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Press Release:
IMF Executive Board Completes First Review Under Policy Support Instrument for Rwanda
December 20, 2010

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Rwanda: Letter of Intent, Memorandum of Economic and Financial Policies, and Technical Memorandum of Understanding

December 4, 2010

LETTER OF INTENT

Kigali, Rwanda
December 4, 2010

Mr. Dominique Strauss-Kahn
Managing Director
International Monetary Fund
700 19th Street, N.W.
Washington, D.C., 20431

Dear Mr. Strauss-Kahn,

1. The attached Memorandum on Economic and Financial Policies (MEFP) reviews recent economic developments in Rwanda and implementation of Rwanda's economic program under the three-year Policy Support Instrument (PSI), which was approved by the IMF Executive Board on June 17, 2010. The attached MEFP is an update of the previous MEFP and sets out policies and programs the Rwandan government intends to implement for the rest of the fiscal year 2010/11. The PSI will expire on June 29, 2013.

2. All quantitative assessment criteria and structural benchmarks under the PSI program for end-June 2010 were met. The indicative target on domestic debt of the public sector was missed at end-June, as the government had to issue Treasury bills to ease its tight cash flow due to late donor disbursements. The debt is expected to be repaid soon as donor funds have already been disbursed.

3. Structural reforms are broadly on track. Notably, public financial management has continued to improve with the rollout of core modules of Integrated Financial Management Information System (IFMIS/Smartgov) to 94 agencies, while revenue administration has been strengthened with the Rwanda Revenue Authority taking over the collection and audit functions of social security contributions. The National Bank of Rwanda (NBR) has enhanced the effectiveness of monetary policy, in particular by holding frequent meetings of the Monetary Policy Committee (MPC), backed by an improved communication strategy. Also at the NBR, an exchange rate corridor framework was introduced as a transition measure toward greater exchange rate flexibility. All structural benchmarks for July–September were met except for the submission of an export diversification strategy to Cabinet. Although the draft export strategy was available by the August benchmark date, it will be submitted to Cabinet by end-January 2011, pending incorporation of comments from stakeholder discussions. The government is on track to meet most of the end-December 2010 structural benchmarks. The submission to Cabinet of the medium-term debt strategy is now planned for end-January reflecting delays in hiring consultants to assist with the strategy.

4. In light of the satisfactory program implementation and performance and additional reforms and policies outlined in the attached MEFP, the government requests completion of the first review of the PSI.

5. The Government is requesting modifications to the Assessment Criteria for end December 2010 approved under the original PSI in June 2010 (IMF Country Report No. 10/200) to take into account delays in donor budget support disbursements, observed seasonalities in currency in circulation, and the exclusion of the central bank's monetary policy instruments from the domestic debt definition as this could prevent an effective mopping up of excess liquidity to achieve our inflation objective. The proposed changes are therefore as follows: (i) modifications to the adjusters on net foreign assets (NFA) of the central bank and net domestic financing (NDF) to keep pace with the size of delays in donor grants which have grown over time; (ii) modifications to the definition of reserve money targets to better align to seasonalities in currency in circulation; (iii) modifications to consolidated domestic debt limit to exclude debt issued by the central bank for monetary policy purposes in order to allow it to effectively mop up excess liquidity and achieve its inflation objective; and (iv) modifications to exclude one state-owned bank (Banque de Kigali (BK)) that poses little fiscal risk from the debt limit under the PSI to allow the bank to borrow on non-concessional terms with long maturities for on-lending to small-and-medium size firms, and address balance sheet maturity mismatches. The details of the modifications are in the attached TMU.

6. The Government requested that a second bank, Banque Rwandaise de Développement (BRD) also be excluded from the debt limit under the PSI. Fund staff after assessing the bank decided that the Bank currently cannot be excluded from the debt limit mainly because it currently poses some fiscal risk as well as the absence of a sufficiently independent Board. The Government however is of the view that BRD should qualify for exclusion as explained in the attached MEFP. The Government's position is strengthened by the fact that BRD has remained operationally independent from Government and has operated for several years without recourse to government guarantee. It also has a good past record in managing external credit lines.

It does not therefore pose any fiscal risk on the Government's budget. It is on these grounds that we request that the Fund reconsider the exclusion of BRD in the forthcoming PSI review.

7. The Government believes that the policies and measures set forth in the attached Memorandum are adequate to achieve the objectives of the PSI-supported program for the remaining months of the fiscal year. The Government remains committed to these objectives, and will take prompt actions and additional measures necessary for their achievement. The Government will consult with the IMF—at its own initiative or whenever the Managing Director of the IMF requests such a consultation—before the adoption of any such measures or changes to the policies described in the attached Memorandum.

8. The Government will provide the Fund with such information as the Fund may request in connection with the progress made in implementing the economic and financial policies and

achieving the objectives of the program. It is expected that the second review will take place before end-June 2011, and the third review will also take place before end-December 2011.

9. The Government of Rwanda authorizes the publication and distribution of this letter, its attachments, and all reports prepared by the Fund staff, which also includes the Article IV consultation report.

Sincerely yours,

/s/	/s/
John Rwangombwa	François Kanimba
Minister of Finance and Economic Planning	Governor, National Bank of Rwanda

Attachment I. Rwanda: Memorandum of Economic and Financial Policies

December 4, 2010

UPDATE

1. In this updated Memorandum of Economic and Financial Policies (MEFP), **the Government of Rwanda remains committed to achieving sustained economic growth and poverty reduction**. The strategies to achieve these goals are set out in the Economic Development and Poverty Reduction Strategy (EDPRS) for 2008–12[1] and Rwanda's Vision 2020. To this end, the Government and the International Monetary Fund (IMF) are cooperating on a three-year Policy Support Instrument (PSI) to support macroeconomic policies and structural reforms that underlie strategies in the EDPRS.

2. This MEFP reviews performance during 2009/10 and the first quarter of the fiscal year 2010/11 and describes policies and targets for remainder of 2010/11 and the medium term.

I. Performance under the PSI

3. **At end June 2010, all quantitative assessment criteria have been met (Table 1)**. In the case of the indicative targets, all but one target was met. The ceiling on the stock of consolidated domestic debt of the public sector was missed due to delays in disbursement of budgetary grants (World Bank) and the necessity to sell more debt instruments to finance priority expenditures. The debt is expected to be repaid soon as donor funds have already been disbursed. All structural benchmarks were met for end-June (Table 2). Structural benchmarks for July–September have also been met except for the submission of an export diversification strategy to Cabinet. Although the draft export strategy was available by the August benchmark date, it will be submitted to Cabinet by end-January 2011 pending further review by stakeholders. The authorities are on track to meet the end-December 2010 structural benchmarks.

