity in macroeconomic management through a variety of means, including the training of government officials, many of whom were newly appointed and had little experience.

In addition to supporting the technical assistance efforts with its own resources, the Fund has--at the request of the authorities and in consultation with the international community--assumed the responsibility of coordinating the capacity-building efforts in the macroeconomic area. To date, the World Bank, the United Nations Development Program (UNDP), and some bilateral donors have provided support for the technical assistance program.

^{1/} Prepared by Chee Sung Lee and Nouredine Krichene.

1. National Bank of Rwanda (NBR)

Under the guidance of the Fund's Monetary and Exchange Affairs Department (MAE), technical assistance to the NBR has contributed to the restoration of banking operations. ^{1/} The main departments of the NBR have been reestablished, thereby enabling the central bank to carry out essential functions relating to foreign exchange operations, accounting, monetary policy, research, and supervision of the banking system. In this connection, the first MAE mission was fielded relatively early in October 1994, and followed by additional diagnostic and policy-oriented missions, and the fielding of short-term and long-term experts in the areas of accounting, foreign exchange policy, and monetary policy.

A market-determined exchange rate system was introduced in March 1995, with the re-opened commercial banks and newly established foreign exchange bureaus providing the institutional framework for the market. Interest rates have been liberalized and the conduct of monetary policy now relies principally on the rediscount rate and bank reserve requirements. The assistance of a senior monetary policy advisor to the Governor of the NBR was critical in the institutional rebuilding of the NBR, including the early adoption of the important policy reforms. Work has also started on the rehabilitation of the financial system through individual bank audits and the formulation of plans to strengthen the re-opened commercial banks. Further assistance in bank supervision and in restoring the soundness of the financial system is needed.

Diagnostic missions by the staff of the Fund's Statistics Department (STA) also played an important role in helping the NBR to reorganize its department of statistics and research, and resume the collection of monetary and balance of payments statistics. However, additional assistance is needed to improve the methodology for collecting and analyzing the monetary and balance of payments statistics.

The next phase of technical assistance to the NBR would need to aim at pursuing ways of consolidating the gains achieved so far, including a further strengthening of the foreign exchange dealing rooms, establishing a monetary programming unit, helping to start an interbank money market, and strengthening the supervisory role of the NBR. There would also be a need to bolster the effectiveness of the NBR through, among other things, the enactment of revised central bank and commercial banks laws, laying the foundation for the use of open market operations, and more advanced training.

^{1/} Together with the recommencement of central banking activities, three commercial banks have resumed operations, two new commercial banks have been established, and the country's only development bank has been reopened, as have most of the outlets of the rurally based bank (the Peoples' Bank).

2. Ministry of Finance

A diagnostic mission by the staff of the Fund's Fiscal Affairs Department (FAD) in early 1995 helped design a program to strengthen the Directorate of the Budget, the Treasury, and the Tax and the Customs Departments of the Ministry of Finance. In this regard, the focus of the technical assistance was on restoring the role of the budget as a tool for managing public finances, strengthening expenditure control procedures, and enhancing revenue collection. The mission also helped identify organizational, staffing, training, equipment, and other requirements for restoring the operational capacity of the Ministry of Finance.

In contrast to the relatively smooth delivery of technical assistance to the NBR, various unforeseen delays were encountered in the fiscal area. Specifically, the arrangements for the financing of certain components of technical assistance could not be finalized until late 1995. Moreover, the staffing of key positions in the ministry proved more difficult than had been envisaged owing to the shortage of qualified nationals, compounded by competitive remuneration outside the civil service. Finally, the rather unsettled social situation in Rwanda tended to discourage experts of certain countries from accepting assignments in Rwanda.

Nevertheless, some assistance was provided through the assignment of a short-term expert in the second half of 1995 and through a Fund staff mission that helped develop a flash reporting system for the Ministry of Finance in early 1996. Moreover, as a result of an intensified search, suitable advisors in tax and customs administration, as well as public expenditure and treasury management, were recruited and seconded to Rwanda in the second half of 1996. Meanwhile, short-term Fund staff missions have continued to provide policy advice, particularly in the areas relating to tax administration.

Notwithstanding the delayed delivery of technical assistance, some progress has been made in improving budgeting procedures and the monitoring of broad categories of government outlays. Furthermore, the implementation of some of the measures recommended by the FAD missions has contributed to a strong recovery in government revenue, but the overall tax effort is still low compared with those of other African countries.

With the secondment of Fund-recruited experts, it is expected that further progress will be made in strengthening expenditure management, budgetary control procedures, and the monitoring of fiscal performance. Special attention is being paid to obtaining reliable and timely data on government expenditure and to improving the management of the public debt. Moreover, reforms are under way to strengthen revenue administration, especially in regard to large taxpayers. These efforts are expected to pave the way for the establishment of an autonomous revenue authority. In this connection, additional technical assistance, drawing on the experience of countries where similar institutions have been created, would be required. Rwanda is also likely to need substantial technical assistance in legal and

other fields, especially in regard to budgetary and fiscal legislation, enforcement of tax collection, reform of the social security system, and computerization of fiscal operations.

Personnel training is a critical component of capacity-building efforts in the fiscal areas. Assisted by Fund-recruited experts, the authorities have formulated detailed training programs for the staff of individual departments at all levels. Most of the training is expected to take place at the Institute of Public Finance in Kigali.

3. Ministry of Planning

The responsibilities of the Ministry of Planning include the coordination of economic policies and external assistance (especially in the context of Round Table meetings), as well as the compilation and analysis of economic statistics. Accordingly, since mid-1995 a macroeconomic advisor has been seconded to the Ministry of Planning to assist the government in, among other things, preparing coherent macroeconomic policies and implementing Fund-supported economic reforms. Additionally, STA diagnostic missions have helped define strategies for resuming the compilation of sound national accounts and price statistics.

Most of the technical assistance on the statistical side is being financed by the UNDP, the World Bank, and bilateral donors. The UNDP has also provided extensive assistance in coordinating the pledges and disbursements under the two Round Table conferences (in early 1995 and mid-1996).

As the capacity of the Ministry of Planning in the policy and statistical areas is expected to remain relatively weak, there will be a need for continued assistance to this ministry. In particular, further assistance will be needed to improve the national accounts and price statistics.

4. Training and personnel deployment

A large number of the personnel of the key economic institutions are inexperienced and need very basic training before they can participate in advanced training in Rwanda or abroad. In early 1996, the IMF Institute organized a seminar on introductory financial and economic analysis for government officials from Rwanda and Burundi. Rwandese applicants have also been given special consideration in the IMF Institute courses at headquarters and elsewhere.

To date, training programs have been developed for the staff of the NBR, Ministry of Finance, and Ministry of Planning. Most of the training will be offered in Rwanda. A special issue that would need to be faced in this regard is that some of the officials benefiting from training might choose to stop working for the government in view of the low level of wages and salaries in the civil service. Furthermore, a significant number of the former government officials who are now in exile are qualified and could---

upon their return to Rwanda--offer an opportunity to overcome some of the manpower shortage.

5. Conclusion

In the aftermath of the civil war, the Fund has attempted to meet the pressing needs of rebuilding Rwanda's key economic institutions. The delivery of the technical assistance in the macroeconomic field was for the most part prompt and timely, thereby enabling the authorities to restore a sound policy framework and to embark on policy reforms (such as the introduction of a market-determined exchange rate system and the liberalization of interest rates) that were more suited to the new circumstances.

Rwanda would need to make further progress in capacity and institution building, including the training of a relatively large number of newly appointed government officials. To this end, the international community would need to continue to support technical assistance efforts in the macroeconomic area. The effectiveness of these efforts would require close collaboration between the Rwandese authorities and the international community, including an active involvement of the Fund in coordinating the ongoing activities in the NBR, the Ministries of Finance and Planning, and the compilation of financial and economic statistics.

III. National Reconciliation: Progress and Challenges Ahead ^{1/}

Following the cessation of the civil war in July 1994, the Rwandese authorities adopted a strategy of national reconciliation aimed at promoting the healing of the social wounds inflicted during the period of hostilities. The strategy is also directed at fostering the conditions for a more balanced sharing of social and economic opportunities, thereby enhancing the prospects for durable social and political stability.

In promoting this strategy (the essential features of which still remain to be developed and deepened), the authorities' efforts have focused on various aspects on the social side, namely, (a) providing special assistance to the persons who have been severely affected by the war; (b) restoring internal security; (c) strengthening the justice and penitentiary systems; (d) fostering the repatriation of refugees; and (e) supporting the resettlement of the large number of displaced persons. On the economic side, the initial emphasis was on restoring a sound economic policy framework. To be effective, this strategy would also need to address certain issues relating to the sharing of economic opportunities. These include resolving the problem of the double occupancy of properties; a balanced reform of the civil service; creation of equitable income and employment opportunities in the rural and urban areas; and a sensitive approach to the reforms having a significant impact on the distribution of assets.

^{1/} Prepared by Sadikiel Kimaro and Mohammed El Qorchi.

1. Social and demographic dimensions

Coping with the impact of the war. Following the cessation of the war, the Rwandese authorities have been implementing various programs aimed at assisting the vulnerable groups; 1/ helping women, many of whom are heads of households; and assisting children repatriated from neighboring countries with different social and cultural backgrounds. Thus, for example, by mid-1996 more than 12,000 unaccompanied children had been reunified with their families, leaving some 8,000 of them still in 63 centers for unaccompanied children. At the same time, more than 10,000 orphaned children were provided education, and 300,000 widows were provided shelter. About 2,600 "child soldiers" (out of 5,500 at the conclusion of the war) had been demobilized. A revision of property, inheritance, and other laws affecting the economic welfare of women and children was under way. New school curricula providing for the needs of returning children and a united society were being developed. Moreover, various activities catering to the needs of the survivors of genocide, including trauma and social advisory services, were being undertaken, largely with the help of the international community.

Internal security. By mid-1996, the Rwandese authorities had made substantial progress in restoring internal security and administrative authority at the central and local government levels. More specifically, civilian institutions have been taking over the task of maintaining law and order from the army. The government has reestablished the headquarters for the new gendarmerie, and 7 out of 11 planned squads are now operational. The National Gendarmerie School (EGENA) at Ruhengeri has been rehabilitated, and one fifth of the gendarmes in service at the beginning of 1996 had been trained in that school. In 1995 a training center for the communal police, with a capacity of 750 trainees, was established in Gishari. Police trained at this center have been deployed in all the communes and the urban region of Kigali, and the authorities have embarked on a project aimed at building houses for the police in about 100 communes. Moreover, a large number of provincial, district, and communal government workers have been trained under a technical assistance program that is being supported by the United Nations Development Program.

Penitentiary and justice system. The number of persons detained because of alleged genocide and war crimes had increased to about 80,260 by end-July 1996. Meanwhile, the holding capacity of the penitentiary system had been increased from roughly 12,200 following the cessation of hostilities in July 1994 to about 30,000.

It is believed that early and expeditious fair trials for the persons being detained would pave the way for a national "healing" and encourage the return of the refugees who are still in exile. To this end, the National Assembly has passed a special law (on "alternative justice") that provides

1/ Such as children separated from their families, orphans, children soldiers, handicapped soldiers, and elderly persons without families.

for, among other things, some forms of plea bargaining, thereby providing an avenue for accelerating the trials. Meanwhile, the authorities, assisted by the international community, have been implementing a number of initiatives, including personnel training (Box 1), review of the legal framework, and a further improvement of the penitentiary system, with a view to enabling the Ministry of Justice to accelerate the processing of the large number of cases, and improving the prison conditions.

Box 1. Ministry of Justice: Personnel Training		
Personnel category	Training completed	Required additional training
Court clerks	50	375
Prosecution officers	90	150
Prosecution secretaries	50	150
Policy inspectors	250	300
Applicant magistrates	320	...
Nonlawyer magistrates	...	300

Source: Ministry of Justice.

As a result of these efforts, the Ministry of Justice has been able to reorganize the judiciary system to conform to Rwanda's fundamental law, derived from the Arusha agreement, the 1991 Constitution, the official position of the Rwanda Patriotic Front, and standing agreements among the political parties. The members of the Supreme Court and the higher courts have been appointed. Since May 1996, magistrates have been appointed to these courts, thereby facilitating the commencement of trials for civil and criminal cases. Furthermore, the authorities are in the process of expanding the existing detention centers, building new semi-permanent detention facilities, and improving equipment and medical services in the centers.

Repatriation of refugees. In the aftermath of the 1994 civil war, up to one million persons were displaced within the country, while another 2.4 million ("new caseload") sought refuge in the neighboring countries. As of July 1994, the number of Rwandese refugees, including the "old caseload" --those who left the country between 1959 and 1980--was estimated at about 3.4 million.

Table. Total Refugees in July 1994

	Zaire	Tanzania	Burundi	Uganda	Other	Total
Old	441,097	81,408	240,218	261,673	20,000	1,044,396
New	1,600,000	545,000	250,000	--	--	2,395,000
Total	2,041,097	626,408	490,218	261,673	20,000	3,439,396
Percent of total refugees	59.3	18.2	14.3	7.6	0.6	100.00

Source: Ministry of Rehabilitation and Social Integration (MINIREISO).

The return of the refugees started after the establishment of the new government in July 1994 and has continued at a variable pace. About 623,000 and 432,000 of the new refugees returned to Rwanda in July-December 1994 and the whole of 1995, respectively. During the first half of 1996, the number of new refugees returning to Rwanda dwindled to fewer than 44,000, before picking up over the ensuing two months as a result of the unsettled conditions in Burundi. By July 1996, about 800,000 "old" refugees, or 80 percent of the old caseload, had returned to Rwanda. As a result, the total refugee population in neighboring countries in July 1996 was estimated at about 1.6 million, including approximately 1.4 million new refugees and about 200,000 old refugees. Most of the refugees were located in Zaire (about 1.1 million) and Tanzania (about 0.4 million).

To facilitate the repatriation of refugees, transit centers with a total capacity of 64,000 persons have been established in various parts of the country. Upon leaving the transit centers, the old refugees settled in earmarked sites, 1/ while the new refugees returned to their original homes. The transportation of refugees to their permanent location is assured by a designated official entity and by the Organization for International Migration (OIM).

Resettlement of displaced persons. The government, together with the nongovernmental organizations (NGOs) and other members of the international community, supports the resettlement of the new refugees by providing a carefully "packaged" assistance to facilitate the resumption of traditional means of livelihood and, where necessary, the reconstruction of simple shelters. The old refugees returning to Rwanda have so far settled in sites located in seven zones (Box 2):

Box 2. Resettlement of "Old" Refugees		
Zone 1	Byumba (Mutara)	Muvumba, Ngarama, Gituza, Kivuye, Murambi (50,000 households).
Zone 2	Kibungo	Kyonza, Kabarondo, Rukira, Rusumo, Birenga, Kigarama, Rukara (40,000 households).
Zone 3	Kigali rural	Kazenze, Gashora, Ngenda (10,000 households)
Zone 4	Butare rural	Muyaga, Muganza, Kibayi, Nyaruhengeri, Kigembi
Zone 5	Gisenyi	(10,000 households).
Zone 6	Kigali City	For returnees living in urban areas
Zone 7	Butare City	Reserved for returnees preferring to live in urban areas.

1/ Most of the old refugees who have returned to Rwanda settled in Kigali South, Kigali City, Kibungo, and the Nyagatara region in Byumba. About 300,000 of these refugees (nearly 40 percent) are located in urban areas, notably around the city of Kigali.

In addition, thousands of refugee families will be settled in communes located outside the seven priority zones in "diffused sites," consisting of small sites, mainly in Butare, Gitarama, Kibuyi, and Cyangugu. These sites are expected to host 25,000 households. For the most part, the settlement sites for the old refugees are on land belonging to the government. The sites in the rural areas were picked with a view to enabling the concerned households to have easy access to farming plots of modest size.

Eventually, about 200,000 old caseload households are expected to locate in the earmarked sites, with 70 percent of them being in the rural areas. Most of the sites in the rural as well as the urban areas have not yet been serviced, and the resettlement program discussed at the midterm review of the 1995 Round Table conference is still at an early stage of implementation.

A number of UN agencies and NGOs are assisting in rehabilitating and building houses in the identified settlement sites. For example, the United Nations High Commission for Refugees (UNHCR) has funded the construction of shelters at some sites, agreed to provide construction tools for many projects, and distributed "shelter kits" in various provinces. The World Food Program (WFP) has facilitated the construction of housing through food-for-work programs. Oxfam-Quebec is involved in supervising the development of some sites, and providing sheet metal and other building materials. Local and foreign private construction companies have also been involved in the development of the settlement sites.

Thus far, a number of difficulties, including the weak coordination among the ongoing initiatives and the scarcity of resources, have tended to slow down the settlement of the old refugees. The government has recently identified about 50,000 hectares of additional small sites that could host 30,000 families. Additional sites still need to be identified.

2. Economic dimension

Double occupancy of properties. Most of the old refugees returning to Rwanda since 1994 have occupied buildings, farms, and other properties left behind by the new refugees. To resolve the problem of contentious claims on properties, the authorities have adopted the principle that only claims to properties abandoned fewer than 12 years ago could be acknowledged as legitimate. Mechanisms to help those reclaiming their properties have also been put in place and are being enforced.

In general, the problem of the double occupancy of properties is less severe in the rural areas where distinct sites have, as noted above, been earmarked for the settlement of the old refugees returning to Rwanda. In contrast, contentious claims to properties have been more common in the urban areas because of the severe shortage of housing alternatives, especially for the old refugees. Typically, the provincial leaders (prefects) are in charge of dealing with contentious claims on a case-by-case basis. Once a prefect is notified of a legitimate returning refugee's claim to a property, a 15-day notice is normally given to the current tenant to vacate

the premises. According to the authorities, such notices are generally respected. However, in some cases, the prefects have had to intervene actively, taking into account, among other things, the family situation of the current tenant and the availability of alternative housing facilities. The Rwandese authorities are aware that the rapid development of affordable housing in the urban areas is an indispensable element of the ongoing efforts at national reconciliation.

Civil service reform. Following the death or departure into exile of most of the civil servants of the former government, the present civil service has been rebuilt, especially at the senior levels, by employing Rwandese nationals who were present in the country. This has given rise to a number of challenges for the new government. Specifically, a relatively large number of the civil servants have inadequate training and experience. While the ongoing training programs will help address this problem, the government will still have to deal with the retrenchment of those employees who are unqualified. Moreover, it is expected that the large number of former civil servants who are now in exile would eventually return to the country and that some of them might opt to rejoin the civil service. In that event, and given the government's decision to limit the number of the civil servants (other than teachers) to less than 57 percent of the prewar level, the government might have to reexamine its strategy for ensuring that the available positions are in fact given to competent nationals. Such a strategy would also have to take into consideration the need for social balance.

Income and employment creation. Since the cycle of social conflict in Rwanda is to a significant extent attributable to the sharing of political and economic power, the authorities' national reconciliation efforts are focusing on, among other things, an accelerated and equitable creation of income and employment opportunities. Thus, in the rural sector emphasis has been placed on distributing government-owned land (such as the Akagera national park) to returning old refugees. For more or less the same purpose, the authorities are determined to reclaim a substantial amount of marshlands that has hitherto been unusable.

Outside the agricultural sector (and the civil service), income and employment opportunities will depend significantly on the role of the private sector. The authorities are aware that the government's responsibility in improving the climate for private investment should, to the extent possible, also seek to promote an equitable expansion of income and employment opportunities. Many civil servants and military personnel of the former government who are now in exile will eventually need to find a livelihood in the private sector. Moreover, with the anticipated demobilization of soldiers and the reform of the public enterprises and the civil service, a potentially large number of retrenched personnel will likely turn to the

private sector for a living. 1/ The performance of the private sector would be crucial in fostering a national reconciliation, as would the adoption of safety nets aimed at assisting the vulnerable groups. In this regard, the Rwandese authorities are attaching special importance to the reform of the insolvent national social security system.

