FOR AGENDA

SM/81/162

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July 23, 1981

To: Members of the Executive Board

From The Secretary

Subject. Rwanda - Staff Report for the 1981 Article IV Consultation

Attached for consideration by the Executive Directors is the staff report for the 1981 Article IV consultation with Rwanda. A draft decision appears on page 11.

This subject will be brought to the agenda on a date to be announced.

Att· (1)

Other Distribution:
Department Heads

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INTERNATIONAL MONETARY FUND

RWANDA

Staff Report for the 1981 Article IV Consultation

Prepared by the Staff Representatives for the 1981 Consultation with Rwanda

Approved by J.B. Zulu and S. Mookerjee

July 21, 1981

I. Introduction

The 1981 Article IV consultation discussions with Rwanda were held in Kigali during the period May 19-June 3, 1981. Rwanda continues to avail itself of the transitional arrangements of Article XIV. The Rwandese representatives included Mr. J.D. Hategekimana, Minister of Finance, Mr. D. Iyamuremye, Minister of Natural Resources and Mines, Mr. A. Mulindangabo, Minister of Planning, Mr. M. Ngilira, Minister of Economy and Commerce, Mr. F. Nzamurambaho, Minister of Agriculture, and Mr. J. Birara, Governor, National Bank of Rwanda, as well as other senior officials concerned with economic and financial matters. The staff representatives were Mr. M. Sidibé (head-AFR), Mr. M.Z. Yucelik (FAD), Mr. S.P.O. Itam (AFR), Mr. A. Jbili (AFR), and Miss M.J. Earll (secretary-AFR).

II. Recent Economic Developments

Rwanda is one of the most densely populated and poorest countries, with a population increasing at around 3 per cent annually and a density of some 180 persons per square kilometer. Moreover, the country is landlocked and dependent for its international trade on one long supply route through Uganda to the port of Mombasa in Kenya. The economy is largely agricultural, coffee being by far the most important export crop.

During the first three years of the current development plan (1977-81), Rwanda achieved relatively rapid economic growth, while maintaining a reasonably sound internal and external financial position. In this period (1977-79) the annual rate of economic growth averaged 4.8 per cent (Table 1). Meanwhile, prudent financial policies, together with favorable external terms of trade and a significant increase in the volume of coffee exports, resulted in a marked improvement of the budget and the balance of payments. The average overall Treasury surplus represented about 1 per cent of GDP. The external current account (including official transfers) also registered an average surplus equivalent to 2.5 per cent of GDP, reflecting the exceptionally large surplus realized in 1979. Thus, with the continued substantial

Table 1 Rwanda Selected Economic and Financial Indicators, 1977-81

	1977-79 Yearly averages	1979	1980 1/	1981 Projections
Gross domestic product (GDP)	(Annual percentage change)			
Nominal GDP	16 5	20 7	12 9	13 4
Real GDP (1976 prices)	4 8	4 3	4 9	5 2
Gross domestic expenditure (nominal)	15 5	15 0	13 5	14 4
Consumer prices	14 3	15 8	7 2	8 1
External sector				
Exports (f o b) 2/	26 9	81 7	-34 2	-10 7
Of which coffee	(51 3)	(182 8)	(-54 7)	(-1 3)
Volume	(23 8)	(129 0)	(-44 1)	(16 0)
Prices 2/	(32 4)	(25 0)	(-4 4)	(-28 1)
Imports (f o b) 2/	16 5	10 0	28 2	-1 6
Of which petroleum	(20 7)	(29 8)	(50 5)	(31 4)
Export price index	31 7	31 9	-10 7	-16 6
Import price index	12 4	15 3	16 7	9 4
Terms of trade	17.6	14 4	-23 5	-23 7
Government finance				
Budgetary revenue	23 5	39 3	8 2	2 3
Budgetary expenditure	20 9	26 5	24 2	29 2
Current	20 2	24 2	21 0	25 4
Development	25 1	42 8	43 4	40 4
Money and credit				
Domestic credit	5 5	-40 0	12 0	77 1
Of which private sector non-coffee credit	(21 6)	(8 6)	(33 7)	( )
Money and quasi-money	20 8	25 7	7 8	16 4
Basic ratios	(In per cent of GDP)			
Consumption	89 7	88 4	88 0	87 7
Investment	13 3	13 0	14 0	15 2
Resource gap	9 2	6 9	10 3	11 2
Overall Treasury surplus or deficit (-)	0 8	1 2	1 3	-1 7
External current account balance 3/	2 5	4 4	-5 6	-5 2
External public debt (outstanding at end of period)	10 8	11 6	14 3	15 2
External debt service (as per cent of exports, f o b)	1 6	1 3	3 8	4 0

