

Table 1. Rwanda: Quantitative Performance Criteria and Benchmarks 2002–03
(In billions of Rwanda francs, unless otherwise indicated)

	2002				2003 1/			
	Mar.	Jun.*	Sep.**	Dec.***	Mar.**	Jun.***	Sep.**	Dec.***
	(Indicative targets*; quantitative benchmarks**; and performance criteria on test dates***)							
Net foreign assets of the NBR (floor on stock) 2/ 3/								
Actual (program exchange rate)	39.3	40.2	42.1	64.9	...	...	...	...
Adjusted program	...	39.8	50.9	63.2	...	...	...	...
Program	--	33.0	50.9	59.0	73.1	67.7	70.3	101.0
Reserve money (ceiling on stock) 4/								
Actual	42.3	40.0	43.2	41.6	...	...	...	...
Program	--	40.3	38.1	41.9	44.6	45.3	44.1	46.9
Net credit to the government by the banking system (ceiling on stock) 5/								
Actual	23.4	21.1	20.1	1.9	...	...	...	...
Adjusted program	...	19.2	11.5	4.8	...	...	...	...
Program	--	26.0	11.5	10.1	-0.1	7.7	0.1	-27.4
Domestic fiscal balance (floor on cumulative flow since Dec. 31) 6/								
Actual	-3.6	-12.7	-20.3	-34.8	...	...	...	...
Adjusted program	...	-10.8	-15.7	-24.4	...	...	...	...
Program	--	-11.0	-18.7	-26.9	-9.7	-23.9	-31.8	-39.1
Recurrent priority spending (floor on cumulative flow since Dec. 31) 7/								
Actual	10.2	23.4	36.0	50.4	...	...	...	...
Program	--	21.7	35.5	50.3	12.5	30.3	42.6	56.2
New nonconcessional external debt (ceiling on flow) 8/								
Actual	0.0	0.0	0.0	0.0 ¹¹	...	...	...	...
Program	--	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Short-term external debt (ceiling on stock) 9/								
Actual	0.0	0.0	0.0	0.0	...	...	...	...
Program	--	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Stock of outstanding nonreschedulable external arrears (ceiling on stock) 10/ 13/								
Actual	0.0	0.0	0.0	0.0	...	...	...	...
Program	--	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net accumulation of domestic arrears (ceiling on cumulative net accumulation since Dec. 31)								
Actual	0.3	0.7	-4.2	-3.9	...	...	...	...
Program	--	-2.0	-6.0	-7.8	-5.9	-8.9	-8.9	-7.9
	(Indicative targets)							
Broad money (ceiling on stock) 12/								
Actual	128.4	134.0	133.1	145.1	...	...	...	...
Program	--	133.1	136.8	140.5	148.0	150.4	148.9	155.4
Exceptional spending (floor on cumulative flow since Dec. 31)								
Actual	4.1	7.5	11.3	19.2	...	...	...	...
Adjusted program	--	9.2	13.2	19.9	...	...	...	...
Program	--	9.4	16.2	22.5	9.8	17.6	30.7	41.8
Memorandum items:								
Demobilization and reintegration expenditure								
Actual	0.7	0.9	1.0	3.4	...	...	...	...
Expected	--	1.2	4.0	6.0	4.1	7.7	10.6	13.7
Gross accumulated bills payable								
Actual	5.4	9.9	6.8	7.4	...	...	...	...
Expected	--	--	--	--	--	1.5	1.5	2.5
General budget support (in millions of U.S. dollars)								
Received	6.8	32.8	59.3	137.4	...	...	...	...
Expected	5.9	17.9	81.4	128.2	34.2	57.2	83.3	161.9
Earmarked budget support (in millions of U.S. dollars)								
Received	--	--	--	--	...	...	...	...
Expected	--	--	--	--	1.9	1.8	10.7	17.8

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

1/ Proposed

2/ Net foreign assets as defined in the technical memorandum of understanding (TMU).