Asset distribution. A number of anticipated reforms, particularly those relating to the liquidation or privatization of the public enterprises and the reduction of government-owned houses and vehicles, are likely to result in a substantial redistribution of assets in the economy. The authorities are aware that in the circumstances of Rwanda such reforms would need to be pursued carefully, in order to minimize the danger of favoring certain social groups.

IV. The Tax Effort 2/

1. Introduction

In their efforts to improve fiscal performance, the Rwandese authorities are taking forceful measures to rebuild the system of fiscal administration, while addressing the factors that have traditionally contributed to a low tax effort in Rwanda. The following subsections will provide a cross-country perspective on Rwanda's revenue performance, examine the factors that have contributed to the relatively low tax effort, and outline an action plan to strengthen revenue performance in the near future.

2. A cross-country perspective

Despite the rather high tax rates, total revenue in relation to GDP was estimated at 7.1 percent in 1995 and is projected at 8.4 percent in 1996, which is quite low by sub-Saharan African standards. Since 1994, Rwanda's total revenue ratio has been the lowest among ten sub-Saharan African countries with more or less comparable tax bases (Table 1). 3/ Rwanda's average revenue ratio was 12.5 percent in 1990-91, compared with the ten-country average of 12.3 percent, and declined to 9.6 percent during 1992-93 before collapsing to a record low of 3.7 percent in 1994 because of the civil war. Since then, revenue performance has been on a rising trend, owing to the economic recovery and efforts to rebuild the system of tax administration. Nevertheless, Rwanda's revenue and tax ratios are still below the prewar levels. The decline in Rwanda's revenue and tax ratios has

1/ Some 3,000 members of the former army have already been reintegrated into the national army. Some child soldiers have been reintegrated into the educational system, while others are in animal breeding and carpentry at a center in Butare.

2/ Prepared by Mohammed El Qorchi.

3/ The sample includes Benin, Burkina Faso, Burundi, the Central African Republic (C.A.R.), Chad, Mali, Niger, Togo, and Uganda.

been paralleled by a weakening in the corresponding ratios for domestic and import taxes (Table 2).

Since the beginning of the 1990s, there have been important changes in the composition of government revenue. The share of the taxes on income and profits in total revenue declined from an average of 20.4 percent in 1991-92 to 11.9 percent in 1995 and is projected at 17.3 percent in 1996. In contrast, the relative share for taxes on goods and services has increased from 34.2 percent in 1991-92 to 42.9 percent in 1995 and is projected at 43.3 percent in 1996. Meanwhile, the share of nontax revenue in total revenue fell markedly, from an average of 12.6 percent during 1991-92 to 6.7 percent in 1995-96.

3. Rwanda's low tax effort: Explanatory factors

As in the case of the other nine sub-Saharan African countries included in the sample, Rwanda's relatively low tax ratio is explained by various factors that are associated with a weak tax effort. These include, in addition to the relatively low per capita income, structural factors such as the high contribution of the subsistence and informal sectors to GDP, and the small size of sectors that are more readily amenable to taxation, notably mining and manufacturing. Furthermore, Rwanda's traditional lackluster performance compared with, say, that of Burundi (whose economy is similar) is explained by widespread tax exemptions and a historically weak tax administration. In particular, companies have benefited from various forms of tax exemption, including exemptions in the context of a poorly designed investment code and special conventions between individual companies and the government. Commercially oriented public enterprises have tended to avoid the payment of income taxes and the surrender of personal income tax withheld from their employees. Moreover, religious institutions have benefited from a wide range of tax exemptions. A further factor contributing to Rwanda's relatively low tax ratio has been a weak revenue administration. In particular, the revenue departments have tended to lack "depth," both in terms of qualified personnel and the adoption of modern and computerized systems.

Many of these factors contributing to a traditionally weak tax performance in Rwanda have weighed even more heavily on revenue performance in the wake of the recent civil war. Specifically, the collapse of virtually all economic sectors appears to have been accompanied by increased, but difficult-to-tax, activity, in the subsistence and informal sectors. Furthermore, manufacturing and other forms of corporate activities--easily amenable to taxation--came to a standstill as a result of the war and their recovery has so far been slow. Following the war, the problem of tax exemptions became even more severe with a substantially increased number of NGOs claiming a tax-exempt status. Tax exemptions have also been claimed for a large volume of imports that were alleged to constitute the personal effects of the 800,000 old refugees who returned to Rwanda. Moreover, prior to July 1996 military personnel did not pay a personal income tax.

Together with the noted structural changes and the deepening problem of tax exemptions, the system of revenue administration virtually collapsed in the aftermath of the war. Most of the persons working in the revenue departments went into exile or were killed, and records as well as equipment were destroyed.

4. Strengthening revenue performance

The Rwandese authorities are aware that any measures to improve revenue performance will need to be supported by the ongoing efforts to rehabilitate the economy and to foster a rapid recovery of the tax base. Moreover, an action plan for raising the tax ratio to a level that is more in line with the ratios of other sub-Saharan African countries would need to address the factors that have contributed to Rwanda's relatively low tax ratio, both before and after the war. In this regard, the plan should include:

- A comprehensive and coordinated program to reduce tax exemptions and combat tax evasion. Such a program should entail a careful review of the existing system of investment incentives, notably the investment code and the special conventions, and their by a tax system that offers clearly defined and transparent incentives for investment. The program should also encompass measures aimed at addressing the problems relating to the importation of personal effects, as well as the tax status of the public enterprises, NGOs, and religious bodies. Such efforts would benefit from centralized coordination by a specially constituted interministerial commission.

- The adoption of a strategic program for improving revenue administration. In view of the extreme shortage of qualified personnel in the revenue departments, such a program would need to concentrate the available resources on measures that are likely to generate maximum revenue. According to the diagnostic work of the Fund's Fiscal Affairs Department, such measures should include the establishment of a modernized unit to assume responsibility for taxation of the largest tax payers, 1/ and the introduction of a simplified tax system for large and small corporate entities, with the latter being subject to some form of a presumptive tax. These efforts would need to be supported by continued training of the personnel in the revenue departments, along the lines discussed in Section II.

1/ Given the potential importance of such a unit, the various activities relating to its establishment could again be entrusted to a specially constituted body.

Table 1. Rwanda: Government Revenue in Selected African Countries, 1990-96

(In percent of GDP)

	1990	1991	1992	1993	1994	1995	1996 Proj.
Total revenue							
Rwanda	12.6	12.5	10.1	9.1	3.7	7.1	8.4
Niger	10.3	8.5	8.2	7.3	6.2	7.7	9.7
Chad	9.9	9.3	9.0	9.7	6.3	9.0	9.8
C.A.R. ^{1/}	10.9	9.6	9.2	8.0	7.3	9.1	10.0
Uganda	6.6	7.5	6.8	7.3	8.3	10.0	10.2
Burkina Faso	12.3	13.3	11.8	12.6	11.0	10.7	11.2
Benin	9.9	11.5	12.2	12.9	12.5	12.6	12.9
Mali	17.2	16.3	13.7	13.9	13.4	13.5	14.4
Togo	22.5	17.3	16.2	10.2	11.9	14.8	14.9
Burundi	13.1	14.9	14.5	14.9	15.8	17.8	...
Average	12.5	12.1	11.2	10.6	9.6	11.2	11.3
Total tax receipts							
Rwanda	10.9	10.9	8.9	8.4	3.6	6.6	7.8
Niger	7.9	7.0	6.7	6.6	5.6	7.0	8.9
Chad	9.5	7.4	7.3	7.5	5.7	7.5	8.3
C.A.R. ^{1/}	10.4	8.6	8.2	6.8	6.3	8.2	9.0
Uganda	6.5	7.3	6.3	6.7	7.8	9.2	...
Burkina Faso	10.2	10.1	8.7	9.1	10.1	10.0	9.5
Benin	8.7	9.4	10.3	10.9	10.8	10.5	10.3
Mali	9.8	12.3	10.6	11.1	9.9	10.8	11.8
Togo	18.5	15.1	12.3	8.1	11.1	12.7	13.2
Burundi	11.1	12.9	12.1	12.4	14.5	16.8	...
Average	10.4	10.1	9.1	8.8	8.5	9.9	8.8

Sources: Data collected by the Fund staff.

^{1/} The Central African Republic.

Table 2. Rwanda: Domestic and Import Taxes, 1990-96

(In percent of GDP)

	1990	1991	1992	1993	1994	1995	<u>1996</u> Proj.
Domestic taxes							
Rwanda	7.5	7.1	5.7	4.3	2.3	3.9	5.2
Niger	3.9	3.7	3.8	3.5	2.9	3.3	4.5
Chad	7.1	6.0	5.9	6.2	4.4	5.4	5.9
C.A.R. <u>1/</u>	6.0	4.9	5.0	4.1	3.9	5.0	5.8
Uganda	4.7	4.6	3.2	3.5	4.3	5.9	...
Burkina Faso	6.6	6.3	5.7	6.0	5.9	5.9	6.1
Benin	7.2	7.7	8.6	9.1	9.1	8.8	8.6
Mali	7.0	7.2	6.2	6.3	5.9	6.1	6.8
Togo	13.2	10.6	8.5	5.7	7.3	8.4	8.9
Burundi	9.9	10.5	10.8	11.3	10.7	10.8	...
Average	7.3	6.9	6.3	6.0	5.7	6.3	5.4
Import taxes							
Rwanda	2.4	3.1	2.6	2.4	1.1	2.1	2.5
Niger	3.0	2.4	2.1	2.2	2.0	2.8	3.3
Chad	2.3	1.3	1.3	1.2	1.1	2.0	2.3
C.A.R. <u>1/</u>	3.8	3.1	2.7	2.3	1.8	2.5	2.5
Uganda	1.8	2.7	2.8	3.2	3.5	3.4	...
Burkina Faso	3.3	3.6	2.9	3.0	4.1	4.1	4.5
Benin	1.4	1.5	1.6	1.8	1.6	1.7	1.7
Mali	2.8	4.9	4.4	4.8	4.0	4.7	5.1
Togo	5.3	4.5	3.7	2.4	3.1	3.6	3.9
Burundi	3.2	4.2	3.7	3.6	5.1	7.0	...
Average	2.9	3.1	2.8	2.7	2.7	3.4	2.3

Sources: Data collected by the Fund staff.

1/ The Central African Republic.

V. Private Sector Development 1/

1. Background

The Rwandese authorities are convinced that a stronger involvement of the private sector in the economy would help bolster income and employment prospects. The private sector has traditionally played a major role in the production of food and export crops as well as in the industrial and service sectors. Prior to the civil war, the private sector accounted for about 50 percent of employment in the formal sector (outside the civil service). Before the war, the manufacturing sector consisted of about 130 enterprises, employing about 15,000 people. These enterprises included 21 wholly or partially owned public entities accounting for about one half of the manufactured output. Moreover, Rwanda had about 100 firms registered as importers and 20 firms as exporters. 2/ The latter dealt mostly in coffee, tea, and--starting in the late 1980s--horticultural products. Some of the firms registered as exporters also engaged in production for the domestic market and sold a small part of their output, mainly to nearby markets in eastern Zaire.

For many years prior to the civil war, Rwanda had a relatively dynamic informal sector. According to a census that was conducted in 1990 by the Ministry of Planning, the informal sector included thousands of individual artisans and entrepreneurs. The sector also had about 700 microenterprises, about 40 percent of which were located in Kigali. A large number of the small enterprises in the informal sector were engaged in cottage industries or the provision of services.

2. Agriculture

Prior to the civil war, the agriculture sector in Rwanda evinced a number of structural weaknesses. About 95 percent of the population lived in rural areas and derived their livelihood mainly from subsistence activities based on relatively small plots of land. Successive subdivisions of the land to satisfy the inheritance claims of sons led to a progressive decline in the average size of the agricultural plots. 3/ Sometimes the plots of a household are scattered in various places, thereby making it difficult to realize the benefits of working a large plot. The fragmentation of land also prompted the farmers to continuously use their plots and to exploit submarginal areas. This, coupled with the minimal use of fertilizers and generally poor crop husbandry, contributed to a secular deterioration in soil conditions and a severe degradation of the environment.

1/ Prepared by Anne Doizé.

2/ Most of these firms were privately owned.

3/ In Rwanda, a woman inherits land only if she has no brothers, and upon her marriage, the land becomes the property of the husband.

These problems were compounded by official policies aimed at containing the growth of urban areas by impeding rural-urban migration. Besides aggravating the population pressure in the rural areas, such policies hampered a rapid expansion of the domestic market for agricultural products and stifled private sector opportunities in transportation, storage, processing, marketing, and other related activities. By the same token, the private sector was trapped in a vicious circle of increasing fragmentation of land and poverty.

The recent civil war has exacerbated the structural problems facing the agricultural sector. According to surveys conducted in December 1995 by the Ministry of Agriculture (with assistance from the European Union, the Food and Agriculture Organization, and the World Food Program), the prewar land use patterns have continued to prevail, and the poverty and vulnerability of the rural population have increased. By end-1995, about 92 percent of the population lived in rural areas and the average size of rural households was 5.5 persons (compared with 5.3 persons in 1992). 1/ Moreover, nearly 27 percent of the households were headed by a woman (22 percent before the war) and about one half of the household members were minors under 15 years of age. According to the same surveys, the average size of farms was about 3 acres, and about 34 percent of farming households (compared with 26 percent in 1986) owned 1.3 acres or less each and occupied only 8 percent of cultivated land. In contrast, some 16 percent of the rural households owned at least 5 acres of land each and occupied nearly one half of cultivated land. In general, the small holdings are overexploited, while the larger ones tend to be underutilized.

a. Food crops and livestock

Since the cessation of the war, the authorities' primary objective in the rural sector has been to rehabilitate agriculture, in order to avoid famine and promote food security. To this end, the international community has responded with programs focusing on the distribution of agricultural implements and seeds, as well as food aid (including food-for-work schemes).

In the period immediately following the cessation of hostilities in July 1994, such programs were principally targeted at the returning refugees and the internally displaced persons. Since 1995 these programs have been more generally aimed at "vulnerable" groups. 2/ Reflecting the impact of these programs, as well as of improvements in internal security, the

1/ The average size of the households of repatriated refugees is apparently larger (about 6.5 persons).

2/ The Food and Agricultural Organization and the World Food Program define as "vulnerable" any household meeting one of the following conditions: (i) having a relatively small plot for farming (less than 1.5 acres), without a supplementary source of revenue and no more than 2 active family members; (ii) unable to cultivate during the previous season; (iii) living in areas affected by natural or manmade disasters; and (iv) unemployed or landless. On the basis of these criteria, roughly 15 percent of all rural households are vulnerable.

resettlement of internally displaced persons, and generally favorable weather conditions, the production of food crops increased by more than 20 percent in 1995, reaching approximately 68 percent of the prewar level. In 1996 food production is expected to rise further, by 6 percent, to reach slightly more than 70 percent of the prewar level. Nevertheless, many farms have remained abandoned or are being exploited by temporary occupants. Moreover, a considerable number of impoverished households are unable to rehabilitate their plots.

Rwanda's livestock population was almost wiped out during the war. Following the cessation of hostilities, a substantial number of cattle (believed to be of a somewhat poorer quality compared with Rwanda's prewar stock) were brought into the country by the old refugees. At present, the geographical distribution of livestock within the country is uneven, with overstocking in the northeast and insufficient livestock in the rest of the country. The number of rabbits and poultry--important for the poorest families--has increased rapidly, but that of goats and sheep remains well below their prewar level.

b. Cash crops

The civil war severely affected the production of coffee and tea, the main cash crops. In Rwanda, coffee has been produced mainly by smallholders tending about 150 trees on average. In the years preceding the war, the Rwandese authorities were concerned about the general stagnation in the output of coffee and the decline in the quality of exported coffee (compared with, say, Burundi's coffee), owing to poor crop husbandry and inadequate processing and handling at the post-harvest stages. With the flight of many coffee farmers into exile in 1994, the coffee trees were left largely unattended. In some areas, trees were uprooted to create room for the production of food crops. According to the latest surveys conducted by the Ministry of Agriculture, in 1995 coffee was produced by only 38 percent of rural households (compared with 54 percent before the war). Moreover, coffee production had been abandoned by households (notably those headed by women) with few active members. Thus, despite an increase in the 1995 farm-gate producer price for parchment coffee from RF 120 per kilogram to RF 300 per kilogram, coffee production in that year was well below one half the prewar level of some 35,000 tons.

Tea is grown primarily on government-owned estates, but some households also grow the crop under outgrower schemes. During the war year (in 1994) and in the period immediately thereafter, the tea plantations suffered from lack of maintenance and flooding. By 1996 tea production was staging an impressive recovery, on the strength of assistance provided by the European Union in rehabilitating the tea plantations and processing factories. As of June 1996, five out of ten factories were operational and four of the remaining factories were expected to resume operations by year-end.

c. Challenges ahead

At present, Rwanda's agricultural sector is facing a number of challenges, reflecting long-standing structural problems that were exacerbated by the recent civil war:

- Excessive land fragmentation, contributing, among other things, to a secular decline in yields, widespread rural poverty, and environmental degradation. Remedial action would require efforts to bolster productivity through improved inputs and crop husbandry; land reform and other policies aimed at promoting land consolidation, security of tenure, and extension of land ownership rights to women; and adoption of policies aimed at relieving population pressure in the rural regions. 1/
- The abandonment or neglect of farms that used to produce food and cash crops (notably coffee). Remedial action would require continued efforts to secure the early return of the refugees in exile and special assistance to impoverished farmers who are unable to rehabilitate their reclaimed plots.
- Poor quality and uneven geographical distribution of the livestock. A suitable response would need to include renewed efforts to improve the quality of the livestock, and the adoption of livestock sector policies that place emphasis on environmental concerns.
- The absence of an integrated package of transportation, industrial, marketing, financial, and other policies aimed at the promotion of rural development and the reduction of rural poverty. The Rwandese authorities intend to develop a comprehensive strategy for the rural sector along this line in early 1997.
- The continued involvement of the public enterprises--despite their record of poor performance--in commercially oriented agricultural activities. The authorities intend to proceed toward the privatization of such activities, including the production and processing of tea, over the medium term.

3. Industrial and service sectors

a. Background developments

The industrial sector includes, in addition to agro-processing activities (relating mainly to coffee and tea), the production of basic consumer goods (such as textiles, soap, and plastic products) aimed at supplying the domestic market. A large number of the industrial

1/ Such policies would need to include the reclamation of more marshlands, improved employment prospects outside agriculture, and coordinated efforts to slow down the rate of population growth.

enterprises, both private and public, were established in a context of the import-substitution policies of 1970s and 1980s and were sheltered from foreign competition by relatively high tariffs and quantitative controls. As a result, many industrial firms (other than those involved in agro-processing) have been uncompetitive. The situation of these firms deteriorated in the late 1980s because of a general shortage of intermediate inputs that was associated with a worsening of Rwanda's balance of payments situation. Moreover, the performance of the firms worsened further in the early 1990s because of the disruptive effects of the civil war that started in October 1990 and a continued shortage of imported industrial inputs. In 1994, the formal and informal sectors suffered massive material and human losses. Buildings were damaged, equipment was destroyed, supplies were looted, and records disappeared. Many educated and experienced personnel were killed or fled. The vast majority of the inhabitants of Kigali, where about two thirds of modern industries were located, left for exile. By mid-1996, only about 60 percent of prewar industrial enterprises had recommenced operation, and at levels well below those of 1993.

