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This paper provides background information to the staff report on the 1981 Article IV consultation discussions with Rwanda, which was circulated as SM/81/162 on July 23, 1981 and has been scheduled for discussion on Monday, August 24, 1981.

Att: (1)

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INTERNATIONAL MONETARY FUND

RWANDA

Recent Economic Developments

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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                          |

| <u>1977</u> | <u>1978</u> | <u>1979</u> | <u>1980</u> | <u>1981</u><br>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,<br>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<br>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 <u>1/</u>         | -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 <u>2/</u> |
| 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 non-factor services.

2/ March 1981.

RWANDA - Basic Data (continued)

|   | <u>1977</u> | <u>1978</u> | <u>1979</u> | <u>1980</u> | <u>1981</u><br>Proj. |
|---|-------------|-------------|-------------|-------------|----------------------|
| <u>(In billions of Rwanda francs)</u>                     |             |             |             |             |                      |
| Treasury special accounts<br>(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                 |
| <u>Money and credit</u><br>(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<br>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                  |
| <u>Balance of payments</u><br>(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) <u>1/</u>                                   | 1.4         | 36.1        | 17.7        | 61.6        | 49.5                 |
| Overall surplus or deficit (-)                            | 19.7        | -0.3        | 54.0        | 10.2        | -8.2                 |
| <u>Gross official foreign reserves</u><br>(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)

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

---

1/ March 1981.

## I. Income and Production

### 1. Gross domestic product and expenditure

Although official national accounts available for the period 1977-80 are subject to a number of shortcomings, they provide approximate indications on the performance of the economy. During that period Rwanda experienced a rapid economic expansion in spite of frequent disruptions to the flow of exports and imports due to unsettled conditions in Uganda. After increasing at an average rate of 5 per cent in real terms in 1977-78 (Tables 1 and 2 and Appendix Table I), gross domestic product (GDP) slowed down to 4.3 per cent in 1979, reflecting the adverse impact on the economy of the disruptions caused by the conflict in Uganda and the closure of the only land route to Mombasa, Kenya, through which 90 per cent of Rwanda's international trade passes. As a result of the shortfall in essential inputs and spare parts, some activities came to a full stop, and prices rose sharply. The GDP deflator is estimated to have increased by 15.6 per cent in 1979 and general consumer prices index by 15.8 per cent.

For 1980 preliminary estimates show that real GDP grew at a rate of 4.9 per cent. Reflecting improved weather conditions as well as the effect of past efforts in the area of extension services, export crops, notably coffee, expanded rapidly and food crop production rose by about 3 per cent. The mining sector stagnated, the construction and manufacturing sectors (mainly beer and soft drinks) performed well as the supply of imported inputs and spare parts improved following the reopening of the route through Uganda. There was also substantial recovery in the transport sector and in other services.

The prospects for 1981 are favorable, and GDP growth rate is projected at 5.2 per cent in real terms. Although information on the likely performance of the various sectors is rather scanty, indications are that substantial gains will be recorded in agricultural output, both for export and for subsistence, while the mining sector shows signs of a significant recovery. Government services are also expected to increase sharply, and the performance of the other sectors is likely to be similar to that achieved in 1980.

Total available resources increased at an average rate of 16 per cent in 1977-80, reflecting a higher level of imports, mainly of equipment and intermediate goods. Meanwhile, domestic demand increased in nominal terms at an average annual rate of 17.5 per cent during the period, with private and public consumption together growing at 15.5 per cent or at an annual rate of about 1 per cent in real terms. Gross fixed capital formation as a percentage of GDP rose from 13 per cent in 1977 to 14 per cent in 1980.

For 1981, indications are that total consumption will show a substantial increase, as a result of the 1980 increase in the salaries in the public sector and the improvement in the supply situation of food and consumer goods. As the consumer price is projected to increase by 8.1 per cent, the



Table 1. Rwanda: Evolution of Income, Expenditure, Prices, and Selected Macroeconomic Ratios, 1977-81

|   | 1977                         | 1978   | 1979   | 1980<br>Est. | 1981<br>Proj. |
|---|------------------------------|--------|--------|--------------|---------------|
|   | (Annual changes in per cent) |        |        |              |               |
| GDP in real terms                                   | 5.2                          | 4.9    | 4.3    | 4.9          | 5.2           |
| GDP at current market prices                        | 15.8                         | 13.1   | 20.7   | 12.9         | 13.4          |
| Of which: agriculture                               | (9.3)                        | (3.3)  | (34.5) | (9.8)        | (13.4)        |
| mining  | (44.8)                       | (-2.2) | (--)   | (-2.2)       | (12.8)        |
| manufacturing and construction                      | (28.2)                       | (21.2) | (16.9) | (18.4)       | (13.7)        |
| Gross domestic expenditure at current market prices | 16.2                         | 25.1   | 11.1   | 16.5         | 14.4          |
| Consumption   | 12.4                         | 18.4   | 15.4   | 12.4         | 14.0          |
| Private   | (11.0)                       | (22.3) | (12.8) | (14.1)       | (11.3)        |
| Public  | (18.5)                       | (2.0)  | (28.6) | (4.5)        | (21.4)        |
| Gross fixed capital formation                       | 14.4                         | 23.8   | 12.3   | 21.6         | 23.5          |
| Consumer price index                                | 14.7                         | 12.5   | 15.8   | 7.2          | 8.1           |
| Selected ratios                                     | (As per cent of GDP)         |        |        |              |               |
| Consumption   | 88.3                         | 92.4   | 88.4   | 88.0         | 87.7          |
| Private   | (71.4)                       | (77.2) | (72.2) | (73.0)       | (71.6)        |
| Public  | (16.9)                       | (15.2) | (16.2) | (15.0)       | (16.0)        |
| Gross fixed capital formation                       | 12.9                         | 14.0   | 13.0   | 14.0         | 15.2          |
| Exports of goods and nonfactor services             | 18.3                         | 14.9   | 24.5   | 13.4         | 11.0          |
| Imports of goods and nonfactor services             | 23.3                         | 31.0   | 31.4   | 23.7         | 22.3          |
| Resource gap  | 4.7                          | 16.1   | 6.9    | 10.3         | 11.2          |

Sources: Table 2 and Appendix Table I.

Table 2. Rwanda: Supply and Use of Resources at Current Market Prices, 1976-81

|   | 1976     | 1977     | 1978     | 1979     | 1980<br>Prev. | 1981<br>Proj. |
|---|----------|----------|----------|----------|---------------|---------------|
| (In millions of Rwanda francs)          |          |          |          |          |               |               |
| Gross domestic product (GDP)            | 61,874   | 71,631   | 81,050   | 97,808   | 110,398       | 125,200       |
| Exports of goods and nonfactor services | 14,400   | 16,750   | 25,152   | 30,712   | 26,168        | 27,915        |
| Total resources                         | 76,274   | 88,381   | 106,202  | 128,520  | 136,566       | 153,115       |
| Consumption                             | 56,274   | 63,240   | 74,904   | 86,462   | 97,150        | 109,780       |
| Private                                 | (46,072) | (51,152) | (62,580) | (70,617) | (80,590)      | (89,680)      |
| Public                                  | (10,202) | (12,088) | (12,324) | (15,845) | (16,560)      | (20,100)      |
| Gross fixed investment                  | 7,993    | 9,141    | 11,320   | 12,715   | 15,456        | 19,094        |
| Changes in stocks                       | 498      | 2,869    | 7,904    | 5,380    | 9,177         | 10,420        |
| Exports of goods and nonfactor services | 11,509   | 13,131   | 12,074   | 23,963   | 14,783        | 13,821        |
| (In per cent of GDP)                    |          |          |          |          |               |               |
| Memorandum items:                       |          |          |          |          |               |               |
| Consumption                             | 90.9     | 88.3     | 92.4     | 88.4     | 88.0          | 87.7          |
| Private                                 | (74.5)   | (71.4)   | (77.2)   | (72.2)   | (73.0)        | (71.6)        |
| Public                                  | (16.5)   | (16.9)   | (15.2)   | (16.2)   | (15.0)        | (16.0)        |
| Gross fixed investment                  | 12.9     | 12.9     | 14.0     | 13.0     | 14.0          | 15.2          |
| Resource gap                            | 4.7      | 5.0      | 16.1     | 6.9      | 10.3          | 11.2          |

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

growth rate of total consumption in real terms will be in the range of 4-5 per cent. A further increase in gross capital formation as well as a sharp expansion in stocks, due partly to the re-emergence of transportation problems, will cause domestic demand to rise by 14 per cent in nominal terms.

Exports of goods and nonfactor services, which almost doubled in 1979 compared to 1978, declined by as much as 38 per cent in 1980, mainly due to the sharp drop (44 per cent) in the volume of coffee exports and the decline in export prices. For 1981, it is projected that the fall in export prices will more than offset the expansion in the volume of exports, thus causing total exports of goods and nonfactor services to decline further by 6.5 per cent. Therefore, the resource gap is estimated to increase from an average of 9.6 per cent of GDP during 1977-80 to 11.3 per cent in 1981, and the balance of payments pressures, which emerged in 1980, will intensify during the year.

## 2. Agriculture

The Rwandese economy is dominated by agriculture, which represents about 45 per cent of GDP and provides subsistence and employment for a large part of the population. About 80 per cent of value added in the agricultural sector is accounted for by food crop production and the remainder by export crops, namely coffee, tea, pyrethrum, and quinquina. The development of the agricultural sector continues to be hampered by the use of traditional low-yielding methods of cultivation, the strong population pressure on the land, soil erosion, and the lack of inputs and adequate extension services. The prevailing weather condition is also a dominant factor that affects the volume of agricultural production.

The expansion of agricultural production has received paramount consideration in the economic development strategy, with the aim of achieving self-sufficiency in foodstuffs and developing and diversifying the export base. To attain these objectives, the authorities are making efforts to raise agricultural productivity through improved farming techniques, expanded extension services, improved transportation and storage facilities, and a favorable producer price policy. They are also encouraging farmers to integrate cattle-rearing with crop farming.

### a. Food production

Food crop statistics, collected on the basis of the information provided by the prefectures, are not comprehensive. This situation might be improved following the creation in 1981 of a new statistical office in the Ministry of Agriculture. Moreover, a general agricultural survey is to be launched this year. In spite of their shortcomings, available food crop data give a reasonable indication of the main developments in this sector. The principal food crops mainly bananas, beans, sorghum, maize, potatoes, and fruits and vegetables are grown on small farms primarily for domestic consumption.

As shown in Table 3 total food production increased at an average rate of 3.3 per cent in 1977 and 1978, which is comparable to the rate of population growth. In 1979 there was a sharp increase in food production, mainly of vegetables and starches, due to the expansion in the acreage under cultivation. The rate of growth slowed down to 3 per cent in 1980, and indications are for a similar increase in 1981.

Banana production remains the most important agricultural crop for domestic consumption, in terms of volume and value. It is cultivated on some 200,000 hectares, which represent 22 per cent of the total acreage devoted to food production. After having increased at an average rate of 4 per cent in 1977-79, banana production rose by 6 per cent in 1980; it is expected to increase by 2 per cent in 1981. Bananas are also used in the production of beer and wine in Rwanda. However, the authorities' policy is to encourage production of the edible variety which commands much more attractive prices.

Beans are the most important vegetable cultivated, with an annual production that averaged 180,000 tons during 1977-80. In 1981 production is expected to reach 199,000 tons.

Production of peas and groundnuts has stagnated in recent years, despite the incentives provided through favorable producer prices. Yields have been declining as marginal lands were brought into cultivation. Sorghum continues to be the principal cereal, but output and yields have been declining since 1976. However, in 1981 production is expected to increase by 2 per cent compared to 1980. There has been no significant progress in the production of other cereals such as wheat, rice, and eleusine, but maize production rose by 9 per cent in 1979, when total production reached 83,000 tons. Since then production of maize has stagnated. In the group of starches, sweet potatoes and cassava have registered the most significant progress, increasing in 1979 by 12 per cent and 75 per cent, respectively. For 1980 and 1981 indications are that output of these two products will remain at the 1979 level. The production of sugarcane has stagnated around 25,000 tons after having peaked at 30,000 tons in 1977, as a result of a reduction in the acreage under cultivation. The production of fruits and vegetables (avocados, pineapples, and papayas) is encouraged in the areas around the large cities, but output has remained around 45,000 tons a year.

b. Export crops

(1) Coffee

Coffee is the most important cash crop in Rwanda, accounting for 54 per cent of total export proceeds during the period 1977-80. Moreover, coffee represents the main source of monetary income for a large proportion of the population, and revenues derived from taxes on coffee exports represent a significant element in total budgetary receipts.

Table 3. Rwanda: Agricultural Production  
for Domestic Consumption, 1977-81

(In thousands of metric tons)

|                             | 1977  | 1978  | 1979  | 1980 <u>1/</u> | 1981 <u>2/</u> |
|-----------------------------|-------|-------|-------|----------------|----------------|
| Bananas                     | 1,869 | 1,932 | 2,023 | 2,151          | 2,195          |
| Vegetables                  |       |       |       |                |                |
| Beans                       | 172   | 170   | 181   | 193            | 199            |
| Peas                        | 56    | 50    | 43    | 44             | 44             |
| Groundnuts                  | 15    | 14    | 38    | 39             | 39             |
| Other                       | 5     | 3     | 4     | 3              | 4              |
| Cereals                     |       |       |       |                |                |
| Sorghum                     | 164   | 183   | 162   | 169            | 173            |
| Maize                       | 77    | 76    | 83    | 84             | 85             |
| Eleusine                    | 3     | 3     | 2     | 3              | 4              |
| Wheat                       | 4     | 4     | 3     | 4              | 5              |
| Rice                        | 3     | 3     | 4     | 5              | 5              |
| Starches                    |       |       |       |                |                |
| Potatoes                    | 177   | 219   | 215   | 181            | 182            |
| Sweet potatoes              | 702   | 773   | 868   | 880            | 888            |
| Cassava                     | 444   | 373   | 654   | 671            | 672            |
| Other                       | 25    | 23    | 37    | 25             | 25             |
| Sugarcane                   | 30    | 26    | 24    | 24             | 25             |
| Other fruits and vegetables | 40    | 39    | 55    | 40             | 45             |

Source: Data provided by the Rwandese authorities.

1/ Preliminary estimates.

2/ Projections.

Coffee produced in Rwanda is generally of the mild Arabica variety, grown mainly by individual farmers on small family holdings. In general, coffee is cultivated in association with other fruit and vegetable crops, such as bananas and tuberous roots. However, a small amount of coffee is grown on plantations, where the productivity is much higher as a consequence of the methodical application of fertilizers and insecticides. After its sharp fall in 1977 as a result of poor weather conditions, production of parchment coffee <sup>1/</sup> increased by 19 per cent in 1980 and reached 24,740 tons (Table 4). In 1981 production of parchment coffee is expected to increase by 26 per cent to 31,240 tons, with merchant coffee amounting to 25,000 tons. This reflects the increase in productivity from an average of 400 grams of parchment coffee per tree in the period 1977-79 to about 500 grams in 1980-81. The improvement in productivity is largely attributable to extensive pruning of coffee trees, large applications of fertilizers and insecticides, and better weather conditions. In late 1979 the authorities started a program of pruning or replacing old trees, which is expected to continue over the next 3-4 years. Extension services are provided by the Ministry of Agriculture to the coffee farmers in conjunction with similar services for other agricultural products. The parastatal company, Office des Cultures Industrielles du Rwanda (OCIR-Café), provides some specialized services directly to the coffee farmers, including the provision of fertilizers and insecticides, spraying of trees, and also technical assistance in the field of management. OCIR-Café also has responsibility for various activities in the coffee subsector, including production, storage, pricing, and licensing for export activities.

The financial management of OCIR-Café and the extension services it provides to producers will be strengthened with the implementation of the Lake Kivu Coffee Project, which is being undertaken with the financial assistance of the IBRD. The project, which will cost US\$17 million, aims at promoting improved methods of planting, distribution of improved seed varieties, and pest control. It will also involve enlarging coffee processing capacity in the project area in order to pulp larger quantities of coffee. The project area accounts for 25 per cent of the total area planted with coffee and for 40 per cent of total coffee grown.

Coffee is normally harvested between May and October. At the beginning of each crop year, the Government fixes producer prices for parchment coffee. Coffee is purchased from the producers at the price established by the Government and is processed and graded in accordance with international standards under the supervision of OCIR-Café before being exported. A mixed enterprise, Rwandaise d'Exportation (RWANDEX), is exclusively responsible for the processing and marketing of coffee. There is a Coffee Stabilization Fund (Fonds d'Egalisation du Café) which is administered by OCIR-Café, designed primarily to provide support for the coffee producer price. The

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<sup>1/</sup> Parchment coffee is the dried coffee bean purchased from the producers. After treatment, it becomes merchant coffee, which is approximately 75 per cent of the parchment weight.

Table 4. Rwanda: Coffee Production and Productivity, 1977-81 1/

|        | Parchment<br>coffee<br>(In metric tons) | Area<br>(In hectares) | Average yield<br>(In kg per hectare) | Number of<br>fruit-bearing<br>trees<br>(In thousands) | Average annual<br>productivity<br>per tree<br>(In grams) |
|--------|---|-----------------------|--------------------------------------|---|--|
| 977    | 18,900                                  | 31,932                | 592                                  | 51,092  | 370  |
| 978    | 24,650                                  | 32,400                | 761                                  | 51,844  | 475  |
| 979    | 20,760                                  | 29,273                | 709                                  | 54,985  | 378  |
| 980    | 24,740                                  | 28,530                | 867                                  | 56,414  | 438  |
| 981 2/ | 31,246                                  | 30,000                | 1,041                                | 60,526  | 516  |

Source: Data provided by the Rwandese authorities.

1/ These figures refer only to domestically produced Arabica coffee.

2/ Preliminary estimates.

new structure of taxes, fixed costs, and producer prices (barème) introduced on July 16, 1979 involves a fixed export duty of 20 per cent of the ex-frontière value, while the fiscal duty is 50 per cent of the net surplus after all marketing costs (including the producer price) have been deducted; the remaining 50 per cent is transferred to the Coffee Stabilization Fund up to the point where those transfers reach the equivalent of 10 per cent of the ex-frontière value (Table 5). After that point, any amount in excess of 10 per cent of the ex-frontière value is paid to the Government as fiscal duty. The resources of the Coffee Stabilization Fund are placed in Treasury bills and development bonds, except for deposits maintained with the National Bank of Rwanda for business transactions. The Stabilization Fund supported the coffee prices in 1977-78 and during the first semester of 1979 as a result of the decline in export prices. Consequently, during that period the Stabilization Fund resources were insufficient, and it had to be subsidized by the budget. Reflecting the export performance and the introduction of the new structure of taxation, the financial situation of the Stabilization Fund improved in late 1979 and in 1980, enabling it to accumulate small surpluses. However, it is anticipated that in 1981 the fall in export prices will be such that the Stabilization Fund will have to subsidize coffee producer prices. On the basis of an average export price of US\$1.15 per lb. and of the present producer price, which was maintained at RF 120 per kg. of parchment coffee (RF 164 per kg. of merchant coffee), the Stabilization Fund will have to pay subsidies amounting to RF 475 million in 1981.

Rwanda is a party to the International Coffee Agreement, under which export quotas were set for each country, effective October 1980. Rwanda's quota was fixed at 21,600 tons for the year ending September 1981. Moreover, it was authorized to export an additional 7,200 tons of coffee in excess of its 1980/81 quota. Therefore, given the level of production and of coffee of nondomestic origin forecast for 1981, Rwanda is likely to accumulate sizable amounts of stocks of coffee. As of end-1980 such stocks already amounted to some 9,000 tons. The volume of coffee exports, however, depends importantly on transportation facilities. Difficulties in this area have been somewhat reduced by the purchase of a cargo plane (Boeing 707), which can carry a maximum of only 80 tons of coffee per day. Consequently, road transportation remains the most important means of exporting coffee. Approximately 50 per cent of all coffee exports are sold to the United States, but increasing amounts are being sold to the EC countries.