3/ Evaluated at the following program exchange rates: For 2002, RF 457.9/US\$; for 2003, RF 511.9/US\$

4/ The definition of reserve money changed in 2002, as specified in the TMU. From September 2002: three-week moving average around the last Friday of the month.

5/ From June 2002: Includes financial balances of local government

6/ The domestic fiscal balance is defined as total revenue (excluding privatization proceeds) minus current expenditure (excluding scheduled interest payments).

on external debt) minus domestically financed capital expenditure minus net lending. In 2002: includes the cost of troops withdrawal. In 2002, the domestic fiscal balance was adjusted upward for shortfalls in expenditure on the demobilization and reintegration program.

7/ According to the TMU. Definition of this aggregate changed in 2002.

8/ Ceiling on contracting or guaranteeing by the central government, local governments, or the NBR of new nonconcessional external debt with original maturity of more than one year.

The term debt shall be understood as defined in the Executive Board decision No. 6230-(79/140) adopted August 3, 1979, as amended by Decision No. 11096-(95/100) of October 25, 1995.

and Decision No. 12274-(00/85) adopted August 24, 2000. Debt rescheduling and restructuring are excluded from the borrowing limits. Includes financial leases and other instruments giving

rise to external liabilities, contingent or otherwise, on nonconcessional terms. In determining the level of concessionality of these obligations, the definition of concessional borrowing

shall apply. Concessional borrowing is defined as having a grant element of 35 percent or more until September 2000, and 50 percent or more from December 2000 onward. For loans with a

maturity of at least 15 years, the 10-year average commercial interest reference rates (CIRRs) published by the OECD should be used as the discount rate for assessing the level of concessionality,

while the 6-month average CIRRs should be used for loans with shorter maturities. To both the 10-year and the 6-month averages, the following margins for differing repayment periods

should be added: 0.75 percent for repayment periods of less than 15 years; 1 percent for 15-19 years; 1.15 percent for 20-29 years; and 1.25 percent for 30 years or more.

9/ Ceiling on change in outstanding stock of external debt (excluding normal import-related credits) owed or guaranteed by the central government, local government, or the NBR with

original maturity of up to and including one year.

10/ This is a continuous performance criterion, implying that the stock of outstanding nonreschedulable external arrears is expected to be constantly kept at zero throughout the program period.

11/ An OPEC Fund loan to cofinance, jointly with BADEA, the rehabilitation of three hydroelectric power stations has a grant element less than the 50 percent required under the program.

The authorities are renegotiating the terms of the BADEA loan to ensure that, jointly, the two loans meet the required concessionality threshold.

12/ Until December 2002: evaluated at current exchange rates; from March 2003: evaluated at the program exchange rate of RF 511.9/US\$.

13/ At end-September 2002, there was a small amount of arrears outstanding (US\$0.04 million) to the African Development Fund (AIDF). These were cleared in October 15, 2003.

BADEA has also claimed interest arrears on amounts due since December 2001. The authorities denied that any amounts were due to BADEA and noted that BADEA had overcharged

them interest. The dispute was settled early in 2003 with the payment of the amounts demanded by BADEA. Since these amounts were under dispute during the course of the program,

staff after consultation with Legal, has not considered them as arrears for program purposes.

Table 2. Rwanda: Proposal for Structural Conditionality Until the Third Review of the PRGF-Supported Program, 2002–03