Growth

4. After a somewhat slower growth in 2009 reflecting the impact of the global financial crisis and the tight liquidity experienced in the country, a slight recovery has taken place in 2010. Real GDP growth is projected at 6.5 percent in 2010. Growth is led by agriculture especially food crops which continue to benefit from the large investments in fertilizer, improved seeds and extension services under our Crops Intensification Program. Growth in

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[1] Rwanda's latest EDPRS (IMF Country Report No. 08/90) and Joint Staff Advisory Note (IMF Country Report No. 08/91) were issued to the Executive Board on February 14, 2008. A progress report will be issued to the IMF Board before the second PSI review.

the industrial sector was led by manufacturing especially food processing, electricity, gas and water as well as construction. In the case of electricity, gas, and water, this sub sector continues to benefit from the ongoing investments by the Government. The recovery in construction was mainly due to the resumption of credit to this sub sector as well as completion of some public projects. The recovery in the services sector reflects the ongoing improvements in financial services – finance and insurance-and the on-going investments in communication as well as the recovery in tourism and trade.

Inflation

5. Driven by sustained good performance in domestic food production, decline in import prices, stable exchange rate and limited growth of money supply, inflation has been maintained at low levels in 2010 compared to the last two years. Furthermore, improvement in fiscal and monetary policy management and coordination have continued to limit inflationary pressures. Overall inflation dropped from 5.7 percent in December 2009 to 1.5 percent in September 2010, and is expected to be below 5 percent at end-2010, well below the target of 7 percent projected for the year.

Fiscal Performance

6. Fiscal performance during FY2009/10 was on track as the net domestic finance target was met. The 2009/10 overall fiscal deficit (including grants) was smaller than expected by 2.8 percent of GDP on account of higher revenues and lower spending. Domestic revenue collections exceeded projections by about 0.7 percent of GDP on account of "one off "collections of new motor vehicle registration tax at the beginning of the year. On the expenditure side, total spending was slightly lower by about 2.2 percent of GDP due to lower spending on foreign financed capital projects. This occurred because of delays in external loan disbursements. Consistent with EDPRS objectives, the priority spending target was also met. External grants were in line with the budget for 2009/10.

7. However, based on preliminary data for the first quarter of 2010/11 (July–September) trade taxes and non-tax revenues fell short of projections in the PSI program, owing mainly to a much larger-than-expected shift in imports from the EAC and COMESA and corresponding reduced import duties and other applicable taxes, a trend which had already started in January–June 2010. Lower revenues and grants contributed to a build-up of arrears, despite lower-than-programmed spending.

8. Also during the first quarter of 2010/11, delays occurred in the disbursement of external budget support grants by the World Bank. The short term financing gap was financed with the issuance of short term debt to the commercial banks. As a result the stock of domestic debt target at end June 2010 was slightly exceeded.

EDPRS implementation

9. The financial year 2009/2010 is the third financial year of implementing the EDPRS. By end-2009, out of 383 policy actions that were assessed, 374 had been implemented; an implementation rate of more than 97 percent. Many targets were exceeded and subsequently revised upwards for future financial years. Notably, progress has been made to improve infrastructure: 53.8 percent of national roads are now in good condition from a baseline of 11 percent in 2006; over the same period, electricity generation capacity has increased from 45MW to 84MW allowing an increase of 75 percent in the number of connections. Rwanda is now on track to achieve health and education-related MDGs, including increasing the coverage and the quality of basic and tertiary education, and strengthening technical and vocational education and training. It has already achieved MDGs related to gender equality and has also made good progress towards increasing access to water and sanitation for its population. In the area of governance, satisfactory progress has been made in strengthening PFM, justice, decentralization and citizen participation.

External Sector

10. The balance of payments is expected to end 2010 with a small deficit and reserves coverage would be 4.6 months of imports. The trade deficit would increase but by less than originally thought, as strong export performance is more than offset by additional imports. The export rebound in 2010 is due mainly on account of strong performance in the coffee and tea sectors, as their combined exports are expected to increase by about 40 percent compared to 2009. Non-traditional exports are also performing well and the results of the Informal Cross-Border Trade Survey, included for the first time in the export statistics, indicate a net surplus for informal net exports. Mineral exports would be nearly unchanged from 2009 as higher prices are offset by smaller export volumes. The tourism sector is rebounding from its decline in 2009 though not yet to the extent as was expected. Imports in 2010 would increase by about 20 percent compared to 2009 and be driven by higher imports of energy, intermediate, and consumer goods. Imports of capital goods would be up only slightly for the year and fall below expectations on account of slower-than-expected execution of a few large investment projects. Progress with regional integration has resulted in a shift of imports; data for January–June 2010 shows that the share of imports from EAC countries has increased to 32 percent when compared with 26 percent in the same period in 2009 and 25 percent in 2008. As public and private current transfers would increase in 2010 and partly offset the higher trade deficit, the current account deficit including grants would be about 7 percent of GDP in 2010 (against 7.9 percent of GDP programmed), which is slightly below the level in 2009. On the financial side of the balance of payments, some plans to finance large projects are expected to be finalized by the end of the year and its foreign investment component (foreign direct investment and external borrowing) has been pushed back to 2011. The financial account is also supported by private external borrowing, including in the telecommunications to finance equipment and intermediate imports.

Monetary and Exchange rate Developments

11. In response to the domestic liquidity crisis which started in 2008, the NBR has maintained an accommodative monetary policy stance in the last 18 months to boost liquidity and support the expected turnaround in growth. The policy rate, which also serves as the key repo rate, has been cut cumulatively by 200 basis points since November 2009. However, commercial banks have maintained a cautious credit stance while enhancing their risk management practices and loan recovery processes. As a result, growth in credit to private sector has been slower than expected, as it is forecasted to increase by about 10 percent by end 2010, well below the 20 percent growth initially projected.

12. The introduction of the exchange rate corridor framework in July 2010 as a transitional measure toward a market based exchange rate framework introduced more flexibility in the movement of the foreign exchange market. The Rwandan franc depreciated by 3 percent against the US dollar between April and August 2010, higher than the depreciation observed in the entire 2009.

Financial sector

13. After a challenging year, the banking system in 2010 began to show clear signs of recovery. In general, banks remain well capitalized, with strong solvency, liquidity and improving asset quality which have increased public confidence in the banking sector. The capital adequacy ratio of the banking system stood at 17.6 percent as of June 30, 2010, well above the regulatory capital of 10 percent for Tier 1 capital and 15 percent for total Capital. A slight upgrade in asset quality was observed through a decrease in nonperforming loans (NPL) from 13.1 percent in December 2009 to 12.2 percent at end June 2010. Bank profitability also increased. At end June, 2010 return on equity and return on assets increased respectively from 6.4 percent to 10.3 percent and from 0.9 percent to 1.3 percent compared to June 30, 2009.