Sources Data provided by the Rwandese authorities, and staff estimates and projections

1/ Provisional
2/ In terms of Rwanda francs
3/ Including official transfers

net inflow of capital, the balance of payments showed a cumulative overall surplus of SDR 73 million during these three years. However, inflationary pressures persisted in the economy, reflecting mainly frequent disruptions to the supply route and large seasonal fluctuations in the price of domestic foodstuffs. As measured by the consumer price index, inflation averaged more than 14 per cent per annum during 1977-79.

In 1980 the overall economic performance was broadly satisfactory. Agricultural output for both domestic consumption and exports increased significantly, reflecting improved weather conditions as well as the impact of past efforts in the area of extension services, notably on coffee production, which rose by 19 per cent to about 24,700 tons. Thus, with the expansion in output in the manufacturing and construction sectors, real GDP grew by about 5 per cent compared with 4 per cent in 1979. By contrast, the considerable deterioration in the external terms of trade, coupled with a sharp decline in the volume of coffee exports, led to a significant weakening of the external payments situation. The volume of coffee exports fell from the exceptionally high level of 39,000 tons in 1979 to 22,000 tons in 1980, owing to frequent disruptions to the supply route through Uganda and poor world market conditions which led to the imposition of export quotas under the International Coffee Agreement. As the average realized price for coffee fell by 4 per cent to US$1.53 per pound, total export receipts amounted to only RF 12.4 billion, 1/ representing a 34 per cent decline from the level of 1979. Meanwhile, import payments rose by 28 per cent, owing largely to the rapid increase in prices. Therefore, the trade balance shifted into a deficit of RF 6.6 billion. Net service payments declined by about 15 per cent on account of lower freight and insurance payments and of a marked improvement in investment income due to higher earnings from the placement of the country's official reserves. As these gains were practically offset by the decline in net inflow of unrequited transfers, there was a turnaround in the current account position from a surplus of RF 4.3 billion in 1979 to a deficit of RF 6.2 billion, equivalent to 5.6 per cent of GDP. However, with the increase in official as well as short-term capital inflows, the overall balance of payments recorded a surplus of RF 1.2 billion (SDR 10.4 million), compared with a surplus of RF 6.5 billion (SDR 54.0 million) in 1979. As of the end of 1980 gross official foreign reserves amounted to SDR 146 million, equivalent to eight months of projected 1981 imports (c.i.f.).

The reduction in coffee export receipts also brought about a 48 per cent fall in proceeds from export duties. However, mainly because of the increased level of imports as well as of production of beverages, proceeds from other taxes rose by 26 per cent. At the same time, nontax revenue doubled, due essentially to larger transfers of profits by the National Bank of Rwanda. Hence, total budgetary revenue expanded by 8 per cent to RF 13.2 billion; this represented, however, a marked slowdown from recent trends.

1/ As of July 10, 1981 RF 1 = SDR 0.00947.