## (2) Tea

Tea is the second largest cash crop in Rwanda. It is cultivated in the north and southwest of the country, where the altitude and soil conditions are favorable. Half of the tea is produced on large government-owned plantations administered by the Société d'Investissement Rwandaise du Thé (SIRT), in which the Government has a 49 per cent interest, and half of it by individual farmers ("thé villageois"). Extension services are provided to the plantations and individual smallholding farmers by the Office des Cultures Industrielles du Rwanda pour le Thé (OCIR-Thé), which is also



Table 5. Rwanda: Structure of Coffee Prices, 1977-80

(In Rwanda francs per kg)

|                                 | 1977  | 1978  | 1979 | 1980 <u>1/</u> |
|---------------------------------|-------|-------|------|----------------|
| Export prices (f.o.b. Mombasa)  | 387   | 263   | 328  | 315            |
| Less: transportation costs      | 14    | 25    | 20   | 20             |
| fixed costs                     | 9     | 9     | 9    | 9              |
| insurance and port duties       | 7     | 4     | 4    | 3              |
| For distribution                | 357   | 225   | 295  | 283            |
| To: producer <u>2/</u>          | 164   | 164   | 164  | 164            |
| middleman                       | 6     | 6     | 8    | 8              |
| exporter                        | 7     | 4     | 5    | 5              |
| Government                      | 191   | 106   | 91   | 91             |
| Of which: export duty <u>3/</u> | (36)  | (24)  | (37) | (38)           |
| fiscal tax <u>4/</u>            | (155) | (82)  | (54) | (53)           |
| OCIR                            | -11   | -55   | 26   | 15             |
| Of which: OCIR proper           | (6)   | (6)   | (18) | (8)            |
| Stabilization Fund              | (-17) | (-61) | (18) | (7)            |
| <u>Memorandum items:</u>        |       |       |      |                |
| 1. Frontier value               | 111   | 183   | 186  | 188            |
| 2. Marketing costs              | 249   | 242   | 252  | 256            |

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

1/ Preliminary estimates.

2/ Producer price for merchant coffee is approximately 37 per cent higher than that for parchment coffee. Producer price for parchment coffee was RF 65 per kg in 1976 and RF 120 per kg in 1977-81.

3/ Beginning July 16, 1979 the export duty was fixed at 20 per cent of the ex-frontière value.

4/ Beginning July 16, 1979 the fiscal tax was fixed at 50 per cent of the difference between the export price and the total costs of marketing (including the producer price); the remaining 50 per cent is transferred to the Coffee Stabilization Fund up to an amount equivalent to 10 per cent of the ex-frontière value. After that point, the rest is then paid to the Government as fiscal tax.

responsible for the marketing of tea. OCIR-Thé's assistance to smallholdings includes providing plants and fertilizers at no cost, the building of warehouses, the collection of production, and the construction of roads.

The area under cultivation, which had been increasing at an average rate of 19 per cent in the period 1977-79 (Table 6), expanded at a slower pace in 1980 and 1981 and reached only 7,300 hectares in 1980, compared to the plan's target of 12,000 hectares. Dried tea production, which increased at an average annual rate of 5 per cent in the period 1977-79, rose by 16 per cent to 6,600 tons in 1980. It is forecast to increase by 21 per cent to 8,000 tons in 1981. The average yield per hectare, which declined from 1,054 kgs. of dried tea in 1977 to 865 kgs. in 1979, increased by 5 per cent in 1980, and it is projected to reach 1,000 kgs. in 1981. One of the factors behind these developments is that most of the plantations started in 1977 and came to full production in 1980 and 1981. (There is a gestation period of about three years between the planting of tea shrubs and the commencement of harvesting.) The producer prices for individual farmers--the government-owned plantations use paid workers--were increased in 1980 from RF 59 to 67.5 per kg. of dried tea.

During the last two years the processing capacity has been enlarged significantly. Three processing plants with a total annual capacity of 3,600 tons have been completed in 1979-81, with the financial assistance of the African Development Bank, the Kuwaiti Fund for Economic Development in Africa, and the European Development Fund. The capacity of two other large processing plants (MULINDI and PFUNDA) is being expanded. The total capacity now appears sufficient for the processing of the total production.

Rwanda's tea is marketed in the London auction market, but sales to other countries, like Sudan, have been increasing. Export prices, which fluctuated between RF 170 per kg. and RF 155 in 1978 and 1979, have been declining since late 1980 (Appendix Table III). In the London market, Rwanda's tea still benefits from relatively high prices compared to the prices offered to its neighboring countries, except Kenya. Tea is still exempted from export and fiscal duties until the extension program undertaken by OCIR-Thé is completed some time in 1985. This exemption was made in order to allow OCIR-Thé to encourage the extension of tea cultivation.

### (3) Other export crops

Rwanda's other major export crops are pyrethrum, cinchona, and fresh fruits and vegetables (Table 7). Following a substantial decline in 1978-79, production of pyrethrum recovered in 1980, when it rose by more than one third to 1,110 tons. The main factors responsible for the declining trend were the relatively low producer prices and management problems. In 1979 the Office du Pyrèthre du Rwanda (OPYRWA) was created and replaced the former Association Coopérative des Producteurs de Pyrèthre (ASPY) and USINEX, which was in charge of the processing of pyrethrum. In September 1980 the producer price was raised from RF 12 per kg. of fresh flowers to

Table 6. Rwanda: Tea Production and Productivity, 1977-81

|         | Volume                              |                 | Area<br>(In hectares) | Average yield<br>(In kg of dried<br>tea per hectare) |
|---------|-------------------------------------|-----------------|-----------------------|--|
|         | Green<br>leaves<br>(In metric tons) | Dried<br>leaves |                       |  |
| 1977    | 23,659                              | 5,356           | 5,084                 | 1,054  |
| 1978    | 24,324                              | 5,342           | 5,934                 | 900  |
| 1979    | 25,714                              | 5,696           | 6,585                 | 865  |
| 1980    | 30,441                              | 6,627           | 7,316                 | 906  |
| 1981 1/ | 38,400                              | 8,000           | 8,000                 | 1,000  |

Source: Data provided by the Rwandese authorities.

1/ Preliminary estimates.

RF 15 per kg. These measures, together with efforts to promote the use of fertilizers, are designed to stimulate production. For 1981, production is estimated to be around 1,000 tons. Production of cinchona, which fell in 1979 by as much as 22 per cent, has since stagnated at around 550 tons a year, owing to crop diseases and unfavorable world market conditions and producer prices. The latter was reduced in November 1979 from RF 180 per kg. to RF 150. The construction of an extracting plant is under consideration; the project, which is to be carried out by a French company, ISOCHÉM, and would be co-financed by the French CCCE, will produce about 50 tons of cinchona sulfate when completed in 1982. The volume of exported fresh fruits and vegetables, which dropped from 1,220 tons in 1978 to 428 tons in 1979, continues to stagnate around 400 tons a year, mainly as a result of the increase in air freight rates. The project to dehydrate the fruits and vegetables for export has not materialized.

Table 7. Rwanda: Production of Other Major Export Crops, 1977-81

(In metric tons)

|                             | 1977  | 1978  | 1979 | 1980 <u>1/</u> | 1981 <u>2/</u> |
|-----------------------------|-------|-------|------|----------------|----------------|
| Pyrethrum (dried flowers)   | 1,136 | 943   | 831  | 1,110          | 953            |
| Cinchona                    | 616   | 695   | 544  | 565            | 558            |
| Fresh fruits and vegetables | 1,084 | 1,220 | 428  | 386            | 393            |

Source: Data provided by the Rwandese authorities.

1/ Preliminary estimates.

2/ Projections.

### 3. Livestock and fishing

The total national herd is estimated at around 1.9 million (Table 8). The number of cattle has grown only modestly since 1976, reflecting essentially the Government's policy of substituting smaller animals for the larger ones in order to release land for cultivation and reduce the demand on existing grazing areas. As a result, in recent years the number of goats and sheep has increased significantly. In general, the production of milk and meat is inadequate. Annual meat production is estimated at

23,000 tons or the equivalent of 4 kgs. per inhabitant. The Government's policy in this regard is to encourage the integration of farming and live-stock breeding and to establish modern ranches, which will be provided with adequate veterinary facilities.

Table 8. Rwanda: Estimates of the Livestock Population, 1976-80  
(In thousands)

|         | 1976 | 1977 | 1978 | 1979  | 1980 <u>1/</u> |
|---------|------|------|------|-------|----------------|
| Cattle  | 638  | 629  | 647  | 631   | 634            |
| Goats   | 682  | 736  | 775  | 824   | 885            |
| Sheep   | 248  | 257  | 267  | 279   | 295            |
| Pigs    | 71   | 83   | 99   | 114   | 120            |
| Poultry | 786  | 848  | 912  | 1,049 | 1,051          |
| Rabbits | 114  | 127  | 135  | 145   | 134            |

Source: Data provided by the Rwandese authorities.

1/ Preliminary estimates.

Fishing is not yet well developed in Rwanda and is still undertaken by artisanal methods. A large fishing development project is being undertaken on Lake Kivu with the UNDP's assistance and will cost some RF 100 million. The project aims at developing the fishing in the lake by providing training and technical assistance to fishermen and grouping them into cooperatives. One of its objectives consists also of assessing the biological stocks of the lake and developing more productive species. Other similar projects will be implemented in the eastern lakes.

#### 4. Mining

The mining sector in Rwanda constitutes an important source of foreign exchange earnings, providing on average 20 per cent of total export receipts. The minerals are cassiterite, which is by far the most important, wolfram, beryl, and colombo-tantalite. A very small quantity of gold is mined and exported. Mineral exploitation and exports are almost exclusively undertaken

by the Société Minière du Rwanda (SOMIRWA), in which the Government has a 49 per cent interest. However, mining is also practised by artisans who either work under contract with SOMIRWA and are provided with equipment and technical assistance or operate independently and sell their production to SOMIRWA. A producer price for the output of independent artisans is fixed by a decree of the Ministry of Economy, whereas for the other artisans the price is determined by the contract concluded with SOMIRWA. In 1979 production by the artisans represented 40 per cent and 12 per cent of total output of cassiterite and wolfram, respectively.

Production of cassiterite has been declining during the period 1977-79, mainly as a result of the delay in renewing the existing mining equipment, of which a large proportion is obsolete. However, production recovered in 1980 to 2,070 tons and is expected to increase further by 12 per cent in 1981 (Table 9). This performance is due mainly to better preparatory work and to the efforts to expand the production of the independent artisans. The production of the other minerals has been stagnating, although that of wolfram is forecast to rise by 18 per cent to 795 tons. The mining sector in Rwanda has experienced serious difficulties regarding the evacuation of mineral exports. During the second half of 1980 these difficulties were aggravated by the severe congestion of the port of Dar es Salaam, which led to an accumulation of large stocks of mineral ore. A second factor has been the increase in production costs, owing in part to increases in wages and salary scales granted in September 1980, but also to the closure of the Belgian smelter plant which treated Rwanda's cassiterite, prompting a new arrangement to be made with a Dutch company at a higher cost while awaiting the completion of a new smelter in Rwanda. At the same time, SOMIRWA has been faced with declining world prices during the last two years. The export prices for cassiterite fell from £7,000 per ton in 1979 to £6,700 per ton in 1980 and are expected to average £5,900 per ton in 1981, representing a 16 per cent decline over the period. Similarly, the prices of wolfram have been falling. Moreover, SOMIRWA's exports, a large proportion of which is denominated in Belgian francs, have been adversely affected by the recent appreciation of the U.S. dollar, to which the Rwanda franc is linked.

Table 9. Rwanda: Production of Mineral Exports, 1977-81

(In metric tons)

|                         | 1977  | 1978  | 1979  | 1980  | 1981 <u>1/</u> |
|-------------------------|-------|-------|-------|-------|----------------|
| Cassiterite             | 2,239 | 2,138 | 1,910 | 2,069 | 2,316          |
| Wolfram                 | 836   | 714   | 723   | 679   | 795            |
| Beryl                   | 68    | 80    | 86    | 64    | 60             |
| Colombo-tantalite       | 64    | 54    | 47    | 60    | 69             |
| Gold (in kgs) <u>2/</u> | 64    | 35    | 15    | 29    | 26             |

Source: Data provided by the Rwandese authorities.

1/ Preliminary estimates.

2/ Data refer only to SOMIRWA's purchases.

During the 1977-81 period the major investment effort was the construction of the tin smelting plant, which is nearly completed and will start operating later this year. The smelter will have a capacity of 15 tons a day or 4,500 tons a year, thus providing enough processing capacity for total production. For the next five-year plan the objective is to increase mineral production at the end of 1986 by 43 per cent for cassiterite and 28 per cent for wolfram by modernizing the industrial production of SOMIRWA and encouraging artisanal mining activities. A five-year investment program involving RF 5 billion is to be launched by SOMIRWA in two phases. The first phase (RF 1.5 billion) will be financed almost entirely through the Lomé II Agreement (RF 1.2 billion) on concessional terms. The second phase (RF 3.5 billion) will be financed by borrowing from other sources in addition to loans from the European Investment Bank under the Lomé II Agreement. In addition, efforts will continue to be directed toward research and geological surveys in order to increase mining output. A systematic prospection effort has been undertaken with UNDP assistance. France, Canada, and Switzerland are also involved in prospection programs in order to determine the full potential of the country.

## 5. Manufacturing

The major industries in Rwanda consist of beer and soft drink production. Other small-scale industries comprise a sugar refinery and factories

for shoes, paints, and blankets. The SOMIRWA tin smelter plant, which is to be completed in late 1981, will be the only heavy industry in the country. The value added of the manufacturing sector, which accounted for 15 per cent of GDP in 1980, has expanded at an annual rate of 18 per cent during the period 1977-80, and it is expected to increase by 11 per cent in 1981. Half of the value added of the manufacturing sector consists of beer production from bananas and sorghum by artisanal methods. However, beer production by modern brewery methods had been expanding at an average rate of 22 per cent in volume during the period 1976-78 (Appendix Table IV). In 1979 output declined by 16 per cent as a result of shortfalls in inputs and spare parts that followed the closure of the Ugandan border, but it recovered in 1980 and increased by 31 per cent to 70 million bottles.

There has been no change in the Government's industrial development policy during the last two years. Priority is still given to industries using domestic raw materials, labor-intensive projects, and import-substitution industries. Foreign investment as well as domestic private investment are encouraged, and government participation is limited to industries that are considered essential or strategic. In order to encourage private sector investments in industry, the Government is establishing a new industrial zone covering some 400 hectares, where the availability of land and the basic infrastructure would constitute an attraction for investors. Moreover, the Fonds de Garantie, which was established to help small-scale industrial enterprises in obtaining credits for investment, is expected to start operating in 1981. Among the most important industrial projects under consideration are a cement plant with a total capacity of 50,000 tons a year, which will be financed by China; a new brewery in Kigali at a total cost of RF 2.7 billion, to be constructed in cooperation with the Belgium company, Société Artois; and a pyrethrum processing plant costing RF 700 million.

The development of the manufacturing sector is still hampered by the small size of the market and the low level of incomes as well as by the transportation problems which increase production costs. The inadequate infrastructural facilities constitute an obstacle to the expansion of the manufacturing sector, which is at present unable to meet domestic demand. The next five-year plan will focus on the promotion of agro-industries and the processing of other local raw materials and on the improvement of infrastructure. Subregional cooperation and coordination in industrial planning will be sought in the framework of the Economic Community of the Great Lakes Countries.

## 6. Energy

Rwanda obtains the major part of its energy requirements from wood and electricity. Fuel wood is the main source of energy for cooking and heating, and it is also used in some industries (tea processing plants). Electricity, mostly from hydroelectric power stations, accounts for an appreciable proportion of the total energy requirements of the country.



Electricity consumption totaled 67 million kilowatt hours in 1980, of which 50 per cent was from local hydro- and thermo-electric plants and the rest was imported from Zaire. Electrogaz, the company which has the monopoly for the production and distribution of electricity, had only 3,300 private customers in 1980. However, total demand by industry and households, which expanded by 11 per cent in 1980, is projected to increase at a similar rate during the next five years. The Government's policy in this field aims at developing domestic production of electricity and also of alternative sources of energy in order to help meet the expansion in demand and lessen the dependence on imported oil and electricity. New projects under way include two national hydroelectric plants to be completed in late 1981 with a capacity of 12 MW and a second hydroelectric plant on the Rusizi River (Rusizi II), in cooperation with Burundi and Zaire, with a total capacity of 40 MW. The construction of the latter is expected to start in 1982 for completion by 1985. Another hydroelectric project on the Akagera River is being studied for possible construction jointly with Tanzania and Burundi. As regards the other sources of energy, the large methane gas reserve at Lake Kivu is the most promising. The gas deposits are estimated at around 60 billion cubic meters and may be used for producing methanol gas and fertilizers. A project to tap these resources is under study in cooperation with Zaire and would require large amounts of investment and substantial foreign financial assistance. Efforts are also being made to develop other alternative energy sources, such as peat, solar energy, biogas, and geothermal energy. Financial and technical assistance from Belgium, Germany, and Switzerland are provided to Rwanda in this field. In addition, reafforestation efforts are undertaken with the financial assistance of the IBRD, in order to provide an adequate supply of wood in the medium term.

Rwanda still imports refined oil to meet its requirements. Around 46,000 tons of refined petroleum products are imported from Kenya. Consumption of petroleum products, which has been increasing at 8 per cent per year since 1977, remains relatively low. In order to promote energy conservation, the Government's policy has been to transmit world price increases fully to the consumer. However, with a view to mitigating the impact of higher prices on transportation costs and the overall price level, petroleum imports benefit from preferential customs duties, and there is no gasoline tax.

## II. Development Planning

No comprehensive data are available on the overall implementation, the size and sectoral distribution of investment, and the share of the private sector in total investment under the second Five-Year Development Plan (FYDP, 1977-81). The preliminary assessment prepared by the Ministry of Planning focuses only on the execution of the major development projects during the first three years (1977-79). However, taking into account other available indicators, it is estimated that real economic growth over the plan period (1977-81) will average some 5 per cent per year, compared with the planned target of 5.9 per cent. There are also indications that progress toward

achieving a number of the plan's primary sectoral objectives has not been fully satisfactory. Although there has been some improvement in cultivation practices and extension services, the expansion in food production to meet the population's needs, which is the highest priority of the plan, has been slow and uneven. As regards the objective of increasing employment and improving utilization of human resources, little progress was made in this area, owing largely to the low rate of execution of projects in the manufacturing sector. Success in increasing the availability of skilled manpower has also been limited, and the shortage of trained personnel remains a major constraint on economic development. The educational reform introduced in September 1979, which aims at increasing the supply of much-needed middle-level technicians, is at its early stage. However, efforts have been more satisfactory in moving toward the plan's objective of improving the country's external position through diversification and increased exports, notably with respect to production of coffee and tea.

Data on public sector investment and financing during the period 1977-79 are now available, although there is no detailed information on their sectoral distribution. However, no information is available on private sector investment, which was originally estimated at 22 per cent of total planned investment. As shown in Table 10, total public investment in current prices amounted to RF 42.4 billion during the period 1977-79. In constant prices (1976) this represents RF 34 billion, compared to RF 42 billion set by the plan for the whole five-year period 1977-81. Of this total, 83 per cent was financed by foreign resources and 17 per cent through the budget. The mobilization of foreign resources has suffered from weaknesses in the areas of project identification, preparation, and execution. As a result, relatively long delays in implementation and low rates of execution were recorded in respect of the major projects. A large part of the foreign financial assistance obtained in the period 1977-79 concentrated on the tertiary sector (64 per cent), mainly infrastructure and education, while the primary sector received only 26 per cent and the secondary sector 10 per cent.

The forthcoming new five-year plan (1982-86) is at an early stage of preparation, and no detailed information has been made available on the targeted growth rate and the overall size of the investment. The authorities indicated, however, that the priorities are likely to remain the same as under the current plan, with continued emphasis on the need to achieve self-sufficiency in food production and on employment creation. In this respect, it is expected that the recent creation of an Office National de la Population would help increase general awareness of the implications of growing population pressures. Supply policies would continue to accord priority to the development of the agricultural sector, with greater stress on raising productivity and improving absorptive capacity, and to the promotion of the manufacturing sector through local processing of domestic raw materials. More vigorous efforts will also be made to improve internal and external transportation in order to facilitate domestic and international trade. Greater attention will also be given to the diversification of the country's

Table 10. Rwanda: Financing of the Public Development Program Under the 1977-81 Plan for the Period 1977-79

(In millions of Rwanda francs; and in per cent)

|                    | 1977      |          | 1978      |          | 1979      |          | Total 1977-79 |          |
|--------------------|-----------|----------|-----------|----------|-----------|----------|---------------|----------|
|                    | Amount    | Per cent | Amount    | Per cent | Amount    | Per cent | Amount        | Per cent |
| Total financing    | 12,112.5  | 100.0    | 12,000.5  | 100.0    | 18,314.0  | 100.0    | 42,427.0      | 100.0    |
| Domestic           | 1,909.1   | 15.8     | 1,558.2   | 13.0     | 3,537.3   | 19.3     | 7,004.6       | 16.5     |
| Development budget | (1,491.0) | (12.3)   | (1,241.0) | (10.3)   | (2,626.5) | (14.3)   | (5,358.5)     | (12.6)   |
| Current budget     | (418.1)   | (3.5)    | (317.2)   | (2.7)    | (910.8)   | (5.0)    | (1,646.1)     | (3.9)    |
| Foreign            | 10,203.4  | 84.2     | 10,442.3  | 87.0     | 14,776.7  | 80.7     | 35,422.4      | 83.5     |
| To: primary sector | (2,750.5) |          | (2,579.6) |          | (3,826.5) |          | (9,156.6)     |          |
| secondary sector   | (613.2)   |          | (1,343.2) |          | (1,632.3) |          | (3,588.7)     |          |
| tertiary sector    | (6,839.7) |          | (6,519.5) |          | (9,317.9) |          | (22,677.1)    |          |

Source: Data provided by the Rwandese authorities.

exports, particularly by developing the mining sector. An investment program of RF 5.0 billion is to be launched by SOMIRWA, which is expected to result in a 47 per cent increase in cassiterite production by 1986.