Within the industrial sector, the postwar recovery has been uneven so far. In particular, the recovery has been more pronounced in the agro-industrial and beverages sectors than in other areas. In regard to the public sector, the mixed enterprises, and in particular those in which the government holds only a minority share, have been more able to resume operations faster and recapture their domestic markets. Most of the mixed enterprises have assessed the war-related damages, updated their accounts, and resumed a regular payment of taxes. In contrast, many wholly government-owned enterprises remain closed. According to the Association of the Industrialists of Rwanda (AIR), which has represented the modern manufacturing sector since the government authorized the establishment of such private associations in 1990, about 60 percent of industrial enterprises had resumed operations by 1996. 1/

b. Challenges ahead

Fostering outward-looking policies. The Rwandese government has launched an economic recovery and development strategy aimed at restoring financial stability, while addressing the structural constraints to growth. In this connection, the authorities have made it clear that they would like to limit quickly the involvement of the government in productive and commercially oriented activities that are more suited to the private sector. They have also indicated that they would like to rely increasingly on market forces to strengthen the mobilization and allocation of scarce resources within the economy and to foster efficiency and international competitiveness in most of the sectors. Accordingly, a number of reforms have already been adopted, including the introduction of a market-determined exchange rate, the abolition of controls on prices and interest rates, and

1/ Before the war, AIR had a membership of 51 large, medium-sized, and small industrial enterprises, either wholly privately owned or with a minority participation of the public sector. In mid-1996, AIR's membership consisted of 35 active enterprises.

the elimination of quantitative restrictions on imports. Moreover, the authorities intend to continue to reduce external tariffs and take other measures that would bring Rwanda's trade and exchange systems in line with those of the neighboring countries participating in the Cross-Border Initiative (CBI) for Eastern and Southern African countries.

In opening up the economy to international competition, Rwanda will no doubt face some transitional costs. 1/ Some import-substitution industries are already facing increased competition from Kenya, Tanzania, and Uganda. Moreover, the unsettled political situation in the region has closed access to traditional markets in eastern Zaire. Indeed, some enterprises (notably those producing corrugated iron sheets, soap, and cosmetics) appear to have cut back or even stopped production because they were unable to compete. The Rwandese authorities would need to accept transitional problems such as these as an integral part of the process of re-orienting the economy toward enhanced efficiency and international competitiveness.

Improving the regulatory environment. The Rwandese authorities' efforts to strengthen the role of the private sector in the economy would also need to include a revision of the labor and commercial codes, and a reform of other regulations relating to private investment. More specifically, the revision of the labor code would need to include the liberalization of hiring procedures and other regulations (for example, those relating to overtime, holidays, and medical benefits) that tend to inflate wage costs artificially. The reform of the commercial laws and regulations would need to include a revision of the law governing the establishment of companies; clarification of certain provisions concerning commercial registry; revision of the statutory provisions relating to commercial paper and real property, guarantees and sureties, and collateral; amendment of the law governing bankruptcy; and the creation of a court of arbitration for commercial disputes. To succeed, the required reforms would need to be elaborated and implemented in close consultation with the representatives of the business community. In this connection, there would also be a need to strengthen member-supported business associations, such as the Chamber of Commerce and Industry of Rwanda. 2/

Reform of the tax system. The Rwandese authorities' efforts to improve revenue performance will require, among other things, that the prevalent practice of providing investment incentives through the investment code and special conventions be stopped. Instead, the required investment incentives could be incorporated transparently and efficiently into a revised tax code. In particular, such a code could include provisions for the carryover of losses, accelerated amortization, and the revaluation of balance sheets for tax purposes.

1/ These costs could be compounded by the changes in consumption and trade patterns that are linked to the pronounced demographic movements that have taken place since 1994.

2/ To this end, the authorities might want to explore the opportunities available within the framework of the CBI.

Strengthening the financial system. While the commercial banks have continued to maintain an excess liquidity position, medium- or long-term credit to the private sector has been minimal so far. This situation reflects, at least partly, the continuing "soft" demand for credit. It may also reflect the banks' legitimate assessment of the risk of engaging in lending operations in the present circumstances. This risk could be attenuated through the ongoing efforts to enable the banks to recover collateralized loans and through broader initiatives aimed at restoring durable social stability. Additionally, there is a need for increased availability of credit through the Development Bank of Rwanda as well as for imaginative grassroots credit systems tailored to conditions in the informal sector.

Manpower development. A major hurdle to economic recovery, especially in the industrial sector, is the lack of skilled and experienced personnel. This constraint could be eased somewhat through the return of the refugees. Even so, Rwanda would need a diversified and versatile industrial labor force that could only be assured through a substantial strengthening of education and training. Some of this training could take the form of apprenticeship programs involving a close collaboration with the private sector. There would also be a need for special measures, including changes in the minimum wage provisions, to reduce the cost of on-the-job training in the private sector.

Table 1. Rwanda: Gross Domestic Product by Origin at Current Prices, 1991-95

(In millions of Rwanda francs)

	1991	1992	1993	1994 Est.	1995 Est.
Primary sector	75,361	85,896	93,347	66,043	114,622
Food crops	61,556	72,260	80,276	56,231	95,503
Export crops	2,706	1,834	669	1,843	7,748
Livestock	8,874	9,423	9,898	4,839	7,816
Other	2,226	2,380	2,505	3,129	3,555
Secondary sector	43,276	50,862	52,160	28,544	53,337
Mining	643	238	196	4	81
Electricity, gas, and water	1,405	1,642	1,350	858	1,382
Manufacturing	31,899	32,929	32,667	23,114	46,841
Construction and public works	9,329	16,054	17,947	4,568	5,034
Tertiary sector	104,333	116,383	120,749	61,653	140,695
Commerce and tourism	45,216	51,330	53,630	33,709	58,251
Transport and communications	15,505	16,576	16,384	4,796	17,055
Public administration	16,640	20,930	20,945	9,272	16,508
Other services	26,972	27,548	29,790	13,875	48,882
GDP at factor cost	222,969	253,141	266,257	156,239	308,655
Indirect taxes	16,295	18,624	18,110	8,819	18,831
GDP at market prices	239,264	271,765	284,366	165,059	327,485
Annual change, percent	11.8	13.6	4.6	-42.0	98.4

Sources: Data provided by the Ministry of Planning; and staff estimates.

Table 2. Rwanda: Gross Domestic Product by Origin at Constant 1990 Prices, 1991-95

(In millions of Rwanda francs)

	1991	1992	1993	1994 Est.	1995 Est.
Primary sector	68,384	71,933	61,173	36,153	43,491
Food crops	56,104	59,794	49,513	29,931	37,623
Export crops	1,802	1,334	437	300	1,632
Livestock	8,632	8,895	9,217	4,377	2,974
Other	1,847	1,910	2,006	1,546	1,262
Secondary sector	36,583	40,852	35,483	18,219	19,097
Mining	544	189	142	4	39
Electricity, gas, and water	1,115	1,080	737	451	727
Manufacturing	27,765	27,569	22,708	14,769	16,894
Construction and public works	7,158	12,014	11,897	2,994	1,437
Tertiary sector	87,178	91,779	91,384	42,372	60,485
Commerce and tourism	40,065	43,792	42,094	22,118	21,817
Transport and communications	11,335	10,863	10,175	2,464	7,098
Public administration	15,385	16,598	16,777	7,776	13,222
Other services	20,392	20,526	22,338	10,015	18,347
GDP at factor cost	192,144	204,564	188,040	96,744	123,073
Indirect taxes	12,706	13,718	15,342	7,072	6,238
GDP at market prices	204,850	218,282	203,382	103,816	129,312
Annual change, percent	-4.3	6.6	-6.8	-49.0	24.6

Sources: Data provided by the Ministry of Planning; and staff estimates.

Table 3. Rwanda: Supply and Use of Resources at Current Market Prices, 1991-95

(In millions of Rwanda francs)

	1991	1992	1993	1994 Est.	1995 Est.
Gross domestic product	239,264	271,765	284,366	165,059	327,485
Gross domestic expenditure	264,911	306,177	327,974	261,458	403,632
Consumption	237,638	268,307	285,601	255,838	359,176
Private	208,773	233,148	252,704	242,202	328,222
Public <u>1/</u>	28,865	35,159	32,897	13,636	30,954
Gross fixed investment and change in stock	27,273	37,871	42,374	5,620	44,457
Gross fixed investment	31,265	38,966	44,896	9,920	42,901
Public	16,789	20,064	21,641	4,407	27,344
Private	14,476	18,902	23,255	5,513	1,557
Change in stock	-3,992	-1,095	-2,523	-4,300	1,556
Resource gap	-25,647	-34,412	-43,608	-96,399	-76,147
Export of goods and nonfactor services	17,471	15,094	14,726	9,691	19,820
Import of goods and nonfactor services	43,118	49,506	58,334	106,090	95,967
<u>Memorandum items:</u>					
Resource gap (as percent of GDP)	-10.7	-12.7	-15.3	-58.4	-23.3
Gross domestic savings (as percent of GDP)	0.7	1.3	-0.4	-55.0	-9.7

Sources: Data provided by the Ministry of Planning.

1/ Public consumption is defined as budgetary current expenditure less interest payments and transfers.

Table 4. Rwanda: Supply and Use of Resources at Constant 1990 Prices, 1991-95

(In millions of Rwanda francs)

	1991	1992	1993	1994 Est.	1995 Est.
Gross domestic product	204,850	218,282	203,382	103,816	129,312
Gross domestic expenditure	216,007	227,342	218,716	107,901	133,515
Consumption	198,694	204,874	194,021	105,976	121,953
Private	174,559	178,027	171,672	100,328	111,443
Public	24,135	26,847	22,348	5,648	10,510
Gross fixed investment and change in stocks	17,313	22,469	24,696	1,924	11,562
Gross fixed investment	20,651	23,305	26,410	3,706	11,034
Public	11,089	12,000	12,730	1,646	7,033
Private	9,562	11,305	13,680	2,059	4,001
Change in stocks	-3,338	-836	-1,714	-1,781	528
Adjustment <u>1/</u>	6,593	9,683	10,626	33,088	17,780
Resource gap	-17,749	-18,743	-25,960	-37,173	-21,983
Export of goods and nonfactor services	11,563	11,963	9,443	3,943	3,881
Import of goods and nonfactor services	29,312	30,707	35,404	41,116	25,864
<u>Memorandum items:</u>					
Resource gap (as percent of GDP)	-8.7	-8.6	-12.8	-35.8	-17.0
Gross domestic savings (as percent of GDP)	-3.0	-6.1	-4.6	-2.1 <u>2/</u>	-5.7

Sources: Data provided by the Ministry of Planning; and staff estimates.

1/ This item shows the discrepancy between GDP provided by the authorities at constant prices and the overall use of resources obtained by deflating current expenditures by their respective deflators.

2/ The large discrepancy compared to corresponding ratio in nominal terms reflects a substantial underestimation of the GDP deflator.

Table 5. Rwanda: Selected Food Crops Production, 1991-95

(In thousands of metric tons)

	1991	1992	1993	1994	1995
Bananas	2,398.8	2,814.2	2,136.0	1,489.4	2,001.5
Pulses	290.2	219.0	177.5	49.8	134.6
Beans and cowpeas	239.3	180.4	137.2	41.5	126.3
Soya beans and groundnuts	50.9	38.6	40.3	8.3	8.3
Cereals	296.0	281.3	232.8	131.0	139.2
Sorghum	162.2	154.9	128.1	54.8	77.3
Maize	102.6	97.7	86.7	65.7	53.6
Wheat	14.8	12.6	4.8	2.0	6.0
Rice	16.4	16.1	13.2	8.5	2.3
Roots and tubers	1,460.5	1,735.3	1,571.2	944.1	881.0
Irish potatoes	291.5	352.0	283.4	208.4	137.7
Sweet potatoes	907.8	1,110.8	997.1	409.7	550.5
Taro and yams	...	...	...	97.7	44.8
Cassava	261.2	272.5	290.7	228.3	148.0
Total	4,445.5	5,049.8	4,117.5	2,614.3	3,156.3

Source: Data provided by the Ministry of Planning.

Table 6. Rwanda: Production of Selected Manufactured Products

(In units indicated)

Enterprise	Ownership	Main product	Start of operation	Production capacity	Monthly production		Date of resumption of activities	Production 1995 over 1993 (in percent)
					1993	1995		
A. Agro-industries								
1. Usine à thé de GISAKURA	Public	Black tea (tons)	1975	100	100	100	Sept. 94	100
2. Usine à thé de RUBAYA	Public	Black tea (tons)	1979	100	75	65	Nov. 94	87
3. Usine à thé de GISOVU	Public	Black tea (tons)	1983	100	50	50	Nov. 94	100
4. Usine à thé de PFUNDA	Public	Black tea (tons)	1972	100	75	78	Nov. 94	104
5. SORWATHE	Mixed	Black tea	1979	...	...	...	...	...
6. RWANDEK CAFE	Mixed	Coffee (tons)	1964	...	2,595	2,080	Sept. 94	80
7. Laiterie de RUBIRIZI	Mixed	Milk (liters)	1985	...	53,000	21,600	Jan. 95	41
8. Laiterie du RWANDA	Public	Milk (liters)	1969	...	230,530	22,500	March 95	10
9. Laiterie de GISHWATI	Public	Milk (liters)	1985	...	...	...	...	...
10. SOPAB	Mixed	Livestock fodder	1988	...	...	...	...	...
11. ETIRU	Private	Wheat flour (tons)	1948	200	200	200	Jan. 95	100
12. Régie Sucrière KABUYE	Public	Refined sugar (tons)	1969	...	292	87	Dec. 94	30
13. BRALIRWA	Mixed	Beer and soft drinks (hectoliters)	1958	...	86,450	40,745	Oct. 94	47
14. SOBOLIRWA	Private	Soft drinks (hectoliters)	1988	...	10,800	5,760	Oct. 94	53
15. OVIBAR	Public	Banana wine (liter)	1978	...	80,000	600	Dec. 94	1
16. SONAFRUITES	Mixed	Maracuja juice (liter)	1979	...	10,000	1,000	...	10
17. TABARWANDA	Mixed	Cigarettes	1976	200	30	15	June 95	50
18. COOKIRWA	Private	Biscuits (cartons)	1981	...	180	90	Jan. 95	50
19. CODERVAM	Coop.	White rice	1982	...	...	...	...	...
20. Rizerie de RWAMAGANA	Public	White rice	1978	...	...	...	...	...
21. Rizerie de BUGARAMA	Public	White rice	1967	...	...	...	...	...
B. Textiles								
22. UTEXRWA	Private	Cloth	1985	...	...	...	...	...
C. Printing and paper products								
23. Imprimerie Scolaire	Public	Printing	1980	...	...	...	...	...
24. Imprimerie Nationale	Public	Printing	1962	...	...	...	...	...
25. Imprimerie de KABGAYI	ASBL	Stationary (kg)	1932	...	4,600	3,500	Oct. 94	54
26. Imprimerie de KIGALI	Private	Printing (US\$)	1980	...	87,046	45,274	Jan. 95	52
27. SOCOBICO	Private	Toilet paper (cartons)	1985	...	2,928	1,330	Oct. 94	45
D. Chemicals								
28. OPYRWA	Public	Pyrethrum (tons)	1972	10	4	2.5	Oct. 94	63
29. RWANDA PAINTS	Private	Paint (tons)	1980	100	6	20	Jan. 95	330
30. SIRWA	Private	...	1980	...	...	...	...	...
31. OXYRWA	Private	Acetylene (cylinders)	1984	...	125	30	Jan. 95	24
32. RAMCO	Private	Paints (tons)	1982	50	0.85	0.6	Jan. 95	71
33. SULFO RWANDA	Private	Soaps (tons)	1969	869	693	446	Sept. 94	64
34. SAKIRWA	Private	Soaps (tons)	1981	...	70	40	Jan. 95	57
35. SORWAL	Mixed	Matches (cartons)	1987	...	6,306	3,723	May 95	59
36. SONATUBES	Mixed	PVC tubes (tons)	1978	75	27	6.7	Jan. 95	25
37. ANIK INDUSTRIES	Private	Candles (kg)	1982	...	4,950	1,150	...	23
38. RWANDA FOAM	Private	Mattresses (tons)	1983	270	...	...	April 95	...
39. SOMIREX INDUSTRIES	Private	Toothpaste and soap (cartons)	1983	...	3,479	2,210	Oct. 95	64
40. CUPHMETRA	Public	Medicines	1980	...	...	...	...	...
41. Ste. Rwandaise des Batteries	Private	Batteries	1988	...	...	...	...	...
42. AMEKI COLOR	Private	Paint	...	...	...	...	...	...
43. MIROPLAST	Private	Plastics	1978	...	...	...	...	...
E. Construction goods								
44. PPCT	Public	Lime	1981	...	...	...	...	...
45. CIMERWA	Public	Cement (tons)	1984	...	5,000	3,000	Aug. 94	60
46. Entreprise SEBULIKORO	Private	Tiles	1973	...	10,000	5,000	Jan. 95	50
47. Briqueterie RULIBA	Private	Clay bricks (tons)	1988	...	1,200	...	Nov. 95	...
F. Metal industries								
48. RWANDEK CHILLINGTON	Private	Hoes	1984	...	100,000	80,000	Nov. 94	80
49. TOLIRWA	Private	Corrugated iron (tons)	1979	...	477	106	Jan. 95	22
50. UPROTUR	Private	Tubes (tons)	1986	700	450	450	Nov. 94	100
51. FROMETAL	Private	Nails and wire nets (tons)	1985	...	205	70	Sept. 94	34
52. RWANDA-PETROLGAZ	Private	Packing goods (units)	1985	...	11,000	...	Jan. 96	...

Source: Data provided by the Ministry of Commerce.

Table 7. Rwanda: Consumer Prices, 1995 ^{1/}
(January 1994 = 100)

	<u>1995</u> December
National consumer price index	
Food and beverages	196.96
Clothing, maintenance, and hygiene	199.15
Water and energy	224.63
Household equipment	179.96
Health and education	199.44
Transport and communications	161.86
Leisure, spectacles, and culture	200.60
General national index	195.97
Urban consumer price index	
Food and beverages	202.26
Clothing, maintenance, and hygiene	173.46
Water and energy	222.67
Household equipment	187.85
Health and education	134.89
Transport and communications	194.19
Leisure, spectacles, and culture	200.60
General urban index	195.59
Rural consumer price index	
Food and beverages	195.25
Clothing, maintenance, and hygiene	203.93
Water and energy	222.33
Household equipment	175.13
Health and education	221.22
Transport and communications	123.96
Leisure, spectacles, and culture	200.60
General rural index	196.10
Kigali consumer price index	
Food and beverages	189.09
Clothing, maintenance, and hygiene	197.78
Water and energy	195.50
Household equipment	209.69
Health and education	168.17
Transport and communications	214.73
Leisure, spectacles, and culture	183.46
General Kigali index	193.50

Source: Data provided by the Ministry of Planning.

^{1/} Data for previous years are not provided here because of a large discrepancy between a newly reconstructed consumer price index and the prewar index.

Table 8. Rwanda: Minimum Monthly Salaries in the Private Sector, 1980-95, and 1996

(In Rwanda francs)

	1980-95 ^{1/}	1996 ^{2/}
Unskilled labor		
Grade 1	2,500	3,000
Grade 2	3,750	4,500
Grade 3	5,250	6,300
Apprentices		
Grade 1	6,750	8,100
Grade 2	8,250	9,900
Grade 3	9,750	11,700
Skilled labor		
Grade 1	12,000	14,400
Grade 2	14,400	17,280
Grade 3	16,560	19,872
Grade 4	19,320	23,184
Technicians		
Grade 1	16,650	19,980
Grade 2	20,640	24,768
Grade 3	23,805	28,566
High-level technicians		
Grade 1	22,080	26,496
Grade 2	25,300	30,360
Grade 3	31,625	37,950

Source: Data provided by the Ministry of Labor and Social Affairs.

