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August 14, 1992

To: Members of the Executive Board

From: The Acting Secretary

Subject: Rwanda - Staff Report for the 1992 Article IV Consultation

Attached for consideration by the Executive Directors is the staff report for the 1992 Article IV consultation with Rwanda, which is tentatively scheduled for discussion on Monday, September 14, 1992. A draft decision appears on page 12.

Mr. Sharer (ext. 36515) or Mr. Bessaha (ext. 38763) is available to answer technical or factual questions relating to this paper prior to the Board discussion.

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RWANDA

Staff Report for the 1992 Article IV Consultation

Prepared by Staff Representatives for the
1992 Article IV Consultation with Rwanda

Approved by E.L. Bornemann and Anupam Basu

August 13, 1992

Contents | Page

Contents | Page

I. Introduction

The 1992 Article IV consultation discussions with Rwanda were initiated in Kigali during May 26-June 5, 1992 and concluded in Geneva during June 29-July 3, 1992. The staff team 1/ met with Mr. Ngirabatware, the Minister of Plan; Mr. Rugenera, the Minister of Finance; Mr. Ntirugirimbabazi, the Governor of the Central Bank; and other senior officials. Rwanda is on the standard 12-month consultation cycle and continues to avail itself of the transitional arrangements under Article XIV of the Articles of Agreement. At the time of the completion of the last Article IV consultation, on April 24, 1991, the Executive Board considered Rwanda's policy framework paper (PFP) (EBD/91/100) and approved the authorities' request for a three-year arrangement under the structural adjustment facility (SAF) in an amount equivalent to SDR 30.66 million (70 percent of quota), covering the period January 1991-December 1993 and the first annual arrangement thereunder (EBS/91/61). On that occasion, Directors welcomed the authorities' adoption of a medium-term structural adjustment program and the measures already put in place in support of the program's objectives. Recognizing that the country's severe economic and financial difficulties had been compounded by the armed conflict that erupted in October 1990, Directors underscored the need to narrow the overall fiscal deficit and pursue restrictive credit policies.

Rwanda has consented to the proposed increase in its quota and has accepted the proposed Third Amendment of the Fund's Articles of Agreement. Summaries of Rwanda's relations with the Fund and the World Bank Group are contained in Appendices II and III, respectively, while basic economic data are presented in Appendix IV.

II. Background and Recent Economic Developments

1. Background

The Rwandese economy began to experience difficulties in the 1980s as a result of deteriorating terms of trade, an overvalued exchange rate, expansionary financial policies, and structural rigidities. Real GDP per capita declined, and there were growing domestic and external financial imbalances. To address the economic deterioration and provide a basis for sustainable economic growth, the Government adopted a medium-term structural adjustment program for the period 1991-93, supported by arrangements under the SAF, and subsequently by a World Bank structural adjustment credit (SAC). The key

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1/ The staff representatives for the discussions in Kigali were Mr. Sharer (head), Mr. Bessaha, and Mr. Mwau (all AFR). The staff team liaised closely with an overlapping World Bank mission that reviewed progress under the Bank's Structural Adjustment Credit. Mr. Sharer concluded the discussions with the authorities in Geneva concurrently with a UNDP-sponsored Round Table conference.

quantitative targets of the program were to achieve an annual average rate of economic growth of 4 percent beginning in 1992, lower the rate of inflation to about 5 percent by 1993, reduce the external current account deficit (excluding grants) to 11 percent of GDP by 1993, increase net official foreign assets to the equivalent of three months of imports by end-1993, and reduce the budget deficit (excluding grants) to about 5 percent of GDP by 1993. Structural measures to be adopted centered on pricing policy, tariff and tax reform, import liberalization, and the reform of public enterprises. The program assumed an early end to the fighting with the Rwanda Patriotic Front (RPF), which had begun in October 1990. In the context of the program, the authorities implemented a number of key measures, including a 40 percent devaluation of the exchange rate in foreign currency terms; increases in interest rates, petroleum prices, and the minimum tariff rate; actions designed to improve fiscal performance; introduction of a more liberal import-licensing and foreign exchange allocation system, and the abolition of all quantitative import restrictions; abolishing profit margin controls and lifting virtually all controls on prices; and the raising of public sector utility prices to reflect economic costs.

2. <u>Performance under the 1991 program</u>

In the event, although most of the envisaged measures were implemented, the 1991 fiscal and economic growth targets were not met, mainly because of the ongoing hostilities following the breakdown of the cease-fire agreement that had been reached in March 1991. Economic activity was severely disrupted, the size of the army increased substantially, and military expenditures rose sharply. Another complicating factor has been the ongoing progression to political pluralism. A new constitution was adopted by national referendum in June 1991, which authorized the formation of opposition political parties. Five of the major opposition parties are now represented in the transitional coalition Government that was established in April 1992 with a mandate to prepare national elections within a year, and achieve a peace agreement.

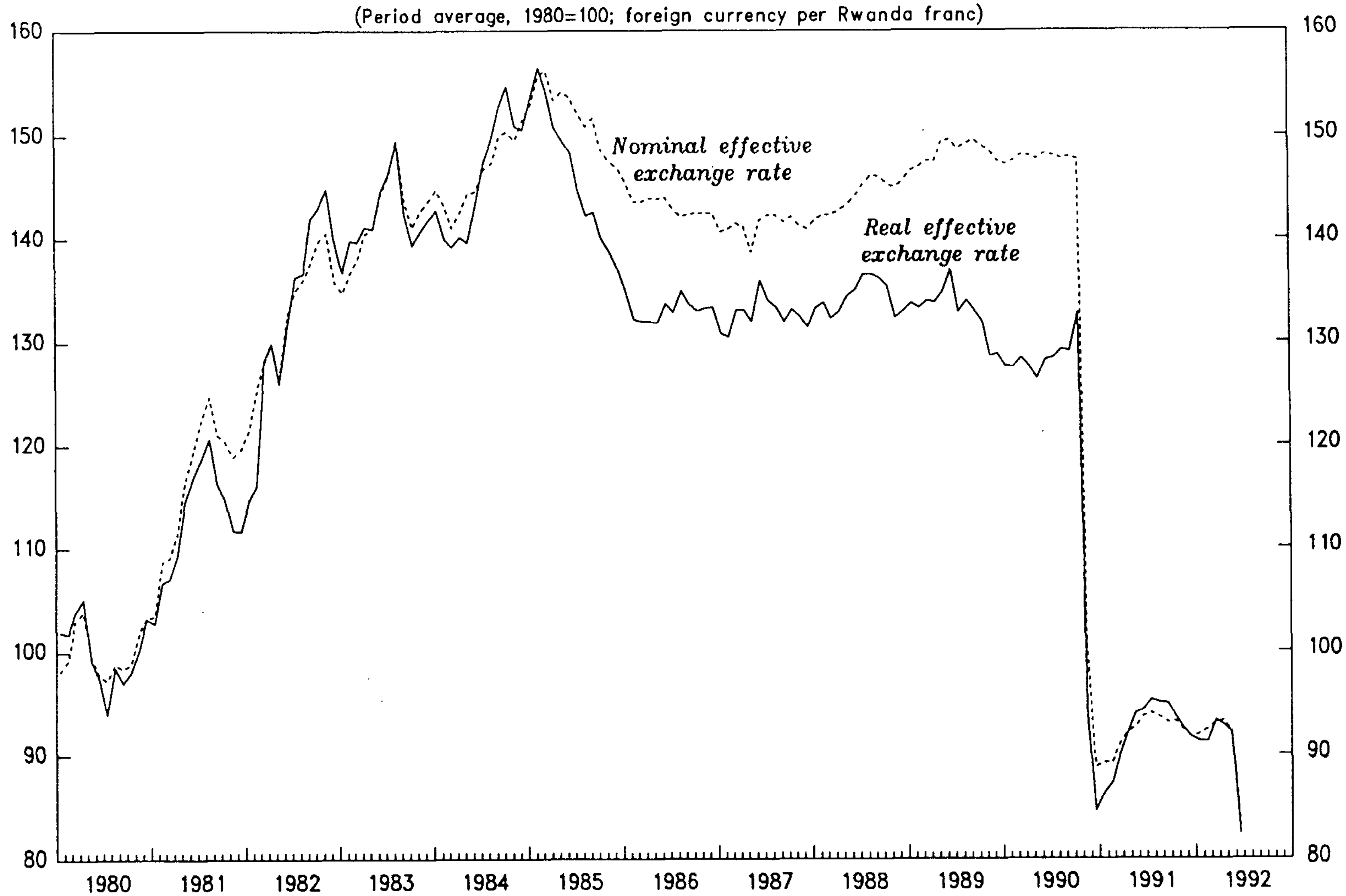
Real GDP is estimated to have fallen by 1.7 percent in 1991, compared with the program target of an increase of 1 percent. The decline reflected mainly the impact of the hostilities, particularly on commerce, transport, and tourism, and to some extent the drought-induced decline in agricultural output. Weak domestic demand and tight monetary policies constrained the rate of inflation to 14.2 percent, against a program target of 28 percent, despite the substantial devaluation in late 1990. At end-1991, the real effective exchange rate index was 8.3 percent above its end-1990 level, but 29 percent below the end-1989 level, and 11.3 percent below the end-1980 level (Chart 1). Although a number of the program's quantitative benchmarks and targets were observed, the end-1991 benchmarks on net domestic credit to the Government, total revenues of the Government, and external and domestic payments arrears were not met (Appendix I, Table 1).