Although no precise information on the possible sources of financing is available at present, indications are that Rwanda will continue to rely heavily on foreign aid to finance its development program. In order to increase the country's capacity to mobilize and absorb external assistance, and to improve its coordination and monitoring, the authorities envisage recourse to increased technical assistance from institutions such as the UNDP and the IBRD.

### III. Prices, Wages, and Employment

#### 1. Prices

There are two consumer price indices in Rwanda, the general consumer price index, which includes imported goods, and the price index for local goods. Both indices reflect price developments in Kigali only. No industrial price index is available. Most of the consumer prices are controlled, and maximum permitted profit margins of 15 per cent at the wholesale level and 25 per cent at the retail level are established, both for imported and locally produced products. The controlled price is obtained by adding the transportation costs and the permitted profit margins to the cost of production in the case of domestically produced goods, and to the f.o.b. import price for imported commodities. Therefore, controlled prices throughout the country differ only by margins reflecting an allowance for transportation costs.

Price movements in Rwanda are mostly influenced by large seasonal fluctuations in the price of domestic foodstuffs and by the frequent disruptions to the external supply routes. After having increased at an annual average rate of 11.3 per cent over the period 1976-78, the general price index rose by 15.8 per cent in 1979, due to the shortages caused by the closure of the external supply routes as well as a poor food crop harvest during the first half of the year (Table 11). The consumer price index for locally produced goods rose by 17.7 per cent on an average annual basis. In 1980, due to better performance in the agricultural sector and to the easing of transportation difficulties, inflation as measured by the general consumer price index slowed down to 7.2 per cent. Foodstuffs and clothing, which account for more than 50 per cent of the total weights, showed the lowest increases. Fuels, medications, and household articles, which increased by 26.3 per cent in 1979, declined by about 1 per cent. However, the indices for housing and transportation increased by 12 and 16 per cent, respectively.

Table 11. Rwanda: Movements in General Consumer Prices, 1976-81

(Per cent change in annual average price)

|   | Weights       | 1976       | 1977        | 1978        | 1979        | 1980       | 1981<br>Mar. 1/ |
|---|---------------|------------|-------------|-------------|-------------|------------|-----------------|
| Foodstuffs                                    | 0.4765        | -0.7       | 12.4        | 9.3         | 14.3        | 4.9        | 4.0             |
| Clothing                                      | 0.1003        | 10.6       | 13.5        | 18.3        | 7.3         | 5.6        | 6.6             |
| Fuels, medications,<br>and household articles | 0.1083        | 5.2        | 18.0        | 16.5        | 26.3        | -1.0       | 20.7            |
| Housing                                       | 0.2001        | 30.5       | 20.2        | 15.2        | 19.8        | 11.9       | 9.6             |
| Transportation                                | 0.0719        | 4.0        | 19.7        | 12.1        | 9.6         | 16.2       | 7.3             |
| Miscellaneous                                 | 0.0429        | 4.2        | 6.9         | 9.7         | 16.2        | 23.9       | 10.8            |
| General index                                 | <u>1.0000</u> | <u>6.7</u> | <u>14.7</u> | <u>12.5</u> | <u>15.8</u> | <u>7.2</u> | <u>8.1</u>      |

Source: Appendix Table V.

1/ Increase over the same period as the preceding year.

Price developments in 1981 are likely to show a similar pattern. During the first quarter of 1981, for which data are available, the general consumer price index rose by 8.1 per cent above that for the comparable period of 1980. During the first three months of 1981 prices of most of the domestically produced foodstuffs declined significantly, reflecting the expansion in output.

In order to contain the rise in consumer prices, the Government continues to rely on price controls in the form of maximum profit margins and fixed prices for most of the locally produced foodstuffs. However, the reduced number of price inspectors (one per prefecture) does not permit an effective control. A motorized unit is to be created, with a view to improving the control system. The authorities are also making efforts to increase the capacity of the existing storage facilities in order to help supply the regions

where a shortfall in food products appears. To this end, the public enterprise, Grenier National du Rwanda (GRENARWA), which is in charge of regularizing the distribution of beans, sweet potatoes, and sorghum, is to increase its storage capacity by creating new silos. In addition, several state enterprises have been created to supplement the private sector distribution network. The Office National pour le Développement et la Commercialisation des Produits Vivriers et de la Production Animale (OPROVIA) is in charge of the marketing of domestically produced goods and animal products. Another government-owned enterprise, TRAFIPRO, is concerned mainly with the distribution of imported goods. Apart from these public enterprises, the distribution is still largely carried out by the private sector, and no monopoly exists in the distribution of either imported or local goods.

## 2. Wages

There have been two salary increases in the period 1978-80. The first one became effective on July 1, 1978 and was limited to the public sector. The increase amounted to an average of 16 per cent, with the highest increase amounting to 20 per cent being granted to the lowest grades. At the same time the private sector enterprises were also invited to grant salary increases, when warranted by their financial position. The guaranteed minimum wage remained unchanged at RF 60 a day since August 1974.

A second general increase was granted, effective September 1, 1980, to public sector employees. In addition, an increase in the minimum wage scales for the different categories of employees in the private sector was also effected. Moreover, the minimum wage rate was increased from RF 60 to RF 100 a day. Salary increases in the public sector ranged from 25 per cent for the lowest grades to 10 per cent for the highest grades, with intermediate grades being awarded 20 and 15 per cent increases. As in the public sector, wage increases were also tapered in favor of lower-income groups. In general, prevailing wages in the private sector and in most state enterprises are above the established minima and are also usually higher than those of the civil servants.

## 3. Employment

The total labor force was estimated in 1977 at around 2.3 million, of whom 265,000 were salaried workers. No comprehensive information is available on the evolution of the labor force or on its sectoral distribution. There are indications that the growing pressures on arable land resources, coupled with the rapid growth in the working age population, have worsened rural employment and led to an increased rural-urban migration. Consequently, urban population and unemployment have been expanding fairly rapidly. It appears that progress toward alleviating some of these problems has been slow under the current development plan, among whose primary objectives was the creation of 40,000 jobs by the end of 1981.

Public sector employment has grown rapidly in recent years, as a result of the Government's policy of practically guaranteeing employment to all secondary school-leavers with a diploma. However, effective this year the Government has tightened the recruitment control system.

In order to help improve the employment situation and to increase the supply of skilled manpower, the Government introduced an educational reform in September 1979. This involves the extension of primary school education from 6 to 8 years and the establishment of a system of vocational schools for the students who do not go on to secondary education. The reform is expected to improve the students' relevance for agricultural needs and to supply middle-level technicians.

#### IV. Public Finance

##### 1. Structure of the public sector and budgetary system

The public sector in Rwanda consists of the Central Government, public agencies, and local authorities (143 communes). There are also several public and semipublic enterprises which play an important role in the economy. In this chapter attention is focused on the central government finances comprising mainly the budgetary operations. Due to lack of data, it has not been possible to consolidate the operations of other agencies with those of the Central Government. Local authorities derive their revenue from the poll tax, the cattle tax, property levies, and service charges; they are also given budgetary subsidies; no comprehensive data on their financial operations are available, but it appears that in recent years they incurred cash deficits and accumulated payments arrears.

The fiscal year corresponds to the calendar year. Revenue and expenditure are recorded on a cash basis. The authorization and actual payment of budget allocations are the responsibility of the Ministry of Finance, although the initiative for expenditure rests with each spending ministry. Financial comptrollers (gestionnaires and agents comptables) are delegated to various spending departments, provinces, and embassies to supervise the budgetary execution. No expenditure commitment can be made after December 15 (système de la gestion). Unused budgetary credits as well as expenditure commitments not actually paid by December 31 are canceled. The budget is presented in two sections: (1) Current Budget (Budget ordinaire) and (2) Development Budget (Budget de développement). The latter covers only those expenditures financed by domestic resources, including Rwanda's contributions to projects financed through foreign loans. Apart from surpluses from the current budget, the resources of the development budget include transfers of profits by the National Bank of Rwanda (BNR) and the Warehouse Agency (MAGERWA). Development expenditures financed by foreign loans are not included in the budget. Available information indicates that these outlays are of a sizable magnitude.

The cash holdings of the Central Government are deposited at the BNR, which also acts as the principal cashier and disburser for budgetary operations.

## 2. Overall fiscal performance, 1978-80

During the period 1978-80 the budgetary situation improved further, reflecting mainly the favorable world market conditions for coffee. In terms of GDP revenue rose from 10.8 per cent in 1978 to 12.5 per cent in 1979, and export duties on coffee from 1.8 per cent to 3.9 per cent, respectively (Tables 12 and 13 and Appendix Table VIII). Notwithstanding the decline in tax revenue resulting from unfavorable coffee exports in 1980, budgetary revenue remained at 12.0 per cent of GDP, mainly due to an increase in nontax revenue. Budgetary expenditures increased steadily, rising from the equivalent of 9.9 per cent of GDP in 1978 to 11.4 per cent in 1980 (Appendix Tables IX, X, and XI). However, since expenditures remained less than total revenues during the period 1978-80, substantial overall Treasury surpluses (1.3 per cent of GDP in 1980) were registered in all years. As the Government also borrowed some RF 1.5 million from the nonbank sector, it was able to improve its position vis-à-vis the banking system by some RF 2.7 billion in the three-year period.

On the basis of provisional data, the 1980 budgetary performance has been satisfactory. Total revenue increased by 8.2 per cent over 1979, reaching RF 13.2 billion, and total expenditure amounted to RF 12.6 billion, or 24.2 per cent over 1979. Tax revenue virtually stagnated, as export duties on coffee declined sharply by 48.0 per cent due to unfavorable world market conditions. A twofold increase in nontax revenue, however, more than compensated for the decline in tax revenue. Total expenditure rose rapidly, mainly on account of current outlays. Increased spending on wages and salaries, materials and supplies, and official travel were the major factors in this expansion. Development expenditures reached RF 2.1 billion, compared with RF 1.5 billion in the previous year. Agriculture, livestock, and fishing represented the largest category of development expenditure in 1980.

As a result of this rapid expansion in government spending, 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, coupled with a net internal borrowing of RF 0.6 million, enabled the Government to service foreign debt obligations of RF 0.3 billion and to further increase its deposits with the BNR by some RF 2.1 billion. During the course of the year the Government limited to RF 0.5 million the cash holdings of any public financial officer, which reduced excess cash holdings at the Treasury level from RF 0.76 billion in 1979 to RF 0.1 billion in 1980.

## 3. 1981 budget

The budget as adopted projects a deficit of RF 2.7 billion for 1981; this deterioration results from a virtual stagnation in revenue, compounded



Table 12. Rwanda: Central Government Finances, 1978-81

(In millions of Rwanda francs)

|   | 1978                 | 1979      | 1980 <sup>1/</sup> | 1981<br>Budget |
|---|----------------------|-----------|--------------------|----------------|
| I. Budgetary revenue                                    | 8,771.4              | 12,221.7  | 13,259.3           | 13,569.4       |
| Tax revenue   | 7,888.2              | 11,298.1  | 11,379.0           | 11,357.8       |
| Of which: export duties on coffee                       | (1,460.9)            | (3,862.0) | (2,006.8)          | (1,000.0)      |
| Nontax revenue  | 883.2                | 923.6     | 1,880.3            | 2,211.6        |
| II. Budgetary expenditure and net lending               | 8,042.4              | 10,170.5  | 12,631.0           | 16,315.4       |
| Current expenditure                                     | 6,966.6              | 8,649.5   | 10,467.8           | 13,127.4       |
| Development expenditure                                 | 1,032.1              | 1,474.0   | 2,113.2            | 2,968.0        |
| Net lending   | 43.7                 | 47.0      | 50.0               | 220.0          |
| III. Budgetary surplus or deficit (-) (I-II)            | 729.0                | 2,051.2   | 628.3              | -2,746.0       |
| IV. Treasury special accounts                           | -711.4               | -894.2    | 800.0              | 600.0          |
| Of which: subsidies to the Coffee<br>Stabilization Fund | (-450.0)             | (-680.0)  | (--)               | (--)           |
| V. Overall Treasury surplus or deficit (-)<br>(III+IV)  | 17.6                 | 1,157.0   | 1,428.3            | -2,146.0       |
| VI. Financing (=V)                                      | -17.6                | -1,157.0  | -1,428.3           | 2,146.0        |
| 1. Domestic financing                                   | 136.7                | -1,119.2  | -1,130.6           | 2,897.6        |
| 1.1 Banking system                                      | 477.6                | -314.7    | -2,238.7           | 2,286.0        |
| National Bank of Rwanda <sup>2/</sup>                   | 597.9                | -324.7    | -2,095.7           | 1,886.0        |
| Deposit money banks                                     | -120.3               | 10.0      | -143.0             | 400.0          |
| Treasury bills (net)                                    | (--)                 | (--)      | (--)               | (--)           |
| Development bonds (net)                                 | (-120.3)             | (10.0)    | (-143.0)           | (400.0)        |
| 1.2 Nonbank borrowing                                   | 345.0                | 501.0     | 631.4              | 662.0          |
| Treasury bills (net)                                    | --                   | 400.0     | -266.6             | --             |
| Development bonds (net)                                 | 345.0                | 101.0     | 898.0              | 662.0          |
| 1.3 Cash holdings (increases in -)                      | -362.0               | -759.9    | -100.0             | ...            |
| 1.4 Other   | -323.9 <sup>3/</sup> | -545.6    | 576.7              | ...            |
| 2. External financing                                   | -154.3               | -37.8     | -297.7             | -751.6         |
| Amortization <sup>4/</sup>                              | -154.3               | -37.8     | -297.7             | -751.6         |

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

<sup>1/</sup> Provisional.

<sup>2/</sup> Reflects only net movements in the Treasury's advance and deposit account (Office du Trésor) with the National Bank of Rwanda.

<sup>3/</sup> Including repayment of an advance of RF 100 million to the Caisse Sociale du Rwanda.

<sup>4/</sup> Drawings on foreign loans do not transit through the budget; however, the service-

Table 13. Rwanda: Fiscal Performance in Relation to GDP, 1978-81

(In per cent of GDP)

|                                    | 1978        | 1979        | 1980 <u>1/</u> | 1981 <u>2/</u> |
|------------------------------------|-------------|-------------|----------------|----------------|
| Budgetary revenue                  | <u>10.8</u> | <u>12.5</u> | <u>12.0</u>    | <u>10.8</u>    |
| Tax revenue                        | <u>9.7</u>  | <u>11.6</u> | <u>10.3</u>    | <u>9.1</u>     |
| Of which: export duties on coffee  | (1.8)       | (3.9)       | (1.8)          | (0.8)          |
| Nontax revenue                     | <u>1.1</u>  | <u>0.9</u>  | <u>1.7</u>     | <u>1.7</u>     |
| Budgetary expenditure              | <u>9.9</u>  | <u>10.4</u> | <u>11.4</u>    | <u>13.0</u>    |
| Current expenditure                | <u>8.6</u>  | <u>8.9</u>  | <u>9.5</u>     | <u>10.6</u>    |
| Development expenditure            | <u>1.3</u>  | <u>1.5</u>  | <u>1.9</u>     | <u>2.4</u>     |
| Overall Treasury surplus <u>3/</u> | <u>0.02</u> | <u>1.2</u>  | <u>1.3</u>     | <u>--</u>      |
| Overall Treasury deficit <u>3/</u> | <u>--</u>   | <u>--</u>   | <u>--</u>      | <u>1.7</u>     |
| Domestic debt outstanding          | <u>2.5</u>  | <u>2.6</u>  | <u>2.7</u>     | <u>3.3</u>     |

Sources: Tables 2 and 12.

1/ Provisional data.

2/ Projections.

3/ Overall Treasury surplus or deficit is not equal to the difference between budgetary revenue and budgetary expenditure because the consolidated surplus or deficit of the Treasury special accounts is not shown in this table (see Table 12).

by a continued rapid increase of expenditures. On the basis of the budgetary estimates, total revenue will increase by only 2.3 per cent, while expenditure will rise by 29.2 per cent over the 1980 provisional actuals. In terms of GDP, in 1981 total revenue will decline to 10.8 per cent, while expenditure will rise to 13.0 per cent (Table 13). The decline in tax revenue reflects the projected further fall in export duties on coffee, from RF 2.0 billion in 1980 to RF 1.0 billion in 1981. Import duties are estimated to increase by only 4 per cent, as imports are forecast to stagnate, due in part to the appreciation of the Rwanda franc; a substantial part of imports comes from nondollar areas, mainly the European Community. The customs tariff is being revised, and efforts to improve the customs administration will continue. Taxes on goods are estimated to increase by 20.1 per cent. A business fee (patentes) will be introduced this year; however, this fee will be deductible from the tax on business profits but with no refund to be made. Alcoholic beverage licenses have been transferred to local authorities (communes) effective 1981. Taxes on income and profits are estimated to increase by only 10 per cent, as new trainees in tax auditing will be in charge of verification toward the end of the year. Some changes in the income tax rates are also to be introduced and will be applicable to 1981 incomes. Taxes on property will reach RF 190 million due to a general survey undertaken on real estate. Nontax revenue is estimated to reach RF 2.2 billion, reflecting increased transfers of profits from the BNR and revision of some administrative fees.

On the expenditure side, current expenditure is budgeted to rise by 25.4 per cent, reaching RF 13.1 billion. On an economic classification basis, wages and salaries will still represent the largest category, although declining to 39.1 per cent of total current expenditure from 45.9 per cent in 1980 (Appendix Table IX). This decline in the share of outlays on personnel reflects the sharp increase in appropriations for supplies, subsidies, and transfers, and, possibly, errors of classification. Recruitment control has been further tightened, with limits for new recruits established by the budget for each ministry. A complete survey of all public employees completed prior to the preparation of the 1981 budget may also have helped avoid excessive credit requests. The Ministry of Civil Service (Fonction Publique) will continue to control all public and parastatal employees, including their recruiting and transfer between departments. No general salary increase is considered for 1981. Expenditure on materials and supplies will grow by 66.7 per cent to RF 3.3 billion, owing to increased purchases of maintenance equipment and supplies, mainly for roads and infrastructure. Official travel credits will be kept under strict control at a reduced level of RF 0.5 billion, compared with RF 0.7 billion in 1980. Transfers and subsidies will more than double, reaching RF 1.7 billion, reflecting subsidies to the Banana Wine Company (OVIBAR), the Inland Transport Company (ONATRACOM), and the Paper Commerce Company (Papeterie Rwanda) as well as government participation in a number of parastatals. Financial management of public enterprises will be improved, based on a recent study conducted in collaboration with the European Development Fund. Interest payments on public debt will almost double to RF 0.46 billion. On

a functional classification basis, current education expenditure is budgeted to increase by 30.9 per cent to RF 3.3 billion, or 15.3 per cent of total current expenditure (Appendix Table X). This situation is mainly due to the establishment of a new ministry in charge of secondary education, called for under the school reform program. General public services are granted RF 3.7 billion, a 37.0 per cent increase over 1980, reflecting largely the establishment of a new Legislative Assembly. Current outlays for agriculture and livestock will also rise by 36.9 per cent to RF 0.75 billion. Public health services are allocated RF 0.86 billion compared with RF 0.65 billion in 1980. Development expenditure will increase by 40.5 per cent, reaching RF 3.0 billion; most of the outlays will be for education, agriculture, livestock and fishing, and administration.

With total government spending thus projected to reach RF 16.3 billion, the 1981 budget is estimated to result in a RF 2.7 billion deficit, of which RF 0.6 billion will be offset by surpluses of the Treasury special accounts. The overall deficit of RF 2.1 billion, along with the external debt amortization of RF 0.75 billion, will be financed mainly by drawing down Treasury deposits to the tune of some RF 1.9 billion and net domestic borrowing totaling RF 1.06 billion.