Meanwhile, total government spending is estimated to have increased by 24 per cent to RF 12.6 billion, reflecting mainly a similarly rapid growth (21 per cent) in current outlays. Government personnel outlays, the largest single category of current expenditure (46 per cent of the total), which rose by 22 per cent in 1979, are estimated to have increased by a further 16 per cent, due partly to the general salary increase effected on September 1, 1980 ranging from 10 per cent to 25 per cent. Outlays for material and supplies and for travel also rose rapidly. Development expenditure, which represents essentially domestic counterparts of foreign-financed projects, expanded by 41 per cent to RF 2.1 billion, or 17 per cent of total government outlays; most of the increase was for education and agriculture, where special efforts were undertaken to stem soil erosion. As a result of these developments, the budgetary surplus was reduced by more than two thirds. However, with a large surplus from Treasury special accounts, the overall Treasury surplus rose to RF 1.4 billion, equivalent to about 1 per cent of GDP. Such a surplus, together with increased nonbank borrowing enabled the Treasury to meet significantly higher external debt amortization payments and to improve markedly its net creditor position with the banking system. Consequently, domestic credit expanded by only 12 per cent in 1980, notwithstanding a rapid expansion in credit to the private sector owing in particular to the need to finance coffee stocks accumulated at the end of that year. As net foreign assets continued to rise, though more moderately, there was an 8 per cent expansion in broad money supply. Reflecting these developments and the significantly improved supply conditions, inflation, as measured by the consumer price index, eased to 7 per cent from 16 per cent in 1979.

III. Report on the Discussions

1. Economic prospects and policies

In view of the favorable weather conditions during the first half of the year, agricultural production is expected to expand substantially in 1981. In particular, coffee output is projected to rise by 26 per cent to more than 31,000 tons, and production of tea, the second most important export crop, by about 21 per cent to 8,000 tons (dried leaves). Most other sectors of the economy, notably manufacturing, construction, and services, are also anticipated to register growth rates at least similar to those attained in 1980. Consequently, real GDP is projected to expand by 5.2 per cent. Under these assumptions, economic growth over the current development plan period (1977-81) will average some 5 per cent per year, which compares favorably with the target rate of 6 per cent. No comprehensive data are available on the implementation and sources of financing of the plan during the period 1977-80, particularly on the size and sectoral distribution of investment. However, the Rwandese representatives shared the view that progress toward achieving a number of important sectoral targets has not been fully satisfactory. More specifically, domestic food production has failed to show a significant upward trend, the creation of employment opportunities remained limited; and the acute shortage of skilled manpower as well as the inadequacy of the transportation and distribution systems continued to represent serious bottlenecks constraining development efforts. They observed that, in retrospect, the plan's objective of bringing about major structural changes in the economy in such a short period appears too ambitious. The structural weaknesses in the agricultural sector, such as the prevalence of small-holder farming and the use of traditional methods of cultivation, constituted major impediments which could be eliminated only over time. Moreover, the limited availability of arable land, soil erosion, and population pressures which have necessitated the increasing use of marginal lands also represented major obstacles.

As regards future economic development policies, the Rwandese representatives indicated that the authorities were in the process of preparing the guidelines for the next five-year development plan (1982-86). They agreed with the staff team that this exercise was taking place at a time when resource prospects were rather bleak. With world coffee prices forecast to remain depressed, the average realized coffee export price for 1981-83 is projected to be some 25 per cent below that obtained in 1977-80, which will result in a significant deterioration in the external terms of trade. Moreover, the volume of coffee exports is likely to remain practically unchanged. Consequently, the external current account deficit is expected to widen considerably. For 1981, a turnaround in the overall balance of payments from a surplus of SDR 10 million in 1980 to a deficit of SDR 8 million is foreseen. The balance of payments position is forecast to deteriorate further and markedly in 1982-83. The unfavorable developments in the coffee sector will also adversely affect government budgetary receipts.