14. In 2010, 6 on-site inspections are planned to be conducted of which 4 have already been completed. In addition, 4 Banking Regulations were approved by September 2010, one of which is loan classification and provisioning. The legal framework to operate a private credit reference bureau has also been developed. The law on credit information system was passed by the Parliament in May 2010 and a new private credit bureau, CRB Africa, was licensed in May 2010 and launched in July 2010. Central Bank will oversee the operations of the duly licensed credit bureau and will continue to sensitize the public on the importance of the credit reference agencies and legal rights of consumers. The non-bank supervision department conducted an onsite inspection of Caisse Sociale du Rwanda (CSR) in October 2010.

15. The NBR also adopted a number of regulatory and institutional reforms to further strengthen the supervision of microfinance (MFIs) and non-bank financial institutions (NBFI's). Insurance regulations to implement the new insurance were finalized and published in the Official Gazette in September 2010 and the last two regulations were approved by the NBR's Board of Directors in September 2010 and will be published in the Official Gazette

before end-December 2010. Regarding the MFIs, the NBR is implementing the new regulatory guidelines. In line with the MFIs, NBR intensified on-site inspections depending on the results of the off-site analysis and meetings with governing bodies of the MFIs with deteriorating asset quality.

16. The Functional Specifications (FS) for the Automated Transfer System (ATS) has been approved, hardware and software received and tested by BNR. The system for the backup site has also been accepted and tested at BNR headquarters, and moved to the interim Disaster Recovery site at Rwanda Development Board Information Technology (RDB IT) data centre. The first phase of Rwanda Integrated Payments Processing System (RIPPS) software has been received and customized to the Functional Specification agreed by BNR and full acceptance testing of software carried out. The complete system will be up and running on schedule by end June 2011.

17. The Electronic Transactions Law and the Central Securities Law were published in the official gazette in May 2010. On the other hand, the regulation on Electronic Funds transfers and Electronic money and the one governing payments and securities systems were passed by the BNR board and waiting to be published in the official gazette by end December 2010. Lastly, Guidelines on cards operations and an oversight framework are being drafted.

Statistical Issues

18. **Efforts to improve the quality of national accounts are continuing.** In October 2010, the NISR disseminated its quarterly GDP estimates for the first and second quarters of 2010, together with minor revisions of GDP estimates for 2008 and 2009. The NISR finalized the design of Living Standards Measurement Questionnaire (EICV) as committed by the end-September structural benchmark. The 2010 household survey incorporating the finalized questionnaire is to be conducted from November 2010 to October 2011. Progress has also been made revising the methodology for conducting ex-ante and ex-post agricultural crop assessments (to be finalized by end-Dec 2010). Starting with the 2011 season A crop, the NISR are already using the preliminary revised ex-ante survey and will follow up with the ex-post agricultural crop assessment starting with the season A crop.

II. Objectives and Policies Looking Forward

19. The outlook for the remainder of the fiscal year is in line with our Medium Term Macroeconomic Framework and program objectives set out in our initial MEFP. Our overriding objective is to sustain real GDP growth rates above 7 percent per year. Continued macroeconomic stability is a necessary condition for meeting this challenge. Inflation is targeted at 6 percent for end-2011 and stabilizing at 5 percent over the medium-term.

A. Fiscal Policy

20. The budget for fiscal year 2010/2011 has been revised for fiscal year 2010/11 to take account of lower revenues offset by expenditures cuts, leaving the overall fiscal balance (including grants) unchanged. The revised budget will be submitted to Parliament before end-2010. The original targeted increase in domestic revenue mobilization of about 1.4% of GDP (compared to 1.1 percent of GDP in the revised program) was based on a much faster recovery of the monetized sector of the economy and an accelerated increase in revenue yield from the implementation of the on-going administrative reforms. As a result of a slower recovery together with larger than projected revenue loss from trade with the EAC and COMESA region, and poor performance of profit taxes resulting from the financial crisis in 2009, total collections are now expected to be lower by about Rwf 8.5 billion (0.2 percent of GDP). In order to compensate for the expected revenue shortfalls from trade taxes and corporate taxes in 2010/11, the authorities will take additional efforts to collect revenues in other areas, as well as continue to implement ongoing tax administration measures. Looking forward, the authorities intend to request an FAD mission from the IMF to review tax policy. The additional efforts for 2010/11 include:

- Increase the number of taxpayers by 10 percent from 42,538 (end June 2010) through end June 2011 as a result of collecting pension funds and using the Block Management System which will boost tax collections including Income and VAT taxes.

- Enforcement efforts shall be intensified to avoid aging of arrears and recover collectible ones amounting to Rwf 8 billion by June 2011 compared to Rwf 6.5 billion in the PSI program.

- Start using risk-based audit planning, targeting high risk sectors and gives them a priority to ensure that all large and half of the medium taxpayers sectors are current in audit by end 2011.

21. Consistent with our policy of maintaining the net domestic finance at the same level as originally programmed, we will offset the expected revenue shortfall with an expected compensation from the EAC-Comesa Fund for revenue losses for 2009/10 (US$ 14 million or about Rwf 8 billion). In case the compensation is not realized, the revised 2010/11 budget will include identified contingent expenditure cuts in non-priority areas amounting to 0.2 percent of GDP (see Table below). The use of the government's overdraft at NBR at the beginning of 2010 was considered one-off event related to delays in donor disbursements. We will continue to use this facility again for cash flow purposes in future if there are delays in donor disbursements. However we will give the retirement of such facility priority when the donor funds are received.

PROPOSED EXPENDITURE CUTS 2010/11 BUDGET (in billion Rfw)				
S/N	**CATEGORY**	**Approved Budget**	**Amount to be Cut**	**Share of GDP**
A	**Goods and Services**	**42.2**	**4.0**	**0.1**
B	**Transfers**	**40.6**	**5.4**	**0.2**
C	**Domestic Capital Expenditure**	**4.1**	**3.3**	**0.09**
	GRAND TOTAL	**86.9**	**12.7**	**0.4**

22. For the remaining period of fiscal year 2010/2011, we expect some minor delays in the disbursement of official external budget support grants. We will finance the temporary shortfall in resources with short term debt instruments which will increase our domestic debt. The stock of domestic debt (excluding T-bills issued for monetary policy purposes) at end of fiscal year 2010/2011 is therefore expected to amount to Rwf 212.1 billion compared to Rwf 177.8 billion at end 2009.

