

Table 3. Reporting Requirements for Surveillance

	Frequency of Data ⁶	Frequency of Reporting ⁶	Frequency of publication ⁶
Exchange Rates	D	W	M
International Reserve Assets and Reserve Liabilities of the Monetary Authorities ¹	W	W	M
Reserve/Base Money	W	W	M
Broad Money	M	M	M
Central Bank Balance Sheet	W	W	M
Consolidated Balance Sheet of the Banking System	M	M	M
Interest Rates ²	M	M	M
Consumer Price Index	M	M	M
Revenue, Expenditure, Balance and Composition of Financing ³ – General Government ⁴	M	M	M
Revenue, Expenditure, Balance and Composition of Financing ³ – Central Government	M	M	M
Stocks of Central Government and Central Government-Guaranteed Debt ⁵	A	A	A
External Current Account Balance	A	SA	A
Exports and Imports of Goods and Services	A	A	A
GDP/GNP	A	SA	A

¹Includes reserve assets pledged or otherwise encumbered as well as net derivative positions.

²Both market-based and officially-determined, including discount rates, money market rates, rates on treasury bills, notes and bonds.

³Foreign, domestic bank, and domestic nonbank financing.

⁴The general government consists of the central government (budgetary funds, extra budgetary funds, and social security funds) and state and local governments.

⁵Including currency and maturity composition.

⁶Daily (D); Weekly (W); Monthly (M); Quarterly (Q); Annually (A); Semi-annually (SA); Irregular (I).

INTERNATIONAL MONETARY FUND

RWANDA

Fourth Review Under the Three-Year Arrangement Under the Poverty Reduction and Growth Facility, Request for Waiver of Nonobservance of Performance Criterion, and Modification of Performance Criteria—Informational Annex

Prepared by the African Department
(In collaboration with other departments)

Approved by Hugh Bredenkamp and Mark Plant

May 30, 2008

- **Relations with the Fund.** Describes financial and technical assistance by the IMF and provides information on the safeguards assessment and exchange system. Outstanding Fund credit was SDR6.27 million (7.83 percent of quota) at end-March 2008. Completion of the fourth review would allow the disbursement of SDR1.14 million.
- **Relations with the World Bank Group.** Describes World Bank Group program and portfolio and provides statement of IFC investments.
- **Statistical Issues.** Assesses the quality of statistical data. Although economic data are generally adequate for surveillance, weaknesses hamper economic analysis.

I. RWANDA: RELATIONS WITH THE FUND
(As of April 30, 2008)

I. Membership Status: Joined: September 30, 1963 Article VIII

II. General Resources Account:	<u>SDR million</u>	<u>percent Quota</u>
Quota	80.10	100.00
Fund holdings of currency	80.11	100.02
Reserve position in Fund	0.00	0.00

III. SDR Department:	<u>SDR million</u>	<u>percent Allocation</u>
Net cumulative allocation	13.70	100.00
Holdings	20.31	148.30

IV. Outstanding Purchases and Loans:	<u>SDR million</u>	<u>percent Quota</u>
PRGF arrangements	6.27	7.83

V. Latest Financial Arrangements:

<u>Type</u>	<u>Approval date</u>	<u>Expiration date</u>	<u>Amount approved (SDR million)</u>	<u>Amount drawn (SDR million)</u>
PRGF	Jun 12, 2006	Jun 11, 2009	8.01	4.56
PRGF	Aug 12, 2002	Jun 11, 2006	4.00	4.00
PRGF	Jun 24, 1998	Apr 30, 2002	71.40	61.88

VI. Projected Payments to the Fund (SDR million; based on existing use of resources and present holdings of SDRs):

	Forthcoming				
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Principal			0.06	0.40	0.68
Charges/Interest	0.03	0.03	0.03	0.03	0.03
Total	0.03	0.03	0.09	0.43	0.71

VII. Implementation of HIPC Initiative: Enhanced framework

I Commitment of HIPC assistance

Decision point date Dec 2000

Assistance committed by all creditors (US\$ million) ¹	695.50
<i>Of which:</i> IMF assistance (US\$ million)	63.40
(SDR equivalent in millions)	46.79
Completion point date	Apr 2005