The Rwandese representatives were mindful of the policy implications of these prospects. Thus, they recognized that it would be essential to maintain overall financial stability so as to consolidate the basis for continued economic and social development. This policy stance is all the more important because, in the circumstances of Rwanda, development strategy should aim primarily at achieving a rapid and steady rate of growth and expanding employment opportunities. Although they could not prejudge the outcome of the planning exercise currently under way, they noted that these elements were likely to constitute the major objectives of the next plan. To attain these objectives they stressed that under this plan supply policies would probably continue to accord priority to the development of the agricultural sector and greater emphasis will be placed on raising productivity and improving absorptive capacity. Thus, agricultural policy will be reoriented toward more regional specialization coupled with intensified extension services. The envisaged recourse to increased financial and technical assistance from the World Bank Group will be helpful in this respect. At the same time, more vigorous efforts will be made to develop the manufacturing sector and improve internal and external transportation links in order to facilitate not only domestic trade in agricultural produce but also the flow of exports and imports. These actions will be complemented by increased investments to upgrade and expand storage facilities for agricultural produce. A successful implementation of the abovementioned policies will help contain inflationary pressures.

In Rwanda the major source of energy is fuel wood. Reflecting the Government's policy of diversification, a number of hydroelectric power plants have been installed, both in association with neighboring countries and independently. Between 1977 and 1980 the volume of imports of petroleum products rose by 18 per cent, while the value more than doubled. In 1980 imports of petroleum products represented about 12 per cent of total recorded imports (c.i.f.). The Government's policy has been to allow domestic prices of oil and related products to fully reflect world price increases. However, imports of petroleum products are subject to preferential customs duties, and there is no gasoline tax. The Rwandese representatives explained that this was intended to mitigate the impact of higher oil prices on the overall price level.

In support of the supply policies to be followed under the new plan, the Rwandese representatives stressed that the authorities intended to continue to pursue appropriate pricing and income policies. Accordingly, with a view to providing the required stimulus, the daily minimum wage rate, which had remained unchanged at RF 60 since September 1, 1974, was raised to RF 100 effective September 1, 1980. At the same time, salary scales were revised upward. It was noted, in particular, that in the mining sector the higher wage levels should help reduce the high turnover rate of workers. No general wage increases were envisaged for 1981-82. As regards the agricultural sector, prices of domestic foodstuffs are essentially market-determined, since prices fixed by the authorities are only indicative and are never enforced. In line with their policy to ensure that producer prices are sufficiently remunerative, the authorities have decided to maintain for 1981/82 producer prices of the principal export products at their previous year's level. With respect to coffee, they were aware that maintenance of the producer price at RF 120 per kilo would require the intervention of the Stabilization Fund. In the event that in 1981 realized average export prices were to drop below US$1.15 per pound, such support would exceed the fund's accumulated reserves of some RF 500 million.

2. Financial policies

As indicated above, the anticipated adverse developments in the coffee sector will result in a substantial reduction of resources accruing to the budget during the period 1981-83. Although the growth of budgetary resources is expected to slow down considerably to only 2 per cent, owing to the 50 per cent decline in export duties on coffee, government outlays are projected at RF 16.3 billion, representing a 29 per cent increase over the estimated 1980 outcome. Appropriations for the current budget, which represent some 80 per cent of this amount, are projected to rise by 25 per cent, following a 21 per cent increase in 1980. Development expenditure is also budgeted to rise rapidly. As a result of the sharp expansion of government spending a major shift in the overall Treasury position is foreseen, from a surplus of RF 1.4 billion in 1980 to a deficit of RF 2.1 billion in 1981, equivalent to about 2 per cent of GDP.