23. Our budget for the medium term will be guided by our medium term expenditure framework and our approach to prudent fiscal policy. Accordingly, we will aim to continue to reduce the domestic finance requirements so that the private sector can lead economic growth and poverty reduction. We expect to reach our objective of increasing revenue from 12.5 percent of GDP in 2009/10 to 14.3 percent of GDP by 2012/13, as estimated in the PSI program, an important tool not only in securing resources for our development but also in reducing our reliance on external budgetary grants.

24. Looking ahead, before granting tax exemptions in the context of the export development strategy and PPPs, the government will carefully assess fiscal risks and any new tax incentives will remain fully transparent in tax codes and investment codes. MINECOFIN will strengthen capacity to assess the revenue losses of tax exemptions, in preparation for eventual inclusion in annual budget documents. Also, the government will ensure that all fiscal risks of any proposed PPPs are assessed, at an early stage, by MINECOFIN before any decision is taken. The government is also committed to submit to Cabinet its medium-term debt strategy.

25. The government also intends to improve its communication strategy by preparing quarterly budget execution reports, and publishing these on its website, within 45 days from the end of each quarter (continuous structural benchmark). The budget execution reports will include the central government operation table and an analysis of fiscal outturns against annual fiscal objectives, with a view to eventually preparing bi-annual reports that also

analyze fiscal developments vis-à-vis medium-term fiscal objectives. This will help to ensure transparency and accountability of public resources.

Public Financial Management

26. The PEFA assessment is near completion. The preliminary 2010 scores improved significantly from the 2007 assessment (No indicator slipped back, the "A" scores increased by more than 300 percent whilst the "D" scores declined by 45 percent) underpinned by the existence of a clear and advanced legal framework particularly for budget preparation and legislative scrutiny of the budget and improved compliance and oversight across the entire public financial management cycle.

B. External Sector Policies

27. Consistent with our medium term growth objectives averaging more than 7 percent per annum, our external current account deficit (excluding grants) which is estimated at about 7 percent of GDP at end 2010 will be expected to widen in 2011 to about 9.5 percent of GDP before declining slightly in the medium term. Higher imports especially capital equipment for some of the ongoing strategic investment projects and other consumer goods from the EAC and COMESA region contribute to the higher imports figure in 2011. Total export receipts (in US dollar terms) in the medium term are projected to rise slower than originally projected in the PSI program on account of expected sluggish developments concerning world commodity prices especially coffee, tea and minerals.

28. As a result, the balance of payments is projected to close in the medium term years with small deficits which will be financed with some draw down of international reserves. As a result, we expect gross official reserves to remain on average at a safe minimum coverage of 4 to 5 months of imports.

29. In the area of debt management, we will explore all avenues for concessional financing. However given the large requirement of resources for the financing of our development agenda, some non concessional financing will be necessary. We have already agreed to a ceiling of US$240 million of non concessional borrowing during the PSI period for RwandAir and the Kigali Conference Center (KCC).

30. Currently two state owned banks, Bank of Kigali (BK) and Banque Rwandaise de Developpement (BRD) are holding discussions with the African Development Bank (AfDB) and the Agence Francaise de Developpement (AFD) for non-concessional lines of credit amounting to about US$55 million. These funds, when secured, would be used for on-lending to Small and Medium Enterprises (SMEs) and others for long-term financing as well as mitigating asset-liability maturity mismatch in the case of Bank of Kigali. In view of the fact that both banks are performing well and have strong independent management as well as good past record in managing external lines of credit, we request that they should be excluded from

the DSA definition. We wish to reiterate our position that these banks do not pose any fiscal risk to the Central Government's budget.

C. Monetary and Exchange Rate Policies

31. To support the economic growth, the NBR will maintain the current accommodative monetary policy stance going forward, but would continue to reassess the stance regularly to ensure underlying inflationary pressures are well anchored. The NBR will also ensure that real interest rates are kept positive to stimulate domestic savings mobilization and support the financial deepening required for growth.

32. At the same time, the NBR is committed to keeping inflation low and stable over the medium term. Inflation is projected at 4.6 percent in 2010, far below the 7 percent projected at the beginning of the year. The NBR projects a slight pick-up in inflation in 2011 to about 6 percent, with the aim to return to 5 percent in 2012 and stabilize at that rate over the medium-term. However, the risks of higher inflation remain due to uncertainties related to exogenous shocks, including food and fuel prices. Broad money growth estimated at about 13 percent in 2010 is projected to grow further by about 13.8 percent in 2011, supported by a strong recovery in growth in credit to the private sector by about 22.4 percent in 2011, up from an estimated 11 percent in 2010.

33. NBR will continue to use appropriate mix of monetary policy instruments to manage the liquidity in the banking system including reserve money targeting and the sale of foreign exchange to banks to support the objective of maintaining inflation at low levels while at the same time supporting growth. In addition, the NBR, with the assistance of TA from the IMF, will further reform the foreign exchange rate market towards greater flexibility, and encourage further deepening and development of the foreign exchange interbank market. The NBR will also continue to closely monitor the behavior of the Rwf exchange rate vis-a- vis the currencies of the major trading partners to limit the volatility of the real effective exchange rate to ensure competitiveness and boost growth.

34. NBR will eliminate, by end January 2011 (structural benchmark), the Average Reference Rate (ARR)—currently used as the NBR customer rate and for official accounting purposes. Henceforth, NBR will operate with new buying and selling customer rates established as margins on either side of the previous days' closing market rate. The closing market rate is the rate of the last market transaction—either between banks (i.e. interbank rate), or between banks and the central bank (i.e. intervention rate)—of a given day. In the event of no market transactions on a given day, the latest available closing market rate will prevail. For official accounting purposes, NBR will use as the Official Rate, the mid-point of the NBR customer buying and selling spread.

35. NBR will strengthen its capacity in economic analysis (including with technical assistance from IMF MCM and by training experienced economists in key areas, including (i) modeling inflation for policy simulations to provide analytical support to the Monetary

Policy Committee (MPC) decisions; (ii) to analyze and forecast developments in the balance of payments; and (iii) build analytical capacity to assess economic fundamentals to determine when to intervene and re-base the exchange rate corridor.

D. Financial Sector Reforms

36. The NBR will continue to promulgate laws to strengthen the regulation of the financial sector. The pension law is expected to come into effect by end-March 2011. The two companion laws, the new insurance contract law (approved by NBR Board in September 2010) and the mandatory insurance law (still in the drafting process) are also expected to be passed by the Parliament before end 2011. At the same time Parliament has on its agenda to pass the law that governs the organization of collective investment schemes (CIS) by end 2010. These laws are aimed at giving the necessary regulatory backing to the development of the domestic capital markets in Rwanda. In addition, there are two other CMA draft laws expected to be passed by the Parliament before end 2010.