II Delivery of IMF assistance (SDR million)	
Amount disbursed	46.79
Interim assistance	14.45
Completion point	32.34
Additional disbursement of interest income ²	3.77
Total disbursements	50.56

VIII. Implementation of MDRI Assistance

I Total Debt Relief (SDR Million) ³	52.74		
<i>Of which:</i> MDRI	20.19		
HIPIC	32.55		
II Debt Relief by Facility (SDR million)			
	Delivery Date	GRA	PRGF Total
	January 2006	NA	52.74 52.74

Decision point—point at which the IMF and the World Bank determine whether a country qualifies for assistance under the HIPC Initiative and decide on the amount of assistance to be committed.

¹Assistance committed under the original framework is expressed in net present value (NPV) terms at the completion point, and assistance committed under the enhanced framework is expressed in NPV terms at the decision point. Hence these two amounts can not be added.

² Under the enhanced framework, an additional disbursement is made at the completion point corresponding to interest income earned on the amount committed at the decision point but not disbursed during the interim period.

³ The Multilateral Debt Relief Initiative (MDRI) provides 100 percent debt relief to eligible member countries that are qualified for the assistance. The debt relief covers the full stock of debt owed to the Fund as of end-2004 which remains outstanding at the time the member qualifies for such debt relief. The MDRI is financed by bilateral contributions and the Fund's own resources, as well as the resources already disbursed to the member under the HIPC Initiative (see Section VII above).

Interim assistance—amount disbursed to a country during the period between decision and completion points, up to 20 percent annually and 60 percent in total of the assistance committed at the decision point (or 25 percent and 75 percent, respectively, in exceptional circumstances).

Completion point—point at which a country receives the remaining balance of its assistance committed at the decision point, together with an additional disbursement of interest income as defined in footnote 3 above. The timing of the completion point is linked to the implementation of pre-agreed key structural reforms (i.e., floating completion point).

IX. Safeguards Assessments:

Under the Fund's safeguards assessment policy, the National Bank of Rwanda (NBR) was subject to a safeguards assessment with respect of the PRGF arrangement approved on June 12, 2006. The update assessment proposed recommendations to address continuing vulnerabilities in the external audit and financial reporting areas. The implementation of these measures is being monitored by IMF staff.

X. Exchange System:

The Rwandan franc was pegged to the SDR until March 6, 1995, when Rwanda adopted a market-determined exchange rate system. In 2006, the exchange rate regime was reclassified to a conventional fixed peg in the IMF's Quarterly Report on Exchange Arrangements. On December 1998, Rwanda accepted the obligations under Article VIII, Sections 2, 3 and 4 of the IMF and maintains a system free of restrictions on the making of payments and transfers for current international transactions. Since 2001, the NBR has been operating a weekly auction to sell foreign exchange to commercial banks and published a reference exchange rate based on its results. From June 2007, the auction was abolished and replaced by a new arrangement whereby the NBR stands ready to trade with commercial banks in foreign exchange in unlimited amounts at the price quoted by the NBR. The exchange rate was set daily as a combination of the previous day's reference rate, the interbank rate on the previous day and the five-days moving average of the commercial banks' exchange rates with their clients. Since February 2008, the exchange rate of the NBR is adjusted weekly according to the difference between the targeted foreign exchange sales and the actual amounts sold.

XI. Article IV Consultation:

Rwanda is on the revised 24-month consultation cycle. The Executive Board discussed the staff report for the 2006 Article IV consultation (Country Report No. 07/80) on January 29, 2007.

XII. FSAP Participation, ROSCs, and OFC Assessments:

A Report on Observance of Standards and Codes on Fiscal Transparency (ROSC) was issued in July 2003. A Financial Sector Assessment Program (FSAP) took place in February 2005. Rwanda has not had an Offshore Financial Center (OFC) assessment.

