

Table 1. Rwanda: Quantitative Performance Criteria and Benchmarks Under the First Annual ESAF Arrangement, 1998-99

	1997	1998										1999	
	Dec. Act.	June Prog.	June Adj. prog.	June Est.	Sep. Prog. 1/	Sep. Adj. prog.	Sep. Est.	Dec. Prog.	Dec. Adj. prog.	Dec. Est.	Dec. Rev. 2/	March Prog.	Rev. prog.2/
(Cumulative flows since beginning of year, in billions of Rwanda francs; unless indicated otherwise)													
Financial benchmarks or performance criteria													
Net foreign assets of the NBR (stock) 3/ 4/	27.8	29.9	27.9	28.1	31.1	27.6	23.6	33.5	28.8	28.0	28.0	34.7	29.6
Net credit to the government from the banking system (stock) 5/ 6/	10.4	11.8	13.8	3.2	10.8	14.3	1.6	11.2	15.9	2.6	18.3	11.2	19.3
Net domestic assets of the NBR (stock) 5/ 6/ 7/	9.7	10.6	12.6	6.9	9.5	13.1	7.4	10.1	14.8	4.1	5.6	8.6	6.5
New nonconcessional external borrowing 8/	0.0	0.0	...	0.0	0.0	...	0.0	0.0	...	0.0	...	0.0	0.0
Short-term external debt (stock) 9/	0.0	0.0	...	0.0	0.0	...	0.0	0.0	...	0.0	...	0.0	0.0
Primary fiscal balance 3/ 6/ 10/	1.9	-3.9	-3.9	-0.7	0.3	-0.2	0.3	-1.4	-2.1	-0.3	...	2.6	-2.4
Net repayment of domestic arrears (-) 11/	-3.8	-2.2	...	...	-4.4	...	-0.5	-6.6	-4.2	-3.9	...	-0.7	-0.9
Net stock of outstanding nonreschedulable external arrears (in millions of U.S. dollars) 12/	34.9	36.6	...	36.6	36.6	...	36.6	0.0	0.0	0.0	...	0.0	0.0
Social spending (in billions of Rwanda francs) 13/	...	...	...	...	...	...	...	...	...	17.4	...	...	5.4
Indicative targets													
Reserve money (stock, ceiling)	37.5	40.5	...	35.0	40.6	...	31.0	43.6	...	32.1	33.6	43.3	36.1
Budgetary revenue 3/	58.1	28.3	...	28.9	48.7	...	45.6	69.5	...	66.0	...	18.4	15.0
Wage bill 14/	28.7	14.6	...	13.9	22.0	...	21.3	29.7	...	28.9	...	7.7	8.8
(Cumulative flows since beginning of year)													
Memorandum items:													
Exceptional social expenditure (in billions of Rwanda francs)	1.0	3.2	...	1.4	7.0	...	3.0	10.7	...	5.4	...	2.6	2.5
Programmed external budgetary support (in millions of U.S. dollars)	...	40.9	...	19.7	56.2	...	37.5	117.2	...	95.0	...	18.6	21.9
Of which: European Union	...	0.0	...	0.0	0.0	...	0.0	5.0	...	0.0	...	5.0	6.6
African Development Bank (AfDB)	...	0.0	...	0.0	5.0	...	0.0	12.0	...	12.2	...	0.0	0.0
World Bank	...	30.0	...	17.3	35.0	...	30.0	40.0	...	30.0	...	10.0	0.0
Expected refinancing by multilaterals 15/	...	1.7	...	0.0	3.4	...	5.1	41.7	...	41.7	...	1.8	0.8
Other donors	...	9.2	...	2.4	12.8	...	2.4	18.5	...	11.1	...	1.8	14.5
Programmed export tax proceeds (in billions of Rwanda francs)	4.3	1.4	...	0.6	2.3	...	1.4	3.0	...	1.6	...	0.3	0.0
Program exchange rate (RF per U.S. dollar)	302.4	317.0	...	...	317.0	...	...	317.0	...	...	...	326.2	330.5

1/ Performance criteria for end-September 1998. In the adjusted columns, program figures for net foreign assets, net domestic assets of the National Bank of Rwanda (NBR), and net credit to the government from the banking system are adjusted in June, September, and December by RF 2.0 billion, RF 3.0 billion, and RF 4.0 billion, respectively, on account of shortfalls in external financing (footnotes 4 and 5), and by RF 0.5 billion and RF 0.7 billion in September and December, respectively, on account of the shortfalls in coffee export tax receipts. The floor for the primary fiscal balance is adjusted downward by RF 0.5 billion in September 1998 and by RF 0.7 billion in December 1998 because of the shortfall in coffee export tax receipts (footnote 6). Actual figures are recalculated at the program exchange rate.

2/ From 1999 (including March benchmarks), figures for net credit to government from the banking system, net domestic asset of the NBR, and reserve money are revised to exclude deposits of public enterprises and autonomous agencies from the accounts of central government; these deposits amounted to RF 15.6 billion at end-December 1998 (commercial banks, RF 14.1 billion; NBR, RF 1.5 billion). However, program targets and actuals in 1998 are still based on the old definition.

3/ These figures represent a floor.