The Rwandese representatives explained that the rapid growth of current spending in 1981 reflected largely exceptional measures, such as the addition of a new Ministry of Education called for under the school reform program, the establishment of a new Legislative Assembly, and larger appropriations for the related supplies and equipment. The higher level of government subsidies to and participation in parastatal enterprises, the general wage awards granted in September 1980, and the increased costs of imports were also contributing factors. They noted that, in the authorities' opinion, part of the expansion in government spending should be viewed as necessary costs of institution building. Moreover, in light of the rather low level of wages, particularly in the public sector, and of the rapid increase in domestic prices since 1978 when the last adjustment occurred, it appeared necessary to grant salary increases. Efforts to contain the growth of personnel expenditure would be greatly enhanced by improving control of recruitment. Some progress had been made in this respect, a survey of government employees has been completed and, effective with the 1981 budget, the level of recruitment is determined and adopted with the budget law. As regards public enterprises, they remarked that a study of these enterprises by the European Development Fund had just been concluded, and the authorities were considering its results and recommendations. It is the authorities' intention to take all necessary steps to improve the management of those facing financial difficulties; if warranted, the Government will not hesitate to liquidate those which are not viable, as has been the case recently with a public construction company.

While they were confident that in 1981 the Treasury will be able to finance the prospective deficit largely by drawing down its accumulated deposits with the banking system, the Rwandese representatives observed that the authorities were equally concerned with the budgetary resource prospects for 1982-83. This has prompted the Government to consider the introduction in 1982 of a number of revenue measures, namely business license fees and the revision of the income tax rate and the customs tariff. Customs administration is being strengthened with technical assistance from the IMF. Moreover, beginning in 1982, when a number of qualified personnel become available, tax enforcement and auditing in the area of income taxation will improve. The authorities were hopeful that these measures will help avoid a further decline in the growth of budgetary resources.

In contrast to the recent past, in 1981 the expansion in domestic credit is likely to reflect primarily the deterioration in the Government's net position with the banking system. If budgetary performance were to continue to weaken and coffee stocks to accumulate, demand for credit would expand significantly. The Rwandese representatives indicated that the authorities were aware of such an eventuality and intended to continue to pursue prudent credit policies, while endeavoring to accommodate the genuine needs of the economy. As regards interest rate policy they noted that it may be too early to assess with a reasonable degree of certainty the impact of the significant upward adjustment of interest rates effected in November 1979. The expansion in term deposits with the Savings Bank may be due to this bank's newly introduced policy requirement that clients must earn a minimum amount of interest on deposits to become eligible for bank loans. On the other hand, it seems that higher lending rates have discouraged the demand for credit for speculative purposes, notably in the area of construction.

3. Exchange and trade policies

Rwanda's currency is pegged to the U.S. dollar at the rate of RF 92.84 = US$1. Developments in the effective exchange rate show a depreciation of the trade-weighted exchange rate in real terms of about 14 per cent in 1978, followed by an appreciation of 7 per cent in 1979. After a slight depreciation of 1 per cent in 1980, the trade-weighted effective exchange rate showed an appreciation of 7 per cent during the first four months of 1981, thereby restoring the real value to its end-1977 level. These developments reflected mainly the movements of the U.S. dollar vis-à-vis the other major currencies. The authorities expressed their awareness of the problem inherent in such an appreciation and indicated that a careful study of its implications would be undertaken with a view to ascertaining whether any action needs to be taken.

The external reserve position of Rwanda is currently comfortable. However, the realization of a rapid economic growth under the plan would exacerbate prospective pressures on the current external account. This would require that domestic resources be supplemented with additional external assistance. The authorities are confident that, as in recent years, foreign assistance will continue to represent an important source of development finance. In spite of certain deficiencies in statistical coverage, available data cover the bulk of foreign debt contracted by Rwanda. On that basis, outstanding public and publicly guaranteed external debt, which stood at US$123 million (RF 11.4 billion) at the end of 1979, rose to US$170 million (RF 15.8 billion) by the end of 1980, equivalent to about 14 per cent of GDP. Most of the loans were contracted at very concessionary terms, and, according to IBRD calculations, the maturity of outstanding loans averages 40 years, with a grace period of over 8 years and an interest rate of about 2 per cent per annum. Consequently, in 1980 the debt service ratio was equivalent to 3.8 per cent of exports (f.o.b.); for 1981 the ratio is estimated to increase marginally to some 4 per cent. The Rwandese authorities noted that their foreign debt policy stance will continue to be prudent. Moreover, appropriate steps will be taken to improve coordination in the area of debt contracting and to correct weaknesses in statistical coverage, including the monitoring of foreign grants.