XIII. Technical Assistance:

- 2001 FAD experts on expenditure management and on tax policy.
- 2001 FAD mission on tax policy.
- 2001 MFD mission on foreign exchange policy, monetary policy, and banking supervision.
- 2001 MFD expert on monetary policy implementation.
- 2001 FAD mission on assessment of tracking of poverty reducing expenditure, and the fiscal ROSC.
- 2001 MFD expert on banking supervision.
- 2001 FAD experts on expenditure management, and on tax policy (until mid-year).
- 2002 MFD expert on banking supervision (until November).
- 2002 MFD expert on monetary and foreign exchange rate policy.
- 2002 AFRITAC East work plan mission.
- 2003 AFRITAC East mission on statistical issues.
- 2003 AFRITAC East expert on Organic Budget Law.
- 2003 FAD mission on fiscal ROSC and budget management system.
- 2003 AFRITAC East mission on developing the market for government treasury bills.
- 2003 FAD mission on reform of investment incentives and tax reform.
- 2003 MFD expert on monetary and foreign exchange rate policy.
- 2003 MFD expert on banking supervision and regulation.
- 2003 MFD missions on banking supervision.
- 2003 MFD mission on foreign reserves management.
- 2003 STA multi-sector statistics mission.
- 2003 FAD mission on Decentralization.
- 2003 FAD mission on revenue administration.
- 2004 AFRITAC East expert on financial regulations.
- 2004 AFRITAC East mission on treasury reforms.
- 2004 AFRITAC East expert on implementing cash flow planning and banking arrangements.
- 2004 FAD tax administration expert on strengthening of revenue administration.
- 2004 FAD mission on revenue administration.
- 2004 MFD/LEG mission on Anti-Money Laundering and Combating the Financing of Terrorism.
- 2004 MFD expert on banking supervision and regulation.
- 2004 MFD expert on monetary policy, monetary operations, and money markets.

- 2004 MFD missions on on-site banking supervision.
- 2005 AFRITAC East expert follow up on cash management.
- 2005 MFD/LEG mission on Anti-Money Laundering and Combating the Financing of Terrorism.
- 2005 MFD mission on financial statements of specific bank.
- 2005 MFD-WB joint FSAP mission.
- 2005 LEG mission on customs legislation.
- 2005 STA mission on Balance of Payments statistics.
- 2005 LEG mission on tax legislation.
- 2005 FAD mission on public accounting: decentralized accounting for central government.
- 2005 FAD expert on tax administration.
- 2005 MFD resident expert on monetary operations, monetary policy, money markets.
- 2005 MFD expert on banking supervision.
- 2005 LEG mission on drafting an amendment to the banking law.
- 2005 MFD mission on banking supervision and bank restructuring.
- 2006 AFRITAC East experts on establishing intergovernmental fiscal unit in the MOF.
- 2006 FAD advisor trade facilitation.
- 2006 MFD FSAP-follow up advisory mission on monetary and foreign exchange operations and NBR internal audit.
- 2006 LEG mission to strengthen legal and regulatory framework for bank supervision.
- 2006 AFRITAC East advisors on finalization of OBL and financial regulations
- 2007 AFRITAC East advisors on workshops for implementation of OBL and financial regulations
- 2007 MCM expert on bank restructuring.
- 2007 MCM expert on foreign exchange operations.
- 2008 LEG mission to assist the Ministry of Finance in modernizing the tax system.
- 2008 LEG mission on banking legislation.
- 2008 MCM expert on foreign exchange operations.
- 2008 MCM mission to assist in building up internal audit in the central bank.
- 2008 FAD expert on revenue administration.

XIV. Resident Representative:

Mr. Lars Holger Engström assumed his duties as Resident Representative in February 2005.

XV. Management Visit:

The Deputy Managing Director, Mr. Portugal, visited Rwanda during May 3-5, 2007.