CHART 1

RWANDA

NOMINAL AND REAL EFFECTIVE EXCHANGE RATE INDICES[1],
JANUARY 1980 - JUNE 1992

(Period average, 1980=100; foreign currency per Rwanda franc)



Sources: IMF Information Notice System; and staff estimates.

1/ Weighted by total trade with 16 partners (excluding Brazil).

A major objective of the 1991 program was a significant reduction in the overall fiscal deficit, excluding grants, to 9.3 percent of GDP, with the primary deficit 1/ programmed to decline to 2.7 percent of GDP. However, the overshooting of programmed military expenditures, 2/ combined with a decline in revenue, resulted in a significant increase in the primary and overall fiscal deficits to 6.3 percent and 13.3 percent of GDP, respectively (Chart 2). Current expenditures exceeded the program target by 13.6 percent, which was mainly accounted for by the higher military outlays. Moreover, mainly as a result of an unprogrammed increase in the coffee producer price, the budgetary transfer to the coffee sector was not eliminated as intended. Revenue rose from 11.3 percent of GDP to 11.9 percent, but fell short of the program target of 13 percent of GDP, mainly on account of sharply lower dutiable imports and a fall in receipts from the coffee sector. In addition, the programmed national solidarity tax--equivalent to one month's salary--was rejected by Parliament. Government capital expenditure was broadly as envisaged at 8 percent of GDP. The overall deficit was financed mainly by foreign resources as Rwanda became eligible for the Special Program for Sub-Saharan Africa (SPA). However, in marked contrast to the program objective, there was also an accumulation of domestic and external payments arrears, which grew by RF 6 billion. Domestic financing amounted to less than 1 percent of GDP, and taking account of nonbank borrowing, there was a reduction of RF 1.3 billion in net indebtedness of the Central Government vis-à-vis the Central Bank, compared with the programmed reduction of RF 0.8 billion.

Weak domestic demand and the disruption of commercial activity on account of the security situation limited the current account deficit (excluding grants) to 11.6 percent of GDP, compared with the program target of 15.2 percent. A sharp fall in civilian imports offset a shortfall in exports that reflected lower coffee production due to unfavorable weather conditions; export prices stagnated following the sharp fall in 1990. Higher inflows of official transfers and concessional loans, associated with the SPA, as well as short-term private capital inflows, contributed to an overall balance of payments surplus of US$69 million. At the end of 1991, net official foreign exchange reserves were equivalent to 3.8 months of imports. The debt service ratio was broadly unchanged at 26.5 percent of exports of goods and nonfactor services, and Rwanda did not contract any nonconcessional debt in 1991, as provided for in the program.

Reflecting the above developments, net foreign assets of the Central Bank rose by RF 8 billion, compared with the program benchmark of RF 5.5 billion. Credit to the private sector declined by 13.3 percent of the beginning-period money stock, reflecting weak credit demand, induced by

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1/ Defined as current revenue, minus current expenditure and domestically financed capital expenditures.

2/ Military expenditures, which had already begun to increase sharply in the fourth quarter of 1990, reached 6.3 percent of GDP, almost 2 percentage points above the level anticipated in the program.

the security situation. Broad money increased by 5.5 percent, significantly less than nominal GDP growth. Following the increases in interest rates introduced under the program, both deposit and lending rates became positive in real terms. 1/ In October 1991, as a first stage in moving toward indirect methods of monetary management, a system of compulsory reserves for commercial banks was introduced.

With respect to progress on structural policies, the benchmarks in the areas of pricing policy, tariff reforms, and import liberalization were all implemented (Appendix I, Table 2). However, although progress was also made with respect to the other structural benchmarks; the adoption of a general privatization strategy; the revision of the legal framework applicable to public enterprises; the completion of action plans whereby the Government would withdraw from, privatize, or liquidate eight public enterprises; and the reform of the Investment Code were not completed by end-1991.

3. Developments during early 1992

Available data for the first four months of 1992 indicate a further deterioration in Rwanda's economic situation. Although revenues improved somewhat, compared with the same period in 1991, military outlays rose again and pressures began to build up on other elements of government expenditure; if the trend of military outlays were to continue, they would reach about 6.5 percent of GDP for the year as a whole. Furthermore, another sharp decline in exports is anticipated on account of lower volumes following the rundown of stocks in 1991 and another sharp decline in world coffee prices during February-April; contract prices in May fell to almost 60 percent below the 1986-89 average price. This reduction would result in budgetary transfers of RF 2.6 billion in 1992 (1.2 percent of GDP) and RF 2.1 billion in 1993 to offset prospective coffee sector deficits. In the absence of action by the authorities to address the situation, staff projections indicate that the primary and overall budget deficits for 1992 would widen to 7.2 percent of GDP and 14.5 percent of GDP, respectively, with substantial domestic bank financing of the overall deficit.

III. Report on the Discussions

The consultation discussions took place against a backdrop of intensified military clashes with the RPF in the north. Also, despite the long-term benefits, the transition to political pluralism has heightened domestic political instability. Moreover, the unanticipated further deterioration in world coffee prices in early 1992 2/ has had a significant