Rwanda continues to maintain a liberal system of trade and payments. However, there are certain limits on transfers of earned income by foreign nationals employed in Rwanda under contract. The Rwandese representatives explained that, effective January 2, 1981, the former restriction on transfers of net rental income has been terminated.

IV. Staff Appraisal

During the first four years of the current development plan (1977-81) Rwanda achieved relatively rapid economic growth in a climate of financial stability. In this period (1977-80) the annual rate of economic growth is estimated to have averaged about 5 per cent, which compares favorably to the plan target of 6 per cent. Meanwhile, prudent demand management policies, together with generally favorable external developments and a significant increase in the volume of coffee, the main export crop, resulted in a marked improvement in the budget and the balance of payments. However, inflationary pressures have persisted in the economy, reflecting mainly frequent disruptions to the supply route and large seasonal fluctuations in the prices of domestic foodstuffs.

In contrast, because of the turnaround in world market conditions for Rwanda's principal exports, the medium-term outlook is not favorable. World coffee prices, notably, are projected to remain depressed; a sustained recovery is not foreseen before 1984-85. With realized coffee export prices for 1981-83 forecast to be 25 per cent below their 1977-80 level, Rwanda's external terms of trade are anticipated to deteriorate considerably. Consequently, the external current account deficit is projected to widen. Although the net inflow of capital is expected to remain at a relatively high level, the balance of payments is likely to come under growing pressure. Given the importance of the coffee sector as a source of income as well as of revenue for the budget, these unfavorable developments will also adversely affect government budgetary receipts.

In view of the resource prospects, more prudence may be called for in the area of demand management. In particular, budgetary policy, the key element, should be designed to keep government spending more in line with the underlying rate of increase of budgetary revenue over the medium term. Specifically, this will require that the growth in current expenditure be contained to a rate well below that over the last three years. The 1981 budget, with its highly expansionary stance, does not conform to this requirement. Moreover, if the downward trend of world market prices for coffee were to continue, which does not appear unlikely, budgetary support for the coffee producer price would be required. While a better control of recruitment will help contain the increase in personnel expenditure, the containment of the growth of current expenditure would also require strong measures designed to prevent public and semi-public enterprises from becoming a burden on the budget. Meanwhile, a further strengthening of tax administration will improve collection. It will also be important to review the tax system in order to broaden the revenue base thereby lessening the dependence on coffee. A policy of fiscal restraint should help attenuate the prospective expansion in demand for credit and thus enable the monetary authorities to continue to provide an adequate supply of credit to the economy without exerting undue pressures on the balance of payments. The pursuit of these policies would promote a climate of financial stability conducive to continued steady economic growth.

The authorities recognize that although in recent years the rate of economic growth has been rapid, progress toward achieving a number of important sectoral targets of the plan has not been fully satisfactory. In light of this experience as well as of unfavorable resource prospects, supply policies should continue to accord priority to the development of the agricultural sector, with greater emphasis on raising productivity and improving absorptive capacity. In this respect, further technical assistance from development finance institutions would be desirable. Larger investments aimed at eliminating bottlenecks in the areas of transportation and distribution would go a long way toward improving supply conditions. Meanwhile, the envisaged increased emphasis on development of the manufacturing sector will facilitate the creation of more employment opportunities. In this connection, the reorientation of the educational system toward more vocational training should help alleviate the shortage of skilled manpower.

The intention to complement the supply policies with supportive pricing and income policies is appropriate. The staff notes that prudent wage policies will be followed in the immediate future and welcomes the Government's decision to ensure that producer prices are sufficiently remunerative. Given such a policy stance in the face of rapidly declining export prices, notably for coffee, exchange rate policy is of crucial importance. Moreover, exchange rate policy should also take into account the development of a viable manufacturing sector. Although the external reserve position is relatively strong and domestic price performance has improved recently, it will be important to keep exchange rate policy under close review and to take appropriate and timely adjustment measures when necessary.