^{1/} Minimum wages and salaries remained unchanged at the 1980 level through 1995.^{2/} Minimum wages and salaries were increased by 20 percent in 1996.

Table 9. Rwanda: Central Government Labor Force, 1991-95 ^{1/}

(Number of government employees)

	1991	1992	1993	1994	1995
General public service					
National Development Council	145	156	151	89	139
Presidency: Government Activities Coordination	281	398	130	70	81
Ministry of Interior and Local Development	1,196	1,395	834	449	765
Ministry of Justice	3,046	1,640	1,607	1,031	1,673
Ministry of Public Services and Vocational Training	307	307	207	83	139
Ministry of Finance	673	803	727	426	549
Ministry of Foreign Affairs and International Cooperation	165	240	176	225	133
Ministry of International Relations	38	38	-	-	-
Prime Ministry	-	-	130	218	202
Defense					
Presidency: Defense and Security	-	-	-	-	-
Ministry of National Defense	-	-	-	-	-
Economic services					
Ministry of Industry and Handicrafts	403	389	495	187	176
Ministry of Commerce and Industry	-	-	-	-	-
Ministry of Agriculture, Husbandry, and Forestry	2,402	2,402	2,066	752	783
Ministry of Planning	255	269	221	125	86
Ministry of Public Works, Energy, and Water	2,632	1,806	2,075	374	1,050
Ministry of Transport and Communications	1,158	588	312	85	89
Ministry of Commerce and Consumption	190	172	-	-	-
Ministry of Tourism	-	-	46	48	74
Social services					
Ministry of Primary and Secondary Education	22,376	23,136	26,958	18,355	19,701
Ministry of Higher Education and Scientific Research	97	99	88	85	77
Ministry of Youth and Associative Movements	691	826	703	342	258
Ministry of Health	5,202	5,202	4,452	2,280	5,064
Ministry of Information	-	-	46	37	51
Ministry of Family and Women's Development	-	-	54	43	103
Ministry of Labor and Social Affairs	-	-	541	59	260
Ministry of Rehabilitation	-	-	-	74	188
Total	41,529	40,153	42,027	25,389	31,794

Source: Data provided by the Ministry of Finance.

^{1/} Average number for the 12 months of the year.

Table 10. Rwanda: Budgetary Operations of the Central Government, 1991-95

	1991	1992	1993	1994	1995
(In billions of Rwanda francs)					
Revenue and grants	36.1	44.3	44.0	7.5	61.5
Total revenue	25.0	27.6	25.9	6.0	23.1
Tax revenue	21.8	24.2	23.9	6.0	21.7
Tax on income and profits	4.8	5.9	5.9	1.5	2.8
Property taxes	0.4	0.6	0.5	0.1	0.1
Taxes on goods and services	8.8	9.2	10.3	2.3	9.9
Taxes on international trade	7.7	8.5	7.2	2.2	8.9
Nontax revenue	3.2	3.4	2.0	--	1.4
Grants	11.1	16.7	18.1	1.5	38.4
Total expenditure and net lending	52.5	65.6	67.2	26.6	69.4
Current expenditure	35.9	45.7	43.5	22.2	42.1
Wages and salaries	13.3	14.7	16.2	6.6	13.6
Civil	...	10.9	11.7	4.1	6.1
Defense	...	3.7	4.5	2.5	7.4
Purchases of goods and services	15.6	20.5	16.7	7.0	17.4
Civil	...	7.0	8.3	3.8	10.1
Defense	...	13.5	8.4	3.2	7.3
Interest payments	4.3	5.2	6.1	7.4	7.8
On domestic debt	3.3	3.8	4.5	4.8	4.0
On external debt	1.0	1.4	1.6	2.5	3.8
Transfers	2.7	4.9	3.3	1.0	3.3
Exceptional expenditure	--	0.5	1.2	0.2	--
Capital expenditure	16.8	20.1	21.6	4.4	27.3
Domestically financed	2.8	1.9	1.3	0.3	--
Foreign financed	14.0	18.2	20.3	4.1	27.3
Net lending	-0.2	-0.1	2.0	--	--
Deficit (commitment basis)					
Excluding grants	-27.5	-38.1	-41.3	-20.5	-46.3
Including grants	-16.4	-21.3	-23.2	-19.0	-7.9
Change in arrears (reduction -)	6.2	4.2	10.0	15.8	13.3
Internal arrears	...	...	...	7.4	6.9
External arrears	...	...	...	8.4	6.4
Deficit (cash basis)	-10.2	-17.1	-13.2	-3.2	5.4
Financing	10.2	17.1	13.2	3.2	-5.4
Foreign financing (net)	7.5	10.5	8.6	-2.4	7.4
Drawings	9.5	11.5	11.7	2.6	13.9
Amortization	-2.0	-0.9	-3.1	-5.0	-6.5
Domestic financing	2.7	6.6	4.6	5.7	-12.8
Banking system	-1.3	5.9	4.2	5.4	-12.8
Nonbanking sector	4.0	0.7	0.4	0.3	--
(In billions of Rwanda francs)					
Nominal GDP	199.4	271.8	284.4	165.1	327.5
Defense expenditure	13.2	17.2	12.9	5.7	14.8

Sources: Data provided by the Ministry of Finance; and staff estimates.

Table 11. Rwanda: Fiscal Indicators, 1991-95

	1991	1992	1993	1994	1995
	<u>(Annual percentage change)</u>				
Tax revenue	16.1	10.9	-1.1	-74.9	262.5
Tax on income and profits	-0.8	21.1	0.7	-75.4	89.8
Property taxes	-22.2	29.8	-12.8	-79.4	31.4
Taxes on goods and services	19.1	4.7	12.0	-77.9	336.1
Taxes on international trade	29.9	10.6	-15.8	-70.0	312.4
Total expenditure and net lending	22.8	24.9	2.2	-60.5	161.5
Current expenditure	18.6	27.4	-4.8	-49.0	89.8
Wages and salaries	13.8	10.4	10.4	-59.1	104.4
Purchases of goods and services	56.3	31.5	-18.5	-58.1	148.4
Interest payments	101.5	20.5	17.5	21.1	6.3
Transfers	-57.8	79.0	-31.4	-70.5	237.0
Exceptional expenditure	--	...	141.5	-83.3	-100.0
Capital expenditure	32.7	19.5	7.9	-79.6	520.5
	<u>(In percent of GDP)</u>				
Revenue and grants	15.1	16.3	15.5	4.6	18.8
Total revenue	10.4	10.1	9.1	3.7	7.1
Total expenditure	22.0	24.2	22.9	16.1	21.2
Current expenditure	15.0	16.8	15.3	13.4	12.9
Capital expenditure	7.0	7.4	7.6	2.7	8.3
Deficit (commitment basis)					
Excluding grants	-11.4	-14.0	-14.5	-12.4	-14.1
Including grants	-6.8	-7.9	-8.2	-11.5	-2.4
Deficit (cash basis)	-4.3	-6.3	-4.6	-1.9	1.6
Foreign financing (net)	3.1	3.9	3.0	-1.5	2.3
Domestic financing	1.1	2.4	1.6	3.4	-3.9
Banking system	-0.5	2.2	1.5	3.3	-3.9

Sources: Data provided by the Ministry of Finance; and staff estimates.

Table 12. Rwanda: Structure of Revenues and Expenditures, 1991-95

	1991	1992	1993	1994	1995
	<u>(In percent of total revenue)</u>				
Total revenue	100.0	100.0	100.0	100.0	100.0
Tax revenue	87.1	87.7	92.3	99.4	94.0
Tax on income and profits	19.4	21.3	22.9	24.3	11.9
Property taxes	1.8	2.1	2.0	1.7	0.6
Taxes on goods and services	35.1	33.3	39.7	38.0	42.9
Taxes on international trade	30.9	31.0	27.8	36.0	38.5
Nontax revenue	12.9	12.3	7.7	0.6	6.0
	<u>(In percent of total expenditure)</u>				
Total expenditure and net lending	100.0	100.0	100.0	100.0	100.0
Current expenditure	68.4	69.6	64.8	83.5	60.6
Wages and salaries	25.3	22.4	24.1	25.0	19.5
Purchases of goods and services	29.7	31.2	24.9	26.4	25.0
Interest payments	8.2	7.9	9.0	27.7	11.3
Transfers	5.2	7.4	5.0	3.7	4.8
Exceptional expenditure	--	0.8	1.8	0.7	--
Capital expenditure	32.0	30.6	32.2	16.6	39.4
Net lending	-0.4	-0.2	3.0	-0.1	--

Sources: Data provided by the Ministry of Finance; and staff estimates.

Table 13. Rwanda: Budgetary Receipts, 1991-95

(In billions of Rwanda francs)

	1991	1992	1993	1994	1995
Total revenue	25.0	27.6	25.9	6.0	23.1
Tax revenue	21.8	24.2	23.9	6.0	21.7
Tax on income and profits	4.8	5.9	5.9	1.5	2.8
Companies	1.5	2.4	2.5	0.7	0.8
Individuals	2.1	2.0	2.1	0.4	1.6
Others	1.3	1.4	1.3	0.3	0.3
Property taxes	0.4	0.6	0.5	0.1	0.1
Taxes on goods and services	8.8	9.2	10.3	2.3	9.9
Excise taxes	5.2	5.1	5.9	1.1	5.7
Turnover tax	2.8	2.8	2.8	1.0	3.0
Road Fund	0.8	1.3	1.6	--	1.2
Taxes on international trade	7.7	8.5	7.2	2.2	8.9
Imports taxes	6.2	7.0	7.0	1.8	6.9
Exports taxes	1.3	1.3	--	0.1	1.8
Of which: coffee	(1.3)	(1.3)	(--)	(--)	(1.8)
Other taxes on international trade	0.2	0.2	0.2	0.3	0.3
Nontax revenue	3.2	3.4	2.0	--	1.4
Grants	11.1	16.7	18.1	1.5	38.4

Sources: Data provided by the Ministry of Finance; and staff estimates.

Table 14. Rwanda: Functional Classification of
Central Government Expenditure, 1991-95 ^{1/}

(In billions of Rwanda francs)

	1991	1992	1993	1994	1995
General public services	<u>7.5</u>	<u>10.5</u>	<u>11.1</u>	<u>5.7</u>	<u>6.6</u>
Defense	<u>13.2</u>	<u>17.2</u>	<u>12.9</u>	<u>5.7</u>	<u>14.7</u>
Social services	<u>8.0</u>	<u>10.1</u>	<u>10.9</u>	<u>12.6</u>	<u>8.4</u>
Education	6.5	7.3	8.2	9.2	5.3
Health	1.3	1.9	2.2	2.1	1.6
Other	0.2	0.9	0.5	1.3	1.5
Economic services	<u>2.9</u>	<u>2.7</u>	<u>2.5</u>	<u>2.2</u>	<u>4.1</u>
Agriculture	0.6	0.7	0.6	0.7	0.7
Mining, manufacturing, and construction	0.1	0.2	0.2	0.2	0.2
Energy and public works	1.3	1.1	1.1	1.1	2.9
Transport and communications	0.8	0.6	0.3	0.1	0.2
Other economic affairs	0.1	0.1	0.3	0.1	0.1
Interest payments on public debt	<u>4.3</u>	<u>5.2</u>	<u>6.1</u>	<u>7.4</u>	<u>8.3</u>
Total current expenditure	<u>35.9</u>	<u>45.7</u>	<u>43.5</u>	<u>22.2</u>	<u>42.1</u>

Source: Data provided by the Ministry of Finance.

^{1/} On a commitment basis.

Table 15. Rwanda: Government Domestic Debt by Creditor, 1991-95

	1991	1992	1993	1994	1995
Banking sector					
	(In millions of Rwanda francs; end of period)				
Central Bank					
Advances	14,975	26,685	26,948	30,948	30,937
Consolidated debt	1,412	1,412	1,412	1,412	1,412
Commercial banks					
Treasury bills	1,175	3,305	2,725	5,225	3,975
Development bonds	3,947	2,417	1,415	915	915
Nonbanks					
Treasury bills	1,630	2,160	2,762	2,272	1,971
Development bonds	13,324	13,474	13,824	14,274	14,274
Total domestic debt	<u>36,463</u>	<u>49,453</u>	<u>49,086</u>	<u>53,536</u>	<u>53,484</u>
Memorandum items:					
	(In percent of GDP)				
Domestic debt	18.3	18.2	17.3	33.9	16.9
External debt	43.0	39.0	43.3	126.1	88.5

Source: Data provided by the Ministry of Finance.

Table 16. Rwanda: List of Public Enterprises and Public Financial Institutions

Nonfinancial public enterprises

Air Rwanda
 Boucherie/Charcuterie de Kigali
 BRALIRWA (brewery)
 Cimenterie du Rwanda (CIMERWA) 1/
 Compagnie Rwandaise d'Hôtellerie de Tourisme (CHRT)
 ELECTROGAZ 1/
 Imprimerie Nationale du Rwanda 1/
 Imprimerie Scolaire 1/
 Laiterie de Nyabishindu 1/
 Magasins Généraux du Rwanda (MAGERWA)
 Office des Cultures Industrielles du Rwanda - Café (OCIR-Cafe) 1/
 Office des Cultures Industrielles du Rwanda - Thé (OCIR-Thé)
 Office National des Transports en Commun (ONATRACOM) 1/
 Office National pour le Développement et la Commercialisation
 des Produits Vivriers et des Productions Animales (OPROVIA) 1/
 Office du Pyrèthre du Rwanda (OPYRWA) 1/
 Office Rwandais du Tourisme et des Parcs Nationaux (ORTPN) 1/
 Office de Valorisation Pastorale du Mutara (OVAPAM) 1/
 Office de Valorisation Industrielle de la Banane du Rwanda (OVIBAR) 1/
 Office National des Postes 1/
 Rwanda Télécommunications (RWANDATEL)
 PETRORWANDA (petroleum products)
 Régie des Aéroports du Rwanda 1/
 Régie sucrière
 Riziculture 1/
 RWANDEX (coffee)
 RWANDTXCO (textiles)
 SODEPARAL (leather goods)
 SONAFRUIT (food industry)
 Société des Transports Internationaux du Rwanda (STIR)
 Société pour la Production Rizicole (SOPRORIZ)
 SOPAB (animal food)
 SOPROTEL (hotel)
 SORWAL (matches)
 TABARWANDA (tobacco)
 TRAFIPRO (marketing of food products)

Public financial institutions

Banque Nationale du Rwanda 1/
 Banque Commerciale du Rwanda
 Banque Continentale Africaine du Rwanda (BACAR)
 Banque de Kigali (BK)
 Banque Rwandaise de Développement (BRD)
 Caisse d'Épargne du Rwanda 1/ (CER)
 Caisse Hypothécaire du Rwanda
 Crédit Intercommunale du Rwanda (CIR) 1/
 Caisse Sociale du Rwanda (CSR) 1/
 Société Nationale d'Assurance du Rwanda (SONARWA)

Source: Ministry of Finance.

1/ The enterprise is 100 percent government-owned.

Note: The above list excludes public entities (établissements publics) that serve social purposes (e.g., universities, research institutes, museums, the information office, and the population office); it also excludes firms with no direct government participation and less than 50 percent holding by public enterprises (e.g., SORWATHE - tea).

Table 17. Rwanda: Monetary Survey, 1991-June 1996

	1991	1992	1993	1994	1995	1996 June
<u>(In billions of Rwanda francs; end of period)</u>						
Net foreign assets	12.2	10.3	3.0	2.6	31.6	35.1
Assets	18.6	17.6	11.6	10.8	45.2	47.4
Liabilities	6.5	7.3	8.6	8.1	13.6	12.4
Net domestic assets	21.3	27.4	36.4	33.8	31.0	28.5
Domestic credit	30.0	37.3	45.6	42.6	41.7	41.3
Claims on the Government (net)	16.3	21.1	25.4	24.8	11.9	11.5
Claims on private sector <u>1/</u>	13.7	16.1	20.3	17.8	29.8	29.8
Other items (net)	-8.7	-9.9	-9.2	-8.8	-10.7	-12.8
Broad money	33.5	37.7	39.4	36.5	62.6	63.6
Narrow money	18.0	22.5	24.8	28.1	40.3	42.6
Quasi-money	15.5	15.2	14.6	8.4	22.4	21.9
<u>(Percentage change from same month of previous year)</u>						
Foreign assets (net)	342.4	-15.3	-70.8	-12.4	1,102.0	1,233.1
Domestic credit	-16.0	24.1	22.5	-6.7	-2.0	-3.0
Claims on the Government (net)	-7.7	30.0	20.1	-2.5	-51.7	-53.5
Claims on private sector <u>1/</u>	-24.0	17.2	25.8	-12.0	67.0	67.1
Broad money	5.5	12.4	4.7	-7.4	71.9	74.4
<u>(Percentage change in relation to beginning of period broad money stock)</u>						
Foreign assets (net)	29.6	-5.6	-19.4	-0.9	79.6	89.0
Net domestic assets	-24.1	18.0	24.0	-6.6	-7.7	-14.6
Domestic credit	-18.0	21.6	22.3	-7.8	-2.4	-3.5
Claims on the Government (net)	-4.3	14.6	11.3	-1.6	-35.1	-36.4
Claims on private sector <u>1/</u>	-13.7	7.1	11.0	-6.1	32.7	32.8
Velocity (GDP/broad money)	7.1	7.2	7.2	4.5	5.2	...

Source: Data provided by the National Bank of Rwanda.

1/ Includes public enterprises and other financial institutions.

Table 18. Rwanda: Summary Accounts of the National Bank of Rwanda, 1991-June 1996

(In millions of Rwanda Francs, end of period)

	1991	1992	1993	1994	1995	1996 June
Foreign assets	13,186	11,508	6,953	7,083	29,672	30,042
Of which: SDR holdings	(1,151)	(490)	(425)	(353)	(6,046)	(6,034)
reserve position in the Fund	(1,104)	(2,083)	(1,973)	(1,972)	(--)	(--)
Claims on the government	20,611	29,056	32,388	32,835	34,359	33,918
Ordinary advances	2,231	2,362	2,498	2,357	1,813	1,460
Special advances	14,975	23,208	26,918	28,937	28,937	--
Consolidated debt	1,412	1,412	1,412	1,412	1,412	32,458
Postal checking system	9	540	--	--	--	--
Other	1,983	1,535	1,560	128	2,197	--
Claims on the private sector	128	185	123	151	157	225
Claims on public enterprises	--	--	657	680	762	665
Claims on other financial institutions	378	32	20	11	9	9
Claims on deposit money banks	655	917	693	846	1,725	159
Unclassified assets	3,501	3,475	3,511	23,283	45,771	40,758
Total assets	38,459	45,174	44,345	64,888	112,455	105,777
Reserve money	14,588	14,097	18,024	19,708	27,339	28,095
Currency outside banks	8,822	10,321	11,393	11,998	17,257	17,823
Currency in commercial banks	541	503	614	491	1,044	1,866
Bank deposits	4,610	2,655	5,496	6,498	8,223	7,837
Other financial institutions' deposits	117	297	59	271	320	259
Official entities deposits	438	304	416	450	496	306
Private sector deposits	60	17	47	--	--	--
Import deposits	79	76	75	75	75	75
Other deposits	522	837	271	216	132	346
Government deposits	6,994	11,625	8,649	9,025	21,460	19,825
Social security fund	110	218	69	41	10	19
Government agencies' deposits	391	555	450	70	261	335
Other deposits ^{1/}	6,493	10,852	8,130	8,914	21,189	19,471
Foreign liabilities	3,925	4,262	5,932	7,360	12,380	11,309
Long-term foreign liabilities	1,500	1,764	1,764	--	--	3
Capital, reserves, and SDR allocations	8,024	8,631	8,662	13,981	20,198	11,309
Unclassified liabilities	2,827	3,882	968	14,523	30,871	34,628
Total liabilities	38,459	45,174	44,345	64,888	112,455	105,777

Source: Data provided by the National Bank of Rwanda.