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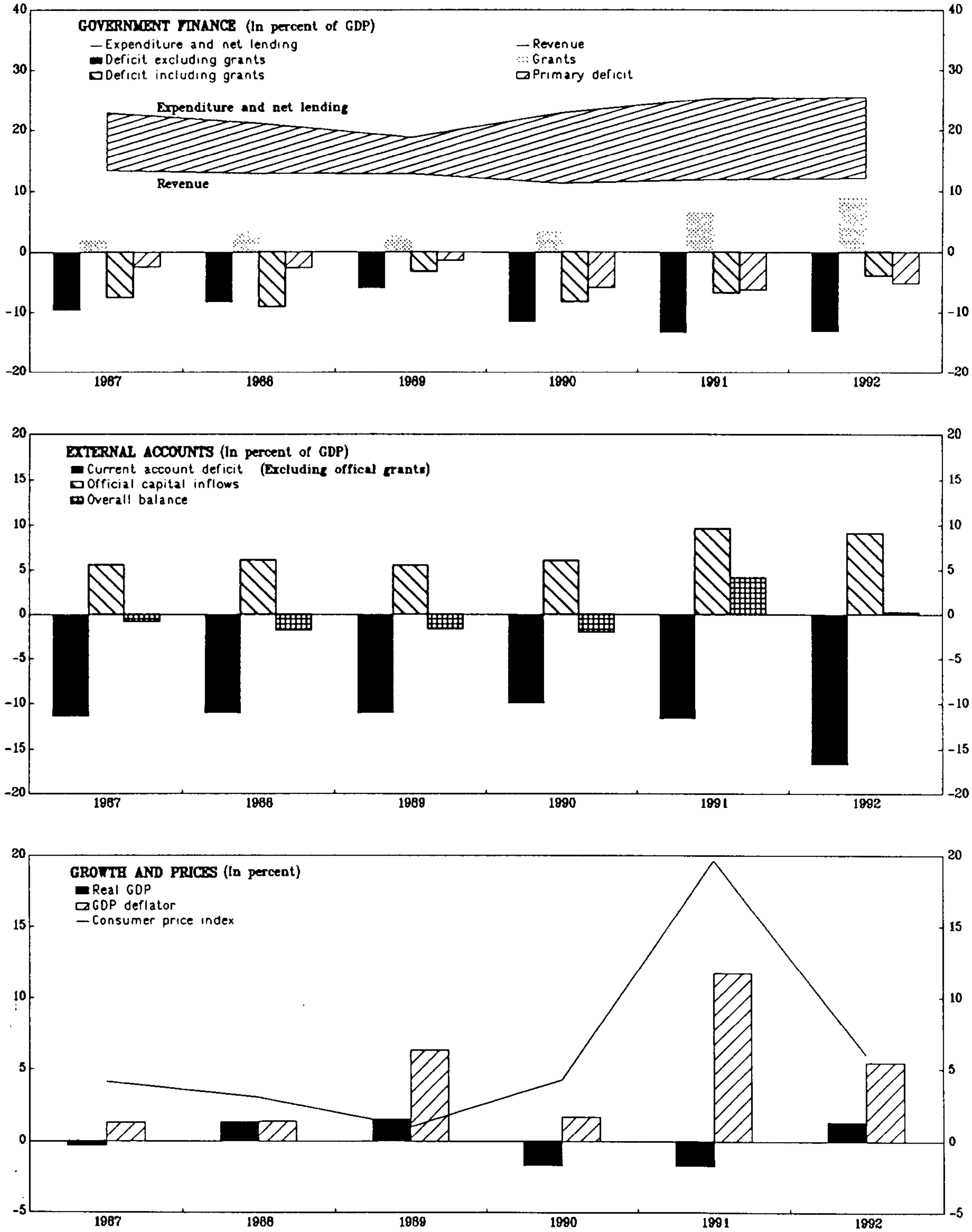
1/ The December 1991 consumer price index was 10 percent above the level of December 1990; under the program the minimum deposit and maximum lending rates were raised to 12 percent and 19 percent, respectively.

2/ The SAF program assumed a 1992 average coffee export price of US$0.81 per pound; in May 1992 export contract prices averaged US$0.56 per pound.

CHART 2

RWANDA

MAIN ECONOMIC INDICATORS, 1987-92



Sources: National Bank of Rwanda; Ministry of Finance; Ministry of Plan; Staff estimates and projections.

adverse effect on external prospects, and exacerbated the already severe budgetary pressures that result from higher military outlays. The authorities shared the staff's views as to the extent of the economic difficulties facing the country and expressed a desire to cooperate closely with the Fund and the World Bank in drawing up and implementing a program of adjustment measures that could pave the way for the resumption of Fund support under the SAF in early 1993, and disbursement of funds available under the World Bank's SAC together with the associated cofinancing. They indicated that reducing the economic burden of the high level of military outlays would be a major element of a revised adjustment effort. The staff representatives underscored the need for early actions to reverse the deterioration in macroeconomic aggregates and thereby establish a track record to facilitate the early reaching of understandings on a revised medium-term adjustment program.

Under the circumstances the main issues covered during the consultation discussions concerned the nature and timing of measures to restore the direction of the adjustment path envisaged under the 1991-93 program. Subsequent to the discussions in Kigali, on June 10, 1992, the authorities implemented a series of measures in the areas of fiscal policy, the exchange rate, and interest rates consistent with the macroeconomic scenario depicted in the attached tables (Appendix I). The authorities also liberalized Rwanda's trade system by introducing an open general licensing (OGL) system for imports. The measures are intended to facilitate a return to the originally programmed real GDP growth rate of 4 percent per annum by 1994-95 with inflation declining to about 4 percent; a progressive reduction of the current account deficit excluding official transfers to 14.1 percent of GDP by 1995; and the elimination of domestic and external payments arrears as quickly as possible. In keeping with these objectives, the primary and overall budget deficits would be progressively reduced, by 1995, to 1.4 percent and 9.7 percent of GDP, respectively.

The authorities were aware that restoring the economy to the adjustment path discussed with the mission was essential to sustaining the confidence of the international donor community, and that the targets and objectives could not be achieved without a rapid end to the ongoing military hostilities. Furthermore, there may be a need to adopt more ambitious adjustment measures if any shortfall emerged in the anticipated inflows of concessional assistance. The authorities expressed their strong desire to succeed in the ongoing peace talks with the RPF to enable them, inter alia, to achieve their target for a steady reduction in military outlays. Subsequent to the discussions, on July 12 an agreement was reached on a cease-fire, to be implemented by end-July and followed by negotiation of a comprehensive long-term peace agreement.

1. <u>Fiscal policy</u>

Given the derailment of the first-year program, the prevailing high level of military spending and imports, and the continuing weakness of economic activity, it is clearly no longer possible to attain the fiscal targets of the original program. The staff representatives underscored the need for early adoption of measures aimed at lowering the 1992 primary and overall budget deficits to about 5 percent and 13 percent of GDP, respectively. For 1993 further reductions in the primary and overall budget deficits are envisaged to about 3.3 percent and 11.5 percent of GDP, respectively.

To attain these targets, the ratio of current expenditures to GDP would be reduced to 16.7 percent in 1992 and 15.3 percent in 1993, compared with a 1991 outturn of 17.2 percent and a 1992 trend level of 18.2 percent. The Government is committed to containing military expenditures at 5.7 percent of GDP in 1992 and 4.8 percent in 1993, and thereafter progressively reduce them to the pre-war average level of about 2 percent of GDP. The staff noted that these reductions implied, for 1992, a rapid cutback in military imports and strict control of domestic outlays. The reductions for 1993 and beyond are based on the authorities intended reduction in the size of the army through the introduction of a demobilization program. To reinforce the expenditure targets, the authorities sharply reduced budgeted transfer payments and are controlling the wage bill by not according any general salary increase, canceling the annual merit increments of 3 percent due for 1991, strictly limiting net recruitment, and tightening payroll management procedures. Budgetary transfers would be further reduced in 1993 through the elimination of coffee sector losses. 1/ The revenue to GDP ratio would rise slightly to 12.4 percent in 1992, and to 13.3 percent in 1993, despite the loss of tax receipts from the coffee sector and fees from the issuance of import licenses, following the introduction of the OGL system. The increases are mainly the result of the policy changes introduced in June, notably the impact of higher indirect taxes on beer (25 percent), cigarettes (33 percent), the impact of increases in petroleum prices (7 percent), and accelerated collection procedures for the sales tax. Current expenditures will include increased outlays for priority social programs and a composition of capital expenditures agreed with the World Bank in the context of the rolling three-year public investment program.

It is expected that the deficit in 1992 will be more than covered by external financing. 2/ Reflecting this, the Central Government would reduce payments arrears by RF 3.5 billion or 1.6 percent of GDP in 1992, including the elimination of all external payments arrears, and also reduce its net credit position with the banking system by RF 1.9 billion.

1/ In view of the coffee sector's significant deficit, the ad valorem coffee export tax is being replaced by a profit-based tax. Together with the June 1992 devaluation, and based on the WEO price projections, the coffee sector's deficit would be eliminated for 1993.

2/ Including mainly commitments from the World Bank, the African Development Bank, the European Community, and bilateral donors. World Bank disbursements and part of the support of other donors is linked to effective implementation of adjustment measures discussed with the staff.