#### 4. Revenue performance

During the three-year period 1978-80 total budgetary revenue rose at an annual rate of 16.5 per cent, while tax revenue increased at a slightly lower rate of 13.3 per cent (Appendix Table XII). The tax effort, as measured by the ratio of tax revenue to GDP, fluctuated around 10 per cent, which compares unfavorably with countries of similar conditions on the continent. <sup>1/</sup> Rwanda's revenue base is heavily dependent on the taxation of foreign trade, especially exports of coffee. As a result, budgetary revenue is subject to fluctuations from year to year. The amplitude of these fluctuations could be reduced through strengthening tax administration, especially by improving tax enforcement and auditing in the areas of taxation of income, property, and imports. Efforts to improve tax administration have been stepped up through foreign technical assistance and training of nationals.

Import duties were the largest category in 1978 and 1980, representing about one third of total revenue. In 1978-80 import duties increased by an average of 21.2 per cent a year, reflecting the continuous growth in imports during the period. Various tax incentives granted on an ad hoc basis, particularly for imports of capital goods, vehicles, and intermediate goods by both private and public enterprises, appear to have affected the growth of import duties. Revenue shortfall resulting from such tax exemptions could not be quantified. The effective import duty rate (measured by the ratio of import duties collected to total imports c.i.f.) fluctuated, however, around 17 per cent during the period.

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<sup>1/</sup> For a brief description of the tax system, see SM/80/190 Annex I, pp. 58-60, "Summary of the Tax System."

Export duties, consisting mainly of coffee export duties, fluctuated sharply, reflecting changes in the volume and prices of coffee exports. With the upsurge in the volume of coffee exports in 1979, export duties on coffee reached RF 3.9 billion, and thus they became the largest revenue category, representing 31.6 per cent of budgetary revenue in that year. The slump in coffee receipts reduced coffee export duties to RF 2.0 billion in 1980, or 15.4 per cent of total revenue. Export duties on goods other than coffee, mainly minerals, fluctuated around RF 0.15 billion due to low, administratively determined dutiable bases, which have not been updated in line with actual export prices.

Taxes on incomes and profits accounted for 20 per cent of total revenue during the period 1978-80. Improved efforts in collection of tax arrears in 1978 and 1979 resulted in substantial increases in this category of taxes, by some 33 per cent and 32 per cent, respectively.

Taxes on goods, which consist mainly of the excise tax on beer, non-alcoholic beverages, and cigarettes, increased by an annual average of 31.7 per cent from 1978 through 1980. The largest increase occurred in 1980, due to elimination of frequent halts in production owing to mechanical failures, particularly in 1979.

Taxes on property more than doubled in 1978, as the rates on real estate and vehicles were adjusted upward. They virtually stagnated, however, in 1979 and 1980, reflecting administrative difficulties.

Nontax revenue includes service charges and fees, road tolls, and transfers of profits from public enterprises, mainly the BNR. They almost doubled between 1978 and 1980, and their share in total revenue rose from 10.1 per cent to 14.1 per cent, respectively.

## 5. Expenditure trends

During the period 1978-80 budgetary expenditure rose steadily at an average annual rate of 20.3 per cent (Appendix Table XII). Current expenditure continued to represent the largest category, although its relative share declined from 87.1 per cent in 1978 to 81.8 per cent in 1980. Improved budgetary controls prevented expenditure overruns, except in the case of national defense.

On an economic classification basis, wages and salaries, which increased at an average annual rate of 14.7 per cent, accounted for 38.0 per cent of total expenditure in 1980. This growth reflected partly the salary awards granted in 1980 but was mainly due to the continuous expansion in the civil service. Expenditure on materials and supplies represented the second largest category, and increased at an average rate of 16.2 per cent. Subsidies and other transfers (including scholarships) rose only modestly during the period. Official travel more than doubled in 1980 due to rising fuel costs.

On a functional classification basis, data on current expenditure are not always comparable, due to changes in ministerial responsibilities and the resulting difficulty in maintaining consistency from year to year. In broad terms, general public services continued to represent the largest category of current expenditure, followed by education, national defense, economic services, and public health services. Current agricultural outlays directly financed by the budget increased slowly. Current outlays on public works more than doubled during 1978-80, reflecting increased maintenance requirements. Development expenditure financed by the budget increased two-fold from 1978 to 1980, mainly on account of agriculture, livestock and fishing, educational facilities, and rural services. As budgetary development expenditure represented mostly local counterparts of projects financed through foreign assistance, progress in project realizations which have been adversely affected by various bottlenecks resulted in underutilization of budgetary appropriations.

#### 6. Domestic debt

Domestic debt falls into two categories: Treasury bills and development bonds. Treasury bills carry original maturities varying from 6 to 12 months and yield between 6.25 per cent and 6.75 per cent interest. Although no secondary market exists for Treasury bills, they are eligible for rediscount within one month of maturity at the BNR. No subscription was made in 1978, but in 1979 RF 400 million worth of Treasury bills were subscribed by the Social Security Fund (Caisse Sociale du Rwanda--CSR) (Appendix Table XIII). As of end-1980 outstanding Treasury bills amounted to RF 186.4 million; these are budgeted to be redeemed in 1981. Development bonds carry original maturities of two years or over and yield 7.5 per cent interest. No secondary market exists for development bonds either, but they are also eligible for rediscount at the BNR within 90 days of maturity. There are two major categories of holders, the banking sector and the nonbank sector, especially the Social Security Fund.

During the period 1978-80 the outstanding amount of development bonds rose from RF 1,960.1 million to RF 2,826.1 million, of which RF 1,689.0 million was held by the CSR. During 1981 the Government intends to redeem RF 394.0 million and to issue new development bonds of RF 1,642.0 million, thus increasing the outstanding amount to RF 4,074.1 million. The total amount of interest paid on domestic debt was RF 69.1 million in 1978, RF 89.4 million in 1979, and RF 94.3 million in 1980, and it is estimated at RF 178.0 million for 1981. Total outstanding domestic debt rose from RF 2,013.1 million in 1978 to RF 3,012.5 million in 1980, or 2.7 per cent of GDP. It is estimated to represent 3.3 per cent of the projected GDP in 1981.

#### V. Money and Banking

The principal financial institutions in Rwanda are the National Bank of Rwanda (BNR), two commercial banks, the Development Bank, the Savings

Bank, the Postal Checking System, and a network of cooperative banks known as the Banques Populaires. In addition, there is a mortgage bank, which started operations in 1975, but the commercial banks remain the major source of mortgages in the economy. Although the accounts of the Social Security Fund (Caisse Sociale du Rwanda) are not included in the banking system, its deposits with and advances from the banking system are consolidated with the Government's accounts. The credit policy instruments available to the BNR include bank credit ceilings, liquidity ratios, medium-term asset to liability ratios, rediscount facilities, and the requirement that granting of certain types of credit receive prior approval from the BNR (see SM/80/190 for details). The BNR is the principal banker for the Government, although certain accounts of a transitory nature are maintained with the two commercial banks.

# 1. Overall monetary and credit developments

Monetary developments in 1980 followed broadly the pattern of earlier years, with the increase in net foreign assets being partially offset by an improvement in the net creditor position of the Government vis-à-vis the banking system (Table 14 and Appendix Table XIV). Claims on the private sector continued to be dominated by large seasonal fluctuations in the amount of coffee credit, although noncoffee credit (including official entities) rose fairly rapidly during the year.

The growth of money supply slowed down from 26 per cent in 1979 to 8 per cent in 1980. In that year net foreign assets rose more moderately while domestic credit increased by only 12 per cent, as the 43 per cent expansion in claims on the private sector was partly offset by the significant improvement in the Government's net creditor position with the banking system. The average money supply, however, rose by 11 per cent (Table 15) in 1980, but it remained constant at about 13 per cent of nominal GDP. The growth in net foreign assets continued to be the dominant factor in the expansion of money supply, accounting for 9 per cent as compared with about 3 per cent for domestic credit. Quasi-money, which represented some 17 per cent of the total money stock at the end of the third quarter in 1979, rose to 20 per cent by the end of 1979 and to an average of 21 per cent during 1980. This may have resulted in part from the increases in deposit rates effected in November 1979.

In 1980 rapid increases in both coffee credit and noncoffee credit contributed to the expansion of claims on the private sector. Credit to the coffee sector expanded by 65 per cent because of the accumulation of a large volume of stocks (9,000 tons). This was attributable to disruptions in the evacuation of coffee because of the unsettled situation in Uganda, and also to the imposition of quotas under the auspices of the International Coffee Agreement. Noncoffee credit to the private sector grew by 34 per cent, reflecting the existence of unusually large inventories of imported products which could not be re-exported because of the reduced level of border trade following the intensification of controls by neighboring countries.

Table 14. Rwanda: Monetary Survey, 1977-81 1/

(In millions of Rwanda francs; end of period)

|                            | 1977          | 1978          | 1979          | 1980          | 1981           |                 |
|----------------------------|---------------|---------------|---------------|---------------|----------------|-----------------|
|                            |               |               |               |               | Mar. <u>2/</u> | Dec. <u>3/</u>  |
| Net foreign assets         | <u>6,632</u>  | <u>7,028</u>  | <u>13,503</u> | <u>14,737</u> | <u>14,152</u>  | <u>13,607</u>   |
| Domestic credit            | <u>4,752</u>  | <u>5,157</u>  | <u>3,091</u>  | <u>3,464</u>  | <u>2,384</u>   | <u>6,213</u>    |
| Claims on Government (net) | 362           | 23            | -1,472        | -3,051        | -3,904         | -1,851          |
| Claims on private sector   | 4,390         | 5,134         | 4,563         | 6,515         | 6,493          | 8,064           |
| Coffee credit              | (2,257)       | (2,158)       | (1,331)       | (2,193)       | (1,647)        | (...)           |
| Other <u>4/</u>            | (2,133)       | (2,976)       | (3,232)       | (4,322)       | (4,846)        | (...)           |
| Assets = Liabilities       | <u>11,384</u> | <u>12,185</u> | <u>16,594</u> | <u>18,201</u> | <u>16,536</u>  | <u>19,820</u>   |
| Money                      | <u>8,070</u>  | <u>8,983</u>  | <u>11,232</u> | <u>12,009</u> | <u>11,211</u>  | )               |
| Quasi-money                | <u>2,103</u>  | <u>2,240</u>  | <u>2,881</u>  | <u>3,200</u>  | <u>3,243</u>   | ) <u>17,720</u> |
| Other items (net)          | <u>1,211</u>  | <u>962</u>    | <u>2,481</u>  | <u>2,992</u>  | <u>2,087</u>   | <u>2,100</u>    |

Source: Appendix Table XIV.

1/ Consolidated accounts of the National Bank, the deposit money banks, the Savings Bank, the Postal Checking System, and the Banques Populaires.

2/ Estimates.

3/ Projections.

4/ Including claims on official entities.



Table 15. Rwanda: Factors Affecting Changes in Money Supply, 1977-81 1/

(In per cent)

|   | 1977        | 1978       | 1979         | 1980        | 1981 <u>2/</u> |
|---|-------------|------------|--------------|-------------|----------------|
| Growth in money supply <u>3/</u>  | 26.4        | 10.3       | 25.8         | 7.8         | 16.5           |
| Net foreign assets  | <u>30.0</u> | <u>3.9</u> | <u>57.7</u>  | <u>8.7</u>  | <u>-7.4</u>    |
| Domestic credit   | <u>4.9</u>  | <u>4.0</u> | <u>-18.4</u> | <u>2.6</u>  | <u>18.1</u>    |
| Claims on Government (net)  | -15.4       | -3.3       | -13.3        | -11.2       | 7.9            |
| Claims on private sector  | 20.3        | 7.3        | -5.1         | 13.8        | 10.2           |
| Coffee credit   | (16.6)      | (-1.0)     | (-7.4)       | (6.1)       | (...)          |
| Other <u>4/</u>   | (3.8)       | (8.3)      | (2.3)        | (7.7)       | (...)          |
| Other items (net)   | <u>-4.4</u> | <u>2.4</u> | <u>-13.5</u> | <u>-3.6</u> | <u>5.9</u>     |
| <u>Memorandum items:</u>  |             |            |              |             |                |
| Average money supply <u>3/</u> <u>5/</u><br>(in millions of Rwanda<br>francs) | 9,251       | 10,932     | 13,052       | 14,484      | 16,902         |
| Growth in average money<br>supply (in per cent)                               | 25.9        | 18.2       | 19.4         | 11.0        | 16.7           |
| Ratio of average money<br>supply to nominal GDP<br>(in per cent)              | 12.9        | 13.5       | 13.3         | 13.1        | 13.5           |

Sources: Appendix Tables I and XIV; and staff estimates.

1/ Changes expressed as percentage of the money supply at the end of the previous year.

2/ Preliminary projections.

3/ Money plus quasi-money.

4/ Including claims on official entities other than Government.

5/ Annual average of end-quarter data.

In contrast to recent years, in 1981 the expansion in domestic credit is expected to be the major factor contributing to the increase in broad money supply. Total domestic credit is estimated to rise by 79 per cent, as the anticipated budgetary deficit is likely to result in a substantial drawdown of government deposits with the banking system; coffee credit outstanding at year end is also projected to increase because of poor export market conditions. Thus, despite the decline in net foreign assets resulting from the projected balance of payments deficit, a 16 per cent growth of the broad money supply is forecast.

## 2. Specialized credit institutions

In the recent past the Savings Bank's development has been assisted by a faster rate of increase in its credit ceilings in comparison with those imposed on the commercial banks. Since the end of September 1979 demand deposits have declined steadily. This trend is an apparent reflection primarily of a shift into time and savings deposits following the introduction of regulations requiring that a certain minimum amount of interest must be earned on deposits with the bank before a client could qualify for credit. As shown in Appendix Table XVII, credit operations of the Savings Bank continued to expand in 1980. Private deposits with the Savings Bank continued to rise more moderately, as the increase in the deposit rates in November 1979 may have attracted marginal savings. Claims on the private sector grew by 29 per cent, compared with 17 per cent in 1979.

The Banques Populaires specialize in the mobilization of savings in the rural areas and, although relatively small, have grown rapidly in recent years. Total savings deposits rose by 24 per cent in 1980 to RF 444 million, compared with increases of 53 per cent in 1979 and 75 per cent in 1978 (Appendix Table XVIII). Short- and medium-term credit to the private sector grew sharply from RF 78 million in 1979 to RF 138 million in 1980. This trend continued during the first quarter of 1981, with long-term credit also increasing. The higher volume of credit operations by these banks reflects an expansion into new areas; the proximity of the banks to their clients has also contributed to the growth in their lending operations, especially for agricultural and handicraft projects. The decline in credit to other banks in the third and fourth quarters of 1980 was due to partial liquidation of savings bonds held with one of the two commercial banks. Nevertheless, the Banques Populaires continue to hold a significant proportion of their assets in the form of deposits with other banks in order to benefit from the higher interest rates they offer.

A summary of the accounts of the Development Bank is presented in Appendix Table XIX. The bank has continued to expand rapidly, with its credit to the private sector accounting for over 78 per cent of total assets at end-1980 and 82 per cent at end-March 1981. In 1980, for the first time, the bank extended credit to the local authorities (communes) with government guarantee; in the bank accounts, this loan is shown as a claim on the Government. These advances to the communes rose to RF 8 million in March 1981.

The BNR's credit to the Development Bank increased by RF 60 million during the first quarter of 1981; these funds were made available for the financing of economic projects, including a cinchona extraction plant to be co-financed by the Development Bank. In November 1980 the subscribed capital of the Development Bank was raised from RF 416 million to RF 1 billion. The Government continues to be the major shareholder with 46 per cent, and together with the Caisse de Sécurité Sociale and OCIR (both public institutions) accounts for 55 per cent. The other major contributors are the Caisse Centrale de Coopération Economique (10 per cent), the Belgian Government-AGCD (6 per cent), and SONARWA (5 per cent). The remaining 24 per cent is distributed among foreign and domestic private companies and individuals.

The Mortgage Bank of Rwanda, which was established in 1975 with the intention of eventually being responsible for all real estate credit, is still experiencing management difficulties. Most of its assets, which consist essentially of its own capital, are held in the form of deposits with other financial institutions, and the amount of outstanding mortgages has remained relatively small at around RF 10 million. Most mortgage lending is still undertaken by the deposit money banks.

### 3. Sectoral distribution of credit

The underlying distribution of credit by economic activity has remained virtually unchanged since 1979, except that various categories have been re-defined. The reclassification resulted in important changes only for the categories of construction and agriculture. The pattern of credit distribution during the recent period is presented in Appendix Table XX. The major part of credit is still accounted for by commerce, which includes export financing, with 43 per cent of total credit in 1980 as against 23 per cent in 1979. The sharp drop in 1979 and subsequent recovery in 1980 reflect large fluctuations in coffee credit. Agricultural credit, which had increased sharply in 1979 to account for 6 per cent of total credit, declined by over two thirds to less than 2 per cent in 1980. The reduction in agricultural credit reflects the reimbursement of a few important loans, particularly to OCIR-Thé. The construction sector registered the largest increase, from RF 41 million in 1979 to RF 529 million in 1980. This increase is due to the reclassification of some past loans. Credit to industry expanded appreciably from RF 557 million in 1979 to RF 783 million, or by 40 per cent, to become the second most important sector after commerce. At the same time, mining and transportation credits declined in relative as well as in absolute terms.

The share of the commercial banks in total credit extended by the financial institutions, which had declined in 1979 to 51 per cent, rose to 58 per cent in 1980. This increase reflects to a large extent the sharp expansion in coffee credit outstanding at the end of 1980. Credit extended by the BNR declined to about 20 per cent of total credit in 1980, as against 24 per cent in 1979. To a certain extent, outstanding credit by the BNR has stagnated at around RF 1.8 billion since 1978, due to the continually strengthening position of the Government; although the latter remains an important

borrower, it has not contracted new loans from the BNR. The Savings Bank, the Banques Populaires, and the Development Bank, whose combined share declined slightly from 26 per cent in 1979 to 23 per cent in 1980, increased their outstanding credit by 21 per cent to over RF 2.2 billion.

#### 4. Interest rates

Following a substantial upward revision in November 1979, the interest rate structure remained unchanged in 1980 (Appendix Table XXI). Penalty rates of 2 per cent during the first 15 days of default and 4 per cent for delays beyond 15 days on loans with deposit money banks that are not repaid on schedule were introduced in 1980. The maximum term deposit rate remains at 7 per cent for deposits of one year and 8.0-9.5 per cent for savings deposits of longer duration. The maximum lending rate for investment approved by the BNR is 11 per cent and 14 per cent for current account advances up to one year. The minimum lending rate is 13 per cent for maturity periods of up to five years, and 13.5 per cent for longer maturities.

### VI. The External Sector

#### 1. Overall developments in the balance of payments

In 1980 the balance of payments position weakened considerably, reflecting almost entirely the significant deterioration in the trade balance, as the improvement in net service payments was offset by the lower net unrequited transfers, while net capital inflow more than quadrupled. The trade balance registered a sharp turnaround from a surplus of SDR 34 million in 1979 to a deficit of SDR 54 million in 1980 (Table 16 and Appendix Table XXII). Export receipts fell by 35 per cent, mainly because of a 44 per cent decline in the volume of coffee exported, while imports rose by 27 per cent. The average realized export price declined by 11 per cent in local currency (about 12 per cent in terms of SDRs), while export volume was 21 per cent lower than in 1979 (Appendix Table XXIII). On the other hand, import prices went up by 17 per cent in local currency (about 16 per cent in terms of SDRs), while the volume rose modestly by 5 per cent. Thus, the terms of trade, which had improved by 14 per cent in 1979, deteriorated by about 24 per cent in 1980. Net service payments declined by about 15 per cent to SDR 84 million as a result of lower freight and insurance payments, due to a greater proportion of the traffic being handled by domestic transport companies, and also as a result of a significant improvement in investment income, which became positive (about SDR 4 million) because of interest earnings from the placement of official reserves. With net unrequited transfers declining to SDR 87 million, the current account balance shifted from a surplus of SDR 36 million to a deficit of about SDR 51 million, equivalent to 6 per cent of GDP. However, capital inflow increased sharply to SDR 62 million. A significant development in this regard was that the capital inflow related to a project financed by the People's Republic of China was realized only upon completion of the project. Thus, net official long-term capital increased

Table 16. Rwanda: Summary of the Balance of Payments, 1977-81

|                                  | 1977        | 1978         | 1979        | 1980         | 1981<br>Proj. |
|----------------------------------|-------------|--------------|-------------|--------------|---------------|
| (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        |
| Of which: petroleum              | (...)       | (-11.2)      | (-14.8)     | (-22.0)      | (-23.1)       |
| Trade balance                    | <u>20.7</u> | <u>-26.6</u> | <u>33.6</u> | <u>-54.4</u> | <u>-67.6</u>  |
| Services (net)                   | -57.9       | -84.4        | -98.6       | -83.8        | -102.8        |
| Of which: freight and insurance  | (-21.0)     | (-46.2)      | (-47.8)     | (-41.2)      | (-47.1)       |
| Unrequited transfers (net)       | 55.5        | 74.6         | 101.3       | 86.8         | 112.7         |
| Official transfers               | 57.6        | 75.2         | 96.7        | 87.3         | 112.4         |
| Private transfers                | -2.1        | -0.6         | 4.6         | -0.7         | 0.3           |
| Current account balance          | <u>18.3</u> | <u>-36.4</u> | <u>36.3</u> | <u>-51.4</u> | <u>-57.7</u>  |
| Capital (net)                    | 6.8         | 40.2         | 14.4        | 61.7         | 47.1          |
| Direct investment                | 4.2         | 3.7          | 9.7         | 13.1         | 15.1          |
| Official long-term <sup>1/</sup> | 23.5        | 15.2         | 13.6        | 24.2         | 15.2          |
| Private long-term                | -0.4        | --           | 0.1         | 1.3          | 1.8           |
| Short-term                       | -20.5       | 21.3         | -9.0        | 23.1         | 15.0          |
| SDR allocation                   | --          | --           | 2.4         | 2.4          | 2.4           |
| Errors and omissions             | -5.4        | -4.1         | 0.9         | -2.5         | --            |
| Overall balance                  | <u>19.7</u> | <u>-0.3</u>  | <u>54.0</u> | <u>10.2</u>  | <u>-8.2</u>   |
| (In per cent of GDP)             |             |              |             |              |               |
| Exports, f.o.b.                  | 16.4        | 13.6         | 19.3        | 11.2         | 8.8           |
| Of which: coffee                 | (9.3)       | (5.9)        | (13.1)      | (5.3)        | (4.6)         |
| Imports, f.o.b.                  | 13.3        | 17.6         | 15.1        | 17.2         | 14.9          |
| Trade balance                    | <u>3.1</u>  | <u>-4.0</u>  | <u>4.1</u>  | <u>-6.0</u>  | <u>-6.1</u>   |
| Transfers (net)                  | 8.4         | 11.4         | 12.4        | 9.5          | 10.1          |
| Current account balance          | <u>2.8</u>  | <u>-5.5</u>  | <u>4.4</u>  | <u>-5.6</u>  | <u>-5.2</u>   |

Sources: Appendix Tables I and XXII.