Action	Timing	Status ¹
<ul style="list-style-type: none"> • Ratify a revised 2002 budget in parliament reflecting the understandings reached during the program discussions; including the following elements: <ul style="list-style-type: none"> ○ import tariff bands at 0, 5, 15, and 30 percent in line with initial CET; ○ VAT rate increased from 15 percent to 17 percent; and ○ reduction in the corporate income tax rate from 40 percent to 35 percent, announced. 	7/1/02	Prior action PRGF ² (met)
<ul style="list-style-type: none"> • Bring reserve money to or below indicative ceiling for end-June 2002. 	6/30/02	Prior action PRGF ² (met)
<ul style="list-style-type: none"> • Issue guidelines determining qualification and priority for payment of outstanding government obligations for payment, eliminating discretion. 	7/1/02	Prior action PRGF ² (met)
<ul style="list-style-type: none"> • Enact a budget for 2003, which specifically contains the following elements: <ul style="list-style-type: none"> ○ excise tax on sales of new and used cars, with rates of 5, 10, and 15 percent, depending on engine size (less than 1500 cc, 1500 cc to 2500 cc, and above 2500 cc), on vehicle sales. ○ reform the tax on professional remuneration (TPR) law to make all salary allowances in cash and in kind fully subject to the TPR. Pass the reform in form of an amended TPR law. ○ Revoke the decrease in the beer excise tax rate and start collecting again at a rate of 57 percent, if revenue collection during June–October 2002 does not meet the target set out in the TMU. 	1/1/03	Structural performance criterion First review (met)
<ul style="list-style-type: none"> • Finalize restructuring plan for a specified commercial bank consistent with understandings with IMF staff. 	9/30/02	Structural benchmark First review (met)
<ul style="list-style-type: none"> • Start publishing statistics of government financial operations, following the Government Finance Statistics (GFS) format, on a quarterly basis. 	10/31/02	Structural benchmark First review (met)
<ul style="list-style-type: none"> • Incorporate any extrabudgetary and off-budget projects and transactions identified by the recent stocktaking exercise into the budget to the extent appropriate. 	12/31/02	Structural benchmark First review (not met/in progress)
<ul style="list-style-type: none"> • Develop and implement a mechanism to ensure that all borrowing by district governments is reported to the central government on a monthly basis. 	12/31/02	Structural benchmark First review (not met/in progress)
<ul style="list-style-type: none"> • To improve the management of the large volume of nonperforming loans, commission a comprehensive financial sector study, together with the World Bank. 	Tenders to be awarded no later than 7/31/02	Structural benchmark First review (not met/implemented in November 2002)
<ul style="list-style-type: none"> • Conduct full audits of three banks. 	12/31/02	Structural benchmark First review (met)
<ul style="list-style-type: none"> • Ensure that the National Bank of Rwanda, the Ministry of Finance and Economic Planning, the Ministry of Justice, and the Bankers' Association will jointly prepare an action plan to improve the legal environment to facilitate stronger loan recovery. 	12/31/02	Structural benchmark First review (not met/in progress)
<ul style="list-style-type: none"> • Ministry of Finance and Economic Planning to establish standard operating procedures for the conduct of annual audits of the National Bank of Rwanda. 	5/31/03	Prior action First review ^{3,4}