37. The NBR has initiated the process of developing an action plan to revamp the general capacity of its staff, particularly its supervision department by reviewing the general compensation and professional development scheme. The NBR intends to submit to its Board, by end-March 2011, an action plan to improve NBR's compensation scheme and professional development in order to strengthen improve staff motivation and increase staff retention. In this regard, NBR is conducting a salary survey, which will be completed by end-March 2011.

38. The Banking Supervision Department is implementing its supervision program for 2010 with the assistance of senior bank examiners from the EAC central banks. Additionally, it expects to get TA from IMF and World Bank over the period 2011–2012 to enhance capacity of inspectors. NBR has a 2010–2011 comprehensive training program funded by the AfDB to build capacity of bank examiners. The program includes attachments to more experienced central banks and in-country training workshops. The NBR will also continue to hold joint bank inspection exercises with senior inspectors from other EAC central banks. NBR is on track to achieve at least 6 on-site inspections in 2010 with NBR staff (structural benchmark for end-December 2010). This is in addition to continual off-site surveillance for all banks and regular meetings with commercial bank management consistent with the risk based supervision framework. It is believed that all these capacity building and staff motivation initiatives will enable NBR to achieve the PSI objective of being able to conduct on-site inspections for each bank at least once in every 24 month cycle. Furthermore, the Government of Rwanda has requested for an FSAP update planned for early 2011 to advice on the expansion of the financial inclusion while limiting its vulnerabilities. In addition, the FSDP will be revised taking into account recommendations from the FSAP mission.

39. The NBR is taking steps to increase financial inclusion through NBFIs, while limiting its vulnerabilities. The NBR is strengthening its capacity to supervise the recent rapid expansion of MFIs, including some 416 UMURENGA SACCOs, including using Risk Based

Supervision (RBS) in some large MFIs by December 2011. This will encourage big viable MFIs to upgrade to legal status of Micro-Finance Bank, and encourage Banks to expand their branch network. We do expect that these initiatives will enable Rwanda to achieve the objective of reaching a goal of 30 percent for financial inclusion by 2012, up from 21 percent cited by the Finscope Rwanda 2008 survey.

E. Statistics

40. The NISR will continue to improve the quality of the national accounts, in accordance with the improvement action plan of the national accounts. Using the revised methodology for the ex-ante and ex-post agricultural crop assessments (structural benchmark, end-Dec 2010), the NISR will begin conducting an ex-post crop assessments starting with the 2011 agricultural A season (SB end January 2011). The NISR also intends to update the metadata for the GDDS, and submit it to the IMF for posting by the end of March 2011. The NISR will also devote resources to hire economists to ensure consistency of its national accounts statistics with macroeconomic developments.

Table 1. Quantitative Assessment Criteria and Indicative Targets for 2010-11[1]
(Billions of Rwandan francs, unless otherwise indicated)

	2010						2011	
	June				Sep	Dec	March	June
	Prog	Adjusted Prog	Est	Status	Prog	Prog	Prog	Prog
Assessment Criteria [2]								
Net foreign assets of the NBR at program exchange rate (floor on stock) [3, 4]	369.3	368.2	384.7	*met*	390.5	352.6	353.2	318.9
Reserve money (ceiling on stock) [5]	122.5	122.5	121.7	*met*	126.2	129.9	132.1	135.8
Net domestic financing (ceiling on flow)[4, 6]	-7.5	-6.3	-11.2	*met*	-26.3	22.7	39.1	68.9
New nonconcessional and government guaranteed external debt (US$ Millions) (ceiling on stock) [7, 8]	240.0	240.0	0.0	*met*	240.0	240.0	240.0	240.0
External payment arrears (US$ Millions) (ceiling on stock) [8]	0.0	0.0	0.0	*met*	0.0	0.0	0.0	0.0
Indicative Targets								
Domestic revenue collection (floor on flow) [6]	197.9	197.9	204.3	*met*	313.2	424.0	552.2	675.4
Net accumulation of domestic arrears (ceiling on flow) [6]	-3.0	-3.0	-6.1	*met*	4.8	-13.1	-15.1	-17.1
Consolidated domestic debt of public sector (ceiling on stock, eop) [4,9]	211.1	212.3	264.8	*not met*	178.4	219.0	206.1	212.1
Total priority spending (floor on flow) [6]	212.0	212.0	228.7	*met*	342.7	458.7	573.7	688.8
Memorandum items:								
General budget grants (US$ Millions) [6,10]	218.2	218.2	216.1		330.6	418.0	509.9	541.7

Sources: Rwandan authorities and IMF staff estimates and projections.

[1]All items including adjusters are defined in the attached Technical Memorandum of Understanding (TMU).
[2]Test dates for assessment criteria are for end-June and end-December, otherwise indicative targets.
[3]At program exchange rate of RWF 571.24 per US dollar for 2010 and 2011.
[4]Subject to adjustors. See TMU for details.
[5]Targets are calculated as an arithmetic average of the stock of reserve money for the three months in the quarter. See TMU for details.
[6]Numbers are cumulative from December 31, 2009.
[7]Cumulative from end-June 2010. The ceiling applies to the duration of the three-year PSI and is tied to two projects as specified in the MEFP. It excludes the IFC SWAP agreement of US$50 million as well as US$13.1 million for purchase of two small airplanes both of which were contracted in 2009 and external borrowing by the Bank of Kigali.
[8]This is a continuous assessment criterion.
[9] Excluding NBR's debt issued for monetary policy purposes, starting on September 2010. See TMU for details.
[10]Excluding demobilization and AU peace keeping operations, HIPC grant and COMESA compensation grant.