2. External policy

The balance of payments outlook for 1992 is less favorable than envisaged in the original SAF program, and would remain under pressure throughout the medium term, mainly because of the pronounced fall in coffee export prices; total exports are projected to decline by 30 percent in 1992. In response to this decline in export prices, and in order to reinforce prospects for export diversification, particularly of noncoffee agricultural and mining sector exports, on June 10, 1992, the Rwanda franc was devalued by 15 percent in foreign currency terms. Also, to strengthen resource allocation and generally to improve external prospects, in July 1992 the authorities introduced the OGL system for imports, and remaining export licenses are to be validated by commercial banks, as an interim step to their elimination by end-1992. Taking account of these measures, there would be a modest increase in private sector imports, but total imports are projected to grow by 13.7 percent reflecting higher project-related imports, and receipts of food aid on account of the impact of the drought. For 1993, imports are projected to rise by only 1.6 percent as higher project-related and private sector imports would be largely offset by lower food aid and military-related inflows. Reflecting these developments, the external current account deficit, excluding official transfers, is projected to widen to 16.7 percent in 1992, but to decline thereafter, to 16.4 percent in 1993 and about 14 percent by 1995. Public sector capital inflows are projected to increase in 1992, mainly SPA-related inflows, and the overall balance of payments is expected to show a slight surplus despite the deterioration in the current account. Net official reserves are projected to remain at the end-1991 level of 3.8 months of imports. The medium-term external projections include significant financing gaps, which, assuming the return to an appropriate adjustment scenario, are expected to be filled by additional commitments, particularly from bilateral donors.

In the past, Rwanda has serviced its external debt in a regular and timely manner. Nevertheless, of the end-1991 stock of external arrears of US$11 million, about one quarter was related to debt service payments. The staff urged the authorities to eliminate these and other external arrears as quickly as possible, as part of their program to progressively clear all payments arrears. The authorities responded that based on existing projections of external inflows, all external payments arrears would be eliminated by year-end. The debt service ratio rose sharply in 1992 to an estimated 42.7 percent, reflecting mainly the sharp drop in exports. While the debt service payments scheduled appear manageable, the staff cautioned the authorities to continue to avoid any government guarantee of nonconcessional borrowing of up to 12 years' maturity. The authorities concurred with the staff's views and reiterated their commitment to borrow only on concessional terms. On this basis, the debt service ratio is projected to decline to 34 percent by 1995. The stock of debt outstanding will remain in the range of 50 percent of GDP through 1995.

3. Monetary policy and financial sector reform

The staff representatives stressed the need to maintain a tight stance in credit policy for 1992. In view of the projected sharp drop in the inflation rate to 6 percent for 1992, the staff concurred with the authorities' proposal to lower interest rates by 3-4 percentage points, which would leave interest rates positive in real terms. 1/ The reduction is expected to spur a modest 7 percent rise in demand for credit by the private sector. Total net credit is projected to increase marginally by 0.2 percent, with credit to the Government declining by 5.5 percent. Consequently, broad money is projected to rise by only 3.5 percent, well below the anticipated 7.3 percent increase in nominal GDP, continuing the trend of 1990-91.

The authorities are committed to pursuing their move toward reliance on indirect market-based instruments of monetary policy. In April 1992, a 1 percent reserve ratio on term deposits was introduced, and the existing reserve ratio on demand deposits was raised from 1 percent to 5 percent. Pending a full reform of the refinancing policy, scheduled to be completed by June 1993, the authorities have extended the scope of credits eligible for refinancing and increased the amount of refinancing on eligible paper from 70 percent to 100 percent. Moreover, the authorities intend to introduce a treasury certificate market in early 1993. The implementation of financial sector reforms is being aided by a resident advisor under the supervision of the Fund.

4. Structural reforms

In the area of structural policies, the staff noted that most of the programmed measures had been implemented. Quantitative import restrictions were abolished, and a partial import liberalization regime was introduced as a prelude to implementation of the OGL in July 1992. The tariff structure has been extensively simplified, with the maximum rate lowered and the number of rates reduced from 40 to 8. Price and profit margin controls have been eliminated, except for a few goods and services provided by monopolies such as petroleum products and public utilities, where prices now reflect economic costs, following substantial price increases in 1991. Reform of the tax system is also under way, with efforts to improve tax administration being facilitated by a UNDP-financed resident advisor under the supervision of FAD. Reform efforts in these areas would be continued, and the staff stressed also the need to accelerate the reform of the public enterprises, where delays had occurred. To prepare for an eventual second-year program under the SAF, the envisaged actions would include the adoption of a general privatization strategy, the completion of action plans for state withdrawal from three public enterprises, and the privatization or liquidation of five others. The authorities responded that the intended reforms had been

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1/ On June 10, 1992, the discount rate was lowered from the 14 percent to 11 percent, the minimum deposits rate from 12 percent to 9 percent, and the maximum lending rate from 19 percent to 15 percent.

delayed by administrative problems, but that they continue to be committed to the reform of the sector. The authorities are pursuing agricultural sector reforms in cooperation with the World Bank, designed to improve productivity, expand food crop production, and diversify agricultural output. They are also continuing to implement policies designed to reduce the high rate of population growth in order to reduce pressure on land resources.

IV. Staff Appraisal

Rwanda's economic performance in 1991 was mixed. Several important financial and structural policies were adopted in the context of the medium-term structural adjustment program, including a substantial exchange rate adjustment to restore external competitiveness, liberalization of imports and of pricing policies, tariff and tax reform, and the initiation of reform of the financial sector and of public enterprises. Moreover, inflation decelerated significantly faster than anticipated, and the current account and overall balance of payments performance exceeded the program objectives. However, the program was derailed, mainly by the ongoing military hostilities, which disrupted economic activity and had a significant adverse effect on the government budget. Real economic growth was negative, fiscal performance fell short of the programmed benchmarks, losses in the coffee sector were not eliminated, and the current account deficit was contained only by sharply lower-than-anticipated imports. For 1992 in the absence of strong corrective measures by the authorities, prospects are for a further economic deterioration on account of the impact of the ongoing military conflict and a further sharp decline in coffee prices. In these circumstances, it is essential that a comprehensive set of measures be introduced and rigorously implemented.

The authorities concurred with the staff as to the extent of the problems facing the economy. Despite the domestic instability resulting from the transition to political pluralism, they have introduced a series of actions and policies aimed at restoring the direction of the adjustment path envisaged in the SAF-supported program. In the fiscal area, revenue measures have been introduced focusing on higher consumption-related taxes and improved efficiency of the tax system. However, the focus of adjustment is rightly being placed on efforts to contain expenditures. This will necessitate strict control of the government wage bill, and of transfer payments, including the elimination of transfers to the coffee sector, to cover its losses. However, the major element will need to come from constraint of military expenditure. In this area, the staff welcomes the ambitious medium-term objectives adopted by the authorities to reduce these outlays while recognizing that success is conditioned upon a rapid return to peace. The authorities will need to closely monitor fiscal performance and implement quickly any further actions that may be needed. The staff urges the authorities to eliminate external payments arrears, as intended, and to begin to settle domestic payments arrears in order to restore orderly relations with creditors and sustain the confidence of the international community.

Faced with a further sharp fall in coffee prices, the authorities have again implemented a devaluation of the currency, which should contribute to restoring the sector's profitability and increase incentives for export diversification. Tight fiscal and incomes policies will also be essential to avoid any deterioration in competitiveness. To further improve resource allocation, an OGL system has been introduced. Nevertheless, Rwanda will continue to be dependent on external support, as the external position remains fragile and large financing gaps are projected over the medium term. In these circumstances, the authorities will need to stand ready to tighten policies as appropriate, especially if external circumstances should deteriorate further.