II. RWANDA: RELATIONS WITH THE WORLD BANK GROUP (As of May 2008)

Partnership for Rwanda's development strategy

Donor agencies have been key players in Rwanda since the genocide. With the support from the international community, Rwanda has made notable progress along an ambitious path of reconstruction, national reconciliation, and economic reform. Over the past six years, the Government has made commendable efforts, based on its first Poverty Reduction Strategy Paper (PRSP-1), to reduce poverty and improve living conditions of the poor. PRSP-1 was completed in June 2002 and covered the period 2002-06. It was supported and discussed by the Boards of the IDA and the IMF on August 12, 2002. PRSP-1 aimed to reduce poverty by half by 2015, through a private and rural sector-led strategy; the first PRSP also stressed the need to address the issues of HIV/AIDS, shelter for the homeless, the demobilization of ex-combatants and the resettlement and reintegration of all refugees. The strategy focused mainly on six priority areas: (1) rural development and agricultural transformation; (2) human development; (3) economic infrastructure; (4) good governance; (5) private sector development; and (6) institutional capacity building—as the focus for public actions on poverty reduction. Civil society, government agencies and ministries, and donors were all actively involved in the PRSP-1 process and monitoring. Three annual progress reports were prepared during the implementation of PRSP-1, the last of which was completed in July 2005. The corresponding Bank-Fund Joint Staff Advisory Note (JSAN) was produced in March 2006.

A second poverty reduction strategy, the Economic Development and Poverty Reduction Strategy (EDPRS), was completed in September 2007. The EDPRS refocuses Rwanda's priority on growth and human development, with an emphasis on decentralization, and a greater role for the private sector. The EDPRS provides a road map for the next five years (2008-2012) to government, development partners, the private sector and civil society indicating where Rwanda wants to go, what it needs to do to get there, what the journey is going to cost and how it will be financed. The strategy provides a medium-term framework for achieving the Millennium Development Goals, in the context of the country's long term development aspirations embodied in Rwanda's *Vision 2020*.

The JSAN of the EDPRS was presented to the Boards of the IDA and the IMF in February 2008.

World Bank Group Program and Portfolio

The last Country Assistance Strategy (CAS) for Rwanda, covering FY 2002-06, was discussed by the World Bank Board in December 2002. An Interim Strategy Note (ISN), approved by the Bank Board in September 2006, extended the CAS through FY08 to ensure that the next CAS (now under preparation) will be aligned with Rwanda's second PRSP, called the Economic Development and Poverty Reduction Strategy (EDPRS). Both the first CAS and ISN set out an assistance program consistent with Rwanda's PRSP-1, and

emphasized the need to move progressively from project-based approaches to budget support. In line with that approach, a series of three programmatic operations—i.e. Poverty Reduction Support Credits/Grants (PRSGs)—was presented to the Bank Board in October 2004, October 2005, and in December 2006. This first series of PRSGs supported Rwanda's PRSP-1 in three priority areas: private sector development; improvement in the access and quality of socio-economic services, mainly in education, health, water, and energy; and in the improvement in economic governance. The PRSG was also the instrument for the Bank to support the process of donor harmonization.

The Bank has embarked on the preparation of a new series of PRSGs to support Rwanda's EDPRS. The first in the series—PRSG-4—was presented to the Board in February 2008. This new series of grants will support the GoR's efforts to accelerate growth in the medium term, and sustain improvements in social indicators.

International Development Agency (IDA) Program: Rwanda joined the World Bank in 1963. Since then, World Bank assistance on 69 projects has helped the country work towards achieving improved governance, economic growth and a reduction in poverty. As of March 2008, the Bank was supporting thirteen ongoing operations in Rwanda with a net commitment value of approximately US\$368 million.

Overall, IDA has financed projects in (i) infrastructure, particularly road construction and maintenance, electricity and water supply, and sanitation infrastructure; (ii) agriculture, rural development, and forestry; (iii) social infrastructure, including health and population, and education and training; (iv) private sector development, public enterprise reform, financial development, and technical assistance; and (v) five policy-based quick-disbursing operations (IRC and PRSG1-4). During the immediate post-genocide period, IDA financed two emergency budget support operations and a social fund-type project, and restructured its prewar portfolio of investment projects to meet the high-priority needs associated with the emergency and the transition from conflict to development.