Table 2. Rwanda: Structural Benchmarks for 2010/11 [1]

Policy Measure	Target Date	Macroeconomic rationale	Status
PFM			
1. Strengthen the MTEF by completing PERs for two more sectors (ICT and transportation).	End March 2011	To improve multi-year fiscal planning.	Progress to be reviewed
2. Begin pilot of core modules of Smartgov (a component of IFMIS) in Ministries and Agencies.	End July 2010	To help budget preparation, reporting and execution.	Met
3. Submit to Cabinet for approval a revised public debt policy and MTDS.	End January 2011	To assess costs and benefits of scaled-up nonconcessional financing and analyze fiscal risks associated with PPPs.	Changed to end January 2011 from end December 2010 owing to delays in hiring a consultant to further refine the draft strategy.
Fiscal Performance			
4. MINECOFIN to publish (and put on its website) quarterly reports of budget execution against annual fiscal policy objectives, within 45 days of end of each quarter. Initially the quarterly budget execution reports will exclude foreign-financed projects.[2]	Continuous, starting mid-May 2011	To improve communication of fiscal performance to stakeholders.	
Revenue Administration			
5. Submit to Cabinet for approval draft legislation to transfer collection and audit functions of social security contributions (pension and RAMA) to RRA.	End December 2010	To improve compliance and widen the tax base.	
6. Improve risk-based assessment of ASYCUDA++ by electronic submission of supporting customs documents.	End June 2010	To modernize customs collection and properly assess liabilities	Met
Financial Sector			
7. NBR to conduct minimum of 6 on-site bank inspections with NBR staff.	End December 2010	To keep up with both on and off site prudential oversight of banks consistent with risk-based supervision framework	Progress to be reviewed
Monetary Policy			
8. NBR to publish (and put on its website) the underlying economic assessments supporting MPC decisions within one month after every quarterly MPC meeting.	Start date - End June 2010	To improve communication and shape expectations of market and general public and enhance effectiveness of the monetary policy framework.	Met
Exchange Rate			
9. Announce the introduction of interbank exchange rate corridor framework.	End June 2010	To improve foreign exchange market efficiency and allow exchange rates to move in line with fundamentals.	Met
10. Remove NBR's Average Reference Rate (ARR) and establish new NBR customer buying and selling exchange rates.[2]	End January 2011	Unifying official and customer exchange rate.	
Export sector			
11. Submit to cabinet for approval the draft export diversification strategy and action plan.	End August 2010	To broaden the export base.	not met; To be implemented by end January 2011 to allow more time to incorporate further review by stakeholders .
Statistics			
12. Finalize design of living standards measurement questionnaire (EICV).	End September 2010	To improve measurement of GDP growth.	Met.
13. Revise methodology for conducting ex-ante and ex-post agricultural crop assessment.	End December 2010	To improve measurement of GDP growth.	Progress to be reviewed
14. Conduct ex-post crop assessment of 2011 season A.[2]	End January 2011	To improve measurement of GDP growth.	

1. Source: MEFP (June 2010, December 2010 Update) and staff assessment.
2. New measures introduced at the time of the first review of the PSI.

Attachment II. Technical Memorandum of Understanding
December 4, 2010

1. This memorandum defines the quantitative targets described in the memorandum of economic and financial policies (MEFP) for the period June 30, 2010–June 30, 2013 supported by the IMF Policy Support Instrument (PSI), and sets out the data reporting requirements. This Technical memorandum of understanding (TMU) supersedes the TMU issued in IMF Country Report No. 10/200.

I. Quantitative Program Targets

2. The quantitative program will be assessed through assessment criteria (AC) and indicative targets (IT) for the duration of the program.

3. AC will apply to the following indicators for end-June and end-December (the test dates) throughout the program period; other dates are IT:

- Floor on stock of net foreign assets (NFA) of the National Bank of Rwanda (NBR);
- Ceiling on stock of reserve money;
- Ceiling on flow net domestic financing (NDF) of the central government;
- Ceiling on contracting or guaranteeing of new nonconcessional external debt by the public sector; and
- Ceiling on stock of external payment arrears of the public sector.

4. IT targets apply to the following indicators throughout the program period:

- Floor on flow domestic revenue collection of the central government;
- Ceiling on flow net accumulation of domestic arrears of the central government;
- Ceiling on stock of consolidated domestic debt of the public sector; and
- Floor on flow priority spending.

5. Assessment criteria on contracting or guaranteeing of new nonconcessional external debt by the public sector and stock of external payment arrears of the public sector are applicable on a continuous basis for the duration of the program.

6. **Program exchange rates**. For accounting purposes, the following program exchange rates which are end-December 2009 rates apply for 2010 and 2011:

Program Exchange Rates (US$ per currency unit, unless indicated otherwise)	
Rwanda Franc (per US$)	571.24
Euro	1.4599
British pound	1.6241
Japanese Yen (per US$)	89.5610
SDR	1.5822

A. Institutional Coverage of the Fiscal Sector

7. The **central government** fiscal operation table comprises the treasury and line ministries, hereafter referred to as the government unless specified otherwise.

B. Targets related to the Execution of the Fiscal Program

Ceiling on net domestic financing of the government

8. A ceiling applies to NDF, which is measured cumulatively from December 31, 2009 for June 30, 2010; December 31, 2010; and June 30, 2011. Other dates are indicative targets

9. **Definition**. NDF of the government is defined as *change* in the sum of (i) net banking sector credit to the government and (ii) non-bank holdings of the government domestic debt.

10. Net banking sector credit to the government is defined as

- credit to the government from the banking system (as recorded in the monetary survey), including credit to the government, provinces and districts, outstanding consolidated government debt held by the banking system,[1] government debt to the NBR incurred as a result of the 1995 devaluation (Rwf 9 billion), the overdraft to the prewar government (Rwf 2 billion)[2], and overdraft with the NBR. Credit to the government will exclude treasury bills issued for monetary policy purposes by the NBR, and the proceeds of which are sterilized in deposits held as other NBR liabilities.

[1] Consisting of bank holdings of treasury bills, bonds (domestic), old development bonds (pre-1994 debt), new development bonds (including those used for recapitalization of banks), and other accounts receivables.

[2] The authorities will inform Fund staff of any substantive changes in government accounts with the banking system, which may affect the calculation of net bank claims.

- minus total government deposits with the banking system (as recorded in the monetary survey), including the main treasury account, line ministries, the fund for assistance to genocide survivors, the Rwanda Revenue Authority, the electoral commission, the demobilization commission, fonds routier, privatization account, and any other autonomous public enterprises and public agencies over which the government has direct control over their deposits. Thus, this definition excludes any government deposits, over which the central government does not have any direct control (i.e., for project accounts, counterpart funds and *fonds publics affectés*).

11. Non-bank holdings of the government domestic debt consists of non-bank holdings of treasury bills, bonds (domestic and nonresident), old development bonds (pre-1994 debt), new development bonds (including those used for recapitalization of banks), and other accounts receivables.

12. **Adjusters to the NDF:**

- The ceiling on NDF will be adjusted *upward* by the amount of any shortfall between actual and programmed budgetary grants[3](defined in Table 2 of Quantitative AC and IT), up to a maximum adjustment of US$80 million, evaluated in Rwanda francs at the program exchange rate. The ceiling will be adjusted *downward* by the amount of any excess of actual over programmed budgetary grants above US$24 million, evaluated in Rwanda francs at the program exchange rate.