With respect to credit and monetary policy, the authorities are moving toward a system of indirect control of monetary aggregates. The staff welcomes the measures already introduced to this end, and encourages the authorities to continue with the reform process, including introduction of a treasury certificate market. A restrictive credit policy stance, including the maintenance of positive real interest rates, will be critical to maintaining the liberalized trade system and a stable nominal exchange rate.

The macroeconomic measures will need to be supported by appropriate structural policies. For the state enterprise sector, there have been delays in adopting a general privatization strategy, reforming the legal framework, and completing action plans for withdrawal from specified enterprises. The staff urges the authorities to pursue rigorously the structural reform of the sector with a view to completing the actions already envisaged under the first-year SAF-supported program. The authorities should also continue to cooperate closely with the World Bank in the ongoing reform of the agricultural sector.

The policy measures introduced by the authorities should, if effectively implemented, facilitate a stabilization of the macroeconomic environment. Combined with continued structural reforms and an appropriate incentive structure, they would provide a basis for the resumption of sustainable economic growth. Effective implementation would be crucially important for paving the way for the resumption of Fund support under a revised medium-term adjustment program in early 1993. However, the staff recognizes that these policies can only be effective in a stable security environment, which underscores the critical importance of success in the peace process that is underway.

Rwanda continues to maintain restrictions on payments and transfers for current international transactions under transitional arrangements under Article XIV, Section 2, as well as under Article VIII, Section 2(a). The latter concern invisible transactions, including those on travel allowances and on the repatriation of certain income earned by nonresidents. In the absence of a timetable for the elimination of these restrictions within a framework of appropriate adjustment policies, their approval is not recommended.

Rwanda has been placed on the standard 12-month Article IV consultation cycle; accordingly, the next consultation should be completed within 12 months of completion of the 1992 consultation.

V. Proposed Decision

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

1. The Fund takes this decision relating to Rwanda's exchange measures subject to Article VIII, Section 2(a) and in concluding the 1992 Article XIV consultation with Rwanda, in the light of the 1992 Article IV consultation with Rwanda conducted under Decision No. 5392-(77/63), adopted April 29, 1977, as amended (Surveillance over Exchange Rate Policies).

2. The restrictions on the making of payments and transfers for current international transactions described in SM/92/163 are maintained by Rwanda in accordance with Article XIV, Section 2, except that the exchange restrictions which relate to travel allowances, and transfers abroad of personal income earned by foreigners, are subject to Fund approval under Article VIII, Section 2(a). The Fund encourages Rwanda to eliminate these restrictions as soon as circumstances permit.

Table 1. Rwanda: Financial Benchmarks for the First Annual Arrangement Under the Structural Adjustment Facility

(In billions of Rwanda francs; end of period)

	Outstanding at end-Dec. 1990	1991 March	June	Sept.	Dec.
Net domestic assets of the banking system	28.98				
Ceiling		32.06	33.36	32.42	26.15 1/
Actual		27.29	27.93	28.36	21.35
Net domestic credit to the Government	17.54				
Ceiling		20.06	20.06	18.82	12.52 1/
Actual		16.92	17.40	18.43	16.26
Net foreign assets of the Central Bank	-0.27				
Minimum		-0.10	--	3.30	5.52
Actual		-0.31	2.44	1.74	7.76
Total revenues of the Government (cumulative during the year)	21.88				
Minimum		6.00	13.00	21.00	29.02
Actual		6.28	13.18	18.79	24.99
Domestic arrears of the Central Government 2/ (stock)	6.97				
Ceiling		6.97	6.00	4.00	--
Actual		6.63	5.65	6.06	7.41
External payments arrears of the Central Government 2/ (stock)	0.80				
Ceiling		0.80	0.80	0.40	--
Actual		0.67	0.58	0.28	1.54
New nonconcessional external loans contracted or guaranteed by the Government					
1-12 years					
Ceiling		--	--	--	--
Actual		--	--	--	--
1-5 years					
Ceiling		--	--	--	--
Actual		--	--	--	--
Short-term (less than one year) 3/					
Ceiling		--	--	--	--
Actual		--	--	--	--

Sources: EBS/91/61; and data provided by the Rwandese authorities.

1/ Adjusted downward by the amount of the counterpart of drawings made under the World Bank's structural adjustment credit (RF 4.12 billion).
2/ Arrears validated by the Ministry of Finance. Total arrears include all unpaid bills, including nonbudgeted expenditure.
3/ Excluding import credits.

Table 2. Rwanda: Structural Benchmarks for the First Annual Arrangement Under the Structural Adjustment Facility

	Measures	Date	Status
1.	Pricing policy		
	Adoption of laws and ministerial *arrêtés* abolishing controls on profit margins (except for monopolies) and fixed prices for all goods and services (already in effect).	By April 1991	Implemented.
	Adjustment of electricity rates to cover increases in costs.	Before end-June 1991	Implemented.
2.	Tax reform		
	Reduce the tax exemptions granted under the Investment Code.	June 1991	A new Investment Code is under consideration.
	Reduce the maximum import duty to 100 percent and reduce the number of rates to no more than 10.	April 1991	Implemented.
3.	Import liberalization		
	Introduction of a more liberal transitional system for import licensing and foreign exchange allocation.	Before end-April 1991	Implemented in June.
	Replace import prohibitions by import duties or import surcharges.	Before end-April 1991	Implemented.
4.	Reform of public enterprises		
	Adoption of a general privatization strategy.	September 1991	Not adopted as of end-1991.
	Revision of the legal framework applicable to public enterprises.	December 1991	Not revised as of end-1991.
	Completion of action plans for State withdrawal, privatization, or liquidation of eight public enterprises.	December 1991	Not completed as of end-1991.

Sources: EBS/91/61; and information provided by the Rwandese authorities.

Table 3. Rwanda: Selected Economic and Financial Indicators, 1989-95

	1989	1990	1991 Prog.	1991 Est.	1992	1993	1994	1995
					Projections			
	(Annual percentage changes, unless otherwise indicated)							
National income and prices								
GDP at constant prices	1.5	-1.7	1.0	-1.7	1.3	3.5	4.4	4.0
Consumer prices (average)	1.0	4.2	28.0	14.2	6.0	5.0	4.0	4.0
External sector								
Exports, f.o.b. (in U.S. dollars)	-11.2	-2.5	1.7	-6.4	-30.4	21.9	11.3	14.9
Imports, f.o.b. (in U.S. dollars)	4.5	-18.3	24.8	-2.1	13.7	1.6	3.9	1.6
Export volume	1.5	40.1	-8.3	-9.1	-19.4	10.4	5.0	3.2
Import volume	-6.0	-12.2	12.8	-5.7	10.5	-1.5	0.6	-1.6
Terms of trade (deterioration -)	-11.0	-30.0	6.4	1.3	-16.0	5.0	2.0	3.0
Nominal effective exchange rate (depreciation -) 1/	1.4	-39.8	...	3.2	...	...	...	...
Real effective exchange rate (depreciation -)	-3.1	-34.4	...	8.3	...	...	...	...
Government finance								
Revenue and grants	3.8	-6.4	33.8	39.2	24.8	3.5	5.0	5.0
Revenue	6.6	-11.5	32.6	15.7	11.2	15.8	12.1	8.6
Total expenditure	-4.3	21.6	16.3	22.1	8.1	4.5	8.0	3.9
Current expenditure	1.8	28.5	1.9	18.9	3.6	-0.5	4.6	3.4
Money and credit								
Domestic credit 2/	13.5	15.8	6.8	-17.3	0.2	...	...	...
Government 2/	6.6	23.4	-2.7	-4.0	-2.7	...	...	...
Economy 2/	6.8	-7.6	9.5	-13.3	2.9	...	...	...
Money and quasi-money (M2)	-4.8	6.3	21.9	5.5	3.5	...	...	...
Velocity (ratio of GDP to M2)	6.4	6.0	5.7	6.2	6.4	...	...	...
Interest rate (one-year savings deposit)	4.5-5.0	12.0	12.0	12.0	9.0	...	...	...
	(In percent of GDP)							
Total revenue and grants	15.6	14.6	16.8	18.5	21.6	20.7	20.0	19.3
Total revenue	12.8	11.3	13.2	11.9	12.4	13.3	13.7	13.7
Total expenditure and net lending	18.8	22.8	22.4	25.3	25.5	24.8	24.6	23.5
Current and domestically financed capital expenditure	14.1	17.2	15.7	18.3	17.6	16.6	16.0	15.1
Primary budget deficit 3/	-1.4	-5.9	-2.7	-6.3	-5.1	-3.3	-2.2	-1.4
Overall deficit								
Including grants	-3.2	-8.3	-5.7	-6.9	-4.0	-4.1	-4.7	-4.2
Excluding grants	-6.0	-11.5	-9.3	-13.3	-13.2	-11.5	-10.9	-9.7
External current account (deficit -)								
Excluding official transfers	-11.0	-10.0	-15.2	-11.6	-16.7	-16.4	-15.5	-14.1
Including official transfers	-5.6	-3.9	-8.6	-2.0	-7.7	-10.3	-10.7	-9.5
External debt (outstanding at end of period)	26.5	27.1	28.2	39.1	46.1	51.4	53.5	52.9
Debt service ratio 4/	26.9	22.4	20.9	26.5	42.7	38.9	40.0	33.8
Net official reserves (months of imports, c.i.f.)	2.7	1.3	1.5	3.8	3.8	3.8	3.8	3.8
Nominal GDP (in RF billions)	190.6	190.5	220.6	209.0	223.4	241.7	262.5	286.0
Gross domestic savings	4.3	0.8	3.0	-2.2	-4.1	-2.6	-1.7	-0.7