International Finance Corporation (IFC) Program: The following outlines the IFC program in Rwanda:

- **Infrastructure:** IFC is working with the World Bank and GoR to explore financing opportunities for the Lake Kivu Methane Gas Project (KPI). Two years ago, IFC committed US\$7.5 million to M/s Intraspeed SA Rwanda Ltd (ISARL), a major freight and forwarding company in the Great Lakes Region, to help upgrade and expand the company's freight hauling capabilities.
- **Financial sector:** In November 2007, IFC signed a US\$2.0 million trade finance agreement with Banque Commerciale du Rwanda (BCR). It is also currently considering a long-term credit line combined with a technical assistance program to help BCR develop its SME unit. IFC is also developing a private school program with Banque de developpement du Rwanda (BRD). IFC expects to commit a risk sharing facility of up to US\$4.8 million with BRD in the next few months. IFC also

intends to develop a housing finance program in Rwanda in the coming months and has already engaged with local stakeholders.

- **Tourism:** In FY07, IFC committed US\$8.0 million for the modernization and expansion of the Kigali Serena hotel and the Kivu Sun in Kibuye, recently acquired by Tourism Promotion Services of the Aga Khan Fund for Economic development (AKFED). IFC also committed US\$2.5 million to Milkor Hotels for the rehabilitation and refurbishment of the Hotel Mille Collines.
- **Privatization:** IFC is advising the Government of Rwanda on the privatization of Rwanda Air.
- **PEP-Africa: Technical assistance programs in Financial and SME sectors:** Rwanda Leasing Program and Rwanda Entrepreneurship Program were launched on March 15, 2007. IFC is also developing a Gender Entrepreneurship Markets (GEM) Program in Rwanda.

IFC is collaborating with the IDA Competitiveness and Enterprise Development Project (CEDP) through the Rwanda Investment Climate Reform advisory project, particularly on commercial law reform, capacity building activities of RIEPA, promoting public-private dialogue and supporting the Government's Doing Business (DB) reform action plan.

Through the Efficient Securities Market Program (ESMID), IFC is providing technical support to Rwanda in the development of its capital market. IFC is also supporting the Banque Nationale du Rwanda (BNR) in the development of a credit bureau in Rwanda.

Multilateral Investment Guarantee Agency (MIGA) Program: Rwanda signed and ratified the MIGA Convention on October 27, 1989. On September 27, 2002, it became a full member of MIGA with the completion of its membership requirements, including payment of the usable currency and the local currency portions of its initial subscription, and deposit of the promissory note. The membership was followed by Rwanda's election to MIGA's Board of Directors during the World Bank/IMF annual meetings held in Washington.

Rwanda is one of the 16 post-conflict countries in the region on which MIGA is focusing as part of its post-conflict strategy. MIGA has not provided any coverage for projects in Rwanda. However, in the last quarter of FY08, the Agency expects to issue guarantees, through its Small Investment Program, to South African investors to facilitate their investment in a financial services project in Rwanda. To date, much of the Agency's efforts have focused on complementing the Bank Group's strategy of accelerating private sector-led growth in the country and to this end, MIGA has recently provided much input into the CAS document currently under preparation for FY09-FY12. Additionally, in consultation with the Bank, MIGA's technical assistance team undertook an assessment to assist Rwanda in creating a national investment and trade promotion capability and made recommendations on the

proposed Rwanda Investment Authority, as well as on the medium to long-term prospects for the country to attract foreign investment. Previously, MIGA collaborated with the World Bank to advise on the establishment of the Rwanda Investment and Export Promotion Agency (RIEPA) and provided considerable information on investment prospects in the country. FIAS has carried out an assessment of the strengths and weaknesses of RIEPA, meeting with RIEPA staff, board, and stakeholders, and surveying some of its private sector clients. The assessment was presented to RIEPA and the GoR in October 2007 and was well-received. The assessment includes a FIAS technical assistance plan for RIEPA, including schedules and a budget. RIEPA selected two priority areas to focus on immediately: support in elaboration of the new corporate plan, and improving performance and a client tracking system.