Rwanda continues to maintain a liberal foreign trade and payments system. The staff notes the recent further liberalization and encourages the authorities to remove the remaining restriction on transfers of earned incomes of foreigners.

V. Proposed Decision

The following draft decision is proposed for adoption by the Executive Board:

1. The Fund takes this decision relating to Rwanda's exchange measures subject to Article VIII, Section 2 (a) and in concluding the 1981 Article XIV consultation with Rwanda, in the light of the 1981 Article IV consultation with Rwanda conducted under Decision No. 5392-(77/63), adopted April 29, 1977 (Surveillance over Exchange Rate Policies).

2. The Fund notes that Rwanda continues to maintain a liberal system of payments and transfers for current international transactions. The Fund encourages the authorities to remove the remaining restriction described in SM/81/162

Fund Relations with Rwanda

Date of membership	September 30, 1963
Status	Article XIV
Quota	SDR 34.5 million
Local currency/SDR equivalent (June 30, 1981)	RF 106.82 = SDR 1
Use of Fund resources	Rwanda had a one-year stand-by arrangement in the first credit tranche for an amount equivalent to SDR 5 million that ended on October 30, 1980. No purchases were made under this arrangement.
Fund holdings of Rwanda francs (June 30, 1981)	SDR 27.24 million, equivalent to 78.95 per cent of quota
SDR position	
Net cumulative allocation	SDR 13.70 million
Holdings (June 30, 1981)	SDR 9.8 million, or 71.8 per cent of the net cumulative allocation
Trust Fund	Rwanda qualified for a loan in the second period amounting to SDR 10.7 million
Direct distribution of profits from gold sales (first and second periods)	US$3.02 million
Gold distribution	16,261 troy ounces of fine gold
Exchange system	The Rwanda franc is pegged to the U.S. dollar, and a middle rate for the U.S. dollar of RF 92.84 = US$1 has been maintained since January 7, 1974.

Fund Relations with Rwanda (concluded)

Technical assistance	The Central Banking Department is currently providing three experts to the National Bank of Rwanda. The Fiscal Affairs Department is currently providing an expert on customs administration to the Ministry of Finance. In 1980 the Bureau of Statistics also provided short-term technical assistance to Rwanda.

The 1980 Article IV consultation discussions with Rwanda were held in Kigali during the period May 13-27, 1980. The staff report (SM/80/176) was discussed by the Executive Board on August 6, 1980.

World Bank Group Relations with Rwanda

Rwanda is eligible for IDA credits, which have accounted for all loans from the World Bank Group. These loans are mostly for the financing of projects in infrastructure, agriculture, livestock, forestry, and education. During the fiscal years 1976-81 the World Bank Group approved 10 loans to Rwanda totaling US$102 million, of which 53 per cent was disbursed. An IBRD resident mission has been maintained in Kigali since 1979.

RWANDA - Basic Data

Area, population, and GDP per capita

Area	26,338 square kilometers
Population	
Total (1980 estimate)	5.2 million
Growth rate (1976-80)	3.0 per cent
Density	180 persons per square kilometer
GDP per capita (1979 estimate)	SDR 154