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

1/ End-of-period effective exchange rate index.
2/ Expressed in percent of beginning-of-period money stock.
3/ Revenue minus current and domestically financed capital expenditure.
4/ In percent of exports.

Table 4. Rwanda: Government Consolidated Financial Operations, 1989-95

	1989	1990	1991 Prog.	1991 Est.	1992 Trend 1/	1992	1993	1994	1995
						Projections			
			(In billions of Rwanda franc)						
Revenue and grants	29.7	27.8	37.0	38.7	46.2	48.3	50.0	52.5	55.1
Total revenue	24.4	21.6	29.0	25.0	27.2	27.8	32.2	36.1	39.2
Tax revenue	21.0	18.8	25.9	21.8	23.5	24.5	29.0	32.8	35.7
Tax on income and profits	5.2	4.9	5.3	4.8	5.6	5.6	6.2	6.9	7.7
Property taxes	0.6	0.6	0.6	0.4	0.6	0.6	0.6	0.6	0.7
Taxes on goods and services	8.1	7.4	8.1	8.8	3.1	10.2	12.6	14.1	15.3
Taxes on international trade	6.9	5.9	11.9	7.7	8.2	8.1	9.6	11.1	12.1
Of which: coffee	(1.4)	(1.5)	(1.4)	(1.3)	(1.0)	(0.5)	(--)	(--)	(--)
Nontax revenue	3.6	2.8	3.1	3.2	3.7	3.3	3.1	3.3	3.5
Grants	5.3	6.2	8.0	13.7	19.0	20.5	17.8	16.4	15.8
Total expenditure	35.7	43.4	49.2	53.0	59.9	57.3	59.9	64.7	67.2
Current expenditure	23.5	30.2	31.6	35.9	40.7	37.2	37.0	38.7	40.0
Wages and salaries	11.0	11.7	12.9	13.3	13.8	14.2	14.1	14.4	14.7
Of which: defense	(1.8)	(2.1)	(2.9)	(2.9)	(3.3)	(3.3)	(3.0)	(2.8)	(2.6)
Purchases of goods and services	5.6	10.0	11.0	15.6	16.0	14.8	15.8	16.8	17.4
Of which: defense	(1.6)	(5.8)	(6.5)	(10.3)	(11.4)	(9.4)	(8.7)	(9.0)	(8.8)
Interest payments	2.0	2.1	4.5	4.3	4.5	4.3	4.2	4.4	4.4
On domestic debt	1.3	1.5	3.2	3.3	3.3	3.0	2.5	2.5	2.5
On foreign debt	0.7	0.6	1.3	1.0	1.2	1.3	1.7	1.9	1.9
Subsidies and transfers	4.9	6.5	3.2	2.7	6.4	3.9	2.9	3.2	3.5
Of which: coffee sector	(2.1)	(4.0)	(--)	(0.8)	(2.6)	(1.5)	(--)	(--)	(--)
Capital expenditure	12.2	13.2	17.6	17.1	19.2	20.1	23.0	26.0	27.2
Development budget	3.4	2.5	3.0	2.4	2.9	2.4	3.1	3.2	3.3
Foreign-financed	8.8	10.6	14.6	14.7	16.3	17.7	19.9	22.8	23.9
Grants	3.6	4.0	7.5	8.3	9.5	10.3	10.7	12.0	12.6
Loans	5.2	6.6	7.2	6.3	6.8	7.4	9.2	10.8	11.3
Lending minus repayments	0.2	0.1	0.3	-0.2	-0.3	-0.3	--	--	-0.1
Primary deficit 2/	-2.6	-11.3	-5.9	-13.1	-16.1	-11.5	-7.9	-5.9	-3.9
Deficit (commitment basis)									
Excluding grants	-11.5	-22.0	-20.5	-27.8	-32.4	-29.5	-27.8	-28.6	-27.8
Including grants	-6.2	-15.8	-12.5	-14.5	-13.4	-8.8	-10.0	-12.2	-12.0
Arrears change (- decrease)	-2.2	3.5	-5.3	6.2	-2.7	-3.5	-5.0	-5.0	-4.3
Deficit including grants (cash basis)	-8.4	-12.3	-17.8	-8.3	16.1	-12.3	-15.0	-17.2	-16.3
Financing	8.6	12.3	17.8	8.3	16.1	12.3	15.0	17.2	16.3
Foreign (net)	4.1	5.4	4.7	6.5	13.1	14.2	12.8	16.2	11.0
Drawings	5.2	6.6	7.2	8.5	15.4	16.8	15.8	19.6	14.2
Amortization	-1.1	-1.3	-2.5	-2.0	-2.3	-2.5	-3.0	-3.4	-3.2
Domestic (net)	4.4	6.9	--	1.8	3.0	-1.9	2.1	1.0	5.3
Banking system	2.6	5.6	-0.8	-1.3	4.0	-1.9	2.1	1.0	5.3
Other	1.8	1.3	0.9	3.1	-1.0	--	--	--	--
Discrepancy (financing minus deficit)	0.2	--	-13.1	0.6	--	--	--	--	--
Memorandum items:			(In percent of GDP)						
Revenue and grants	15.6	14.6	16.8	18.5	20.7	21.6	20.7	20.0	19.3
Revenue	12.8	11.3	13.2	11.9	12.2	12.4	13.3	13.7	13.7
Total expenditure and net lending	18.8	22.8	22.4	25.3	26.7	25.5	24.8	24.6	23.5
Current expenditure	12.3	15.9	14.3	17.2	18.2	16.7	15.3	14.7	14.0
Capital expenditure	6.4	6.9	8.0	8.2	8.6	9.0	9.5	9.9	9.5
Primary deficit 1/	-1.4	-5.9	-2.7	-6.3	-7.2	-5.1	-3.3	-2.2	-1.4
Overall deficit (commitment basis)									
Excluding grants	-6.0	-11.5	-9.3	-13.3	-14.5	-13.2	-11.5	-10.9	-9.7
Including grants	-3.2	-8.3	-5.7	-6.9	-6.0	-4.0	-4.1	-4.7	-4.2

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

1/ Based on provisional data available for January-April 1992.
2/ Defined as revenue--current expenditure--domestically financed capital expenditure.