- The ceiling on NDF will be adjusted *upward* by the amount of expenditure for food imports in the case of a food emergency.

13. **Reporting requirement**. Data on NDF (showing separately treasury bills and government bonds outstanding, other government debt, and central government deposits), each type of debt to be shown by debt holder, and its adjusters will be transmitted on a monthly basis within five weeks from the end of each month. Deposits of the government with the NBR and with the commercial banks will be separated from the deposits of the public enterprises and autonomous public agencies and agencies that the government does not have any direct control over.

Domestic revenues

14. **Definition**. The floor on domestic government revenue is defined as total government revenue (tax and non-tax revenues), per the central government fiscal operation table, but excluding external grants, and privatization receipts.

[3] Budgetary grants exclude COMESA grants and HIPC grants.

15. **Reporting requirement.** Detailed data on domestic revenues will be transmitted on a monthly basis within five weeks of the end of each month.

Floor on priority expenditure

16. The floor applies to priority spending of the government which is measured cumulatively from December 31, 2009.

17. **Definition.** Priority spending is defined as the sum of those recurrent expenditures, domestically-financed capital expenditures, and net lending that the government has identified as priority in line with the EDPRS. Priority expenditures are monitored through the computerized SIBET expenditure management system which tracks priority spending of the annual budget at the program level.

18. **Reporting requirement.** Data on priority expenditure will be transmitted on a monthly basis within five weeks of the end of each month.

Net accumulation of domestic arrears of the government

19. A ceiling applies to net accumulation of domestic arrears of the government which is measured cumulatively from December 31, 2009.[4]

20. **Definition.** The net accumulation of arrears is defined as the difference between the gross accumulation of new domestic arrears (measured as the difference between payment orders and actual payments related to payment orders issued) and gross repayment of any arrears outstanding on December 31, 2009 (including repayment of float in 2009 and the repayment of older arrears).

21. **Reporting requirement.** Data on repayment of domestic arrears and the remaining previous-year stock of arrears will be transmitted on a monthly basis within five weeks of the end of each month.

C. Limits on External Debt

Limit on New Nonconcessional External Debt of the Public Sector

22. A ceiling applies to the contracting and guaranteeing by the public sector of new nonconcessional borrowing debt with nonresidents (see below for the definition of the public sector, concessionality and debt). The ceiling is given in Table 2 of the MEFP which applies continuously from end-June 2010 to end-June 2013; it excludes the swap agreement of US$50 million signed in November 2009 between the NBR and the IFC and US$13.1 million for purchase of two air planes in 2009. The ceiling also excludes non concessional borrowing by one state owned commercial bank, the Bank of Kigali, which is assumed not to seek or be granted a government guarantee. The ceiling also applies to private debt for which official

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[4] A negative target thus represents a floor on net repayment.

guarantees have been extended, including future swaps involving foreign currency loans guaranteed by the public sector (see below for swaps), and which, therefore, constitute a contingent liability of the public sector.

23. **Definition of the public sector**. The public sector comprises the general government (the central government, the NBR, local governments which include provinces and districts) and entities in which the government holds a controlling stake— owning more than 50 percent of the shares or the ability to determine general corporate policy.[5] This definition of public sector excludes the Bank of Kigali.

24. For program purposes, the guarantee of a debt arises from any *explicit* legal obligation of the public sector to service a debt in the event of nonpayment by the debtor (involving payments in cash or in kind), or from any *implicit* legal or contractual obligation of the public sector to finance partially or in full any shortfall incurred by the debtor.

25. **Definition of concessionality** For program purposes, a debt is concessional if it includes a grant element of at least 35 percent, calculated as follows: the grant element of a debt is the difference between the present value (PV) of debt and its nominal value, expressed as a percentage of the nominal value of the debt. The PV of debt at the time of its contracting is calculated by discounting the future stream of payments of debt service due on this debt.[6] The discount rates used for this purpose are the currency specific commercial interest reference rates (CIRRs), published by the Organization for Economic Cooperation Development (OECD). For debt with a maturity of at least 15 years, the ten-year-average CIRR will be used to calculate the PV of debt and, hence, its grant element. For debt with a maturity of less than 15 years, the six-month average CIRR will be used. To both the ten-year and six-month averages, the same margins for differing repayment periods as those used by the OECD need to be added (0.75 percent for repayment periods of less than 15 years, 1 percent for 15 to 19 years, 1.15 percent for 20 to 29 years, and 1.25 percent for 30 years or more).

26. **The definition of debt,** for the purposes of the limit in the AC, is set out in point 9 of the Guidelines on Performance Criteria with Respect to External Debt, effective December 1, 2009). It not only applies to the debt as defined in Point 9 of the Executive Board decision, but also to commitments contracted or guaranteed for which value has not been received. The

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[5] Government control of an entity can be established based on the following criteria: (i) ownership of the majority of the voting interest; (ii) control of the board or other governing body; (iii) control of the appointment and removal of key personnel; (iv) control of key committees of the entity; (v) golden shares and options; (vi) regulation and control; (vii) control by a dominant public sector customer or group of public sector customers; and (viii) control attached to borrowing from the government.

[6] The calculation of concessionality will take into account all aspects of the loan agreement, including maturity, grace period, payment schedule, upfront commissions, and management fees.

definition of debt set forth in No. 9 of the Guidelines on Performance Criteria with Respect to External Debt in Fund Arrangements reads as follows:

> (a) The term "debt" will be understood to mean a current, i.e., not contingent, liability, created under a contractual arrangement through the provision of value in the form of assets (including currency) or services, and which requires the obligor to make one or more payments in the form of assets (including currency) or services, at some future point(s) in time; these payments will discharge the principal and/or interest liabilities incurred under the contract. Debts can take a number of forms, the primary ones being as follows:
>
>> (i) loans, i.e., advances of money to the obligor by the lender made on the basis of an undertaking that the obligor will repay the funds in the future (including deposits, bonds, debentures, commercial loans and buyers' credits) and temporary exchanges of assets that are equivalent to fully collateralized loans under which the obligor is required to repay the funds, and usually pay interest, by repurchasing the collateral from the buyer in the future (such as repurchase agreements and official swap arrangements);
>>
>> (ii) suppliers' credits, i.e., contracts where the supplier permits the obligor to defer payments until sometime after the date on which the goods are delivered or services are provided; and
>>
>> (iii) leases, i.e., arrangements under which property is provided which the lessee has the right to use for one or more specified period(s) of time that are usually shorter than the total expected service life of the property, while the lesser retains the title to the property. The debt is the present value (at the inception of the lease) of all lease payments expected to be made during the period of the agreement excluding those payments that cover the operation, repair, or maintenance of the property.
>
> (b) Under the definition of debt set out in point 9(a) above, arrears, penalties, and judicially awarded damages arising from the failure to make payment under a contractual obligation that constitutes debt. Failure to make payment on an obligation that is not considered debt under this definition (e.g., payment on delivery) will not give rise to debt.