	1977	1978	1979	1980	1981 Proj.
Gross domestic product and expenditure	(In billions of Rwanda francs)				
GDP at current market prices	71.6	81.0	97.8	110.4	125.2
Of which					
agriculture, livestock forestry, and fishing	(33.2)	(34.3)	(46.2)	(50.7)	(57.5)
industry and construction	(15.2)	(16.1)	(18.7)	(21.7)	(24.5)
government services	(6.4)	(6.1)	(7.2)	(8.2)	(10.0)
Gross domestic expenditure at current prices	72.4	86.2	99.1	112.7	128.9
Private consumption	(51.2)	(62.6)	(70.6)	(80.6)	(89.7)
Public consumption	(12.1)	(12.3)	(15.8)	(16.6)	(20.1)
Gross capital formation	(9.1)	(11.3)	(12.7)	(15.5)	(19.1)
Resource gap at current prices 1/	-3.6	-13.1	-6.7	-11.4	-14.1
Price indices	(Period average)				
Consumer price index (1976 = 100)	116.7	131.3	152.1	163.0	170.1 2/
Export price indices (1975 = 100)	280.1	224.3	295.9	264.2	220.3
Import price indices (1975 = 100)	111.5	124.4	143.5	167.5	183.2
Treasury operations	(In billions of Rwanda francs)				
Budgetary revenue	8.4	8.8	12.2	13.2	13.6
Of which: from coffee exports	(3.0)	(1.5)	(3.9)	(2.0)	(1.0)
Budgetary expenditure	7.3	8.0	10.2	12.6	16.3
Current	6.2	7.0	8.7	10.5	13.1
Development	1.1	1.0	1.5	2.1	3.0

1/ Exports of goods and nonfactor services minus imports of goods and nonfactor services.

2/ March 1981.

RWANDA - Basic Data (continued)

	1977	1978	1979	1980	1981 Proj.
	(In billions of Rwanda francs)				
Treasury special accounts (net)	-0.2	-0.8	-0.9	0.8	0.6
Treasury surplus or deficit (-)	0.9	--	1.1	1.4	-2.1
Domestic financing	-0.9	0.1	-1.1	-1.1	2.9
Of which: banking system	(-1.0)	(0.5)	(-0.3)	(-2.2)	(2.3)
External financing	--	-0.1	--	-0.3	-0.8
Money and credit (end of period)					
Foreign assets (net)	6.6	7.0	13.5	14.7	13.6
Domestic credit	4.8	5.2	3.1	3.5	6.2
Claims on Government (net)	0.4	--	-1.5	-3.0	-1.8
Claims on private sector	4.4	5.2	4.6	6.5	8.0
Of which: coffee-related credit	(2.3)	(2.2)	(1.3)	(2.2)	(...)
Money	8.1	9.0	11.2	12.0	)
Quasi-money	2.1	2.2	2.9	3.2	) 17.7
Other items (net)	1.2	1.0	2.5	3.0	2.1
Balance of payments	(In millions of SDRs)				
Exports, f.o.b.	108.3	89.2	157.0	102.6	98.6
Of which: coffee	(61.2)	(39.0)	(106.9)	(48.1)	(51.1)
Imports, f.o.b.	-87.6	-115.8	-123.4	-157.0	-166.2
Trade balance	20.7	-26.6	33.6	-54.4	-67.6
Services (net)	-57.9	-84.4	-98.6	-83.8	-102.8
Unrequited transfers (net)	55.5	74.6	101.3	86.8	112.7
Current account balance	18.3	-36.4	36.3	-51.4	-57.7
Capital (net) 1/	1.4	36.1	17.7	61.8	49.5
Overall surplus or deficit (-)	19.7	-0.3	54.0	10.4	-8.2
Gross official foreign reserves (end of period)					
SDR holdings	2.4	2.4	4.6	7.7	...
IMF reserve position	2.1	2.9	5.5	8.4	...
Foreign exchange	63.9	61.7	105.3	130.2	...
Total	68.4	67.0	115.4	146.3	...

1/ Including allocation of SDRs, and errors and omissions.

RWANDA - Basic Data (concluded)

	1977	1978	1979	1980	1981 Proj.
Exchange rate of the Rwanda franc per SDR (end of period)	112.77	120.95	122.30	118.41	114.06 1/
Trade-weighted effective exchange rate in terms of the U.S. dollar (average 1974 = 100)	82.4	87.1	85.2	88.1	81.4

1/ March 1981.