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Action	Timing	Status ¹
• Complete a comprehensive review of all tax exonerations, exemptions and incentives under tax laws and investment agreements; and remove and/or modify such special treatment	6/30/03	Structural performance criterion Second review
• Complete the report on implementation of the 2002 development budget	6/30/03	Structural benchmark Second review ⁴
• Issue the tender for the sale of BCR	6/30/03	Structural benchmark Second review ⁴
• Issue list of overdue obligations scheduled for clearance during 2003	6/30/03	Structural benchmark Second review ⁴
• Prepare financial instructions in order to promote effective expenditure control.	7/31/03	Structural performance criterion Second review
• Establish written procedures to ensure that monetary data used for program monitoring purposes are in accordance with the TMU and can be reconciled to the accounting records. External audit firm to complete, subsequent to the completion of the audit of the NBR's 2002 financial statements, a review of the consistency between data reported to the IMF and the audited financial statements.	8/31/03	Structural benchmark Second review ⁴
• Issue action plan for the closure of dormant accounts and accounts operating outside of controlling regulations	9/30/03	Structural benchmark second review ⁴
• Implement a monthly reporting mechanism for the financial operations of all districts	9/30/03	Structural benchmark second review ⁴
• Submit Organic Budget Law to parliament	9/30/03	Structural benchmark Second review ⁴
• Submit revised investment code to parliament, repealing indirect and direct tax provisions of the code, excepting those of a purely administrative nature, and removing the discretionary authority of the Rwanda Investment Promotion Agency to issue tax incentives.	12/31/03	Structural performance criterion Third review ⁴
• Operationalize the NBR's Internal Audit Department by: Restricting the Director's responsibilities to internal audit matters; NBR Board adoption of an audit charter; the recruitment of two qualified and experienced internal audit staff members; the completion of an audit risk assessment of all NBR operations; audit of program data as of September 30, 2003; and the preparation of a plan for 2004 audit activities approved by the Governor.	12/31/03	Structural benchmark Third review ⁴
• Issue financial instructions in order to promote effective expenditure control.	1/31/04	Structural performance criterion Third review ⁴
• Incorporation of tax incentives into the structure of the income tax, applicable, in principle, to all taxpayers.	3/31/04	Structural performance criterion Third review ⁴

¹ The disbursements of the second and third loan under the new PRGF arrangement are conditional upon completion of the first and second reviews, respectively.

² Prior actions for publication of Executive Board documents for the decision on the August 2002 PRGF.

³ Prior actions for publication of Executive Board documents for the completion of the first review.

⁴ Newly proposed measure.

Table 1. Rwanda: Summary of Reporting Requirements

Status	Variable or table	Reporting frequency	Reporting delay from end of period covered	Report data electronically
A. Monetary and Foreign Exchange				
PC	Net foreign assets NBR	Weekly	Seven days	Yes
PC	Reserve money	Weekly	Seven days	Yes
PC	Net credit to central government	Monthly	Three weeks	Yes
Table	Monthly balance sheet of the NBR	Monthly	Three weeks	Yes
Table	Summary balance sheet of the commercial banks	Monthly	Three weeks	Yes
Table	Individual balance sheets of the commercial banks	Monthly	Three weeks	Yes
Table	Details of public sector deposits with individual commercial banks	Quarterly	Three weeks	Yes
Table	Details of commercial banks' loan provisioning and capital adequacy	Monthly	Three weeks	Yes
Table	Monthly data on foreign exchange operations of commercial banks, the NBR, and foreign exchange bureaus	Monthly	Three weeks	Yes
Table	Net open foreign exchange positions of commercial banks and foreign exchange bureaus	Monthly	Three weeks	Yes
Table	Exchange rates	Weekly	Seven days	Yes
B. Debt				
PC	New external government borrowing	Monthly	Three weeks	
PC	Stock of short-term external government debt	Monthly	Three weeks	
C. Fiscal				
PC	Domestic arrears (repayment of the end-of-year stock of arrears and accumulation of new arrears)	Monthly	Three weeks	Yes
PC	External arrears	... ¹	...	Yes
OV	External budgetary support	Monthly	Three weeks	Yes
Table	Fiscal data (revenue, expenditure, ² priority expenditure, exceptional expenditure, wage bill)	Monthly	Three weeks	Yes
Table	Development budget implementation	Quarterly	Three weeks	Yes
Table	Scheduled debt service and payments	Quarterly	Four weeks	Yes
D. Public enterprises				
Table	Public enterprises financial statements	Semi-annual	Four weeks	
Table	Public enterprises bank deposits	Quarterly	Four weeks	
Table	Estimated and actual tax payments of the public enterprises	Quarterly	Four weeks	