World Bank staff

Questions may be referred to Colin Bruce, Country Director (Tel. 5368+6441 / 254-20-322-6441) and Kene Ezemenari, Senior Economist (Tel.202-458-5559).

Table 1: Summary of Bank-Fund Collaboration

Thematic area	Areas of collaboration	Bank	Fund
Macroeconomic stability and development	Development agenda in poverty reduction goals.	Complement IMF's macroeconomic policy with various broad structural and sectoral work through lending and capacity building especially in areas such as budget management, energy, infrastructure, banking, telecommunications sectors.	IMF leads the policy dialogue and macroeconomic policies including fiscal and monetary policies. IMF has been supporting Rwanda through several arrangements under ESAF/PRGF.
	Collaboration in the areas of growth oriented reforms of the government.	Technical assistance in macro framework and related issues.	Technical assistance for improving tax administration
Public finance management and governance	A joint Bank and Fund assessment of the government's capacity to track poverty expenditures in July 2004, which highlighted the key areas for improvement.	The Bank has been providing assistance to the government to improve the capacity and quality of the budget process through a series of public expenditure reviews. Recently the Bank completed Financial Accountability Review and Action Plan (FARAP) and expected to support further through a Country Financial Accountability Assessment (CFAA).	IMF TA missions have been fielded in the areas of financial management, fiscal decentralization, and revenue management. Technical assistance provided in revenue management and modernization.
	Strengthening capacities in the areas of financial accountability and budget monitoring.	Financing and provision of technical assistance in expenditure tracking surveys and procurement reform. The Bank supports reform through the public sector capacity building project.	
Structural and policy reforms and financial sector	Collaboration in key institutional and structural reforms including an MTEF approach to budget planning, legal and judicial reform in establishing commercial courts and other regulatory reforms.	The Bank has provided support in the restructuring of the banking sector, and addressing the problem of non-performing loans. The Bank is also providing assistance to develop the micro-finance sector and the control of money laundering.	The Fund has been providing TA in banking supervision and prudential regulation. IMF is also providing assistance to the Central Bank in monetary policy analysis, banking supervision, and internal audit.
Infrastructure and private sector development	Collaboration in business friendly policies especially in the areas of taxation, budget, and legal and institutional development. Collaboration in reforming the financial sector.	The Bank has been supporting this area through many infrastructure projects in transport, water/sanitation, and energy. The competitiveness and enterprise development project (CEDP) is supporting reforms in telecommunications, privatization of the current telephone monopoly and tea factories. Banking sector reforms and the privatization process have been supported by the CEDP and the Institutional Reform Credit (IRC).	The Fund has been complementing the Bank work through policy dialogue and TA on fiscal and monetary policies.

Agriculture and rural development	Collaboration in recent budgetary policies, which support productivity enhancing measures in agriculture such as fertilizer and seed policies and fully washed coffee promotion of the government.	World Bank is supporting this sector through Rural Sector Support Project (RSSP), which aims to raise productivity and incomes among rural population.	
Social sector and community development.	Development agenda in poverty reduction and social sectors.	The Bank has supported Rwanda to improve its social infrastructure after the genocide especially in the areas of health, education and HIV/AIDS. Current poverty reduction support grants (PRSGs) have been supporting the social sector. The decentralization and community development project is supporting service delivery and ownership at the local level.	