Table 5. Rwanda: Monetary Survey, 1989-92

	1989	1990	1991		1992	
	December		Prog.	Actual	April	Dec. Proj.
	(In billions of Rwanda francs; end of period)					
Net foreign assets	6.1	2.8	8.3	12.2	10.5	15.4
Assets	7.8	9.3	13.7	18.6	16.3	...
Liabilities	1.6	6.5	5.4	6.5	5.8	...
Net domestic assets	24.0	29.0	30.3	21.3	22.1	19.3
Domestic credit	30.8	35.5	38.9	30.0	29.7	30.1
Claims on Government (net)	10.5	17.5	16.6	16.3	17.0	15.4
Claims on private sector 1/	20.2	18.0	22.2	13.7	12.7	14.7
Other items (net)	-6.8	6.5	8.6	8.7	7.6	10.8
Broad money	30.1	31.7	38.6	33.5	32.6	34.7
Narrow money	15.9	16.7	20.4	18.0	18.4	...
Quasi-money	14.1	15.0	18.3	15.5	14.2	...
	(Percentage change from previous year)					
Foreign assets (net)	-33.4	-54.8	202.5	340.5	187.9	26.5
Domestic credit	15.9	15.4	5.9	-15.4	-14.6	0.2
Claims on Government (net)	24.5	66.2	-4.8	-7.2	-10.8	-5.5
Claims on private sector 1/	11.9	-11.2	15.6	-23.5	-19.2	7.0
Broad money	-4.3	6.3	21.9	5.5	4.1	3.5
	(Annual percentage change in relation to broad money stock at the beginning of period)					
Net domestic assets	5.7	17.6	4.3	-24.1	-17.7	-6.1
Domestic credit	13.5	15.8	6.8	-17.3	-16.2	0.2
Claims on Government (net)	6.6	23.4	-2.7	-4.0	-6.6	-2.7
Claims on private sector 1/	6.8	-7.6	9.5	-13.3	-9.6	2.9
Velocity (GDP/broad money)	6.3	6.0	5.7	6.2	...	6.4

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

1/ Includes public enterprises and other financial institutions.

Table 6. Rwanda: Balance of Payments, 1989-95

	1989	1990	1991		1992	1993	1994	1995
			Prog.	Est.	Projections			
			(In millions of U.S. dollars)					
Exports, f.o.b.	104.7	102.1	111.3	95.6	66.6	81.1	90.3	103.8
Of which: coffee	(58.6)	(65.4)	(63.4)	(57.6)	(32.0)	(44.5)	(51.7)	(62.4)
Imports, f.o.b.	-285.4	-233.0	-277.3	-228.2	-259.5	-263.7	-273.9	-278.2
Of which: military imports	(...)	(26.0)		(35.0)	(30.5)	(25.0)	(18.0)	(12.0)
Trade balance	-180.6	-130.9	-166.0	-132.6	-192.9	-182.6	-183.6	-174.4
Services (net)	-90.0	-103.6	-123.1	-82.3	-96.3	-101.6	-107.0	-112.5
Of which: interest on debt	(-8.0)	(-8.0)	(-11.3)	(-8.5)	(-9.7)	(-11.5)	(-13.1)	(-13.2)
Private transfers (net)	8.0	6.0	7.6	20.9	15.2	14.5	13.5	12.5
Current account balance (excluding official transfers)	-262.6	-228.5	-281.6	-194.0	-274.1	-269.6	-277.1	-274.5
Official transfers (net)	130.0	138.0	122.4	159.9	148.3	100.9	86.9	90.4
Current account balance (including official transfers)	-132.6	-90.5	-159.2	-34.1	-125.8	-168.7	-190.2	-184.0
Public sector capital	44.0	40.7	85.0	51.0	104.6	87.1	110.2	74.9
Long-term borrowing	64.2	55.6	105.4	67.9	123.4	107.2	133.1	96.8
Scheduled amortization	-20.1	-14.9	-20.4	-16.9	-18.7	-20.1	-23.0	-21.9
Direct and portfolio investment	15.6	7.3	5.6	4.5	--	3.0	5.0	8.0
Short-term capital and errors and omissions	34.8	-3.0	--	47.7	25.0	25.0	25.0	25.0
Overall balance	-38.3	-45.5	-68.6	69.3	3.8	-53.6	-50.1	-76.1
Financing	38.3	45.5	-41.6	-69.3	-3.8	53.6	50.1	76.1
Official reserve change (- indicates increase)	38.3	40.4	-47.7	-75.2	-8.1	-5.5	-3.6	-6.3
Of which: net credit of IMF	(--)	(--)	(12.7)	(12.0)	(...)	(...)	(...)	(...)
Change in arrears	--	5.1	-6.6	5.9	-11.0	--	--	--
Financing gap	--	--	110.2	--	15.3	59.1	53.6	82.4
				(In percent of GDP)				
Current account deficit								
Excluding official transfers	-11.0	-10.0	-15.2	-11.6	-16.7	-16.4	-15.5	14.1
Including official transfers	-5.6	-3.9	-8.6	-2.0	-7.7	-10.3	-10.7	-9.5
Net official reserves (in months of imports, c.i.f.)	2.7	1.3	1.5	3.8	3.8	3.8	3.8	3.8
Coffee prices (cents/lb)	103.1	73.3	77.9	77.0	59.0	70.0	75.9	87.8

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

Rwanda: Relations with the Fund

(As of June 30, 1992)

I. Membership Status: Joined 9/30/63/Article XIV

II. General Resource Account:	SDR Million	% Quota
Quota	43.80	100.0
Total Fund holdings of currency	37.35	85.3
Reserve position in Fund	6.46	14.7

III. SDR Department:	SDR Million	% Allocation
Net Cumulative Allocation	13.70	100.0
Holdings	6.54	47.7

IV. Outstanding Purchases and Loans:	SDR Million	% Quota
SAF Arrangements	8.76	20.00

V. Financial Arrangements:

Type	Approval Date	Expiration Date	Amount Approved (SDR Million)	Amount Drawn (SDR Million)
Structural Adjustment Facility	4/24/91	4/23/94	30.66	8.76

VI. Projected Obligations to Fund (SDR Million; Based on Existing Use of Resources Only):

	Overdue 6/30/92	Forthcoming 1992	1993	1994	1995	1996
Principal	--	--	--	--	--	0.9
Charges/interest	--	0.3	0.5	0.5	0.5	0.5
Total	--	0.3	0.5	0.5	0.5	1.4

VII. Exchange Rate Arrangement:

The Rwanda franc was pegged to the SDR at the rate of SDR 1 = RF 102.71 from September 6, 1983, until November 9, 1990, when the rate was devalued by 40 percent to SDR 1= RF 171.18. The exchange rate for the Rwanda franc was further adjusted on June 9, 1992 by 15 percent to SDR 1 = RF 201.38.

IX. Last Article IV Consultation

Rwanda is on the standard 12-month consultation cycle. Discussions for the 1990 Article IV consultations were held with the staff in Kigali during the period August 7-26, 1990. The staff report

Rwanda: Relations with the Fund (concluded)

(EBS/91/61, April 4, 1991) was discussed by the Executive Board on April 24, 1991. The Executive Board's decision on the consultation was as follows:

1. The Fund takes this decision relating to Rwanda's exchange measures subject to Article VIII, Section 2(a), and in concluding the 1990 Article XIV consultation with Rwanda, in the light of the 1990 Article IV consultation with Rwanda conducted under Decision No. 5392-(77/63), adopted April 29, 1977, as amended (Surveillance over Exchange Rate Policies).

2. The restrictions on the making of payments and transfers for current international transactions described in SM/91/69 are maintained by Rwanda in accordance with Article XIV, Section 2, except that the exchange restrictions which related to imports of merchandise items, travel allowances, and transfers abroad of personal income earned by foreigners are subject to Fund approval under Article VIII, Section 2(a). The Fund notes the intention of Rwanda to eliminate these latter restrictions, and grants approval for their retention until the completion of the next Article IV consultation or April 30, 1992, whichever is earlier.