^{1/} Ministries and public administrations' deposits for the financing of development projects.

Table 19. Rwanda: Summary Accounts of Commercial Banks, 1991-June 1996

(In millions of Rwanda francs; end of period)

	1991	1992	1993	1994	1995	1996 June
Foreign assets	5,423	6,093	4,636	3,684	15,566	17,394
Reserves	5,097	3,117	5,845	6,618	8,590	9,713
Cash	541	503	614	565	1,044	1,866
Deposits at the NBR	4,556	2,614	5,232	6,053	7,545	7,847
Claims on government	5,448	6,667	4,507	4,310	4,528	4,823
Claims on nongovernment sector	12,932	15,888	19,454	16,988	28,840	28,889
Claims on public enterprises	810	298	693	582	354	367
Claims on private sector	12,122	15,308	18,596	16,233	28,381	28,418
Claims on other financial institutions	304	282	165	174	104	104
Other assets	7,268	8,614	8,439	7,166	9,741	9,838
Total assets	36,471	40,379	42,880	38,766	67,264	70,659
Nongovernment sector deposits	23,466	25,820	27,176	23,507	44,366	44,754
Demand deposits	8,587	11,571	12,878	15,423	22,185	24,242
Time and saving deposits	13,211	12,427	12,539	5,639	7,028	6,930
Foreign currency deposits	1,668	1,822	1,759	2,445	15,153	13,582
Government deposits	2,800	2,953	2,851	3,370	5,482	7,416
Foreign liabilities	1,030	1,281	889	775	1,226	1,045
Credits from the NBR	600	469	720	287	1,624	59
Own capital	2,876	3,535	3,949	3,744	6,908	8,149
Other liabilities	5,699	6,321	7,297	7,082	7,658	9,236
Total liabilities	36,471	40,379	42,880	38,766	67,264	70,659

Source: Data provided by the National Bank of Rwanda.

Table 20. Rwanda: Balance of Payments, 1991-95

(In millions of U.S. dollars)

	1991	1992	1993	1994	1995
				Estimates	
Exports, f.o.b.	95.6	68.8	67.7	32.2	51.2
Of which: coffee	(57.6)	(35.1)	(37.6)	(17.4)	(38.1)
Imports, f.o.b.	-228.1	-241.1	-267.7	-367.1	-237.3
Trade balance	-132.5	-172.3	-200.1	-334.9	-186.2
Services (net)	-83.4	-97.5	-117.3	-109.6	-70.7
Of which: interest on public debt	(-8.5)	(-10.0)	(-11.4)	(-12.5)	(-13.4)
Private unrequited transfers	20.9	20.1	22.1	44.5	15.8
Current account balance (excluding official transfers)	-195.0	-249.6	-295.3	-400.0	-241.1
Official unrequited transfers	161.8	170.9	164.9	354.1	298.3
Current account balance (including official transfers)	-33.3	-78.8	-130.3	-45.9	57.3
Direct investment	4.5	5.5	5.8	--	2.0
Public sector capital	75.0	41.9	56.2	-11.2	30.5
Long-term borrowing	92.2	60.9	76.2	11.8	52.8
Scheduled amortization	-17.2	-19.0	-20.0	-22.9	-22.4
Private sector capital	25.4	-2.9	10.0	--	-42.8
Capital account balance	104.9	44.5	72.0	-11.2	-10.3
Errors and omissions	-10.5	-6.5	-8.8	25.7	4.6
Overall balance	61.1	-40.8	-67.1	-31.4	51.6
Financing	-61.1	40.8	67.1	31.4	-51.6
Change in net foreign assets (increase -)	-67.0	27.3	42.6	-3.1	-59.6
Change in arrears	5.8	13.5	24.5	34.5	-2.1
Rescheduling	--	--	--	--	10.2 <u>1/</u>
<u>Memorandum items:</u>					
Current account deficit (in percent of GDP)					
Excluding official transfers	-11.6	-12.2	-15.0	-53.3	-21.3
Including official transfers	-2.0	-3.9	-6.6	-6.1	5.1
Gross official reserves					
In millions of U.S. dollars	110.1	78.7	47.5	51.2	98.9
In months of imports, c.i.f.	4.4	3.0	1.6	1.3	4.1
Debt stock end-year (in percent of GDP)	43.0	39.0	43.3	126.1	88.5
Debt service (in percent of exports goods and nonfactor services)	18.4	25.6	30.7	80.4	52.3
Exchange rate RF/US\$ (period average)	125.1	133.0	144.3	220.0	290.0

Sources: Data provided by the National Bank of Rwanda; and staff estimates.

1/ Rescheduling of the arrears owed to Kuwait.

Table 21. Rwanda: Details of Exports, 1991-95

(Value: In millions of U.S. dollars)

	1991	1992	1993	1994 Estimates	1995
Coffee					
Value	57.6	35.1	37.6	17.4	38.1
Percent change	-12.4	-39.0	7.1	-53.6	118.8
Volume (tons)	37,642	33,797	29,667	13,088	15,079
Percent change	-17.4	-10.2	-12.2	-55.9	15.2
Unit value (US\$/kg)	1.5	1.0	1.3	1.3	2.5
Percent change	6.1	-32.0	22.0	5.1	89.9
Unit value (cents/lb.)	69.4	47.2	57.5	60.5	114.8
Percent change	6.1	-32.0	22.0	5.1	89.9
Tea					
Value	22.4	20.8	18.6	5.8	5.1
Percent change	6.3	-7.1	-10.4	-69.0	-11.4
Volume (tons)	13,297	13,406	11,514	3,457	3,954
Percent change	13.1	0.8	-14.1	-70.0	14.4
Unit value (US\$/lb.)	1.68	1.55	1.62	1.67	1.29
Percent change	-6.0	-7.9	4.3	3.1	-22.5
Cassiterite and tin					
Value	2.6	2.7	1.5	0.5	1.0
Percent change	-28.4	4.1	-42.7	-66.5	89.4
Volume (tons)	945	844	653	358	247
Percent change	-6.0	-10.7	-22.6	-45.2	-31.1
Unit value (US\$/kg)	2.7	3.2	2.3	1.4	3.9
Percent change	-23.9	16.5	-25.9	-38.8	175.0
Hides and skins					
Value	1.8	2.3	2.5	1.2	2.5
Percent change	-48.0	28.3	9.7	-50.2	96.6
Volume (tons)	833	1,265	1,337	770	1,250
Percent change	15.7	51.9	5.7	-42.4	62.4
Unit value (US\$/kg)	2.1	1.8	1.9	1.6	2.0
Percent change	-55.0	-15.5	3.8	-13.5	21.1
Pyrethrum and chincona					
Value	2.4	2.1	0.6	0.3	0.5
Percent change	5.3	-13.1	-69.7	-46.7	45.4
Other products					
Value	8.9	5.8	6.8	6.9	4.0
Percent change	19.1	-34.8	16.7	1.1	-41.9
Total exports, f.o.b.					
Value	95.6	68.8	67.7	32.2	51.2
Percent change	-6.8	-28.1	-1.6	-52.5	59.0
Total export volumes					
Value	111.2	101.8	88.0	40.4	40.8
Percent change	-6.6	-8.5	-13.6	-54.0	0.9
Export prices (1995 = 100)					
Value	72.2	56.7	64.6	66.8	105.3
Percent change	-0.2	-21.4	13.9	3.4	57.6

Sources: Data provided by the National Bank of Rwanda; and staff estimates.

Table 22. Rwanda: Details of Imports, 1991-95

(Value: in millions of U.S. dollars)

	1991	1992	1993	1994	1995
				Estimates	
Capital goods					
Value	53.6	69.0	72.0	36.0	51.3
Percent change	-8.3	28.9	4.3	-50.0	42.4
Percent change in volume index	-8.2	24.0	11.3	-51.6	29.2
Percent change in unit value index	-0.1	3.9	-6.3	3.3	10.2
Intermediate goods					
Value	127.8	92.4	91.2	22.8	32.4
Percent change	32.0	-27.7	-1.3	-75.0	42.1
Percent change in volume index	32.1	-30.4	5.3	-75.8	28.9
Percent change in unit value index	-0.1	3.9	-6.3	3.3	10.2
Energy products					
Value	39.3	37.0	35.1	23.3	21.4
Percent change	-12.1	-5.7	-5.2	-33.8	-8.2
Percent change in volume index	5.9	-5.7	3.3	-30.0	-15.0
Percent change in unit value index	-17.0	--	-8.2	-5.4	8.0
Other imports					
Value	86.6	90.4	133.6	362.8	186.5
Percent change	9.3	4.4	47.8	171.5	-48.6
Of which:					
Food					
Value	(34.9)	(29.0)	(59.3)	(218.1)	(102.5)
Percent change	(7.8)	(-17.0)	(104.6)	(267.9)	(-53.0)
Percent change in volume index	(8.8)	(-18.2)	(102.8)	(250.0)	(-56.5)
Percent change in unit value index	(-0.9)	(1.5)	(0.9)	(5.1)	(8.1)
Other					
Value	(51.7)	(61.5)	(74.3)	(144.7)	(84.0)
Percent change	(10.4)	(18.9)	(21.0)	(94.6)	(-42.0)
Percent change in volume index	(10.5)	(14.4)	(29.1)	(88.4)	(-47.3)
Percent change in unit value index	(-0.1)	(3.9)	(-6.3)	(3.3)	(10.2)
Other adjustments	-5.9	30.1	13.7	13.5	--
Imports by Embassies (FOB)	-11.4	-14.3	-6.4	...	--
Postal	0.2	0.2	0.2	...	--
Electrical energy	5.3	6.4	8.4	...	--
Other official merchandise	--	37.8	11.4	...	--
Total imports, c.i.f.					
Value	301.4	319.1	345.6	458.4	291.5
Percent change	-1.0	5.9	8.3	32.6	-36.4
Total import volumes	83.1	85.3	98.1	126.7	73.9
Percent change	1.9	2.7	15.0	29.1	-41.7
Import prices (1995 = 100)	132.3	136.5	128.5	132.0	144.0
Percent change	-2.9	3.1	-5.8	2.7	9.1
Freight and insurance	73.3	78.0	77.9	91.2	54.2
Total imports, f.o.b.	228.1	241.1	267.7	367.1	237.3
Percent change	0.2	5.7	11.1	37.1	-35.4
Memorandum item:					
Petroleum products (tons)	66,070	62,313	64,361	45,052	38,294

Sources: Data provided by the National Bank of Rwanda; and staff estimates.

Table 23. Rwanda: Details of Services and Transfers, 1991-95

(In millions of U.S. dollars)

	1991	1992	1993	1994 Estimates	1995
Services (net)	-83.4	-97.5	-117.3	-109.6	-70.7
Nonfactor services (net)	-72.4	-86.4	-102.1	-103.2	-76.4
Credit	44.0	44.7	34.3	11.9	17.2
Freight	6.9	4.9	4.8	1.2	2.4
Other transportation	6.5	7.4	6.8	1.7	3.4
Travel	4.9	6.9	6.2	1.5	3.1
Foreign governments	15.2	22.4	13.1	6.6	6.6
Other	10.5	3.1	3.4	0.8	1.7
Debit	116.4	131.1	136.5	115.1	93.6
Freight	43.9	54.6	55.3	64.8	54.2
Other transportation	13.8	16.0	13.3	15.6	6.7
Travel	17.4	20.5	17.8	20.9	8.9
Private services	7.3	12.0	10.5	3.9	5.3
Technical assistance	34.1	28.1	39.5	9.9	18.6
Factor services (net)	-11.0	-11.1	-15.2	-6.4	5.7
Credit	3.1	5.1	3.0	6.9	19.1
Investment income	3.1	5.1	3.0	1.0	--
Nonresidents (UNAMIR and NGO's)	--	--	--	5.9	19.1
Debit	14.1	16.1	18.2	13.3	13.4
Dividends	1.5	3.9	3.2	0.8	--
Investment income	12.6	12.2	15.0	12.5	13.4
Interest on public debt	7.7	9.3	10.7	11.6	13.1
IMF charges	0.8	0.8	0.7	0.9	0.3
Other	4.1	3.6	3.6	0.9	--
Transfers (net)	182.7	191.0	187.0	398.6	314.1
Private (net)	20.9	20.1	22.1	44.5	15.8
Credit	37.0	36.5	38.0	...	...
Debit	16.1	16.4	15.9	...	...
Official receipts (net)	161.8	170.9	164.9	354.1	298.3
Credit	176.9	176.8	171.5	354.1	302.8
Structural adjustment program	35.0	12.2	...	...	--
Current grants	141.9	164.6	...	...	235.9
Budgetary grants	--	34.8	--	--	35.8
Technical assistance	55.2	54.4	...	...	24.2
Humanitarian assistance	57.7	33.0	...	...	47.3
Other current grants	28.9	42.4	...	...	128.6
Capital grants	53.3	78.7	...	...	66.9
Debit	15.1	6.0	6.5	--	4.5

Sources: Data provided by the National Bank of Rwanda; and staff estimates.

Table 24. Rwanda: Summary of External Public Debt, 1991-95

(In millions of U.S. dollars)

	1991	1992	1993	1994 Estimates	1995
Official debt service					
Total	-25.6	-29.0	-31.4	-35.4	-35.8
Interest	-8.5	-10.0	-11.4	-12.5	-13.4
Principal	-17.2	-19.0	-20.0	-22.9	-22.4
IMF	-0.8	-0.8	-0.7	-0.9	-0.3
Interest	-0.8	-0.8	-0.7	-0.9	-0.3
Principal	--	--	--	--	--
Debt service on nonrescheduled debt	-24.9	-28.3	-30.7	-34.5	-35.5
Interest	-7.7	-9.3	-10.7	-11.6	-13.1
Principal	-17.2	-19.0	-20.0	-22.9	-22.4
Official debt, outstanding stock					
Official debt, excluding IMF					
Debt outstanding, beginning of period	672.9	741.5	770.8	815.2	872.2
Disbursements	92.2	60.9	76.2	11.8	52.8
Amortization	17.2	19.0	20.0	22.9	22.4
Adjustments	-6.3	-12.7	-11.8	68.2	-3.1
Debt outstanding, end-of-period	741.5	770.8	815.2	872.2	899.6
Rescheduling					
Rescheduling flow	--	--	--	--	10.2 ^{1/}
Amortization of rescheduled debt	--	--	--	--	--
Net stock of rescheduled debt	--	--	--	--	10.2
Debt including rescheduling	741.5	770.8	815.2	872.2	909.8
Official debt due to IMF	12.5	12.0	12.0	12.8	26.3
Total official debt outstanding end-of-period	754.1	782.8	827.2	885.0	936.1
Arrears outstanding, beginning of period					
Change in arrears	1.5	13.5	24.5	34.5	-2.1
Accumulated	1.5	13.5	24.5	34.5	18.9
Settled	--	--	--	--	-21.0
Adjustments	-5.0	-1.5	-11.8	0.5	4.2
Arrears outstanding, end-of-period	1.5	13.5	26.3	61.2	63.3
Debt and arrears outstanding at end-of-period	755.6	796.3	853.5	946.2	999.4

Sources: Data provided by the National Bank of Rwanda; and staff estimates.

^{1/} Rescheduling of arrears owed to Kuwait.

Table 25. Rwanda: External Public Debt, Stock Outstanding, 1991-95.

(In millions of U.S. dollars)

	1991	1992	1993 December	1994	1995
A. Multilateral loans	600.5	645.5	695.7	772.1	766.1
IBRD-IDA	393.6	408.1	445.6	488.4	501.4
African Development Fund	119.2	142.0	153.1	179.6	192.7
African Development Bank	8.5	12.0	11.0	8.8	...
Nigeria Trust Fund	...	...	...	0.7	...
Arab Bank (BADEA)	22.3	23.0	25.4	29.5	16.2
European Economic Community	29.5	30.0	30.0	30.8	29.6
European Investment Bank	2.7	3.3	3.5	2.2	...
FIDA	17.9	20.4	20.4	24.1	23.6
OPEC Fund	5.8	6.0	5.8	6.7	2.8
Arab League	1.1	0.7	0.8	1.1	...
GLSB (BDGEL)	0.2	--	0.1	0.1	--
B. Bilateral loans	118.2	122.1	128.2	135.6	119.1
Austria	5.5	5.5	5.5	6.2	14.1
CCCE (France)	23.4	26.8	30.9	42.3	37.4
China	25.5	22.4	22.2	17.2	11.4
FCEOM-Japan	9.9	11.8	11.8	13.7	9.6
Abu-Dhabi Fund	1.6	1.3	1.5	1.5	0.7
Kuwaiti Fund	26.7	28.0	29.0	26.1	23.7
Libya	1.3	1.3	1.3	1.1	0.4
Saudi Fund	24.3	25.0	26.0	27.4	20.5
C. Suppliers credits	24.4	16.7	17.6	25.8	14.4
BNP/Amsterdam	1.6	0.4	0.9	1.9	--
China	1.4	1.2	1.3	--	--
BNP/Paris	8.9	5.2	6.6	11.3	7.1
SEE/Canada	0.9	2.0	2.4	3.0	1.0
SUMITOMO Corporation	2.2	1.7	--	--	--
COFACE	9.4	6.3	6.3	9.6	5.3
Egypt	--	--	--	--	1.0
D. IMF	12.5	12.0	12.0	12.8	26.3
E. Other (adjustment) ^{1/}	--	--	--	--	73.5 ^{2/}
F. Total	755.6	796.3	853.5	946.2	999.4

Source: Data provided by the National Bank of Rwanda.

^{1/} For 1991-94, the outstanding arrears are included in the debt stock figures shown above.^{2/} Including outstanding arrears estimated at US\$63.3 million.

Table 26. Rwanda: External Public Debt -
Debt Service, Scheduled Principal and Interest, 1995

(In millions of U.S. dollars)

	1995 <u>Principal</u> Est.	1995 <u>Interest</u> Est.
A. Multilateral loans	11.9	9.2
IBRD-IDA	3.5	4.6
African Development Fund	1.4	1.9
African Development Bank	0.6	0.3
Nigeria Trust Fund	...	...
Arab Bank (BADEA)	3.1	1.0
European Economic Community	0.7	0.3
European Investment Bank	0.8	0.2
FIDA	0.5	0.5
OPEC Fund	1.3	0.3
Arab League	0.1	--
B. Bilateral loans	5.5	2.7
Austria	--	0.2
CCCE (France)	0.7	1.1
China	1.4	--
FCEOM-Japan	0.7	0.6
Abu-Dhabi Fund	0.3	--
Kuwaiti Fund	2.1	0.8
Libya	0.1	--
Saudi Fund	0.2	--
Belgium	--	--
C. Suppliers credits	1.6	0.9
BNP/Amsterdam	--	--
China	--	--
BNP/Paris	0.1	--
SEE/Canada	0.4	0.3
COFACE (France)	1.1	0.6
D. IMF	--	0.3
E. Adjustment	3.3	0.3
F. Total	22.4	13.4

Source: Data provided by the National Bank of Rwanda.