<sup>1/</sup> Including Trust Fund loan.

from SDR 14 million in 1979 to SDR 24 million in 1980. Moreover, there was a major turnaround in short-term capital movements, largely attributable to the liquidation of outstanding coffee credit. Consequently, an overall balance of payments surplus of only SDR 10 million was registered in 1980, compared with a surplus of SDR 54 million in 1979. Gross official foreign reserves amounted to SDR 146 million at the end of 1980, equivalent to approximately eight months of projected 1981 imports (c.i.f.).

The deterioration in the external position is expected to continue in 1981. World coffee prices are projected to remain depressed, while the volume of coffee exports is expected to be at levels considerably below the average for 1978-80. At the same time, the other major exports (tea, cassiterite, and wolfram) are likely to stagnate or diminish. Consequently, export receipts in 1981 are projected to decline further to SDR 99 million (Table 16). In view of the unusually high level of inventories of imported products at end-1980 and of the expected decline in the level of re-exports through border trade, import payments are projected to increase by only 6 per cent in 1981, which implies a 5 per cent reduction in volume. Nevertheless, the trade deficit is estimated to widen to SDR 68 million. With net service payments expected to increase by 23 per cent and net unrequited transfers by 30 per cent, the current account deficit is projected to be contained at around 5 per cent of GDP, or SDR 58 million. Hence, although net inflow of capital is expected to continue at a high level, a turnaround in the overall balance of payments to a deficit of SDR 8 million is foreseen for 1981.

## 2. Foreign trade

### a. Exports

The evolution of exports during the recent period is summarized in Appendix Table XXIV. Coffee remains by far the largest source of foreign exchange earnings. Reflecting the sharp decline in the volume of exports, the share of coffee in total export receipts dropped to 47 per cent from 68 per cent in 1979. Total volume of coffee exported in 1980 was about 22,000 tons, with stocks at the end of the year at around 9,000 tons. The unusually high level of stocks reflects mainly frequent disruptions to the supply route through neighboring countries and the quota limitation imposed by the International Coffee Agreement, which was 21,600 tons for the period October 1980 to September 1981. The persistence of political disturbances in the region has led to an appreciable volume of border trade in coffee. In 1980 imports of coffee from neighboring countries are estimated at 11,800 tons (9,400 tons of Robusta and 2,400 tons of Arabica). The average realized price for coffee (f.o.b. Mombasa) in 1980 was US\$1.53 per pound, or 4 per cent below the 1979 average. For 1981, taking into account the projected increase in production, the level of stocks at end-1980, and the anticipated volume of imports through border trade, it is estimated that 38,000 tons of coffee will be available for export. Under the International

Coffee Agreement, Rwanda's effective quota for 1980/81 (including the special allowance of 7,200 tons) amounts to 28,800 tons. However, during calendar 1981 the volume of coffee exports is projected at only 25,500 tons, reflecting the expected continuation of transportation difficulties through Uganda. The average realized unit price for coffee exports is forecast to decline by about 28 per cent to US\$1.10 per pound in 1981. Consequently, despite the envisaged 16 per cent increase in volume, coffee export receipts will decline by about 1 per cent to RF 5.7 billion, that is about SDR 51 million.

The volume of tea exports increased sharply in 1980 by 46 per cent to 7,047 tons. This record level reflects an increase in the production of dried leaves by over 16 per cent, a significantly enlarged processing capacity at the tea factories, and the resolution of the packaging problem that led to a 14 per cent drop in exports in 1979. However, the average realized export price for tea declined by 22 per cent to US\$0.76 per pound in 1980, compared with the average world price of US\$1.01 per pound. The major reason for the huge difference in the export prices was lower quality tea due to prolonged storage because of transportation difficulties. Nevertheless, receipts from tea exports increased by 12 per cent to account for nearly 9 per cent of total export earnings in 1980, as against 5 per cent in 1979. In 1981 the volume of tea exports is expected to remain at around 7,000 tons, but, reflecting the unfavorable world market conditions, the average realized price is projected to diminish further to about US\$0.71 per pound. Thus, export receipts from tea are likely to decrease by about 8 per cent in 1981 but will still account for 9 per cent of total export earnings.

Cassiterite remains the second most important export commodity after coffee, accounting for 14 per cent of total export receipts in 1980. Although the volume exported rose by 8 per cent to 2,088 tons, total value declined slightly by 2 per cent due to lower realized export prices. The volume of cassiterite exports in 1981 is expected to be about 2,000 tons. However, because of transportation problems, pollution control measures in the export markets, and soft demand, the unit export price is projected to decline by some 20 per cent. This fall in price would be compensated to some extent by the domestic processing of cassiterite into tin, which is expected to commence in September 1981. The export of wolfram, which is produced generally in association with cassiterite, declined by 16 per cent in 1980, due to a combination of price and volume reductions, and is expected to be at around the same level in 1981.

Rwanda's other exports, which include pyrethrum, cinchona, fruits and vegetables, and hides and skins, have become relatively important in recent years, accounting for about 8 per cent of total export receipts in 1980. It is expected that various projects to increase the value added and the export value of some of these items will be completed in the near future. These include extraction plants for pyrethrum and cinchona as well as a canning factory for fruits and vegetables.

b. Imports

The composition of imports has not changed significantly during recent years (Appendix Table XXV). However, there is a perceptible declining trend for consumer goods, which have moved steadily from 44 per cent of total recorded imports, c.i.f., in 1977 to just 40 per cent in 1980. Concurrently, the share of capital and intermediate goods has increased gradually to about 49 per cent in 1980. This tendency is to be expected in a growing subsistence economy that is undergoing increasing monetization and industrialization, especially through the development of a manufacturing sector. The share of petroleum and related products, which increased to 9 per cent in 1979, rose again to about 12 per cent in 1980. It is expected that, as Rwanda increases its reliance on alternative sources of energy, in particular hydroelectric power, this share would stabilize and decline in the future.

c. Direction of trade

The United States remains the single most important market for Rwanda's coffee and accounted for an estimated 50 per cent of total exports in 1980; its share had declined sharply to only 28 per cent in 1979 because of exceptionally large exports to the Federal Republic of Germany (Appendix Table XXVI). The share of the European countries fell from 43 per cent of total exports in 1979 to 36 per cent in 1980, with the Federal Republic of Germany still remaining the most important country in the group. Most of Rwanda's tea continues to be marketed on the London auction market, but sales to other countries, such as Sudan, have been increasing. Member countries of the European Community remain Rwanda's principal suppliers, with their total share of imports increasing slightly in 1980 to 44 per cent from 42 per cent in 1979. Of these countries, Belgium, which had traditionally been Rwanda's principal supplier, and France account for more than half of the total imports by Rwanda. Kenya, with about 14 per cent of the total, became as important as Belgium in supplying Rwanda's imports in 1980. However, Japan, which was second to Belgium as a source of imports in 1979, increased its share to 16 per cent in 1980 to replace Belgium as the principal supplier to Rwanda.

3. Services, transfers, and capital

The net service payments by Rwanda, dominated by freight, insurance, and transportation costs, declined slightly in 1980; this was due to the requirement that all insurance be effected in Rwanda and to the increased utilization of Rwandese transport companies in the movement of goods to and from Mombasa, especially with the recent purchase of a Boeing 707 cargo plane. Thus, freight and insurance, which represented about 33 per cent of the c.i.f. value of merchandise imports in 1979, was reduced to about 31 per cent in 1980. It is projected that net service payments in 1981 would be some 14 per cent higher, due to smaller net investment income and increased government services.



Although net inflow of unrequited transfers, which consists largely of official transfers, diminished somewhat in 1980, it should be noted that the 1979 level included a debt cancellation by the Federal Republic of Germany in the amount of SDR 16 million. Thus, taking that into account, net official transfers would be SDR 87 million which would be comparable to the 1979 level. More than one third of the official aid to Rwanda is provided in the form of technical assistance. Official aid and private grants to religious and other private philanthropic organizations increased considerably in 1980 but were more than offset by transfers of funds by technical assistance personnel to their home countries, resulting in a net outflow under private transfers of about SDR 1 million. It is expected that the reduction in the number of foreign technical assistants in Rwanda in 1981, together with rising foreign contributions to private organizations in Rwanda, will bring about a turnaround in private transfers.

The sharp increase in net official long-term capital in 1980 was due to the completion of a Chinese-financed project, as mentioned above. Short-term capital reflects to a large extent the difference between actual exports and repatriation of proceeds. In addition, it includes movements of estimated border trade balances. Thus, it has fluctuated somewhat over the period 1977-80 and is expected to remain positive at SDR 15 million in 1981.

#### 4. International reserves

The net international reserves of the banking system increased by about 15 per cent to SDR 127 million at the end of 1980, reflecting the overall balance of payments surplus registered in 1980 (Appendix Table XXVII). The gross foreign assets of the National Bank of Rwanda (BNR) increased by SDR 31 million from the 1979 level to SDR 146 million at the end of 1980, equivalent to eight months of imports, c.i.f. Net official foreign reserves amounted to SDR 117 million. Commercial banks' holdings of international reserves are not important, as they are required to surrender all foreign exchange receipts to the BNR, except small amounts that are retained for operational purposes. At the end of 1980 the commercial banks accounted for 10 per cent of total foreign reserve assets and about 18 per cent of liabilities.

The international reserve position is projected to deteriorate at the end of 1981, as an overall balance of payments deficit of about SDR 8 million is now envisaged. Consequently, gross official reserves at the end of the year are projected at about seven months of 1981 imports, c.i.f.

#### 5. External debt

Information on external public debt is not comprehensive because of certain deficiencies in statistical coverage. However, available data, summarized in Appendix Tables XXVIII and XXIX, cover the bulk of foreign debt contracted by Rwanda. Disbursements, which had nearly doubled in 1979 to RF 3.7 billion (US\$40 million), declined by 38 per cent in 1980 to RF 2.3 billion (US\$24 million). Consequently, total outstanding debt,

which stood at RF 11.4 billion (US\$123 million) at the end of 1979, rose to RF 15.8 billion (US\$170 million) by the end of 1980, equivalent to 14.3 per cent of GDP. Most of the increase in foreign indebtedness was directed to the financing of development projects, especially in infrastructure and agriculture. Rwanda continued to obtain foreign loans on very concessional terms. 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 1.7 per cent per annum. Almost 69 per cent of total debt outstanding at end-1980 represented loans from multilateral agencies. The three largest creditors are the World Bank-affiliated IDA, the African Development Fund, and the IMF Trust Fund, which together accounted for 84 per cent of multilateral loans and 57 per cent of total outstanding loans. Among the bilateral lenders, the People's Republic of China is the single most important one, accounting for 58 per cent of bilateral loans and 18 per cent of total outstanding debt at end-1980. Debt service payments were equivalent to 3.8 per cent of export earnings in 1980. As disbursements are expected to amount to RF 3.0 billion in 1981, total outstanding debt is estimated to reach about RF 19 billion (US\$205 million) at the end of the year; the debt service ratio is projected at some 4 per cent of exports.

#### 6. Exchange and trade system

A detailed survey of Rwanda's exchange and trade system as of December 31, 1980 is contained in IMF, Annual Report on Exchange Arrangements and Exchange Restrictions, 1981.

The currency of Rwanda is the Rwanda franc, which is pegged to the U.S. dollar at the rate of RF 92.84 = US\$1. The official buying and selling rates in terms of the U.S. dollar are RF 91.91 and RF 93.77, respectively. The daily middle rates for other major currencies are derived from the fixed rate with the U.S. dollar and the exchange rate between the dollar and the currency in question two business days earlier, calculated as the cross rate between the U.S. dollar value of the SDR and the value of the SDR in the national market of the currency concerned.

The trade-weighted effective exchange rate at the end of 1980 indicated a slight appreciation of the Rwanda franc over end-1979 in nominal terms, as compared with a depreciation of 15 per cent between 1977 and 1979 (Table 17). However, when adjustments are made for the relative evolution of prices in the major trading partner countries and in Rwanda, the real effective exchange rate for the Rwanda franc is estimated to have depreciated by about 1 per cent in 1980, as compared to an appreciation of 7 per cent in 1979. During the first four months of 1981 the nominal effective exchange rate of the Rwanda franc has appreciated by 10 per cent and the real effective exchange rate by 7 per cent. These developments reflected largely the movements of the U.S. dollar vis-à-vis the other major currencies.

Rwanda maintains an exchange system virtually free of restrictions on current international payments and a liberal trade system. All imports

Table 17. Rwanda: Trade-Weighted Effective Exchange Rates, 1977-81  
(Average 1974 = 100)

|          | Nominal <u>1/</u> | Real <u>2/</u> |
|----------|-------------------|----------------|
| 1977     | <u>99.4</u>       | <u>82.4</u>    |
| I        | 97.8              | 86.8           |
| II       | 98.8              | 83.2           |
| III      | 99.4              | 79.9           |
| IV       | 101.9             | 80.4           |
| 1978     | <u>110.2</u>      | <u>87.1</u>    |
| I        | 106.3             | 83.6           |
| II       | 107.4             | 84.0           |
| III      | 112.0             | 89.2           |
| IV       | 116.2             | 92.0           |
| 1979     | <u>115.7</u>      | <u>85.2</u>    |
| I        | 116.1             | 88.1           |
| II       | 113.6             | 81.7           |
| III      | 116.6             | 85.6           |
| IV       | 116.9             | 85.8           |
| 1980     | <u>115.8</u>      | <u>88.1</u>    |
| I        | 116.5             | 87.7           |
| II       | 115.7             | 87.9           |
| III      | 118.1             | 90.2           |
| IV       | 113.3             | 86.9           |
| 1981     |                   |                |
| January  | 110.5             | 84.6           |
| February | 105.2             | 81.9           |
| March    | 104.7             | 81.4           |
| April    | 103.0             | 80.6           |

Source: Staff compilation.

1/ The effective exchange rate is calculated on the basis of a weighted average of the exchange rates of Rwanda's trading partner countries. Weights are based on trade in 1979. The exchange rates are defined in terms of national currencies per U.S. dollar at the end of each period. An increase over 100 in the index for Rwanda's exchange rate implies effective depreciation with respect to the base period.

2/ The nominal trade-weighted exchange rate has been adjusted for the relative evolution of prices in the trading partner countries and in Rwanda.

require licenses if payments are made in foreign exchange. No license is required for imports of merchandise valued at or below RF 100,000, including insurance and freight, when payments are made in Rwanda francs. The prior approval of the BNR is required for all payments for invisibles. There are certain limits on transfers of earned income by foreign nationals employed in Rwanda under contract. Since January 2, 1981, the former restriction on transfers of net rental income by nonresidents and resident expatriates has been terminated. The BNR has concluded agreements with the central banks of the neighboring countries and Kenya, under which settlements made through reciprocal accounts are periodically transferable.

Table I. Rwanda: Gross Domestic Product by Industrial  
Origin at Current Market Prices, 1977-81

(In millions of Rwanda francs)

|  | 1977          | 1978               | 1979               | 1980<br>Prov.      | 1981<br>Prov.      |
|--|---------------|--------------------|--------------------|--------------------|--------------------|
| Agriculture, livestock, forestry,<br>and fishing | 33,272        | 34,374<br>(27,587) | 46,218<br>(38,225) | 50,740<br>(41,948) | 57,540<br>(47,590) |
| Of which: subsistence agriculture                | (25,527)      |                    |                    |                    |                    |
| Mining   | 1,882         | 1,841              | 1,841              | 1,800              | 2,030              |
| Manufacturing                                    | 10,196        | 12,635             | 14,879             | 16,398             | 18,450             |
| Electricity, gas, and water                      | 178           | 184                | 172                | 210                | 250                |
| Construction and public works                    | 2,933         | 3,274              | 3,713              | 4,428              | 5,230              |
| Commerce, restaurants, and hotels                | 10,642        | 14,177             | 15,438             | 17,608             | 20,380             |
| Transport and communications                     | 789           | 1,042              | 1,656              | 2,030              | 2,500              |
| Public administration                            | 6,403         | 6,106              | 7,214              | 8,700              | 9,620              |
| Other private services                           | 3,196         | 4,593              | 3,712              | 4,620              | 5,240              |
| Import duties                                    | 2,140         | 2,824              | 2,965              | 3,864              | 3,960              |
| Gross domestic product                           | <u>71,631</u> | <u>81,050</u>      | <u>97,808</u>      | <u>110,398</u>     | <u>125,200</u>     |
| Memorandum item:                                 |               |                    |                    |                    |                    |
| Real GDP growth rate (in per cent)               | 5.2           | 4.9                | 4.3                | 4.9                | 5.2                |

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

Table II. Rwanda: Value of Agricultural Production  
for Domestic Consumption, 1977-81

(In millions of Rwanda francs)

|                                | 1977   | 1978   | 1979   | 1980 <u>1/</u> | 1981 <u>2/</u> |
|--------------------------------|--------|--------|--------|----------------|----------------|
| Bananas                        | 13,274 | 14,874 | 16,624 | 18,259         | 19,755         |
| Vegetables                     |        |        |        |                |                |
| Beans                          | 3,945  | 4,017  | 4,485  | 4,875          | 5,176          |
| Peas                           | 1,769  | 1,362  | 1,277  | 1,391          | 1,320          |
| Groundnuts                     | 813    | 842    | 943    | 1,071          | 2,847          |
| Other                          | 109    | 78     | 86     | 90             | 100            |
| Cereals                        |        |        |        |                |                |
| Sorghum                        | 2,244  | 2,835  | 2,890  | 3,170          | 3,287          |
| Maize                          | 926    | 976    | 1,112  | 1,225          | 1,360          |
| Eleusine                       | 79     | 83     | 80     | 85             | 184            |
| Wheat                          | 66     | 72     | 95     | 101            | 125            |
| Rice                           | 196    | 211    | 234    | 295            | 325            |
| Starches                       |        |        |        |                |                |
| Potatoes                       | 2,021  | 2,756  | 3,369  | 3,690          | 2,366          |
| Sweet potatoes                 | 3,653  | 3,787  | 4,579  | 5,026          | 6,216          |
| Cassava                        | 4,532  | 3,581  | 4,731  | 5,197          | 9,408          |
| Other                          | 227    | 234    | 224    | 295            | 300            |
| Sugar cane                     | 451    | 382    | 388    | 410            | 450            |
| Other fruits and<br>vegetables | 1,330  | 1,282  | 1,473  | 1,560          | 1,800          |

Source: Data provided by the Rwandese authorities.

1/ Preliminary estimates.

2/ Projections.