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Status	Variable or table	Reporting frequency	Reporting delay from end of period covered	Report data electronically
E. Civil service				
OV	Size of the civil service (core civil service and teachers)	Monthly	Three weeks	Yes
F. Balance of payments				
Table	Export and imports	Monthly	Four weeks	Yes
Table	Detailed Balance of Payments	Quarterly	Four weeks	
G. Prices				
OV	CPI Kigali (NBR), urban, and rural (Minecofin)	Monthly	Four weeks	Yes
<p>1/ The authorities will notify immediately the Fund in case of incurrence of any nonreschedulable external arrears.</p> <p>2/ On commitment basis (<i>engagement</i>) and on payment order basis (<i>ordonnancement</i>); the provision of fiscal data is based on the Aflash reporting (aggregate and by ministry).</p> <p>PC = performance criterion or quantitative benchmark;</p> <p>QI = quantitative indicator;</p> <p>OV= other variable.</p>				

Table 2. Rwanda: Recurrent and Capital Priority Expenditure, 2003
(In millions of Rwanda francs)

	2003
Internal affairs	4,739
National police services	4,103
Prisons	636
Agriculture	2,142
Agricultural production	1,000
Livestock production	686
Forestry resources	192
Soil conservation and water systems management	92
Agricultural extension and marketing	172
Commerce	768
Promotion of trade and commerce	34
Industrial development and artisanal promotion	522
Export promotion	212
Education	12,879
Pre-primary and primary education	1,849
Secondary education	853
Tertiary education	8,019
Scientific and technological research	605
Institutional support	1,552
Youth and Sports	420
Youth mobilization	53
Cultural promotion	172
Research, acquisition, and conservation of the national heritage	196
Health	4,601
Primary health care	1,431
Specialist care for major health problems	2,359
Development of health structures	392
Improvement in health management services	419
Transport and communication, energy and water resources	3,313
Development and modernization of communication infrastructures	340
Improvement in transport services	208
Rationalization and management of urban land	113
Development of transport infrastructure 2/	2,275
Energy	45
Water and sanitation	150
Mining and other geological programs	80
Methane gas unit	103
Gender	286
Support programs for promotion and development of women	178
Promotion of gender in development	52
Promotion of socio-economic equity	57
Public service	501
Civil service reform	374
Employment and social security promotion	127
Lands and resettlement	684
Land planning and management	377
Planning and supervision of housing amenities	193
Conservation and protection of the environment	113
Local government (excluding exceptional expenditure)	6,448
Decentralization	249
Community development	565
Social reinsertion	49
Family rehabilitation	14
Mass education	27
Promotion of children's rights	18
Decentralization (district transfers in recurrent budget)	1,526
Common development fund (district transfers in development budget) 3/	4,000
Provinces	23,416
Total recurrent	56,196
Total	60,196

Source: Rwandese authorities.

1/ All programs are classified as recurrent expenditures, except where marked.

2/ Includes Road Fund.

3/ As part of capital expenditure.

Table 3. Rwanda: Composition of Exceptional Expenditure, 2003
(In millions of Rwanda francs)

	2003
Demobilization/Reintegration/Reinsertion	13,711
Supplies for prisoners	1,352
GACACA	
GACACA Sensibilization, Ministry of Justice	306
Health insurance GACACA members	479
GACACA jurisdictions	1,346
Victims of Genocide Fund (FARG)	5,895
Orphans assistance	448
Assistance to vulnerable groups	374
Reinsertion of vulnerable groups	6
Support to local initiatives (education)	61
Support to orphanages and ENA	87
Reinsertion of displaced groups from Gishwati	180
Reinsertion of street children	48
CFJM operation	1
Good governance commissions	
Human Rights National Commission	730
Constitutional Commission	658
Commission for Unity and Reconciliation	569
Electoral Commission/Referendum/Elections	7,306
Office of the Ombudsman	168
National Commission for the Fight Against AIDS	215
Educational institutes	
KIST (Kigali Institute for Science and Technology)	1,952
KHI	556
KIE	1,335
Special exceptional road works	1,000
Special exceptional health expenditure	3,015
 Total	 41,797

Source: Rwandese authorities.