A notification of delay in concluding the 1992 Article IV consultation has been issued (EBS/92/--). The delays are attributable mainly to the time required for the authorities to formulate their policies following the slippages in the program targets caused essentially by the deteriorating security situation.

X. Technical Assistance

1984-92: CBD Expert - National Bank of Rwanda

1990: FAD mission on Tax Survey

September 1991-September 1992: FAD Expert - Tax Administration - Ministry of Finance

XI. Resident Representative: None

RWANDA: Status of World Bank Group Operations in Rwanda

(As of June 30, 1992)

A. Statement of IDA Credits

Status of credit	Fiscal Year	Purpose	Amount in US$ million (less cancellations) IDA	Undisbursed
Closed credits: (23 fully disbursed credits)			222.48	
Active credits:				
	1983	Bugesera II	16.30	0.25
	1985	Agricultural Research	11.50	3.22
	1985	Technical Assistance	4.80	3.11
	1986	Highways VI	11.00	0.94
	1986	Development Bank IV	9.00	3.11
	1986	Family Health	10.80	6.20
	1986	Education III	15.60	10.99
	1987	Water Supply II	15.00	6.66
	1987	Sectoral Pre-investment studies	7.40	6.94
	1987	Forestry II	14.10	10.33
	1988	Highways VI	10.00	11.09
	1989	Agricultural Services	19.90	18.72
	1989	Urban Institutions	32.00	32.85
	1990	Public Enterprise Reform	4.40	4.29
	1990	Transportation	40.00	41.86
	1991	Communications II	12.80	10.30
	1991	Education	23.30	22.45
	1991	Structural Adjustment (SAL I)	90.00	59.70
	1991	Population	19.60	20.09
		Subtotal: 19 active credits	367.50	273.10
	Total 1/		589.98	
	Of which: Cancellations		--	
	repaid		11.67	
	Total held by Bank and IDA		578.31	
	Total undisbursed		273.10	
Credit in process:				
	1993	Financial Sector Adjustment	40.00	
	1993	Agriculture Sector Adjustment	40.00	
	1993	Energy Sector Credit	40.00	

B. Statement of IFC Investments in Rwanda

IFC's investments in Rwanda comprise those in Sorwathé and Sorwal amounting to US$0.2 million. 2/

Source: World Bank.

1/ Total approved, repayments, and outstanding balance cover both active and inactive loans and credits.

2/ As of March 9, 1992.

Rwanda - Basic Data

Social and demographic indicators:

Area	26,338 square kilometers
Population	
Total (1990 estimate)	7.4 million
Growth rate	3.7 percent
GDP per capita (1990)	US$310
Crude birth rate	54 per thousand
Crude death rate	18 per thousand
Infant mortality rate	11.5 percent
Average life expectancy at birth (years)	
Men	50.0
Women	48.5
Food availability (calories/person/day/average)	2,243
Literacy rate (adult)	55.8 percent
School enrollment ratio (of relevant age group)	
Primary	61
Secondary	6
Number of telephones per 1,000 inhabitants	0.8
Circulation of daily newspapers per 1,000 inhabitants	0.1
Installed electricity-generating capacity (kilowatts per 1,000 inhabitants)	4.1

	1987	1988	1989	1990	1991
	(In billions of Rwanda francs)				
Gross domestic product					
GDP at 1985 constant prices 1/	182.57	184.94	187.69	184.51	181.33
Of which: primary sector	(73.54)	(71.96)	(76.43)	(78.04)	(78.18)
secondary sector	(42.46)	(44.37)	(44.52)	(42.03)	(40.57)
tertiary sector	(60.19)	(62.65)	(60.67)	(58.56)	(57.11)
GDP at current prices	171.91	176.53	190.60	190.47	209.04
Private consumption	137.90	143.54	156.43	155.58	167.46
Public consumption	23.16	24.90	26.01	33.35	46.23
Gross fixed investment and changes in stocks	26.85	26.43	25.42	22.47	22.67
Exports 2/	16.94	16.18	15.45	14.99	20.99
Imports 2/	32.94	34.52	32.71	35.92	48.32

Rwanda - Basic Data (continued)

	(Percentage change)				
Price indices	1987	1988	1989	1990	1991
GDP deflator	1.3	1.4	6.4	1.7	11.7
Private consumption deflator	6.0	2.6	6.5	4.1	11.6
Consumer price index	4.1	3.0	1.0	4.2	14.2
Export price index	-29.5	1.7	-3.7	-14.7	44.2
Import price index	0.7	2.5	3.7	5.0	40.0
	(In billions of Rwanda francs)				
Government finance					
Total revenue and grants	26.53	28.58	29.73	27.76	38.68
Of which: tax revenue	(20.18)	(19.73)	(20.90)	(18.77)	(21.78)
Total expenditure 3/	39.40	37.34	35.74	43.45	52.99
Current	23.27	23.09	23.51	30.25	35.89
Capital	16.13	14.25	12.23	13.20	17.10
Of which: externally financed	(12.17)	(9.97)	(8.83)	(10.67)	(14.67)
Net lending	0.23	0.25	0.16	0.10	-0.19
Overall deficit on a commitment basis (including grants)	-13.10	-9.00	-6.17	-15.80	-14.51
Domestic financing	5.03	2.71	4.45	6.90	1.81
Of which: banking system	(4.45)	(1.35)	(2.65)	(5.62)	(-1.27)
External financing (net)	7.84	5.04	4.10	5.37	6.50
Money and credit (end of period)					
Foreign assets (net)	12.15	9.18	6.11	2.76	12.15
Domestic credit 4/	21.46	26.54	30.77	35.49	30.01
Claims on Government (net) 4/	6.78	8.48	10.55	17.54	16.27
Claims on private sector	14.68	18.07	20.22	17.95	13.74
Narrow money	17.67	18.21	15.90	16.72	18.02
Quasi-money	11.55	13.16	14.13	15.02	15.48
Other items (including medium- and long-term loans)	4.40	4.35	6.80	6.50	8.66

Rwanda - Basic Data (concluded)

	1987	1988	1989	1990	1991
	(In millions of U.S. dollars)				
Balance of payments					
Exports, f.o.b.	121.40	117.90	104.70	102.10	95.60
Of which: coffee	(91.90)	(85.70)	(58.60)	(65.40)	(57.60)
Imports, f.o.b.	-260.40	-273.00	-285.40	-233.00	-228.20
Trade balance	-139.00	-155.10	-180.70	-130.90	-132.60
Services (net)	-114.80	-109.00	-90.00	-103.60	-82.30
Private transfers (net)	8.00	10.00	8.00	6.00	20.90
Official transfers (net)	119.00	140.00	130.00	138.00	159.90
Current account balance	126.80	-114.10	-132.70	-90.50	-34.10
Capital (net)	119.50	82.60	65.40	114.10	81.50
Overall surplus or deficit (-)	-18.40	-38.90	-38.30	-45.50	69.20
Gross official reserves (end of period) 5/					
SDR holdings	11.26	10.45	9.97	10.10	9.21
IMF reserve position	13.12	9.48	9.38	9.09	8.82
Foreign exchange	142.07	99.71	80.52	57.45	130.84
Total	166.45	119.64	99.87	76.64	148.87
Exchange rate of the Rwanda franc per SDR					
End of period	102.71	102.71	102.71	171.18	171.18
Period average	102.71	102.71	102.71	112.41	171.18
Nominal trade-weighted effective exchange rate (1980 = 100) 6/	140.99	145.60	147.57	88.81	91.64
Real trade-weighted effective exchange rate (1980 = 100) 6/	131.42	132.97	128.85	84.59	91.61

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

1/ Including net indirect taxes (not included in the three sectors).
2/ Exports and imports include both goods and nonfactor services.
3/ On a commitment basis.
4/ Including government deposits at the central bank, as well as special deposit accounts held by a number of public entities.
5/ Including the commercial banks.
6/ End of period effective exchange rate index based on a weighted average vis-à-vis 16 countries (excluding Brazil).