Table III. Rwanda: Structure of Tea Prices, 1976-80

(In Rwanda francs per kg)

|                               | 1976 | 1977 | 1978 | 1979 | 1980 <u>1/</u> |
|-------------------------------|------|------|------|------|----------------|
| Export price (f.o.b. Mombasa) | 120  | 211  | 154  | 173  | 155            |
| Less: Processing costs        | 15   | 23   | 51   | 51   | 50             |
| Administrative costs          | 1    | 1    | 3    | 1    | 1              |
| Transportation costs          | 16   | 22   | 33   | 33   | 32             |
| Financial charges             | 4    | 6    | --   | --   | --             |
| Depreciation                  | 6    | 8    | 8    | 8    | 8              |
| Other marketing costs         | 20   | 27   | 13   | 14   | 13             |
| For distribution              | 58   | 124  | 54   | 74   | 59             |
| To: producer (at factory)     | 37   | 49   | 46   | 66   | 51             |
| OCIR                          | 21   | 75   | 8    | 8    | 8              |

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

1/ Preliminary estimates.

Table IV. Rwanda: Evolution of Major Manufactured Production, 1976-80

|                 | Unit           | 1976   | 1977   | 1978   | 1979   | 1980   |
|-----------------|----------------|--------|--------|--------|--------|--------|
| Beer            | ('000 bottles) | 46,584 | 54,275 | 63,578 | 53,629 | 70,192 |
| Mineral water   | ('000 bottles) | 11,436 | 16,574 | 19,909 | 23,317 | 27,767 |
| Sugar           | (tons)         | 1,320  | 2,229  | 2,265  | 2,355  | 2,364  |
| Soap            | (tons)         | 3,606  | 2,936  | 2,382  | 3,152  | 4,641  |
| Paint           | (tons)         | 311    | 361    | 659    | 618    | 565    |
| Radio receivers | (number)       | 8,775  | 2,552  | 7,533  | 789    | --     |
| Blankets        | ('000 pieces)  | 88     | 159    | 179    | 161    | 195    |
| Shoes           | ('000 pairs)   | --     | --     | --     | 398    | 413    |

Source: Data provided by the Rwandese authorities.



Table V. Rwanda. General Consumer Price Index, 1976-March 1981 1/

(Average first quarter 1976 = 100)

|  | Weights | 1976  | 1977  | 1978  | 1979  | 1980                | 1981   |
|--|---------|-------|-------|-------|-------|---------------------|--------|
|  |         |       |       |       |       | Mar. Annual average | Mar.   |
| Foodstuffs   | 0.4765  | 101.1 | 113.6 | 124.2 | 141.9 | 148.9               | 146.9  |
| Clothing   | 0.1003  | 102.6 | 116.5 | 137.8 | 147.9 | 156.2               | 162.4  |
| Fuels, medications,<br>and household<br>articles               | 0.1083  | 100.4 | 118.5 | 138.1 | 174.4 | 172.8               | 204.6  |
| Housing  | 0.2001  | 102.6 | 122.1 | 140.7 | 168.5 | 187.2               | 199.7  |
| Transportation   | 0.0719  | 104.6 | 125.2 | 140.4 | 153.9 | 178.9               | 188.7  |
| Miscellaneous  | 0.0429  | 101.8 | 108.8 | 119.4 | 138.7 | 171.8               | 189.2  |
| General index  | 1.0000  | 101.7 | 116.7 | 131.3 | 152.1 | 163.0               | 170.1  |
| Percentage change<br>in general index<br>from previous<br>year |         | 6.7   | 14.7  | 12.5  | 15.8  | 7.2                 | 8.1 2/ |

Source Data provided by the Rwandese authorities.

1/ Annual averages.

2/ Percentage increase over the same period of the preceding year.

Table VI Rwanda: Consumer Price Index for Locally Produced Goods, 1976-March 1981

(Average first quarter 1976 = 100)

| Weights   | 1976   | 1977  | 1978  | 1979  | 1980  |                   | 1981<br>Mar. |
|---|--------|-------|-------|-------|-------|-------------------|--------------|
|   |        |       |       |       | Mar.  | Annual<br>average |              |
| Foodstuffs  | 0.6032 | 100.2 | 112.5 | 125.1 | 143.7 | 143.2             | 149.6        |
| Clothing  | 0.0016 | 104.0 | 108.3 | 121.3 | 133.3 | 155.0             | 155.5        |
| Fuels, medications,<br>and household<br>articles            | 0.0902 | 100.3 | 130.1 | 146.7 | 187.8 | 179.9             | 198.1        |
| Housing   | 0.2138 | 102.9 | 131.3 | 152.9 | 185.2 | 196.2             | 201.6        |
| Transportation  | 0.0443 | 102.9 | 143.8 | 137.7 | 164.7 | 181.6             | 184.4        |
| Miscellaneous   | 0.0469 | 100.5 | 107.1 | 112.8 | 124.7 | 143.7             | 145.9        |
| General index   | 1.0000 | 100.4 | 119.3 | 133.0 | 156.6 | 159.6             | 166.5        |
| Percentage change in<br>general index from<br>previous year | 3.3    | 17.8  | 11.5  | 17.7  | 4.8   | 6.3               | --           |

Source: Data provided by the Rwandese authorities.

Table VII. Rwanda: Employment and Gross Salary Payments,  
Permanent Civil Servants, 1972-80 1/

|      | Number of permanent<br>civil servants | Gross annual salary<br>payments (in millions<br>of Rwanda francs) | Average gross annual<br>salary (in thousands<br>of Rwanda francs) |
|------|---------------------------------------|---|---|
| 1972 | 2,372                                 | 221.8   | 93.5  |
| 1973 | 2,683                                 | 254.8   | 95.0  |
| 1974 | 2,920                                 | 475.5   | 162.8   |
| 1975 | 3,475                                 | 527.0   | 151.7   |
| 1976 | 3,843                                 | 547.5   | 142.5   |
| 1977 | 4,205                                 | 649.8   | 154.5   |
| 1978 | 4,471                                 | 767.5   | 171.7   |
| 1979 | 4,531                                 | 936.2   | 206.6   |
| 1980 | 4,950                                 | 993.6   | 200.7   |

Source: Data provided by the Rwandese authorities.

1/ Permanent statutory civil servants (excluding employees in the army, gendarmerie, and staff directly involved in primary and secondary education and the health service).

Table VIII. Rwanda: Central Government Revenue, 1978-81

(In millions of Rwanda francs)

|                                       | 1978           | 1979            | 1980 <u>1/</u>  | <u>1981</u><br>Budget |
|---------------------------------------|----------------|-----------------|-----------------|-----------------------|
| 1. Tax revenue                        | <u>7,888.2</u> | <u>11,298.1</u> | <u>11,379.0</u> | <u>11,357.8</u>       |
| 1.1 Taxes on income and profits       | 1,708.6        | 2,250.2         | 2,575.6         | 2,837.8               |
| Companies and enterprises             | 1,052.2        | 1,329.7         | 1,474.2         | 1,665.0               |
| Individuals                           | 584.6          | 813.9           | 954.6           | 1,000.8               |
| Other                                 | 71.8           | 106.6           | 146.8           | 172.0                 |
| 1.2 Taxes on property                 | 82.9           | 145.8           | 149.2           | 190.0                 |
| Real estate                           | 46.6           | 69.8            | 61.2            | 75.0                  |
| Vehicles                              | 36.3           | 76.0            | 88.0            | 115.0                 |
| 1.3 Taxes on goods                    | 1,615.1        | 1,802.4         | 2,664.2         | 3,200.0               |
| Taxes on beverages                    | 1,614.2        | 1,802.2         | 2,664.0         | 3,000.0               |
| Alcoholic beverage licenses <u>2/</u> | 0.9            | 0.2             | 0.2             | --                    |
| Business fees <u>3/</u>               | --             | --              | --              | 200.0                 |
| 1.4 Taxes on foreign trade            | 4,481.6        | 7,099.7         | 5,990.0         | 5,130.0               |
| Import duties                         | 2,875.1        | 3,034.2         | 3,864.5         | 4,030.0               |
| Export duties                         | 1,606.5        | 4,065.5         | 2,125.5         | 1,100.0               |
| Of which: export duties on coffee     | (1,460.9)      | (3,862.0)       | (2,006.8)       | (1,000.0)             |
| 2. Nontax revenue                     | <u>883.2</u>   | <u>923.6</u>    | <u>1,880.3</u>  | <u>2,211.6</u>        |
| Service charges and fees              | 700.6          | 634.2           | 1,500.0         | 1,127.6               |
| Road tolls                            | 40.0           | 44.9            | 65.1            | 70.0                  |
| Other                                 | 142.6          | 244.5           | 315.2           | 1,014.0               |
| Total budgetary revenue               | <u>8,771.4</u> | <u>12,221.7</u> | <u>13,259.3</u> | <u>13,569.4</u>       |

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

1/ Provisional.2/ Transferred to local authorities (communes) from 1981 on.3/ Introduced in 1981.

Table IX. Rwanda: Economic Classification of Central Government  
Current Expenditure, 1978-81

(In millions of Rwanda francs)

|                                  | 1978           | 1979           | 1980 <u>1/</u>  | <u>1981</u><br>Budget |
|----------------------------------|----------------|----------------|-----------------|-----------------------|
| Wages and salaries               | 3,404.1        | 4,152.0        | 4,803.0         | 5,135.9               |
| Official travel                  | 224.1          | 292.4          | 701.4           | 475.2                 |
| Materials and supplies           | 1,157.1        | 1,208.7        | 1,986.2         | 3,311.2               |
| Subsidies and other transfers    | 616.2          | 894.9          | 826.3           | 1,700.7               |
| Interest payments on public debt | 137.3          | 227.4          | 264.3           | 459.4                 |
| Other                            | 1,427.8        | 1,874.1        | 1,886.6         | 2,045.0               |
| Total current expenditure        | <u>6,966.6</u> | <u>8,649.5</u> | <u>10,467.8</u> | <u>13,127.4</u>       |

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

1/ Provisional. Breakdown is partly estimated by the staff.

Table X. Rwanda: Functional Classification of Central Government  
Current Expenditure, 1978-81

(In millions of Rwanda francs)

|                                     | 1978           | 1979           | 1980 <sup>1/</sup> | 1981<br>Budget  |
|-------------------------------------|----------------|----------------|--------------------|-----------------|
| General public services             | 1,740.5        | 2,220.3        | 2,669.9            | 3,659.0         |
| National defense and gendarmerie    | 1,413.7        | 1,703.7        | 1,927.6            | 2,010.3         |
| Education                           | 1,651.2        | 2,186.7        | 2,493.9            | 3,264.1         |
| Public health services              | 634.5          | 615.0          | 647.7              | 863.7           |
| Other social services               | 175.8          | 221.6          | 262.8              | 342.5           |
| Economic services                   | 1,213.6        | 1,474.8        | 2,201.6            | 2,528.4         |
| Agriculture, livestock, and fishing | 311.0          | 362.8          | 550.1              | 753.0           |
| Public works                        | 491.4          | 674.4          | 1,023.6            | 986.5           |
| Communications and transport        | 309.2          | 314.5          | 363.5              | 392.3           |
| Other economic services             | 102.0          | 123.1          | 234.4              | 396.6           |
| Interest payments on public debt    | 137.3          | 227.4          | 264.3              | 459.4           |
| Total current expenditure           | <u>6,966.6</u> | <u>8,649.5</u> | <u>10,467.8</u>    | <u>13,127.4</u> |

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

<sup>1/</sup> Provisional.

Table XI. Rwanda: Central Government Development Expenditure, 1978-81

(In millions of Rwanda francs)

|                                     | 1978           | 1979           | 1980 <u>1/</u> | <u>1981</u><br>Budget |
|-------------------------------------|----------------|----------------|----------------|-----------------------|
| Administration                      | 171.2          | 184.6          | 158.7          | 553.8                 |
| Education                           | 145.5          | 218.2          | 410.8          | 678.0                 |
| Public health services              | 13.0           | 41.4           | 37.6           | 96.5                  |
| Other social services               | 92.3           | 222.7          | 512.6          | 374.7                 |
| Economic services                   | 610.1          | 807.1          | 993.5          | 1,265.0               |
| Agriculture, livestock, and fishing | 191.3          | 218.4          | 524.1          | 390.3                 |
| Industries and mines                | 104.5          | 109.4          | 146.4          | 160.0                 |
| Energy                              | 168.5          | 184.5          | 163.7          | 247.1                 |
| Roads                               | 101.3          | 139.6          | 142.7          | 141.9                 |
| Communications and transport        | 44.5           | 155.2          | 5.4            | 165.7                 |
| Tourism                             | --             | --             | 11.2           | 160.0                 |
| Total development expenditure       | <u>1,032.1</u> | <u>1,474.0</u> | <u>2,113.2</u> | <u>2,968.0</u>        |

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

1/ Provisional.

Table XI. Rwanda: Selected Indicators of Fiscal Developments, 1978-81

(In per cent)

|                                   | Annual change |         |         | Average change 3/ |         | Composition |         |
|-----------------------------------|---------------|---------|---------|-------------------|---------|-------------|---------|
|                                   | 1978          | 1979    | 1980 1/ | 1981 2/           | 1978-80 | 1978        | 1981 2/ |
| Budgetary revenue                 | 4.6           | 39.3    | 8.2     | 2.3               | 16.5    | 100.0       | 100.0   |
| Tax revenue                       | 0.9           | 43.2    | 0.7     | -0.2              | 13.3    | 89.9        | 83.7    |
| Taxes on incomes and profits      | 33.2          | 31.7    | 14.5    | 10.2              | 26.1    | 19.5        | 20.9    |
| Taxes on property                 | 135.5         | 75.9    | 2.3     | 27.3              | 60.3    | 0.9         | 1.4     |
| Taxes on goods                    | 38.4          | 11.6    | 47.8    | 20.1              | 31.7    | 18.4        | 23.6    |
| Import duties                     | 32.3          | 5.5     | 27.4    | 4.3               | 21.2    | 32.8        | 29.7    |
| Export duties                     | -49.1         | 153.1   | -47.7   | -48.2             | -12.3   | 18.3        | 8.1     |
| Of which: export duties on coffee | (-51.3)       | (164.4) | (-48.0) | (-50.2)           | (-12.5) | (16.7)      | (7.4)   |
| Nontax revenue                    | 55.2          | 4.6     | 103.6   | 17.6              | 48.9    | 10.1        | 16.3    |
| Budgetary expenditure             | 10.8          | 26.5    | 24.2    | 29.2              | 20.3    | 100.0       | 100.0   |
| Current expenditure               | 11.6          | 24.2    | 21.0    | 25.4              | 18.7    | 87.1        | 81.8    |
| Wages and salaries                | 6.8           | 22.0    | 15.7    | 6.9               | 14.7    | 42.3        | 31.5    |
| Official travel                   | -33.5         | 30.5    | 39.9    | -32.2             | 27.7    | 2.8         | 2.9     |
| Materials and supplies            | -8.7          | 4.5     | 64.3    | 66.7              | 16.2    | 14.4        | 20.3    |
| Subsidies and other transfers     | -17.3         | 45.2    | -7.7    | -105.8            | 3.2     | 7.7         | 10.4    |
| Interest payments on public debt  | -0.8          | 65.6    | 16.2    | 73.8              | 24.1    | 1.7         | 2.8     |
| Other 4/                          | 150.3         | 31.3    | 0.7     | 8.4               | 48.9    | 18.2        | 13.9    |
| Development expenditure           | 2.0           | 42.8    | 43.4    | 40.4              | 27.8    | 12.9        | 18.2    |

Sources: Table 12, and Appendix Tables VIII and IX.

1/ Provisional.

2/ Budget.

3/ Average compound increase or decrease (-) rate for the period.

4/ Including net lending.



Table XIII. Rwanda: Central Government Domestic Debt  
Outstanding, 1978-80

(In millions of Rwanda francs)

|                                    | 1978           | 1979           | 1980 <u>1/</u> |
|------------------------------------|----------------|----------------|----------------|
| Treasury bills                     | <u>53.0</u>    | <u>453.0</u>   | <u>186.4</u>   |
| Banking sector                     | --             | --             | --             |
| Nonbanking sector                  | 53.0           | 453.0          | 186.4          |
| Development bonds                  | <u>1,960.1</u> | <u>2,071.1</u> | <u>2,826.1</u> |
| Banking sector                     | 672.1          | 482.1          | 339.1          |
| Nonbanking sector                  | 1,288.0        | 1,589.0        | 2,487.0        |
| Of which: Caisse Sociale du Rwanda | (1,189.0)      | (1,189.0)      | (1,689.0)      |
| Total domestic debt outstanding    | <u>2,013.1</u> | <u>2,524.1</u> | <u>3,012.5</u> |

Source: Data provided by the Rwandese authorities.

1/ Provisional.

Table XIV. Rwanda. Monetary Survey, 1977-81  
(In millions of Rwanda francs, end of period)

|                               | 1977    | 1978    | 1979    |         |         |         | 1980    |         |         |         | 1981    |         |
|-------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|                               |         |         | Mar.    | June    | Sept.   | Dec.    | Mar     | June    | Sept    | Dec.    | Mar     | Dec. 1/ |
|                               |         |         |         |         |         |         |         |         |         |         |         |         |
| Net foreign assets            | 6,632   | 7,028   | 7,505   | 7,664   | 8,653   | 13,503  | 13,581  | 13,270  | 14,400  | 14,737  | 14,152  | 13,607  |
| Domestic credit               | 4,752   | 5,157   | 4,773   | 5,961   | 8,353   | 3,091   | 1,571   | 3,729   | 3,694   | 3,464   | 2,384   | 6,213   |
| Claims on Government (net) 2/ | 362     | 23      | -90     | 268     | 851     | -1,472  | -2,925  | -2,681  | -3,618  | -3,051  | -3,904  | -1,851  |
| Claims on official entities   | 221     | 225     | 213     | 301     | 259     | 233     | 310     | 414     | 314     | 219     | 205 )   | 5,064 ) |
| Claims on private sector 3/   | 4,169   | 4,909   | 4,650   | 5,392   | 7,243   | 4,330   | 4,186   | 5,396   | 6,998   | 6,296   | 6,288 ) |         |
| Coffee credit                 | (2,257) | (2,158) | (1,897) | (2,245) | (4,247) | (1,331) | (702)   | (1,734) | (3,054) | (2,193) | (1,647) | (...)   |
| Other                         | (1,912) | (2,751) | (2,753) | (3,147) | (2,996) | (2,999) | (3,484) | (3,662) | (3,944) | (4,103) | (4,641) | (...)   |
| Assets = Liabilities          | 11,384  | 12,185  | 12,278  | 13,625  | 17,006  | 16,594  | 15,152  | 16,999  | 18,094  | 18,201  | 16,536  | 19,820  |
| Money and quasi-money         | 10,173  | 11,223  | 10,912  | 12,139  | 15,044  | 14,113  | 13,264  | 14,416  | 15,047  | 15,209  | 14,454  | 17,729  |
| Money                         | 8,070   | 8,983   | 8,751   | 10,009  | 12,513  | 11,232  | 10,373  | 11,336  | 11,778  | 12,009  | 11,211  | ...     |
| Quasi-money                   | 2,103   | 2,240   | 2,161   | 2,130   | 2,531   | 2,881   | 2,891   | 3,080   | 3,269   | 3,200   | 3,243   | ...     |
| Other items (net)             | 1,211   | 962     | 1,366   | 1,486   | 1,962   | 2,481   | 1,888   | 2,583   | 3,047   | 2,992   | 2,087   | 2,100   |

Sources: IMF, International Financial Statistics, data provided by the Rwandese authorities, and staff estimates.

### 1/ Projections.

2/ Includes deposits of the Social Security Fund with the banking system and claims on postal checking.