Table 2: Status of Active Operations

Project	US\$ mil.	Objective	Approval/ Effectiveness	Disbursed as of Jan '08	Ratings	
					DO	IP
Rural Water Supply and Sanitation	21.67	To increasing the availability and sustainability of water supply and sanitation (WSS) services in rural areas; strengthening the capacity of communities and agencies, and mobilize community support.	June 2000/ January 2001	16.63	S	S
Human Resources Development	37.14	To build up Rwanda's human resources and institutional capacity to deliver education services.	June 2000/ January 2001	29.10	S	S
Rural Sector Support	55.87	To build capacity in the management of farmed marshland and hillside areas; access to credit and competitiveness in agricultural export; and small-scale rural infrastructure.	March 2001/ October 2001	46.02	S	S
Regional Trade Facilitation	7.93	To improve access to financing for productive transactions and cross-border trade.	April 2001/ August 2001	5.64	S	S
Competitiveness and Enterprise Development Project	46.15	To establish an enabling environment for private sector-led economic growth and poverty reduction in Rwanda.	April 2001/ December 2001	40.01	S	S
Rwanda Demobilization and Reintegration Project	43.13	To help consolidate peace in the Great Lakes region and foster reconciliation within Rwanda.	April 2002/ September 2002	26.58	S	S
Multi-Sectoral HIV/AIDS	32.46	To strengthen prevention measures in order to slow down the spread of HIV/AIDS; and expand support and care for those infected or affected by HIV/AIDS.	March 2003/ August 2003	38.09	S	MS
Decentralization and Community Development	20.53	To boost the emergence of a dynamic local economy, through communities who are empowered to lead their own development process under an effective local government.	June 2004/ December 2004	11.44	S	S
Public Sector Capacity Building	19.67	To ensure that public sector entities have the capacity for more efficient, effective, transparent and accountable performance in their redefined roles and functions and for achievement of their strategic objectives contributing to the implementation of the PRSP.	July 2004/	5.27	S	MS
Urgent Electricity Rehabilitation	24.13	To alleviate power shortages, and enhance the capabilities of energy sector institutions.	January 2005/	6.38	S	S
Urban Infrastructure and City Management	21.61	To increase access to priority urban infrastructure in Kigali and two secondary cities (Ruhengeri and Butare).	November 2005/ March 2006	8.52	S	S
East Africa Trade and Transport Facilitation	199.53	To improve trade environment through the effective elimination of tariff barriers in the EAC Customs Union area; enhance logistics services efficiency along key corridors by reducing non tariff barriers and uncertainty of transit time; and improve railway services in Kenya and Uganda.	January 2006/ June 2006	54.01	S	MS
E-Rwanda	10.00	To improve (i) efficiency and effectiveness of some internal processes of the Government of Rwanda, and (ii) the delivery of services in selected key sectors, including better access to information through the use of technology.	September 2006/	1.5	S	S

III. RWANDA: STATISTICAL ISSUES

Although economic data are generally adequate for surveillance, weaknesses hamper economic analysis. National accounts, prices, government finance, and balance of payments statistics continue to suffer from significant weaknesses. Monetary statistics and data relevant for banking supervision are adequate for program monitoring, but there is some scope for improvements in quality and timeliness. The country has participated in the General Data Dissemination System since October 2003.

In August 2005, the National Institute of Statistics (NIS) was established following the passage of the new Statistics Law.

National Accounts and Price Statistics

The national accounts are compiled and disseminated by the NIS, based on the 1968 System of National Accounts methodology. Data quality is weak, reflecting inadequate human and material resources. While considerable effort has been made to improve the reliability of GDP estimates using the production approach, significant weaknesses in data collection on expenditures and income hinder assessment of savings and investment. The reliability of national accounts estimates is also reduced by weak external sector statistics.

Since 2003, the East AFRITAC has advised the authorities on real sector statistics issues. This assistance is focused on capacity building to enable the construction of short-term indicators such as a monthly PPI for the manufacturing sector, which is a joint project with the central bank (NBR). The results have not yet been integrated in the national accounts. A DFID project is also supporting the NIS with a component on national accounts, aiming to establish a program of economic surveys and the development of leading indicators that can serve as source data for national accounts. The NIS is working on a new benchmarking of GDP estimates (2001). Work has also advanced in the implementation of the 1993 SNA.

The consumer price index (CPI, 2003=100) utilizes expenditure weights derived from a 2000-01 survey of 6,450 households (local goods account for about 70 percent of expenditure and imported goods about 30 percent; food and drink account for 37 percent of expenditures and housing and energy amount to 16 percent). Certain shortcomings remain, as the CPI aggregates infrequently purchased products in groups with equal weight.

Real sector data are reported regularly for publication in *International Finance Statistics (IFS)*, although with some lag, particularly for GDP estimates. Data on employment and wages are not collected, except for the central government and for daily informal work.