Table 27. Rwanda: External Debt - Outstanding Arrears, 1995

(In millions of U.S. dollars)

	1995		
	December		
	Arrears principal Est.	Arrears interest Est.	Arrears total Est.
A. Multilateral loans	16.3	5.8	22.1
IBRD-IDA	--	--	--
African Development Fund	--	--	--
African Development Bank	--	--	--
Nigeria Trust Fund	--	--	--
Arab Bank (BADEA)	10.2	4.0	14.2
European Economic Community	--	--	--
European Investment Bank	2.2	1.3	3.4
FIDA	--	--	--
OPEC Fund	3.9	0.6	4.4
Arab League	--	--	--
GLSB (BDGEL)	--	--	--
UNDP	--	--	--
IMF	--	--	--
B. Bilateral loans	16.3	5.5	21.8
Austria	--	0.8	0.8
CCCE (France)	1.6	1.9	3.5
China	3.9	--	3.9
FCEOM-Japan	2.7	1.2	3.9
Abu-Dhabi Fund	1.1	0.2	1.4
Kuwaiti Fund	--	--	--
Libya	0.6	0.1	0.8
Saudi Fund	6.4	1.3	7.6
Belgium	--	--	--
C. Suppliers credits	14.9	4.5	19.4
BNP/Amsterdam	1.8	0.3	2.0
China	--	--	--
BNP/Paris	8.0	0.9	8.9
SEE/Canada	1.6	1.2	2.8
IVECO-FIAT SPA	--	--	--
SUMITOMO Corporation	--	--	--
LAND ROVER EXP	--	--	--
Pays Bas	--	--	--
PANARD & LIVASOR	--	--	--
COFACE (France)	3.6	2.1	5.7
D. Total	47.5	15.8	63.3

Source: Data provided by the National Bank of Rwanda.

Table 28. Rwanda: International Reserves, 1991-95

	1991	1992	1993	1994	1995
				Estimates	
<u>(In millions of U.S. dollars; end of period)</u>					
National Bank of Rwanda (NBR)					
Net foreign assets	64.8	37.5	-5.1	-2.0	57.6
Assets	110.1	78.7	47.5	51.2	98.9
Liabilities	45.3	41.2	52.6	53.2	41.3
Deposit money banks					
Net foreign assets	36.7	32.9	25.6	21.0	47.8
Assets	45.3	41.7	31.7	26.6	51.9
Liabilities	8.6	8.8	6.1	5.6	4.1
Net official international reserves	101.5	70.4	19.7	24.6	109.5
Assets	155.3	120.3	79.2	77.9	150.8
Liabilities	53.9	50.0	59.5	53.2	41.3
Change in net foreign assets of NBR	67.0	-27.3	-42.6	3.1	59.6
Change in net foreign assets of NBR and banks	78.7	-31.1	-49.8	-1.5	86.4
<u>(In terms of months of imports, c.i.f.)</u>					
Gross reserves of NBR	4.4	3.0	1.6	1.3	4.1

Sources: Data provided by the National Bank of Rwanda; and staff estimates.

Table 29. Rwanda: The Government's Program for Postwar Reconstruction, 1995-96 ^{1/}

(In millions of U.S. dollars)

	Program I ^{2/}	Program II ^{2/}	Program III ^{2/ 3/}	Multi- sectoral	Outside program	Total
Direct assistance from donors						
Pledges	179.1	53.3	687.5	69.3	26.4	1,015.6
Signed	178.9	37.5	511.0	12.9	26.2	766.5
Disbursed	133.3	22.2	160.5	12.4	11.0	339.4
Utilized	85.6	2.1	81.4	12.4	8.1	189.6
Agencies and NGOs						
Pledges	--	116.7	137.9	98.7	88.7	442.0
Signed	--	60.8	123.9	98.7	79.9	363.3
Disbursed	--	57.2	103.2	102.6	59.2	322.2
Utilized	--	46.4	54.4	84.6	48.5	233.9
Total assistance						
Pledges	179.1	170.0	825.4	168.0	115.1	1,457.6
Signed	178.9	98.3	634.9	111.6	106.1	1,129.8
Disbursed	133.3	79.4	263.7	115.0	70.2	661.6
Utilized	85.6	48.5	135.8	97.0	56.6	423.5

Sources: Data provided by the Ministry of Planning; and the Permanent Secretariat of the Round Table Conference, Rwanda.

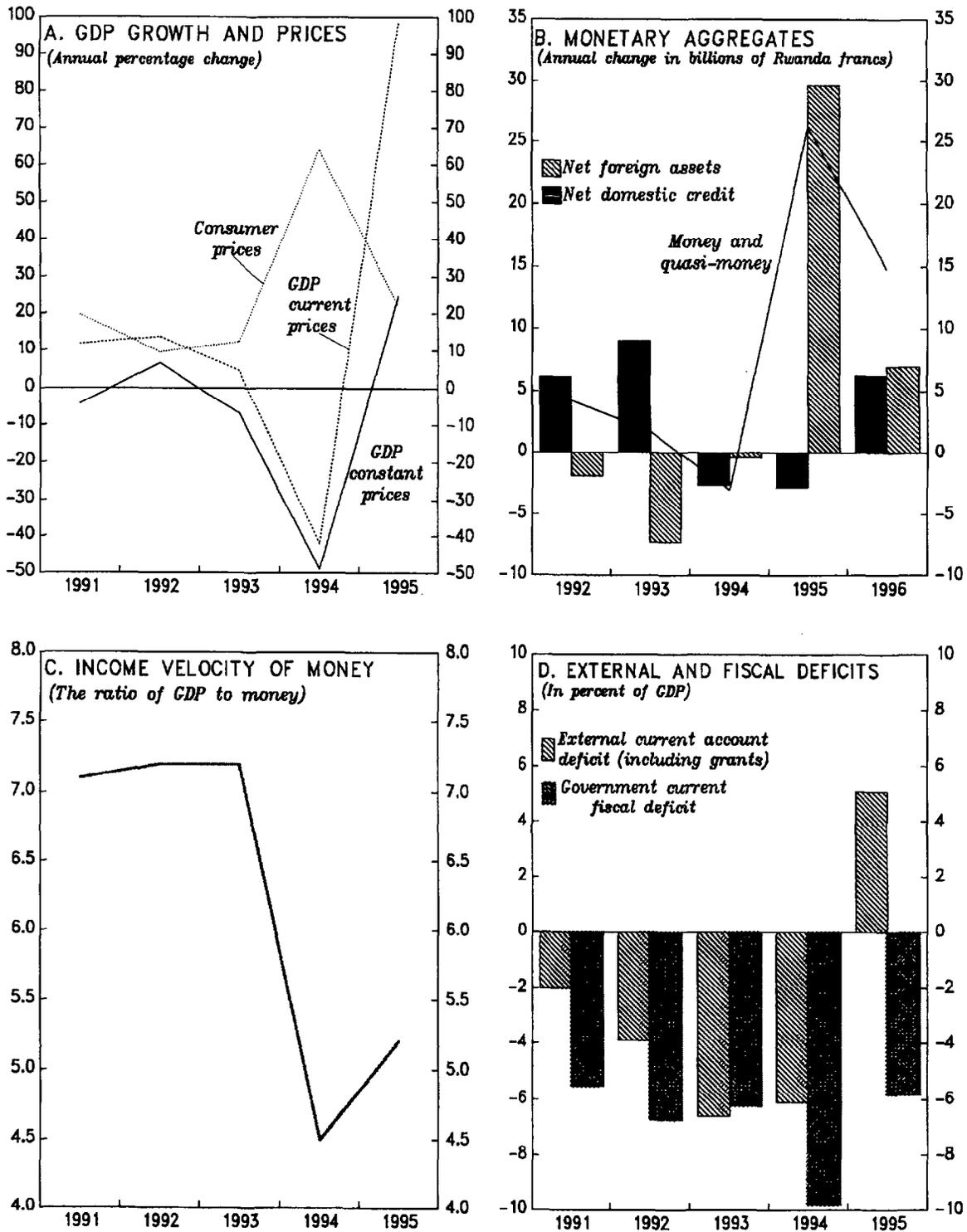
^{1/} Cumulative flows as of June 9, 1996.

^{2/} Program I: Balance of payments and budgetary support;
Program II: Repatriation and resettlement of displaced persons;
Program III: Rehabilitation and economic recovery.

^{3/} Includes support for restoration of administrative capacity; rehabilitation of infrastructure; revival of the productive sectors; reconstruction of the social sectors; and rehabilitation of the environment.

CHART 1
RWANDA

SELECTED ECONOMIC INDICATORS, 1991-95

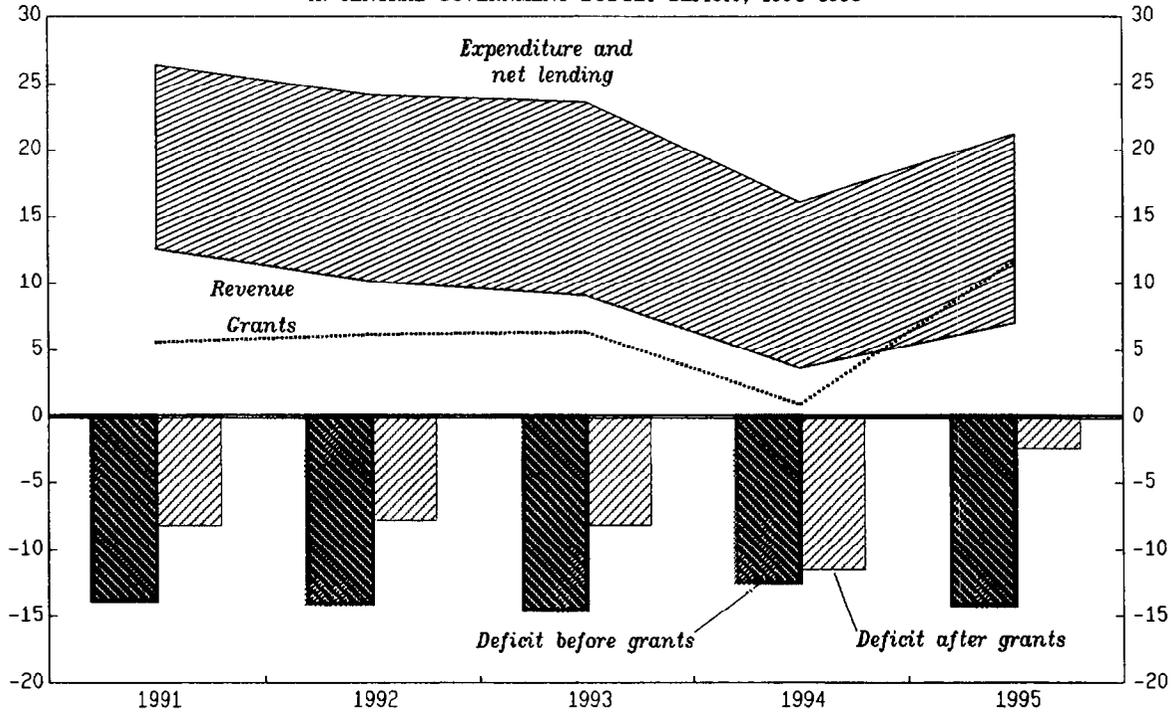


Sources: Data provided by the Rwandese authorities; and staff estimates.

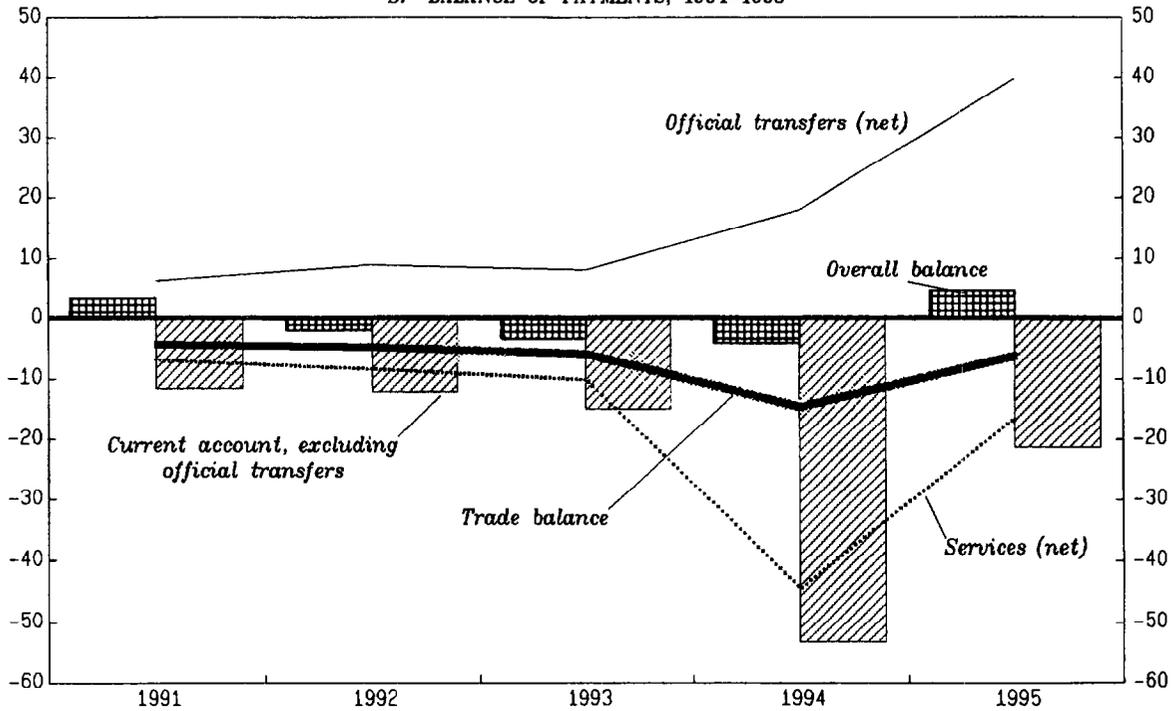
FISCAL AND EXTERNAL INDICATORS

(In percent of GDP)

A. CENTRAL GOVERNMENT BUDGET DEFICIT, 1991-1995



B. BALANCE OF PAYMENTS, 1991-1995

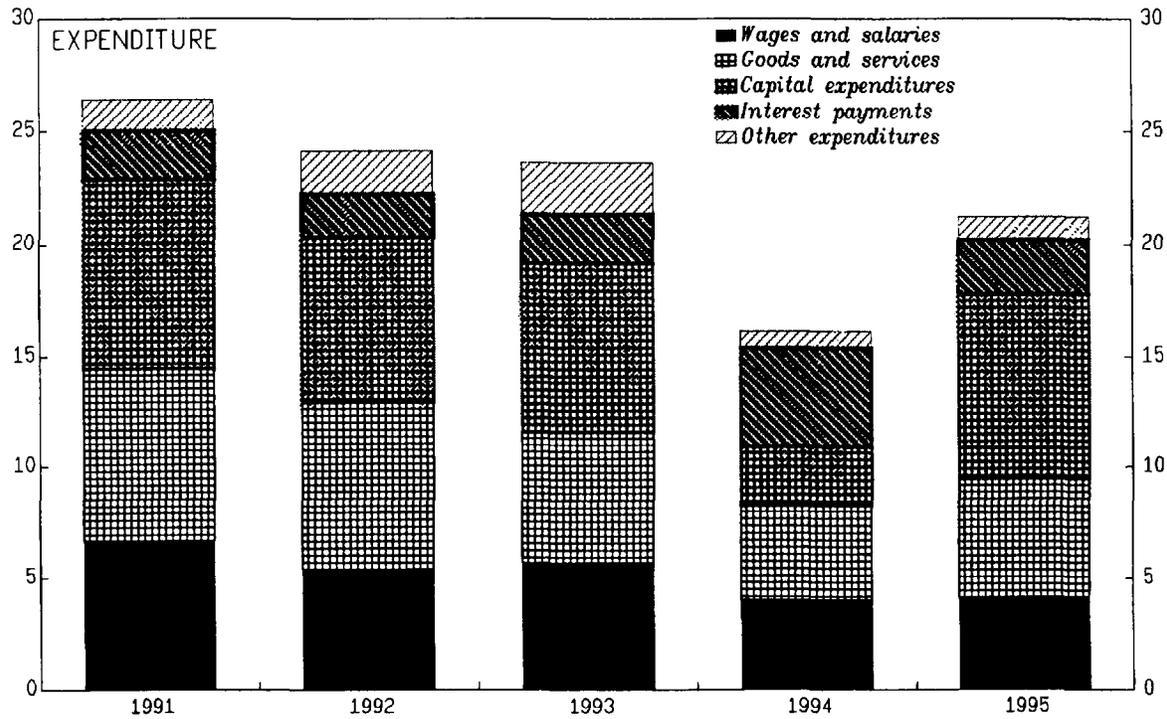
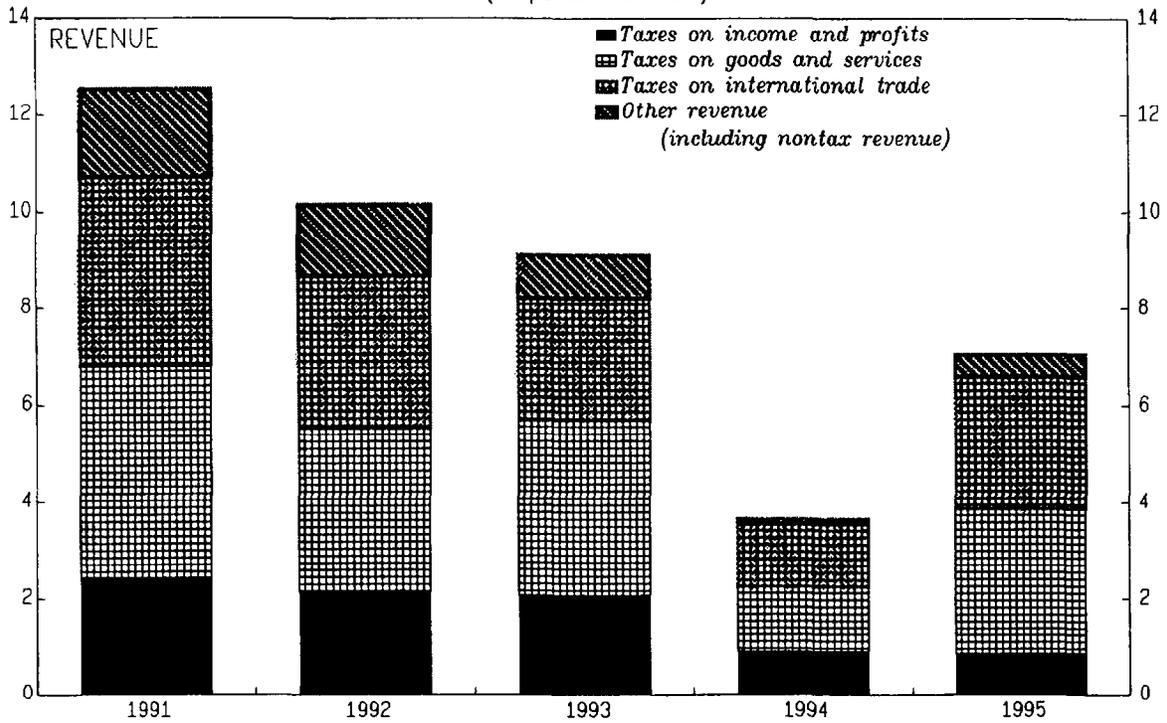


Sources: Data provided by the Rwandese authorities; and staff estimates.