**33 Including other financial institutions.**

|  | 1977   |  |  | 1978   |  |  | 1979   |        |        | 1980   |         |         | 1981    |         |
|--|--------|--|--|--------|--|--|--------|--------|--------|--------|---------|---------|---------|---------|
|  | Dec.   |  |  | Dec.   |  |  | Mar.   | June   | Sept.  | Dec.   | Mar.    | June    | Sept.   | Dec.    |
| Foreign assets                         | 7,709  |  |  | 8,104  |  |  | 8,604  | 8,783  | 9,446  | 14,117 | 15,009  | 16,352  | 16,697  | 17,311  |
| Correspondents                         | 6,891  |  |  | 5,744  |  |  | 1,001  | 1,864  | 2,443  | 5,579  | 2,767   | 1,727   | 1,729   | 3,162   |
| Short-term investments 1/              | --     |  |  | --     |  |  | 5,988  | 5,581  | 4,965  | 6,013  | 10,311  | 11,661  | 12,474  | 13,453  |
| SDR holdings                           | 265    |  |  | 282    |  |  | 572    | 550    | 558    | 559    | 814     | 815     | 811     | 599     |
| Other                                  | 553    |  |  | 2,078  |  |  | 1,043  | 788    | 1,480  | 1,966  | 1,117   | 2,149   | 1,683   | 1,797   |
| Claims on Government                   | 1,211  |  |  | 1,399  |  |  | 1,204  | 1,555  | 1,931  | 1,205  | 1,202   | 1,193   | 1,205   | 1,232   |
| Advances                               | --     |  |  | 204    |  |  | --     | 343    | 731    | --     | --      | --      | --      | --      |
| Consolidated debt                      | 1,000  |  |  | 1,000  |  |  | 1,000  | 1,000  | 1,000  | 1,000  | 1,000   | 1,000   | 1,000   | 1,000   |
| Postal checking system                 | 9      |  |  | 10     |  |  | 5      | 1      | 4      | 17     | 12      | 4       | 14      | 18      |
| Other                                  | 202    |  |  | 185    |  |  | 199    | 211    | 196    | 188    | 196     | 189     | 191     | 214     |
| Claims on official entities            | 100    |  |  | 78     |  |  | 72     | 73     | 50     | 50     | 60      | 60      | 53      | 25      |
| Claims on private sector               | 295    |  |  | 301    |  |  | 318    | 370    | 398    | 436    | 517     | 592     | 569     | 517     |
| Claims on banks                        | 562    |  |  | 671    |  |  | 613    | 715    | 528    | 249    | 82      | 141     | 952     | 504     |
| Claims on other financial institutions | 67     |  |  | 40     |  |  | 40     | 38     | 38     | 38     | 38      | 36      | 36      | 36      |
| Net unclassified assets                | 1,423  |  |  | 1,058  |  |  | 1,154  | 967    | 927    | 977    | 1,317   | 1,198   | 1,255   | 1,330   |
| Assets = Liabilities                   | 11,367 |  |  | 11,651 |  |  | 12,005 | 12,501 | 13,318 | 17,092 | 18,225  | 19,571  | 20,767  | 20,654  |
| Currency outside banks 2/              | 3,948  |  |  | 4,443  |  |  | 4,218  | 5,226  | 5,714  | 5,242  | 4,824   | 5,620   | 5,526   | 5,689   |
| Currency in banks 2/                   | 204    |  |  | 227    |  |  | 304    | 491    | 458    | 423    | 305     | 471     | 504     | 444     |
| Bankers' deposits 2/                   | 1,011  |  |  | 783    |  |  | 158    | 203    | 368    | 1,623  | 1,182   | 995     | 502     | 544     |
| Other financial institutions' deposits | 90     |  |  | 103    |  |  | 125    | 128    | 89     | 116    | 221     | 91      | 48      | 106     |
| Official entities' deposits            | 538    |  |  | 357    |  |  | 230    | 311    | 348    | 752    | 563     | 529     | 631     | 766     |
| Private sector deposits                | 12     |  |  | 16     |  |  | 16     | 148    | 374    | 376    | 397     | 392     | 437     | 429     |
| Time deposits                          | 131    |  |  | 88     |  |  | 87     | 87     | 87     | 94     | 99      | 101     | 118     | 135     |
| Government deposits                    | 1,364  |  |  | 1,786  |  |  | 1,789  | 1,573  | 784    | 1,850  | 4,247   | 3,418   | 4,838   | 4,542   |
| Of which:                              |        |  |  |        |  |  |        |        |        |        |         |         |         |         |
| Treasury current account               | (394)  |  |  | (--)   |  |  | (568)  | (--)   | (--)   | (116)  | (2,729) | (1,434) | (2,901) | (2,218) |
| Social Security Fund                   | (186)  |  |  | (491)  |  |  | (564)  | (694)  | (62)   | (210)  | (510)   | (718)   | (454)   | (528)   |
| Foreign liabilities                    | 1,750  |  |  | 1,787  |  |  | 2,270  | 1,515  | 1,966  | 2,286  | 2,764   | 3,936   | 3,627   | 3,469   |
| Aid counterpart funds                  | 108    |  |  | 73     |  |  | 69     | 84     | 56     | 46     | 31      | 30      | 30      | 21      |
| Capital and reserves 3/                | 1,409  |  |  | 1,708  |  |  | 2,238  | 2,406  | 2,685  | 3,030  | 3,229   | 3,681   | 4,121   | 3,357   |
| Net unclassified liabilities           | 802    |  |  | 280    |  |  | 501    | 329    | 389    | 1,256  | 363     | 307     | 382     | 1,152   |
|  |        |  |  |        |  |  |        |        |        |        |         |         |         | 326     |

Sources IMF, International Financial Statistics; and data provided by the Rwandese authorities.

1/ Before December 1978 short-term investments were included under correspondents.

2/ Banks defined as commercial banks, the Savings Bank, and Banques Populaires.

3/ Including SDR allocation

Table XVI Rwanda Summary Accounts of the Commercial Banks, 1977-81

(In millions of Rwanda francs, end of period)

|  | 1977  |       |       | 1978  |       |       | 1979  |       |       | 1980  |       |     | 1981 |     |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-----|------|-----|
|  | Dec   | Dec   | Dec   | Mar.  | June  | Sept  | Dec   | Mar   | June  | Sept. | Dec   | Mar | Mar  | Mar |
| Reserves                               | 808   | 544   | 275   | 633   | 604   | 1,956 | 1,212 | 1,109 | 693   | 729   | 754   |     |      |     |
| Currency                               | 185   | 189   | 255   | 435   | 386   | 347   | 248   | 416   | 443   | 389   | 421   |     |      |     |
| Deposits at National Bank              | 623   | 356   | 20    | 199   | 218   | 1,608 | 964   | 693   | 251   | 340   | 333   |     |      |     |
| Foreign assets                         | 1,292 | 1,152 | 1,643 | 2,05  | 1,757 | 2,347 | 1,962 | 1,971 | 1,861 | 1,976 | 1,980 |     |      |     |
| Claims on Government                   | 479   | 356   | 358   | 355   | 359   | 375   | 318   | 321   | 245   | 289   | 279   |     |      |     |
| Claims on official entities            | 121   | 148   | 142   | 228   | 208   | 183   | 250   | 254   | 260   | 194   | 196   |     |      |     |
| Claims on private sector               | 3,341 | 3,879 | 3,501 | 4,176 | 6,030 | 3,096 | 2,729 | 3,921 | 5,402 | 4,751 | 4,602 |     |      |     |
| Claims on other financial institutions | 91    | 87    | 60    | 60    | 60    | 43    | 43    | 43    | 43    | 54    | 54    |     |      |     |
| Assets = Liabilities                   | 6,132 | 6,166 | 5,979 | 6,257 | 9,018 | 8,000 | 6,534 | 7,619 | 8,504 | 7,993 | 7,665 |     |      |     |
| Foreign liabilities                    | 619   | 441   | 472   | 409   | 584   | 675   | 646   | 1,117 | 531   | 781   | 826   |     |      |     |
| Liabilities to National Bank           | 529   | 350   | 123   | 606   | 184   | 137   | 46    | 112   | 973   | 572   | 171   |     |      |     |
| Liabilities to private sector          | 4,695 | 5,221 | 4,970 | 5,106 | 7,178 | 6,141 | 5,736 | 6,321 | 6,848 | 6,595 | 6,305 |     |      |     |
| Demand deposits                        | 3,391 | 3,913 | 3,736 | 3,906 | 5,645 | 4,552 | 4,184 | 4,584 | 4,992 | 4,691 | 4,472 |     |      |     |
| Time and savings deposits              | 1,268 | 1,308 | 1,234 | 1,200 | 1,533 | 1,589 | 1,552 | 1,737 | 1,856 | 1,704 | 1,833 |     |      |     |
| Government deposits                    | 17    | 13    | 38    | 135   | 746   | 1,311 | 208   | 179   | 229   | 56    | 41    |     |      |     |
| Capital accounts                       | 314   | 369   | 411   | 431   | 431   | 447   | 539   | 522   | 522   | 500   | 533   |     |      |     |
| Other items (net)                      | -42   | -228  | -35   | -430  | -105  | -711  | -641  | -632  | -599  | -511  | -211  |     |      |     |

Sources: IMF, International Financial Statistics, and data provided by the Rwandese authorities.

Table XVII. Rwanda. Summary Accounts of the Savings Bank, 1977-81

(In millions of Rwanda francs; end of period)

|                                    | 1977<br>Dec. | 1978  |       |       | 1979  |       |       | 1980  |       |       | 1981<br>Mar. |
|------------------------------------|--------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------------|
|                                    |              | Dec.  | Mar.  | June  | Sept. | Dec.  | Mar.  | June  | Sept. | Dec.  |              |
| Reserves                           | 261          | 106   | 126   | 117   | 108   | 319   | 308   | 259   | 250   | 213   | 186          |
| Cash                               | 9            | 19    | 27    | 33    | 43    | 52    | 39    | 30    | 32    | 28    | 27           |
| Deposits with National Bank        | 252          | 87    | 99    | 84    | 65    | 267   | 269   | 229   | 218   | 185   | 159          |
| Claims on Government <sup>1/</sup> | 109          | 95    | 103   | 104   | 123   | 120   | 34    | 30    | 32    | 33    | 27           |
| Of which: development bonds        | (107)        | (85)  | (85)  | (85)  | (85)  | (85)  | (--)  | (--)  | (--)  | (--)  | (--)         |
| Claims on banks                    | 13           | 47    | 43    | 47    | 118   | 72    | 44    | 42    | 47    | 43    | 28           |
| Claims on private sector           | 321          | 530   | 659   | 666   | 630   | 619   | 781   | 771   | 802   | 800   | 797          |
| Assets = Liabilities               | 704          | 778   | 931   | 934   | 979   | 1,130 | 1,167 | 1,102 | 1,131 | 1,069 | 1,036        |
| Demand deposits                    | 38           | 103   | 298   | 291   | 342   | 193   | 184   | 121   | 145   | 129   | 113          |
| Time and savings deposits          | 570          | 611   | 585   | 562   | 567   | 841   | 888   | 876   | 893   | 917   | 888          |
| Government deposits                | 120          | 130   | 131   | 127   | 125   | 112   | 110   | 109   | 111   | 111   | 112          |
| Of which Social Security Fund      | (103)        | (103) | (103) | (103) | (103) | (114) | (104) | (104) | (104) | (103) | (103)        |
| Other items (net)                  | -24          | -66   | -84   | -47   | -56   | -16   | -15   | -4    | -18   | -68   | -75          |

Sources IMF, International Financial Statistics, and data provided by the Rwandese authorities<sup>1/</sup> Including claims on the Postal Checking System and advances to the communes.

Table XVIII. Rwanda Summary Accounts of the Banques Populaires, 1977-81

(In millions of Rwanda francs; end of period)

|  | 1977<br>Dec. | 1978 |      | 1979 |       |      | 1980 |      |       | 1981 |      |
|--|--------------|------|------|------|-------|------|------|------|-------|------|------|
|  |              | Dec. | Mar. | June | Sept. | Dec. | Mar. | June | Sept. | Dec. | Mar. |
| Reserves                               | 19           | 23   | 29   | 29   | 63    | 53   | 32   | 37   | 50    | 58   | 40   |
| Cash                                   | 11           | 20   | 22   | 24   | 30    | 24   | 19   | 27   | 29    | 27   | 26   |
| Deposits at the National Bank          | 8            | 3    | 7    | 5    | 33    | 29   | 13   | 10   | 21    | 31   | 14   |
| Claims on Government                   | 11           | 55   | 75   | 90   | 93    | 100  | 87   | 82   | 79    | 104  | 104  |
| Of which: development bonds            | (10)         | (35) | (35) | (35) | (35)  | (35) | (35) | (35) | (35)  | (65) | (65) |
| Claims on private sector               | 39           | 72   | 71   | 83   | 87    | 78   | 79   | 133  | 147   | 138  | 152  |
| Claims on other financial institutions | 15           | --   | --   | --   | --    | --   | --   | --   | --    | --   | --   |
| Claims on banks 1/                     | 57           | 43   | 41   | 36   | 35    | 90   | 113  | 125  | 73    | 64   | 186  |
| Assets = Liabilities                   | 147          | 193  | 216  | 238  | 278   | 321  | 311  | 377  | 349   | 364  | 482  |
| Savings deposits                       | 134          | 234  | 255  | 280  | 343   | 358  | 352  | 367  | 401   | 444  | 446  |
| Other items (net) 2/                   | 7            | -41  | -39  | -42  | -65   | -37  | -41  | 10   | -52   | -80  | 36   |

Sources: IMF, International Financial Statistics; and data provided by the Rwandese authorities.

1/ Including the Savings Bank.

2/ Including capital accounts.



Table XX. Rwanda: Distribution of Credit by Economic Activity and Source, 1977-81 1/

(In millions of Rwanda francs and per cent, end of period)

|                         | Value     |           |           |           |              | Per cent |        |                      |
|-------------------------|-----------|-----------|-----------|-----------|--------------|----------|--------|----------------------|
|                         | 1977      | 1978      | 1979 2/   | 1980      | 1981<br>Mar. | 1977     | 1978   | 1979 2/ 1980<br>Mar. |
| Agriculture             | 161.8     | 273.1     | 407.5     | 136.8     | 107.1        | 2.5      | 3.7    | 5.6 1.5              |
| Industry                | 222.1     | 401.2     | 556.7     | 783.4     | 865.7        | 3.5      | 5.4    | 7.7 8.6              |
| Mining                  | 219.7     | 387.1     | 561.6     | 462.8     | 496.6        | 3.4      | 5.2    | 7.8 5.1              |
| Transportation          | 368.8     | 337.5     | 530.4     | 485.6     | 500.1        | 5.8      | 4.5    | 7.4 5.4              |
| Construction 3/         | 121.4     | 83.8      | 40.6      | 529.1     | 538.9        | 1.9      | 1.1    | 0.6 5.8              |
| Commerce                | 2,607.7   | 2,819.2   | 1,681.3   | 3,871.5   | 3,003.9      | 40.7     | 38.0   | 23.4 42.7            |
| Of which: coffee        | (2,257.2) | (2,158.3) | (1,331.3) | (2,386.2) | (1,646.9)    | (35.2)   | (29.1) | (18.5) (26.3)        |
| Miscellaneous 4/        | 900.9     | 1,216.3   | 1,617.4   | 1,135.5   | 1,731.0      | 14.0     | 16.4   | 22.5 12.5            |
| Total                   | 4,602.4   | 5,518.2   | 5,395.5   | 7,404.7   | 7,243.3      | 71.8     | 74.3   | 75.0 81.7            |
| Private sector          | 4,353.4   | 5,267.6   | 5,037.8   | 6,994.7   | 6,846.3      | 67.9     | 71.0   | 70.0 77.2            |
| Official entities       | 249.0     | 250.6     | 357.7     | 410.0     | 397.0        | 3.9      | 3.3    | 5.0 4.5              |
| Government 5/           | 1,810.0   | 1,905.0   | 1,800.0   | 1,663.8   | 1,621.8      | 28.2     | 25.7   | 25.0 18.3            |
| Grand total             | 6,412.4   | 7,423.2   | 7,195.5   | 9,068.5   | 8,865.1      | 100.0    | 100.0  | 100.0 100.0          |
| By bank                 |           |           |           |           |              |          |        |                      |
| National Bank of Rwanda | 1,606.0   | 1,778.0   | 1,711.0   | 1,774.0   | 1,795.0      | 25.0     | 23.9   | 23.8 19.6            |
| Commercial banks        | 3,901.5   | 4,295.2   | 3,654.0   | 5,234.0   | 4,877.0      | 60.8     | 57.9   | 50.8 57.7            |
| Development Bank        | 488.0     | 561.0     | 942.0     | 1,024.0   | 1,166.0      | 7.6      | 7.6    | 13.1 11.3            |
| Banques Populaires      | 50.0      | 127.0     | 178.0     | 242.0     | 256.0        | 0.8      | 1.7    | 2.5 2.7              |
| Savings Bank 4/         | 430.0     | 625.0     | 739.0     | 833.0     | 824.0        | 6.7      | 8.4    | 10.3 9.2             |
| Unspecified             | -63.1     | 37.0      | -28.5     | -38.5     | -52.9        | -0.9     | 0.5    | -0.4 -0.6            |

Source: Data provided by the Rwandese authorities

1/ Comprises the National Bank of Rwanda, commercial banks, the Savings Bank, the Development Bank, the Banques Populaires, and the mortgage bank.

2/ Includes the mortgage bank for the first time

3/ Category was redefined at the beginning of 1980 to include items which previously were included under miscellaneous.

4/ All credit extended by the Savings Bank is included under miscellaneous because of lack of data on its sectoral distribution

5/ Including local government



Table XXI Rwanda: Structure of Interest Rates <sup>1/</sup>

(In per cent per annum)

|  | Before<br>Nov 1979 | Effective<br>Nov 12, 1979   | 1980<br>Dec                    | 1981<br>Mar                    |
|--|--------------------|---|--------------------------------|--------------------------------|
| <u>National Bank of Rwanda</u>   |                    |   |                                |                                |
| 1 Direct operations with the private sector  |                    |   |                                |                                |
| a Export credits   | 4.0                | 4 0   | 4 0                            | 4 0                            |
| b Imports of equipment goods and other essential commodities   | 5.0                | 7 0   | 7 0                            | 7 0                            |
| c Other credits  | 7 0                | 9 0   | 9 0                            | 9 0                            |
| d Penalty rate on credit not repaid by maturity date   | 9 0                | 12.0  | 12 0                           | 12 0                           |
| 2 Operations with banks  |                    |   |                                |                                |
| a Advances against coffee paper at the processing stage  | 3 5                | 3 5   | 3 5                            | 3 5                            |
| b Advances against export paper (coffee paper only up to 25 per cent of value)                           | 3 5                | 3 5   | 3 5                            | 3 5                            |
| c Coffee export paper above 25 per cent of value   | 4 5                | 3 5   | 3 5                            | 3 5                            |
| d Advances against Treasury bills  | 4 0                | 8 0   | 8 0                            | 8 0                            |
| e Rediscount of Treasury bills with one month to maturity and development bonds with 90 days to maturity | 5.0                | 9 0   | 9 0                            | 9.0                            |
| <u>Deposit money banks</u>   |                    |   |                                |                                |
| 1 Deposit rates  |                    |   |                                |                                |
| a Term deposits <sup>2/</sup>  |                    |   |                                |                                |
| 1 month  | 1 0                | 6 0   | 6 0                            | 6 0                            |
| 3 months   | 2 0                | 6 25  | 6 25                           | 6 25                           |
| 6 months   | 2 5                | 6 5   | 6 5                            | 6 5                            |
| 9 months   | 3 0                | 6 75  | 6 75                           | 6 75                           |
| 12 months  | 3 5                | 7 0   | 7 0                            | 7 0                            |
| b Savings bonds (certificates of deposit)  |                    |   |                                |                                |
| 6 months   | 3 0                | --  | --                             | --                             |
| 9 months   | 3 5                | --  | --                             | --                             |
| 12 months  | 4 25               | 7 0   | 7 0                            | 7 0                            |
| 2 years  | --                 | 8 0   | 8 0                            | 8 0                            |
| 3 years  | --                 | 8.5   | 8 5                            | 8 5                            |
| 4 years  | --                 | 9.0   | 9.0                            | 9 0                            |
| 5 years  | --                 | 9 5   | 9 5                            | 9 5                            |
| 2 Lending rates <sup>3/</sup>  |                    |   |                                |                                |
| a Coffee financing   |                    |   |                                |                                |
| Collection (6 months)  | 8 0                | 9 0   | 9 0                            | 9.0                            |
| Processing (15 days)   | )                  | )   |                                |                                |
| Storage (60 days)  | ) RF 3 0 per kilo  | ) RF 3 3 per kilo   |                                |                                |
| Exports (90 days)  | )                  | )   |                                |                                |
| b Tea and pyrethrum  |                    |   |                                |                                |
| Storage (30 days)  | 6 0                | --  | --                             | --                             |
| Exports (120 to 180 days)  | 4 0                | 4.0   | 4.0                            | 4 0                            |
| c Mining operations  |                    |   |                                |                                |
| Exports (120 to 280 days)  | 4 5                | 5 0   | 5 0                            | 5 0                            |
| d Other credit operations  |                    |   |                                |                                |
| Imports of essential commodities (one year)  | 9 0                | 9 0   | 9 0                            | 9 0                            |
| Construction under RF 4 million in cost  | 9 0                | 9 0   | 9 0                            | 9 0                            |
| Other construction and current account advances (one year)   | 9 0                | 14 0  | 14 0                           | 14 0                           |
| e Investment approved by National Bank of Rwanda   |                    |   |                                |                                |
| Other credit with 5 years' maturity  | 9 0 - 13 0         | 11 0 <sup>4/</sup><br>13 0 min  | 11 0 <sup>4/</sup><br>13 0 min | 11 0 <sup>4/</sup><br>13 0 min |
| g Other credit with maturity greater than 5 years  |                    | 13.5 min  | 13 5 min                       | 13 5 min                       |
| h Penalty rate on loans that are not repaid on schedule <sup>5/</sup>                                    |                    | - additional 2 per cent during first 15 days of default,<br>- and additional 4 per cent for delays beyond 15 days |                                |                                |

Source Data provided by the Rwandese authorities.