Government Finance Statistics

Detailed monthly revenues and expenditures are reported to AFR with a lag of three to four weeks. These data are compiled by the flash-reporting unit of MINECOFIN. A functional classification of government expenditure has been available since the 2003 budget. Within the economic classification, expenditures on PRSP-designated “priority areas” are clearly identifiable. The fiscal data do not capture capital expenditure consistently because capital projects (almost entirely externally financed) are mainly carried out by line ministries outside the regular budget process. Compilation of data on external budgetary assistance as well as on external debt would benefit from strengthened coordination between the finance ministry and the central bank. Efforts are underway to integrate the development budget into the normal budgetary procedures. Fiscal data often exhibit discrepancies between deficit and financing estimates. To address these issues, the authorities have made adjustments for changes in the balance of non-core government accounts, changes in cash in vault at the revenue authority, accounting errors, and other factors.

Selected aggregates on annual central government operations through 2004 have been reported to STA for publication in the *IFS*, but there are large discrepancies in the data, largely due to the timing of recording of expenditures. No sub-annual data are reported to STA, and government finance statistics (GFS) have not been reported for publication in the *GFS Yearbook* since 1993.

Monetary Statistics

The balance sheet of the NBR and detailed data on money market transactions are transmitted to AFR on a weekly basis with a lag of one week, while the monetary survey and the consolidated balance sheet of commercial banks are transmitted on a monthly basis with a lag of about five weeks. Detailed data on interbank money market transactions are also provided upon request. Monetary data used to be reported separately to STA and published in the *IFS*. The reporting of monetary statistics to STA has been delayed during the migration to the Standardized Report Forms (SRFs) undertaken by the NBR. The interruption in reporting has been longer than initially planned as the progress of the SRF migration has been hampered by the scarcity of skilled staff.

An August 2007 STA mission found that (i) a new chart of accounts for commercial banks was enacted in 2005 and the call report forms sent to the NBR were improved accordingly, thus better reflecting the methodology proposed in the *Monetary and Financial Statistics Manual*; (ii) the data on the Union des banques populaires du Rwanda—a countrywide mutual bank network—were included in the broad money survey beginning January 2004; (iii) the data on credit and savings cooperatives and other microfinance institutions are still not included in monetary statistics.

External Sector Statistics

The balance of payments is affected by weaknesses in the collection of source data (treatment of customs data and bank settlement reports, questionnaires) and insufficient staffing. The June 2003 multisector statistics mission recommended: (1) reorganizing data entry and production of external trade statistics, using ASYCUDA and Eurotrace software; (2) adapting survey forms sent to companies to the *BPM5* methodology; and (3) collaborating with Central Public Investments and External Finance Bureau (CEPEX) to obtain data on international and bilateral aid. Subsequently, STA balance of payments statistics missions followed up in January 2004 and June 2005, and AFRITAC missions in October 2006 and June 2007.

Technical assistance also resulted in significant improvements. In particular, the collection of data through direct surveys seems to be well established, and the rate of response is satisfactory (except for embassies). Annual balance of payments and IIP data through 2006 have been reported to STA for publication in the *IFS*. Also, with the assistance of these missions, the NBR has started compiling BOP/IIP statistics in conformity with international standards.

Some weaknesses remain, particularly in the compilation of trade data. Data compilation was the main focus of the June 2006 AFRITAC mission, and many adjustments to customs data were introduced to improve coverage and valuation. The treatment of bank settlement reports is not effective, because of incomplete automation of the collection of declarations.

The coverage of external aid remains a cause of concern. Data produced by the CEPEX do not include aid from important UN agencies and from certain countries. Only the external aid registered in the Government budget is fully covered. Concerning the other sector, the data should result from the survey on NGOs, but its coverage is insufficient.

Databases on external public debt are maintained by both MINECOFIN and the NBR. A committee, composed of staffs from the ministries of finance and economic planning, foreign affairs, and the NBR, is responsible for collecting, harmonizing, and monitoring information on external public debt.