CHART 3

RWANDA

**CENTRAL GOVERNMENT REVENUE
AND EXPENDITURE, 1991-95**
(In percent of GDP)

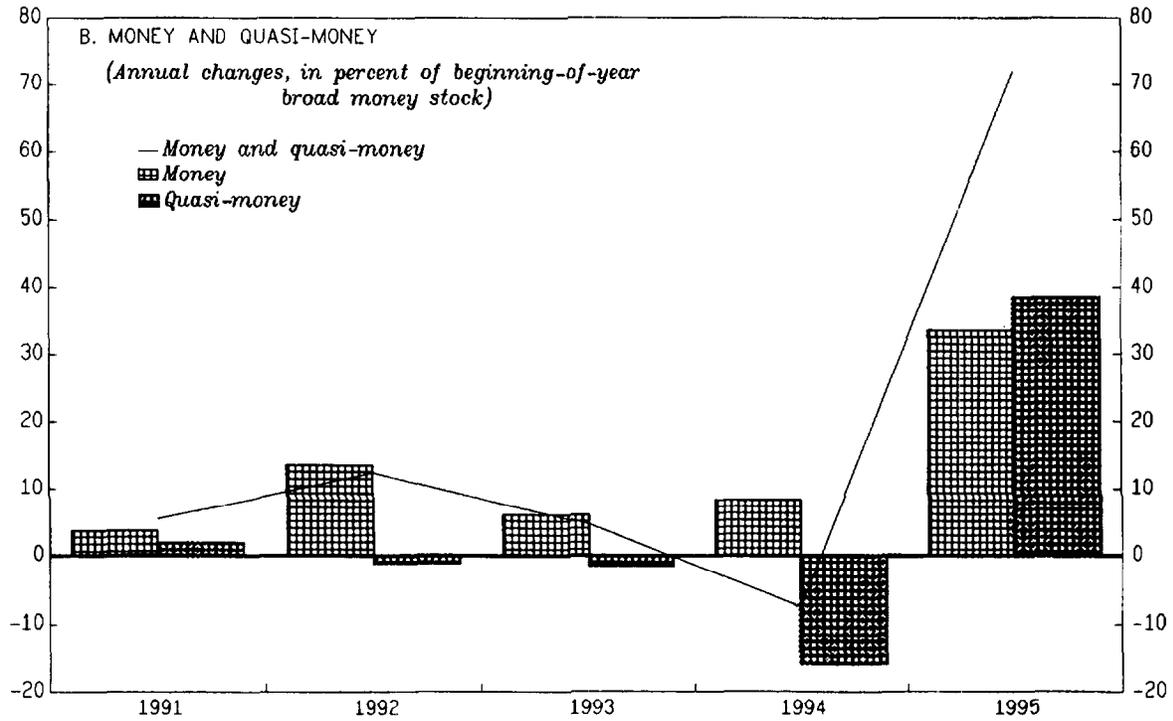
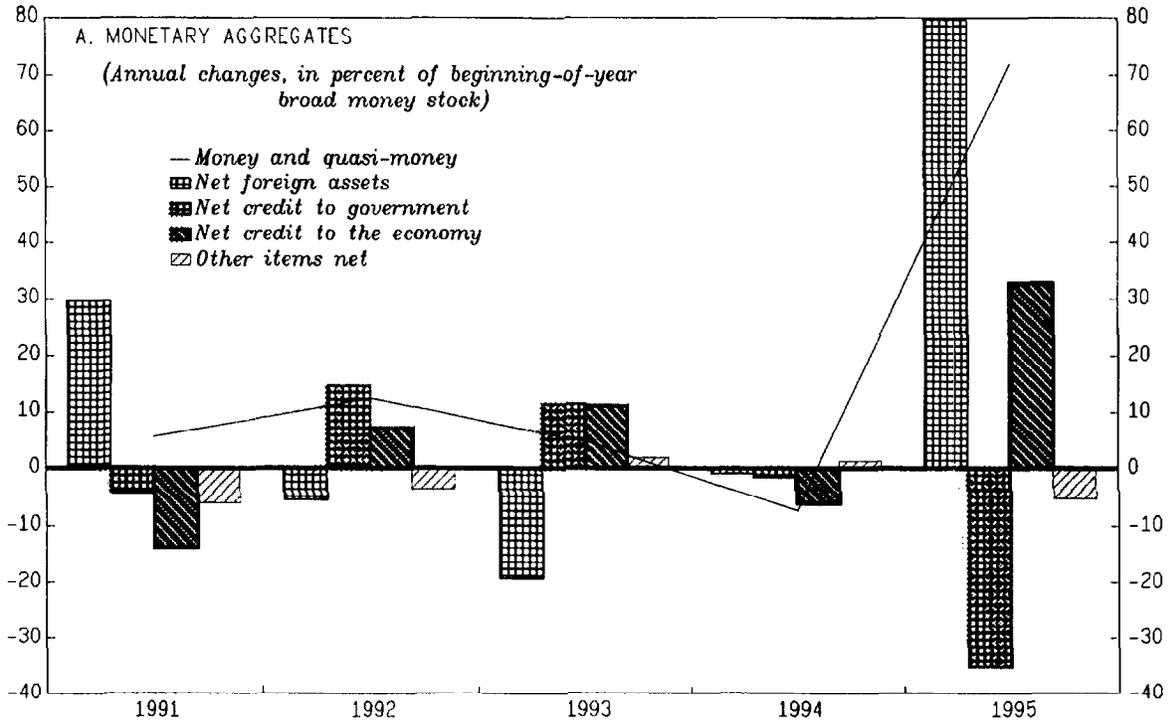


Sources: Data provided by the Rwandese authorities; and staff estimates.

CHART 4

RWANDA

EVOLUTION OF MONETARY AGGREGATES, 1991-95

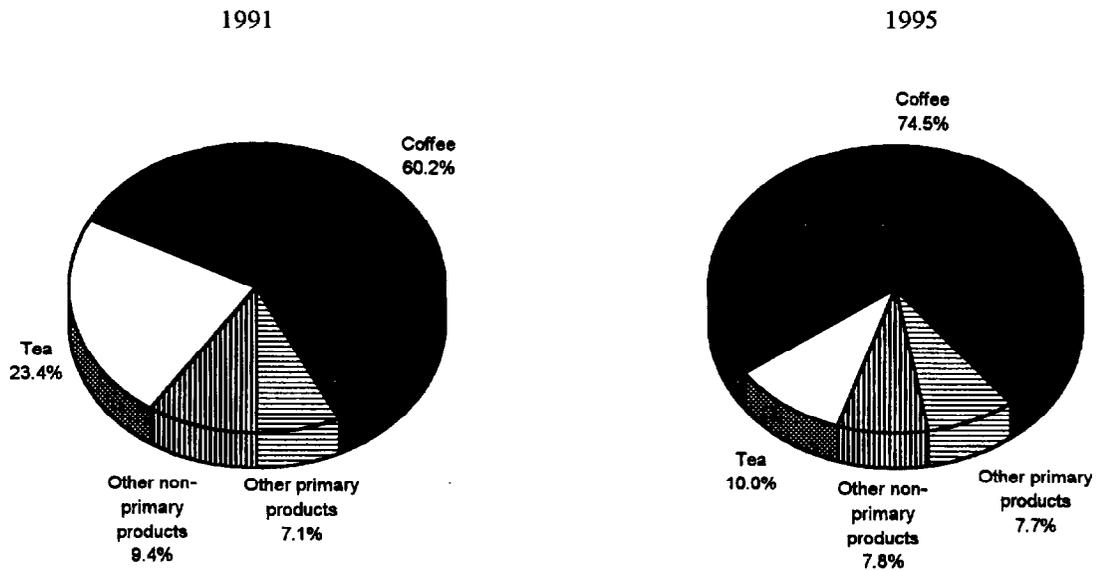


Sources: Data provided by the Rwandese authorities; and staff estimates.

Chart 5
RWANDA

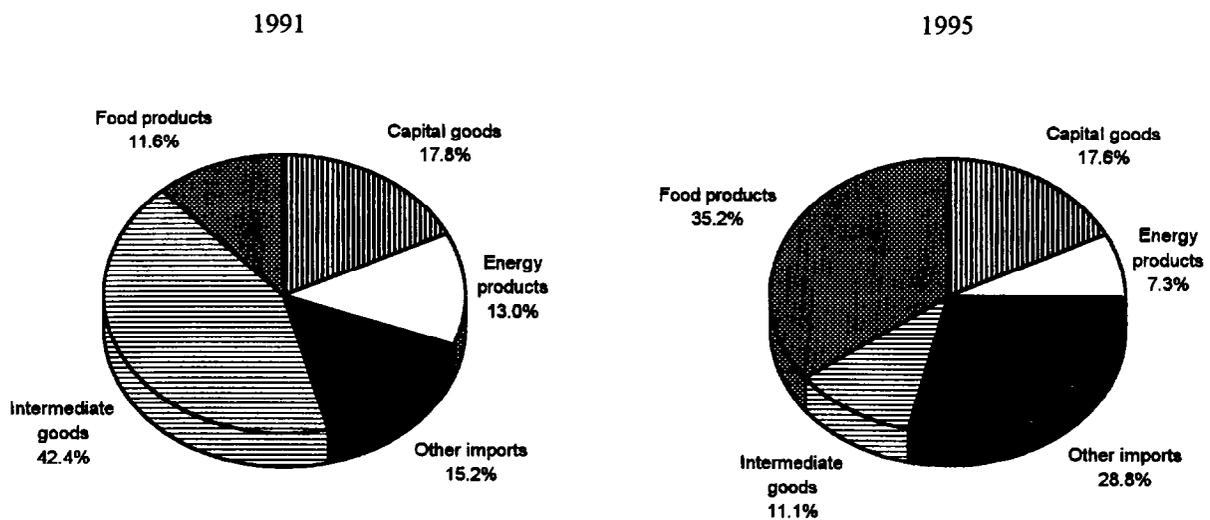
A. Commodity Composition of Exports, 1991 and 1995

(In percent of total value)



B. Commodity Composition of Imports, 1991 and 1995

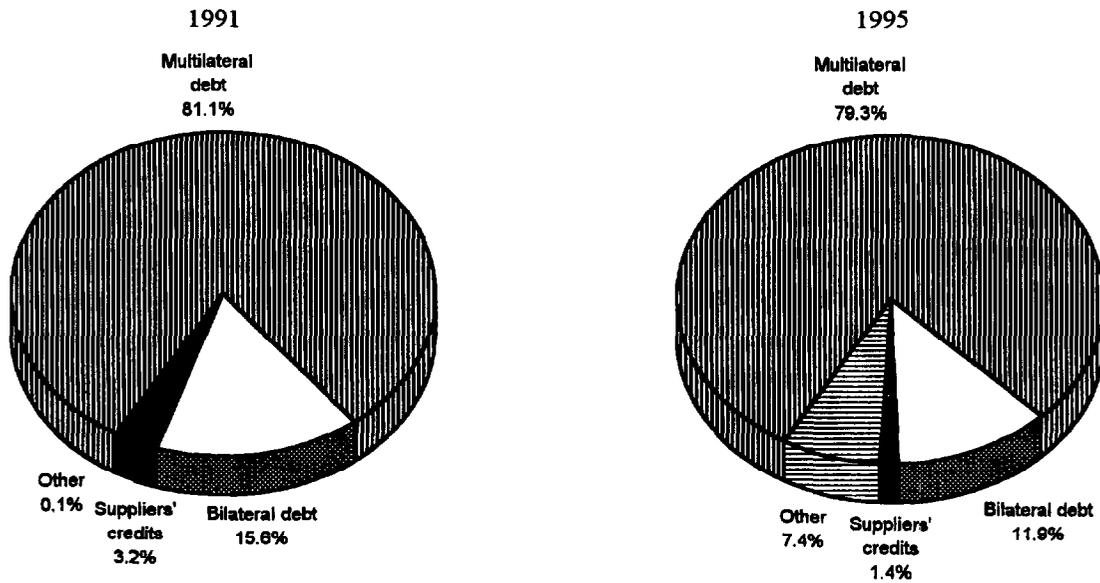
(In percent of total value)



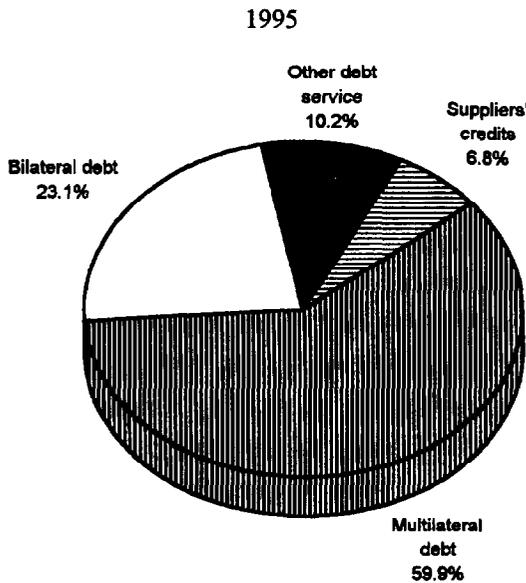
Sources: Data provided by the Rwandese authorities; and staff estimates.

Chart 6
RWANDA

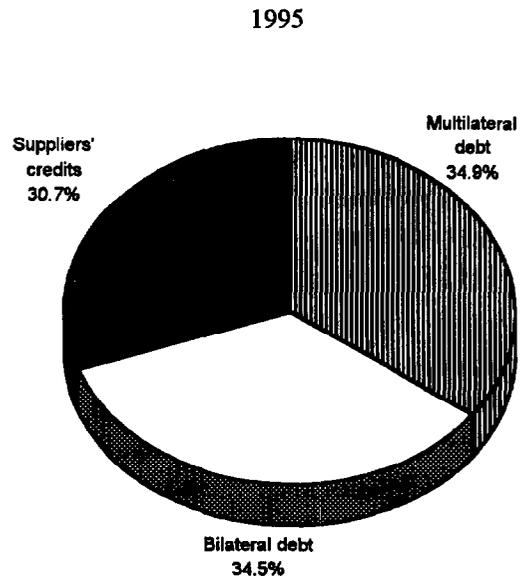
A. Outstanding Medium-and Long-Term Official External Debt by Creditor, 1991 and 1995
(In percent of total stock outstanding)



B. Medium-and Long-Term External Debt: Debt Service by Creditor
(In percent of total debt service)

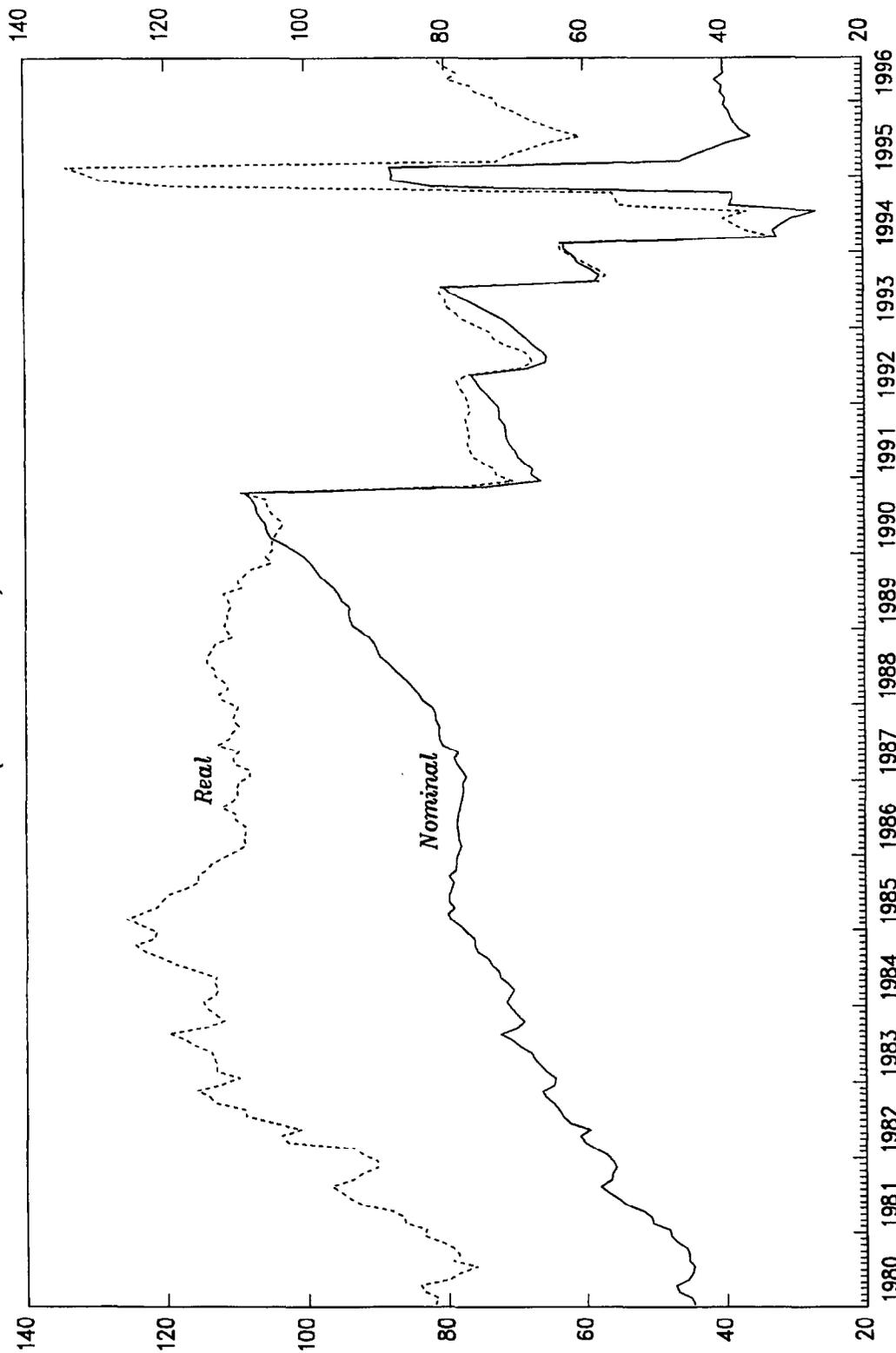


C. External Arrears Outstanding
(In percent of total external arrears outstanding)



Sources: Data provided by the Rwandese authorities; and staff estimates.

CHART 7
RWANDA
NOMINAL AND REAL EFFECTIVE EXCHANGE RATES, JANUARY 1980 - JULY 1996
(Index: 1990=100)



Source: IMF, Information Notice System.

Rwanda - Summary of the Tax System

(Position as of end-July 1996; all amounts in Rwanda francs)

Tax	Nature of Tax	Exemptions and Deductions	Rates																								
1. <u>Tax on income and profits</u>																											
1.1 <u>Tax on rental income (Impôt sur les revenus locatifs)</u>	Annual schedular tax on rental income from land and buildings, including income derived from the lease of equipment and furniture. Allowances for housing paid to employees occupying their own houses are taxed as rental income, provided the housing is recorded in the land registry.	<p><u>Exemptions:</u></p> <ul style="list-style-type: none"> - Republic of Rwanda; prefectures and communes. - Public institutions. - The Red Cross; certain similar institutions and establishments. <p><u>Deductions:</u></p> <ul style="list-style-type: none"> - 20 percent of gross income for repairs and maintenance. - 12 percent of outstanding mortgages when rental income is partly used for mortgage payments. 	<p><u>Income brackets:</u></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">From RF</th> <th style="text-align: left;">To</th> <th style="text-align: left;">Rates</th> </tr> </thead> <tbody> <tr> <td>1- 200,000</td> <td></td> <td>20 percent</td> </tr> <tr> <td>200,001- 400,000</td> <td></td> <td>25 percent</td> </tr> <tr> <td>400,001- 600,000</td> <td></td> <td>30 percent</td> </tr> <tr> <td>600,001- 800,000</td> <td></td> <td>35 percent</td> </tr> <tr> <td>800,001-1,000,000</td> <td></td> <td>40 percent</td> </tr> <tr> <td>1,000,001-2,000,000</td> <td></td> <td>45 percent</td> </tr> <tr> <td>Over 2,000,001</td> <td></td> <td>50 percent</td> </tr> </tbody> </table>	From RF	To	Rates	1- 200,000		20 percent	200,001- 400,000		25 percent	400,001- 600,000		30 percent	600,001- 800,000		35 percent	800,001-1,000,000		40 percent	1,000,001-2,000,000		45 percent	Over 2,000,001		50 percent
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1.2 <u>Tax on portfolio income (Impôt sur les revenus des capitaux mobiliers - impôt mobilier)</u>	Annual schedular tax on income from: <ul style="list-style-type: none"> - shares or part-shares - debentures - interest on lending for business purposes - gratuities and directors' fees paid to members of a Board of Directors 	Does not apply to interest earned by companies on capital lent for business purposes.	Single rate of 20 percent																								
1.3 <u>Tax on income from business profits and personal earnings (impôt professionnel)</u>	Annuals schedular tax on profits of all private sector firms, wage income, profits of liberal professions, or any other income, the source of which is an activity in Rwandan territory not taxed under another schedular tax.																										