<sup>1/</sup> Net of commissions<sup>2/</sup> The interest rates on deposits that require prior notice before withdrawal are 0.25 percentage point higher than those on regular fixed term<sup>3/</sup> A minimum charge of 0.75 per cent is levied on all financial operations that require repayments by installments<sup>4/</sup> Maximum<sup>5/</sup> Introduced in 1980

Table XXII. Rwanda: Balance of Payments, 1977-81

(In millions of Rwanda francs)

|   | 1977          | 1978           | 1979           | 1980 <u>1/</u> | 1981 <u>2/</u> |
|---|---------------|----------------|----------------|----------------|----------------|
| Goods and services                        | <u>-4,032</u> | <u>-12,905</u> | <u>-7,799</u>  | <u>-16,696</u> | <u>-19,154</u> |
| Trade balance                             | <u>2,244</u>  | <u>-3,089</u>  | <u>4,031</u>   | <u>-6,574</u>  | <u>-7,602</u>  |
| Exports, f.o.b.                           | 11,741        | 10,367         | 18,838         | 12,402         | 11,074         |
| Imports, f.o.b.                           | -9,497        | -13,456        | -14,807        | -18,976        | -18,676        |
| Services (net)                            | <u>-6,276</u> | <u>-9,816</u>  | <u>-11,830</u> | <u>-10,122</u> | <u>-11,552</u> |
| Freight and insurance                     | -2,188        | -5,292         | -5,735         | -4,982         | -5,289         |
| Other transportation                      | -410          | -391           | -654           | -1,025         | -1,300         |
| Travel                                    | -720          | -661           | -684           | -650           | -603           |
| Investment income                         | -413          | -472           | -193           | 471            | 200            |
| Other government                          | -2,243        | -2,453         | -4,084         | ) -3,936       | ) -4,560       |
| Other private                             | -302          | -547           | -480           | )              | )              |
| Unrequited transfers (net)                | <u>6,018</u>  | <u>8,675</u>   | <u>12,145</u>  | <u>10,460</u>  | <u>12,660</u>  |
| Interofficial                             | 6,242         | 8,744          | 11,597         | 10,546         | 12,630         |
| Other                                     | -224          | -69            | 548            | -86            | 30             |
| Current account balance                   | <u>1,986</u>  | <u>-4,230</u>  | <u>4,346</u>   | <u>-6,236</u>  | <u>-6,494</u>  |
| Capital (net)                             | <u>673</u>    | <u>4,657</u>   | <u>1,715</u>   | <u>7,450</u>   | <u>5,290</u>   |
| Direct investment                         | 460           | 435            | 1,165          | 1,580          | 1,700          |
| Long-term capital                         | 2,440         | 1,743          | 1,634          | 3,085          | 1,910          |
| Official                                  | (2,483)       | (1,746)        | (1,628)        | (2,925)        | (1,710)        |
| Other                                     | (-43)         | (-3)           | (6)            | (160)          | (200)          |
| Short-term capital                        | -2,227        | 2,479          | -1,084         | 2,785          | 1,680          |
| Errors and omissions <u>3/</u>            | -570          | -31            | 81             | -267           | --             |
| Allocation of SDRs                        | --            | --             | 333            | 287            | 263            |
| Overall balance                           | <u>2,089</u>  | <u>396</u>     | <u>6,475</u>   | <u>1,234</u>   | <u>-941</u>    |
| Change in net foreign assets (increase -) | -2,089        | -396           | -6,475         | -1,234         | 941            |
| National Bank of Rwanda                   | 1,432         | -358           | -5,514         | -1,711         | .              |
| Deposit money banks                       | -657          | -38            | -961           | 477            | ..             |

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

1/ Provisional.2/ Projection.3/ Suspected to include additional imports and short-term capital flow related to border trade.

Table XXIII. Rwanda: Unit Volume and Value Indices for Imports and Exports, and the Terms of Trade, 1977-81

(1975 = 100; unit values in Rwanda francs)

|                             | 1977  | 1978  | 1979  | 1980  | 1981 <u>1/</u> |
|-----------------------------|-------|-------|-------|-------|----------------|
| Volume                      |       |       |       |       |                |
| Imports                     | 114.3 | 145.6 | 135.7 | 142.7 | 135.4          |
| Exports                     | 76.3  | 84.7  | 116.4 | 91.9  | 101.4          |
| Unit value                  |       |       |       |       |                |
| Imports                     | 111.5 | 124.4 | 143.5 | 167.5 | 183.2          |
| Exports                     | 280.1 | 224.3 | 295.9 | 264.2 | 220.3          |
| Terms of trade              |       |       |       |       |                |
| Index                       | 252.0 | 180.3 | 206.2 | 157.7 | 120.3          |
| Annual change (in per cent) | 66.1  | -28.2 | 14.4  | -23.5 | -23.7          |

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

1/ Preliminary projections.

Table XXIV. Rwanda: Composition, Volume, Unit Value,  
and Value of Exports, 1977-81

(Value in millions of Rwanda francs; volume in tons)

|                                  | 1977          | 1978          | 1979          | 1980 <u>1/</u> | 1981 <u>2/</u> |
|----------------------------------|---------------|---------------|---------------|----------------|----------------|
| Total recorded exports <u>3/</u> | <u>10,785</u> | <u>8,164</u>  | <u>17,303</u> | <u>10,163</u>  | <u>9,811</u>   |
| Coffee                           |               |               |               |                |                |
| Volume                           | 19,129        | 17,166        | 39,306        | 21,989         | 25,500         |
| Unit value: RF per kg            | 347           | 264           | 326           | 264            | 225            |
| U.S. cents per lb.               | 169           | 128           | 160           | 153            | 110            |
| Value                            | <u>6,638</u>  | <u>4,533</u>  | <u>12,820</u> | <u>5,813</u>   | <u>5,740</u>   |
| Tea                              |               |               |               |                |                |
| Volume                           | 5,611         | 5,636         | 4,826         | 7,047          | 7,000          |
| Unit value: RF per kg            | 179           | 147           | 205           | 156            | 145            |
| U.S. cents per lb.               | 87            | 72            | 98            | 76             | 71             |
| Value                            | <u>1,004</u>  | <u>826</u>    | <u>986</u>    | <u>1,101</u>   | <u>1,015</u>   |
| Cassiterite                      |               |               |               |                |                |
| Volume                           | 2,252         | 2,210         | 1,938         | 2,088          | 2,000          |
| Unit value: RF per kg            | 627           | 700           | 937           | 855            | 684            |
| Value                            | <u>1,413</u>  | <u>1,547</u>  | <u>1,817</u>  | <u>1,785</u>   | <u>1,368</u>   |
| Wolfram                          |               |               |               |                |                |
| Volume                           | 844           | 680           | 750           | 713            | 750            |
| Unit value: RF per kg            | 855           | 795           | 814           | 715            | 730            |
| Value                            | <u>722</u>    | <u>540</u>    | <u>611</u>    | <u>510</u>     | <u>548</u>     |
| Other recorded exports           | <u>1,008</u>  | <u>718</u>    | <u>1,200</u>  | <u>954</u>     | <u>1,140</u>   |
| Pyrethrum                        | 210           | 106           | 191           | 150            | 150            |
| Cinchona                         | 157           | 230           | 127           | 279            | 280            |
| Fruits, vegetables, and flowers  | 90            | 60            | 110           | 68             | 70             |
| Hides and skins                  | 188           | 155           | 227           | 280            | 300            |
| Other (including minerals)       | 363           | 167           | 545           | 177            | 340            |
| Balance of payments adjustments  |               |               |               |                |                |
| Freight and insurance            | -492          | -876          | -922          | -1,007         | -997           |
| Unrecorded exports               | 1,448         | 3,079         | 2,325         | 3,055          | 2,060          |
| Other                            | --            | --            | 132           | 191            | 200            |
| Total exports, f.o.b.            | <u>11,741</u> | <u>10,367</u> | <u>18,838</u> | <u>12,402</u>  | <u>11,074</u>  |

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

1/ Provisional.2/ Estimates.3/ Customs records including re-exports. Some entries are f.o.b. Kigali while others are f.o.b. Mombasa or c.i.f. point of embarkation. Adjustment made in table.

Table XXV. Rwanda: Composition of Imports, 1977-80

(In millions of Rwanda francs)

|  | 1977          | 1978          | 1979          | 1980 <u>1/</u> |
|--|---------------|---------------|---------------|----------------|
| Total recorded imports, c.i.f. <u>2/</u> | <u>10,581</u> | <u>16,593</u> | <u>18,661</u> | <u>22,794</u>  |
| Consumer goods <u>3/</u>                 | 4,641         | 7,173         | 7,700         | 9,175          |
| Of which: foodstuffs                     | (1,183)       | (2,349)       | (...)         | (...)          |
| textiles                                 | (1,351)       | (1,797)       | (...)         | (...)          |
| Capital goods                            | 3,381         | 5,379         | 6,362         | 7,582          |
| Of which: transportation equipment       | (1,351)       | (1,982)       | (...)         | (...)          |
| machinery and tools                      | (1,443)       | (2,255)       | (...)         | (...)          |
| Intermediate goods                       | 1,470         | 2,677         | 2,829         | 3,373          |
| Of which: construction materials         | (666)         | (1,346)       | (...)         | (...)          |
| Petroleum products                       | 1,089         | 1,364         | 1,770         | 2,664          |
| Balance of payments adjustments          |               |               |               |                |
| Freight and insurance                    | -2,062        | -5,278        | -5,971        | -7,490         |
| Unrecorded imports                       | 562           | 2,152         | 2,118         | 3,672          |
| Other                                    | 416           | -11           | -1            | --             |
| Total imports, f.o.b.                    | <u>9,497</u>  | <u>13,456</u> | <u>14,807</u> | <u>18,976</u>  |
| <u>Memorandum item:</u>                  |               |               |               |                |
| Petroleum products (in tons)             | 38,609        | 41,100        | 42,237        | 45,620         |

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

1/ Provisional.2/ Customs records.3/ Excluding petroleum products.

Table XXVI. Rwanda: Direction of Trade, 1977-80

(In per cent of total)

|                         | 1977         | 1978         | 1979         | 1980 <u>1/</u> |
|-------------------------|--------------|--------------|--------------|----------------|
| Exports, f.o.b.         | <u>100.0</u> | <u>100.0</u> | <u>100.0</u> | <u>100.0</u>   |
| United States           | 46.0         | 39.9         | 27.6         | 49.7           |
| European Community      | 45.8         | 37.9         | 43.1         | 36.3           |
| Of which: Belgium       | (9.7)        | (9.0)        | (6.9)        | (8.0)          |
| France                  | (10.9)       | (5.5)        | (4.4)        | (2.6)          |
| Germany, Federal        |              |              |              |                |
| Republic of             | (8.5)        | (13.3)       | (22.3)       | (13.3)         |
| United Kingdom          | (9.4)        | (6.0)        | (5.6)        | (7.6)          |
| African countries       | 4.1          | 5.6          | 5.8          | 4.9            |
| Other and undistributed | 4.1          | 16.6         | 23.5         | 9.1            |
| Imports, f.o.b.         | <u>100.0</u> | <u>100.0</u> | <u>100.0</u> | <u>100.0</u>   |
| United States           | 5.0          | 4.4          | 2.9          | 2.9            |
| European Community      | 46.2         | 49.2         | 42.1         | 43.8           |
| Of which: Belgium       | (21.2)       | (21.6)       | (17.0)       | (13.5)         |
| France                  | (7.1)        | (8.0)        | (6.7)        | (13.1)         |
| Germany, Federal        |              |              |              |                |
| Republic of             | (8.2)        | (10.8)       | (9.6)        | (7.7)          |
| African countries       | 14.3         | 13.5         | 11.0         | 17.5           |
| Of which: Kenya         | (11.1)       | (10.2)       | (8.1)        | (13.5)         |
| Iran                    | 8.0          | 6.9          | 7.8          | 6.6            |
| Japan                   | 11.7         | 12.0         | 9.7          | 15.7           |
| Other                   | 14.8         | 14.0         | 26.5         | 13.5           |

Source: IMF, Direction of Trade.1/ Provisional.

Table XXVII. Rwanda: International Reserves, 1977-80

(In millions of SDRs; end of period)

|  | 1977        | 1978        | 1979         | 1980         |
|--|-------------|-------------|--------------|--------------|
| National Bank of Rwanda                | <u>52.9</u> | <u>52.2</u> | <u>96.7</u>  | <u>117.0</u> |
| Foreign reserve assets                 | 68.4        | 67.0        | 115.4        | 146.3        |
| SDR holdings                           | (2.4)       | (2.4)       | (4.6)        | (7.7)        |
| Reserve position in the Fund           | (2.1)       | (2.9)       | (5.5)        | (8.4)        |
| Foreign exchange                       | (63.9)      | (61.7)      | (105.3)      | (130.2)      |
| Foreign reserve liabilities            | 15.5        | 14.8        | 18.7         | 29.3         |
| Commercial banks                       | <u>6.0</u>  | <u>5.9</u>  | <u>13.7</u>  | <u>10.1</u>  |
| Foreign reserve assets                 | 11.5        | 9.5         | 19.2         | 16.7         |
| Foreign reserve liabilities            | 5.5         | 3.6         | 5.5          | 6.6          |
| Total net international reserves       | <u>58.9</u> | <u>58.1</u> | <u>110.4</u> | <u>127.1</u> |
| Foreign reserve assets                 | 79.9        | 76.5        | 134.6        | 163.0        |
| Foreign reserve liabilities            | 21.0        | 18.4        | 24.2         | 35.9         |
| <u>Memorandum items:</u>               |             |             |              |              |
| In terms of months of imports (c.i.f.) |             |             |              |              |
| Gross official reserves                | 7.6         | 5.0         | 7.5          | 7.5          |
| Net official reserves                  | 5.8         | 3.9         | 6.2          | 6.0          |

Source: IMF, International Financial Statistics.

Table XXVIII. Rwanda: Summary of External Public Debt Transactions, 1976-80

(In millions of Rwanda francs)

|                       | Transactions during period |              |          |         | Debt outstanding at end of period 1/ |
|-----------------------|----------------------------|--------------|----------|---------|--------------------------------------|
|                       | Drawings                   | Debt service |          | Total   |                                      |
|                       |                            | Amortization | Interest |         |                                      |
| Central Government 2/ |                            |              |          |         |                                      |
| 1976                  | 2,271.4                    | 81.7         | 23.9     | 105.6   | 4,312.8                              |
| 1977                  | 2,282.6                    | 60.6         | 41.9     | 102.5   | 6,619.7                              |
| 1978                  | 1,864.9                    | 162.2        | 52.6     | 218.8   | 8,841.3                              |
| 1979                  | 3,668.2                    | 1,943.1 3/   | 182.6    | 2,125.7 | 11,203.9                             |
| 1980                  | 2,257.7                    | 338.7        | 107.1    | 445.8   | 15,662.7                             |
| Government-guaranteed |                            |              |          |         |                                      |
| 1976                  | 22.7                       | 23.6         | 5.2      | 28.8    | 172.8                                |
| 1977                  | 61.2                       | 23.7         | 8.0      | 31.7    | 215.0                                |
| 1978                  | 72.8                       | 25.1         | 3.6      | 28.7    | 222.5                                |
| 1979                  | --                         | 22.7         | 0.4      | 23.1    | 181.8                                |
| 1980                  | --                         | 25.0         | 3.0      | 28.0    | 153.8                                |
| Total                 |                            |              |          |         |                                      |
| 1976                  | 2,294.1                    | 105.3        | 29.1     | 134.4   | 4,485.6                              |
| 1977                  | 2,343.8                    | 84.3         | 49.9     | 134.2   | 6,834.7                              |
| 1978                  | 1,937.7                    | 191.3        | 56.2     | 247.5   | 9,063.8                              |
| 1979                  | 3,668.2                    | 1,965.8 3/   | 183.0    | 2,148.8 | 11,385.7                             |
| 1980                  | 2,257.7                    | 363.7        | 110.1    | 473.8   | 15,816.5                             |

Sources: IBRD; data provided by the Rwandese authorities, and staff estimates.

1/ Outstanding data may not agree with the transactions due to changes in exchange rate, cancellations of debts, and capitalization of interest.

2/ Includes loans to the Banque Rwandaise de Développement.

3/ Including debt cancellation by the Federal Republic of Germany (RF 1,902 million).



Table XXIX. Rwanda: External Public Debt by Creditor, 1977-80 1/

(In millions of Rwanda francs)

|  | Drawings |         |         |         | Outstanding at the end of 2/ |         |          |          |
|--|----------|---------|---------|---------|------------------------------|---------|----------|----------|
|  | 1977     | 1978    | 1979    | 1980    | 1977                         | 1978    | 1979     | 1980     |
| Multilateral loans                           | 1,148.7  | 1,484.6 | 2,203.3 | 2,036.4 | 3,388.8                      | 4,886.3 | 7,252.8  | 9,613.3  |
| Arab Bank for Economic Development in Africa | --       | 193.2   | 198.4   | 34.2    | --                           | 193.2   | 391.6    | 443.0    |
| African Development Fund                     | 192.6    | 375.8   | 403.9   | 115.2   | 326.8                        | 699.2   | 1,149.1  | 1,499.3  |
| European Development Fund                    | --       | 184.6   | 62.3    | --      | --                           | 184.6   | 257.6    | 256.5    |
| IDA  | 862.0    | 484.7   | 849.2   | 783.2   | 2,859.9                      | 3,456.7 | 4,305.9  | 5,270.7  |
| IFC  | --       | 72.8    | --      | --      | --                           | 87.2    | 100.3    | --       |
| IMF - Trust Fund                             | --       | --      | 689.5   | 576.3   | --                           | --      | 689.5    | 1,258.5  |
| League of Arab States                        | --       | 93.8    | --      | --      | 108.0                        | 93.8    | 187.4    | 187.4    |
| OPEC Special Fund                            | 79.7     | 79.7    | --      | 527.5   | 79.7                         | 159.4   | 159.4    | 686.9    |
| UNDP   | 14.4     | --      | --      | --      | 14.4                         | 12.2    | 12.0     | 11.0     |
| Bilateral loans                              | 1,195.1  | 453.1   | 1,464.9 | 221.3   | 3,445.9                      | 4,177.5 | 4,132.9  | 4,418.6  |
| Suppliers' credits                           | --       | --      | --      | --      | --                           | --      | --       | --       |
| Italy  | --       | --      | --      | --      | 52.1                         | 28.2    | 8.0      | --       |
| Netherlands                                  | --       | --      | --      | --      | 127.4                        | 106.5   | 72.3     | 37.9     |
| United Kingdom                               | 14.4     | --      | --      | --      | 14.4                         | 14.4    | 14.4     | --       |
| Other  | --       | --      | --      | --      | --                           | --      | --       | --       |
| China, People's Republic of                  | 278.1    | 157.4   | 1,214.8 | --      | 1,055.1                      | 1,474.2 | 2,583.8  | 2,566.6  |
| France                                       | --       | --      | 38.7    | 125.3   | --                           | --      | 38.7     | 160.4    |
| Germany, Federal Republic of                 | 464.8    | 173.5   | 83.8    | --      | 1,041.5                      | 1,355.3 | --       | --       |
| Japan  | 27.5     | 7.8     | 90.4    | 25.1    | 409.9                        | 525.0   | 521.2    | 624.5    |
| Kuwait                                       | 43.9     | 69.2    | 37.2    | 70.9    | 69.3                         | 143.2   | 179.1    | 313.5    |
| Libya  | --       | --      | --      | --      | 287.1                        | 284.4   | 285.0    | 285.1    |
| Saudi Arabia                                 | 366.4    | 45.2    | --      | --      | 366.4                        | 446.3   | 430.4    | 430.6    |
| Switzerland                                  | --       | --      | --      | --      | 22.7                         | --      | --       | --       |
| Total  | 2,343.8  | 1,937.7 | 3,668.2 | 2,257.7 | 6,834.7                      | 9,063.8 | 11,385.7 | 14,031.9 |

Sources: IBRD, data provided by the Rwandese authorities; and staff estimates.

1/ Includes some loans to public enterprises guaranteed by the Government.

2/ Outstanding data may not agree with the transactions due to changes in exchange rate, cancellations of debt, and capitalization of interest.

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