4/ These floors are to be adjusted downward for any shortfall in disbursed external budgetary support vis-à-vis the programmed amounts. However, the downward adjustment cannot exceed RF 4 billion through the first quarter 1999. In the case of an excess in budgetary support, the amount of the excess not spent on additional exceptional social expenditure (as described in footnote 5) will be reflected in a pro tanto upward adjustment in the floors on net foreign assets of the NBR. In the case of a shortfall in coffee export tax revenue (as described in footnote 6), the floors on net foreign assets of the NBR will be adjusted downward by one half of the shortfall in 1998. The export tax was removed in early 1999.

5/ These ceilings are to be adjusted upward for any shortfall in disbursed external budgetary support vis-à-vis the programmed amounts. However, the upward adjustment cannot exceed RF 4 billion during the first quarter of 1999. In the case of an excess in budgetary support, the excess can be used for additional exceptional and social expenditure (as defined in paragraph 32 of the December 1998 memorandum of economic and financial policies) with a maximum of RF 4 billion during the first quarter of 1999. Any remaining excess will be reflected in a pro tanto downward adjustment of the ceilings on net domestic assets of the NBR and net credit to government.

6/ In the case of a shortfall in coffee export tax revenue, owing to lower-than-projected coffee export prices (as specified in the technical memorandum of understanding), which is not offset by other revenue, the ceilings on net domestic assets of the NBR and net credit to government will be adjusted upward, and the floors on the primary fiscal balance will be adjusted downward, by one half of the amount of the shortfall in export tax revenue. The export tax was removed in early 1999.

7/ The ceiling on net domestic assets of the NBR is to be adjusted downward by the cumulative amount of government deposits with banks, which are transferred to the treasury account with the NBR (estimated at RF 3-4 billion at end-1998). Only a very small amount was transferred in 1998.

8/ Credits with a maturity of more than one year. Concessional loans are defined as loans with a grant element in excess of 35 percent on the basis of currency-specific commercial interest reference rates as described in the technical memorandum of understanding. Debt rescheduling and restructuring are excluded from the borrowing limits.

9/ Debt (excluding normal import-related credits) with a maturity of up to one year.

10/ The primary fiscal balance is defined as total revenue (excluding privatization proceeds) minus current expenditure (excluding scheduled interest payments and exceptional social expenditure) minus domestically financed capital expenditure.

11/ The programmed repayment of domestic arrears during 1998 excludes unconfirmed claims related to pre-1994 goods and services, which are subject to a court decision; for end-December 1998, the target was reduced by RF 1.5 billion (reflecting a normal float) and RF 0.9 billion (reflecting a delay in the repayment of project counterpart funds as agreed by the government and the World Bank).

12/ In addition, there is a continuous performance criterion on the nonaccumulation of new external arrears.

13/ This benchmark was added at the time of the midterm review. Social spending is defined as budget expenditure commitments on health; primary, secondary, and tertiary education (including the university); and expenditure by the Ministry of Social Affairs and Gender and the Ministry of Youth.

14/ Includes food allowance for the army and employer social security contributions.

15/ The cumulative flow for December 1998 includes the expected refinancing of arrears outstanding as of end-March 1998.

Table 2. Rwanda: Structural Performance Criteria and Benchmarks
Under the First Annual ESAF Arrangement, 1998–99

Action	Programmed Completion Date	Implementation or Revised Date
Removal of all identified ghost workers 1/	September 1998	Met 4/
Retrenchment of at least 2,850 unqualified core civil servants (excluding teachers) and recruitment of up to 2,000 qualified staff, including returned former civil servants, consistent with a target size for the core civil service of not more than 12,800 at end-1998	September 1998	Met
Adoption of a revised civil service wage and incentive structure, including monetization of fringe benefits	December 1998	Adopted in January 1999
Agreement with Fund staff on the 1999 budget 2/	Midterm review	Met
Reduction of the maximum tariff rate to no more than 25 percent	1999 Budget	Met
Submission to parliament of a revised banking law	June 1998	Done at end-November 1998
Offering for sale or liquidation of 20 public enterprises 3/	September 1998	Met
Adoption of a restructuring plan for the Caisse sociale du Rwanda (CSR), including consolidation of the government's debt to the CSR	March 1999	March 1999

1/ Structural performance criterion.

2/ Agreement with Fund staff on the 1999 budget would be a condition for completion of the midterm review.

3/ Out of the following 43 public enterprises identified for divestiture during March 1998–March 1999:

March–June 1998: rice factories (3); fisheries (3); Couvoir National; chalk project; hotels (4): Diplomates, Kiyovu, Ituze, Regina; Laiterie de Nyagatare; Scieries de Nyungwe; Sodeparal and Air Rwanda (both liquidation).

July–September 1998: Hotels (3): Kibuye, Akagera, and Guest House de Kinigi; CNPE; OVIBAR; Laiterie de Gishwati; coffee factories (3); Petrorwanda; Laiterie de Nyabisundu; S.T.I.R. and Caisse d'Epargne (both liquidation).

October–December 1998: Abattoir de l'Oprovia; Opyrwa; Maiserie de Mukamira; Papeterie du Rwanda; Forge Gouvernementale de Nyanza; and SOPRORIZ (liquidation).

January–March 1999: tea factories (3); B.C.K.; RWANTEXCO; Hotel Izuba; SORWAL; and SOPAB.

4/ The civil census, to be completed by mid-January 1999, is expected to identify additional ghost workers which will be removed from the payroll by early February 1999.