Rwanda - Summary of the Tax System (continued)

(Position as of end-July 1996; all amounts in Rwanda francs)

Tax	Nature of Tax	Exemptions and Deductions	Rates														
<p>1.3.1 Profits of companies, partnerships, and individual enterprises (<u>bénéfices des sociétés et entreprises privées</u>)</p>	<p>Net profits realized from industrial, commercial, agricultural, handicraft, and mining activities carried on within the country. Nonresident enterprises are taxed on their income within Rwanda. A standard assessment of profits is made by the Tax Administration for taxpayers who do not keep regular accounts.</p>	<p><u>Exemptions:</u></p> <ul style="list-style-type: none"> - Republic of Rwanda, prefectures, and communes. - public offices and institutions. - The Red Cross, AIDR, INRS, ISAR, institutions and establishments conforming to the conditions set by the Ministry of Finance. - profits made by foreign airline companies from their transportation activities in Rwanda. - capital gains from business assets are exempted if the gains are shown in the company accounts. - <i>exemptions granted under the Investment Code.</i> <p><u>Deductions:</u></p> <ul style="list-style-type: none"> - Pension, health insurance, and unemployment insurance contributions, up to a maximum of 20 percent of income or RF 36,000. - Grants to religious and humanitarian institutions approved for tax purposes by the Minister of Finance, with a maximum of RF 10,000 per taxpayer per annum. - Transportation costs incurred by resident foreigners and their families during their annual vacations after the completion of two years residency in Rwanda. - Medical expenses under limits set by the Minister of Finance. 	<table border="0"> <thead> <tr> <th data-bbox="1513 396 1783 418"><u>Income brackets</u></th> <th data-bbox="1804 396 1910 418"><u>Rates</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="1513 418 1783 441">From RF 1- 250,000</td> <td data-bbox="1804 418 1910 441">20 percent</td> </tr> <tr> <td data-bbox="1513 441 1783 464">250,001- 400,000</td> <td data-bbox="1804 441 1910 464">25 percent</td> </tr> <tr> <td data-bbox="1513 464 1783 487">400,001- 700,000</td> <td data-bbox="1804 464 1910 487">35 percent</td> </tr> <tr> <td data-bbox="1513 487 1783 509">700,001-1,000,000</td> <td data-bbox="1804 487 1910 509">40 percent</td> </tr> <tr> <td data-bbox="1513 509 1783 532">1,000,001-2,000,000</td> <td data-bbox="1804 509 1910 532">45 percent</td> </tr> <tr> <td data-bbox="1513 532 1783 555">Over 2,000,001</td> <td data-bbox="1804 532 1910 555">50 percent</td> </tr> </tbody> </table> <p>A presumptive income tax (FAD report) at 3 percent of monthly sales was introduced in May 1996. It is deductible from income taxes to be paid in the following year.</p>	<u>Income brackets</u>	<u>Rates</u>	From RF 1- 250,000	20 percent	250,001- 400,000	25 percent	400,001- 700,000	35 percent	700,001-1,000,000	40 percent	1,000,001-2,000,000	45 percent	Over 2,000,001	50 percent
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Rwanda - Summary of the Tax System (continued)

(Position as of end-July 1996; all amounts in Rwanda francs)

Tax	Nature of Tax	Exemptions and Deductions	Rates														
1.3.2 Wages, salaries, and other personal earnings (<u>Taxe professionnelle sur les rémunérations</u>)	The tax is levied on all wages and salaries earned in the public and private sectors by residents of Rwanda. Withheld at source by the employer.	Pensions and other social security benefits to various categories of beneficiaries and family allowances paid in accordance with the relevant legislation. Contractual withholdings for pension, life insurance, social security, and health insurance are no longer deductible under Art. 2 of Law No. 10/92 of 12/4/92.	<table border="1"> <thead> <tr> <th data-bbox="1506 383 1676 407">Income brackets</th> <th data-bbox="1800 383 1859 407">Rates</th> </tr> </thead> <tbody> <tr> <td data-bbox="1527 407 1783 431">From RF 0- 100,000</td> <td data-bbox="1800 407 1906 431">0 percent</td> </tr> <tr> <td data-bbox="1587 431 1783 456">100,000- 300,000</td> <td data-bbox="1800 431 1906 456">15 percent</td> </tr> <tr> <td data-bbox="1587 456 1783 480">300,000- 600,000</td> <td data-bbox="1800 456 1906 480">25 percent</td> </tr> <tr> <td data-bbox="1587 480 1783 505">600,000-1,000,000</td> <td data-bbox="1800 480 1906 505">30 percent</td> </tr> <tr> <td data-bbox="1566 505 1783 529">1,000,000-2,000,000</td> <td data-bbox="1800 505 1906 529">40 percent</td> </tr> <tr> <td data-bbox="1608 529 1783 553">Over 2,000,000</td> <td data-bbox="1800 529 1906 553">50 percent</td> </tr> </tbody> </table>	Income brackets	Rates	From RF 0- 100,000	0 percent	100,000- 300,000	15 percent	300,000- 600,000	25 percent	600,000-1,000,000	30 percent	1,000,000-2,000,000	40 percent	Over 2,000,000	50 percent
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1.3.3 Income from liberal professions (<u>Profit des professions libérales, charges, offices et autres occupations lucratives</u>)	The tax is levied on income from liberal professions	Professional expenses are deductible provided that evidence of payment is made; if not, a standard deduction of 25 percent of gross income is applied, with a maximum of RF 300,000	For corporate rates, see 1.3.1. For individuals, the rates are the same as in 1.3.2, except that a maximum rate of 50 percent is applicable to all income over RF 2 million.														
1.4 Business license tax (<u>Patente</u>)	A minimum tax levied annually on enterprises and individuals conducting commercial or industrial activities in Rwanda. The tax is credited against the profit tax. Upon payment of the tax, Taxpayers are issued stickers ("vignettes") to be displayed on their premises.	<u>Exemptions:</u> - Wage earners - Individuals in the agricultural sector, who sell their product directly	The rates for individuals are differentiated according to economic activity (traders, artisans, import-export activities, carriers), the district of location of business, and the kind of construction of the premises (hard or soft materials). Finally, a different basis of taxation is applied to companies.														
			1. <u>Individuals:</u> a. Artisans and small retailers: RF 1,500-45,000 according to the district of location and the kind of construction of the premises. b. Large retailers: RF 30,000- 90,000. c. Wholesalers, industrialists, importers, and exporters: RF 75,000-225,000. d. Carriers: 3 percent of the value of the new vehicle. From the third year on: 3 percent of 90 percent of the value of the new vehicle.														

Rwanda - Summary of the Tax System (continued)

(Position as of end-July 1996; all amounts in Rwanda francs)

Tax	Nature of Tax	Exemptions and Deductions	Rates
1.4 Business license tax (<u>Patente</u>) (concluded)			2. Corporations: 3 percent of investment capital according to balance sheet, with a minimum corresponding to the amount of tax paid by individuals in the same category of economic activity and district of location of business.
2. Taxes on property (<u>Impôts personnels</u>) 2.1 Buildings and structures	The tax is fixed in proportion to the area occupied by buildings or structures.	<u>General exemptions:</u> - Republic of Rwanda, prefectures, and communes. - Public offices and establishments. - Certain institutions and establishments (scientific, agronomic, medical, artistic, pedagogic, philanthropic). - Diplomats and diplomatic staff, consuls, and consular staff.	<u>Rate per m²:</u> - Kigali RF 210 - Other urban communities RF 130 - Commercial centers RF 96 - Other districts RF 55
2.2 Undeveloped land	The tax is levied annually on the surface area of undeveloped land recorded in the land registry.	<u>Exemptions:</u> - Land used exclusively for religious, scientific, or sporting activities. - Land used exclusively for agriculture or livestock rearing. - Laid occupied by the Chambers of Commerce, nonprofit associations, and trade unions.	<u>Rate per m²:</u> - Kigali RF 210 - Other urban communities RF 130 - Commercial centers RF 96 - Other districts RF 55
2.3 Boats	Tax payable by individuals or corporations who have registered boats or ships.		a. Engine-driven vessels: RF 1,200 per m ³ of gross displacement b. Towing vessels: RF 1,200 per m ³ of displacement when empty c. Pleasure craft, barges, and other towed vessels: RF 600 per m ³ of net displacement

Rwanda - Summary of the Tax System (continued)

(Position as of end-July 1996; all amounts in Rwanda francs)

Tax	Nature of Tax	Exemptions and Deductions	Rates
2.3 Boats (concluded)			d. Boats and rafts: (1) Oar- or paddle-driven: RF 600 per year (2) Engine-driven: RF 600 per year plus RF 20 per cm ³ of engine volume (3) Sail-driven: RF 600 per year per m ² of sail surface
2.4 Vehicles	Bicycles, motorcycles, automobiles: the tax is calculated according to type of vehicle, engine power, or weight	<u>Special exemptions for:</u> - Animal-drawn vehicles. - Fire-fighting vehicles. - Ambulances and motorized carriages for the handicapped. - Vehicles used exclusively for testing by manufacturers and tradesmen - Vehicles used by foreign visitors to Rwanda	a. Bicycles RF 240 a year b. Motorcycles RF 1,800-3,000 a year c. Automobiles, with weight not exceeding 2,500 kg 2 hp RF 4,800 a yr 3 hp RF 5,400 a yr 4 hp RF 6,000 a yr 5 hp RF 6,600 a yr 6-9 hp RF 1,200 a yr for each hp 10-12 hp RF 1,800 a yr for each hp over 12 hp RF 2,400 a yr for each hp d. Automobiles, with weight exceeding 2,500 kg RF 1,200 a yr per 100 kg
2.5 Mining concessions	An annual tax is imposed based on the surface area of mining concessions. The tax is payable by those who are accorded exclusive title to a mining concession either for purposes of exploitation or for prospecting.	None	<u>Concession for the purpose of:</u> - exploitation of a mine: RF 150 a year per hectare - prospecting: RF 30 a year per hectare

Rwanda - Summary of the Tax System (continued)

(Position as of end-July 1996; all amounts in Rwanda francs)

Tax	Nature of Tax	Exemptions and Deductions	Rates
3. Taxes on goods and services (<u>taxes sur les biens et services</u>)			
3.1 Excise duties (<u>taxes de consommation</u>)			
3.1.1 Beer	Beer brewed domestically.	<u>Exemptions:</u> - Exported beer	- RF 98 per liter since 9/1/95
3.1.2 Soft drinks	Soft drinks, mineral waters and other nonalcoholic beverage made domestically	- Exported soft drinks	- RF 53 per liter since 9/1/95
3.1.3 Cigarettes	Manufactured domestically	- Exported cigarettes	- RF 1.50 per cigarette
3.2 Sales tax (<u>Impôt sur le chiffre d'affaires</u>)	<p><i>On imported goods, locally produced industrial goods, construction activities, services and entertainment.</i></p> <p>Since 08/95, a prepayment of 10 percent of the c.i.f. value + import duties + transit duties is due on imported goods, payable at customs along with the import duties.</p>	<p><u>Exemptions:</u></p> <p><u>Goods:</u> Used by nonprofit organizations; gifts; locally produced beer, soft drinks, and cigarettes; raw materials for locally produced goods which are already subject to excise duties; goods for export; products of craftsmen, agriculture, forestry, livestock rearing, fishing, or hunting, which have not been processed in any way; works of painters, sculptors, designers, engravers, writers, and all other artists selling only the product of their art; newspapers and periodicals; imported industrial equipment (except spare parts) for local production of other goods, if imported by the manufacturer.</p> <p><u>Services:</u> By banks and savings and loan funds; export and import insurance; warehouses; and carriers.</p>	10 percent on sales in general
4. Alcoholic beverage license (<u>Licence de boissons alcooliques</u>)	Import license	None	RF 30,000 per year

Rwanda - Summary of the Tax System (continued)

(Position as of end-July 1996; all amounts in Rwanda francs)

Tax	Nature of Tax	Exemptions and Deductions	Rates
5. Taxes on international trade (<u>taxes sur le commerce international</u>)			
5.1 Import duties (<u>droits d'entrée</u>)	One-column schedule based on the CCC Tariff Nomenclature. The duties are mainly ad valorem, but certain items, such as alcoholic beverages and oil, are assessed at specific rates.	<u>Exemptions:</u> - Passengers' baggage - Personal effects after a change in residence - Diplomats' effects - Commercial samples of negligible value	The customs duties, which are ad valorem, range from 10 percent to 60 percent of the value (mainly c.i.f.) of imports.
	A separate schedule applies to imports originating in Preferential Economic Zone (ZEP) countries.	- Articles used exclusively for religious practice - Provisions and spare parts for aircraft leaving Rwanda - Articles sent to families, within certain limits - Material and equipment exclusively for use in aiding the physically handicapped - Educational, scientific, or cultural items - Gifts distributed by philanthropic institutions - Articles manufactured in Rwanda, which were exported and reimported.	The ad valorem equivalents for imported goods taxed at specific rates may exceed these limits.
5.2 Warehousing fee on imports (<u>droits d'entreposage à l'importation</u>)	Additional tax on imports, for handling and storage.	<u>Exemptions:</u> - Government imports - Files of businesses or individuals - Coffins, urns, and other funeral goods	<u>Handling fees:</u> 4 percent of the c.i.f. value of imports, of which 25 percent (1 percent of the import value) goes to the bonded warehouse MAGERWA, and 75 percent (3 percent of the import value) to the government, in addition to import tax revenue. A preferential rate of 1 percent of the c.i.f. value is applicable to items exempted from customs duties; all proceeds at this rate go to MAGERWA.

Rwanda - Summary of the Tax System (concluded)

(Position as of end-July 1996; all amounts in Rwanda francs)

Tax	Nature of Tax	Exemptions and Deductions	Rates
5.2 Warehousing fee on imports (<u>droits d'entreposage à l'importation</u>) (concluded)			<p><u>Warehousing fees:</u></p> <ul style="list-style-type: none"> - RF 300 a month per 100 kg for indoor storage - RF 150 a month per 100 kg for outdoor storage <p>These rates are increased to RF 750 and RF 500, respectively, after the first two months of storage. 30 percent of warehousing fee revenue goes to the government and 70 percent to MAGERWA.</p>
5.3 Export duties (<u>Droits d'exportation</u>)	Export duties	<p><u>Exemptions:</u></p> <ul style="list-style-type: none"> - All goods and services except coffee 	Coffee: 20 percent of the ex-border value
6. Rural taxes (<u>Impôts ruraux</u>) (collected by the communes)			
6.1 Poll tax (<u>Contribution personnelle minimum</u>)	Payable by every male over 18 years of age and by women engaged in remunerative employment outside the home.	<p><u>Exemptions:</u></p> <ul style="list-style-type: none"> - Students - Persons in religious orders who do not receive remuneration - <i>Invalids, retirees, and the elderly</i> - Certain military and police officials 	RF 400 a year per person
6.2 Livestock tax	Annual tax per head of livestock	None	Single rate of RF 150 a year per head of livestock

Source: Directorate of Taxes, Ministry of Finance, Kigali, Rwanda.

RWANDA - Summary of Exchange and Trade System

(Position as of end-July 1996)

A. Exchange rate arrangements and developments

The currency of Rwanda is the Rwanda franc (RF). On September 6, 1983, Rwanda changed the peg of the Rwanda franc from the U.S. dollar to the SDR at the rate of RF 102.71=SDR 1. The exchange rate was devalued by 40 percent in foreign currency terms on November 9, 1990, from RF 102.71 per SDR to RF 171.18 per SDR, and by a further 15 percent on June 10, 1992, to RF 201.39 per SDR.

On March 6, 1995, the authorities launched a market-determined exchange rate system. Under the new system, the exchange rate of the Rwanda franc is determined freely in the exchange market in which commercial banks and foreign exchange bureaus operate. The National Bank of Rwanda (NBR) has stopped posting official Rwanda franc exchange rates, but calculates and publishes daily for reference purposes the average rate applied in the market. The daily reference rate, which was originally based on both operations on account by commercial banks and transactions in banknotes, relates, since October 1995, only on bank-intermediated transactions. When the new foreign exchange system was put in place, the foreign exchange market was characterized by a preference for cash dollars and the black market flourished parallel to the authorized foreign exchange bureaus. Banknote transactions covered not only invisible operations such as tourist and business travel, but also import operations. With the return of confidence in the commercial banks and the restoration of traditional trade channels, the share of bank-intermediated transactions increased relative to the volume of transactions in the parallel market.

When the exchange market opened in March 1995, the exchange rate for the Rwanda franc, previously fixed at RF 134 per U.S. dollar, depreciated to RF 235 per U.S. dollar, compared with a parallel rate of approximately RF 260. The exchange rate for the Rwanda franc remained broadly stable until mid-May 1995, then depreciated noticeably, reaching about RF 315 per U.S. dollar around mid-1995, compared with a parallel rate of approximately RF 375. The pressure on the exchange rate was caused in part by a crisis of confidence in the wake of instability at one of the camps for internally displaced persons, and commercial banks' speculative activities. The NBR, which had abstained from intervening in the exchange market, imported toward the end of August 1995 US\$13 million in cash notes, of which US\$9.7 million was sold to commercial banks, as a temporary measure to contain the speculative pressure on the Rwanda franc. The exchange rate subsequently appreciated to about RF 300 per U.S. dollar by the end of the year. The exchange rate remained below RF 310 per U.S. dollar in the first half of 1996, reflecting in part stricter enforcement by the NBR of the limit on the open foreign exchange position of the commercial banks, which is set at 20 percent of their capital, as well as of the required reserve ratio, which was raised from 12.5 percent to 14 percent on August 1, 1995. Concurrently,

RWANDA - Summary of Exchange and Trade System (concluded)

(Position as of end-July 1996)

the differential between the exchange rate in the official market vis-à-vis the parallel market progressively declined, and in June 1996 it stood at about RF 10, as compared with RF 86 in June 1995; this differential reflects the low overhead cost of those operating in the parallel market.

B. Trade and payments system

Exports are subject to prior declaration with an authorized bank, and receipts from exports must be repatriated within seven business days of the date of receipt. Imports are permitted freely under a bank import declaration system. Under the foreign exchange system adopted in March 1995, Rwandese residents are free to acquire foreign exchange through commercial banks and exchange bureaus, and to make payments abroad for all current international transactions, including those for imports, invisibles, and scheduled debt service. Nonresidents are also free to transfer abroad the proceeds received from such transactions. Exporters are permitted to sell their foreign export earnings freely in the exchange market or to retain them in accounts with domestic banks. Special provisions apply to the receipts from the strategic exports of coffee and tea: upon repatriation, 90 percent of these proceeds have to be sold to the exporter's bank; the rate to be applied to these sales was originally the average market reference rate, and since July 19, 1995 has been freely negotiated between the authorized bank and the exporter.

The import tariff regime is governed by the tariff code promulgated on February 15, 1995. Under this revised structure of external tariffs, the number of rates was reduced from six to four; the maximum tariff was lowered from 100 percent to 60 percent, with the other tariff rates set at 10 percent, 20 percent, and 40 percent

All outward transfers of capital require prior approval of the NBR. Direct investments by nonresidents are allowed pursuant to the investment code and must be registered by authorized banks; in this case, they are eligible for transfer guarantee.