Limit on the stock of external payment arrears

27. A continuous assessment criterion applies to the non-accumulation of payment arrears on external debt contracted or guaranteed by the public sector. External payment arrears consist of external debt service obligations (principal and interest) that have not been paid at the time they are due, as specified in the contractual agreements, but shall exclude arrears on obligations that are subject to rescheduling.

Consolidated Domestic Debt of the Public Sector (DD)

28. For program purposes, DD excludes treasury bills issued by the NBR for monetary policy purposes. The ceiling on DD applies to domestic commitments contracted or guaranteed by the public sector. This also applies to private debt for which official guarantees have been extended either implicitly or explicitly. The authorities would inform Fund staff of any changes in debt position of public sector entities.

Adjusters:

- In the case of a shortfall in programmed grants, the ceiling on consolidated domestic debt of public sector will be adjusted *upward* by the same amount as the increase in the ceiling in the NDF, but capped per paragraph 12.

- The ceiling on the DD will be *adjusted upward* by the amount of expenditure for food imports in the case of a food emergency.

29. **Reporting requirement.** Data on domestic debt of the public sector, including treasury bills issued by the NBR for monetary policy purposes, will be transmitted on a monthly basis within five weeks of the end of each month.

D. Targets for Monetary Aggregates

Net foreign assets of the National Bank of Rwanda (NFA)

30. A floor applies to the NFA of the NBR for June 30, 2010, December 31, 2010 and June 30, 2011 targets. Other dates are indicative targets throughout the program.

31. **Definition.** NFA of the NBR in Rwanda francs are defined, consistent with the definition of the Special Data Dissemination Standard (SDDS) template, as external assets readily available to, or controlled by, the NBR net of its external liabilities. Pledged or otherwise encumbered reserve assets (including swaps) are to be excluded; such assets include, but are not limited to, reserve assets used as collateral or guarantee for third party external liabilities. Foreign assets and foreign liabilities in U.S. dollars are converted to Rwanda francs by using the U.S. dollar/Rwanda franc program exchange rate. Foreign assets and liabilities in other currencies are converted to U.S. dollars by using the actual end-of-period U.S. dollar/currency exchange rate. Foreign liabilities include, inter alia, use of IMF resources (CCFF and post-conflict emergency assistance purchases and SAF/ESAF/ECF disbursements).

32. **Adjusters:**

- The floor on NFA will be adjusted *downward* by the amount of any shortfall between actual and programmed budgetary grants. This adjustment will be capped at the equivalent of US$80 million, evaluated in Rwanda francs at the program exchange rate. In the case of excess of actual over programmed budgetary grants, the floor of the NFA remains unchanged for the first US$24 million. Subsequently, the floor will be adjusted upwards by any amount in excess of US$24 million.

- The floor on NFA will be *adjusted downward* by the amount of expenditure for food imports in the case of a food emergency.

33. **Reporting requirement.** Data on foreign assets and foreign liabilities of the NBR will be transmitted on a weekly basis within seven days of the end of each week. This transmission will include daily and weekly data on the NBR's foreign exchange liabilities to commercial banks (including required reserves with the NBR) and the exchange rate used for their conversion into Rwanda francs will be shown separately.

Reserve money

34. A ceiling applies to the stock of reserve money for the June 30, 2010, December 31, 2010 and June 30, 2011 targets. Other dates are indicative targets throughout the program.

35. The stock of reserve money target for a given quarter will be calculated as the arithmetic average of the stock of reserve money at the end of each calendar month in the quarter. Daily average of all the three months in the quarter will constitute the actual reserve money to be compared with the target.

36. **Reserve money** is defined as the sum of currency in circulation, commercial banks' reserves, and other nonbank deposits at the NBR.

37. **Adjuster:**

- The ceiling on the stock of reserve money will be adjusted symmetrically for a change in the required reserve ratio of commercial banks. The adjustor will be calculated as (new reserve ratio minus program baseline reserve ratio) multiplied by actual amount of liabilities (Rwanda Franc plus foreign-currency denominated) in commercial banks.

38. **Reporting requirement.** Data on reserve money will be transmitted on a weekly basis within seven days of the end of each week. This transmission will include a daily and a weekly balance sheet of the NBR which will show all items listed above in the definitions of reserve money.

II. Other Data Reporting Requirements

39. For the purposes of program monitoring, the Government of Rwanda will provide the data listed in Table 1 below, weekly data within seven days of the end of each week; monthly data within five weeks of the end of each month; annual data as available.

40. The authorities will inform the IMF staff in writing at least ten business days (excluding legal holidays in Rwanda or in the United States) prior to making any changes in economic and financial policies that could affect the outcome of the financial program. Such policies include but are not limited to customs and tax laws (including tax rates, exemptions, allowances, and thresholds), wage policy, and financial support to public and private

enterprises. The authorities will similarly inform the IMF staff of any nonconcessional external debt contracted or guaranteed by the government, the NBR, or any statutory bodies, and any accumulation of new external payments arrears on the debt contracted or guaranteed by these entities. The authorities will furnish an official communication to the IMF describing program performance of quantitative and structural assessment criteria and benchmarks within 8 weeks of a test date. The authorities will on a regular basis submit information to IMF staff with the frequency and submission time lag as indicated in Table 1. The information should be mailed electronically to AFRRWA@IMF.ORG .

Table 1. Summary of Reporting Requirements

	Frequency of Data[6]	Frequency of Reporting[6]	Frequency of Publication[6]
Exchange Rates	D	W	D
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
Composite Index of Economic Activity (CIEA) and sub-components compiled by the NBR	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
Comprehensive list of tax and non tax revenues	M	M	M
Comprehensive list of domestic arrears of the government	M	M	M
The ten (10) largest components of transfers in the fiscal table	M	M	M
Social security contributions	M	M	M
Stocks of public sector and public-Guaranteed Debt as reported by MINECOFIN and NBR[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	Q

[1]Includes reserve assets pledged or otherwise encumbered as well as net derivative positions.
[2] Both market-based and officially-determined, including discount rates, money market rates, rates on treasury bills, notes and bonds.
[3] Foreign, domestic bank, and domestic nonbank financing.
[4] The general government consists of the central government (budgetary funds, extra budgetary funds, and social security funds) and state and local governments.
[5] Including currency and maturity composition.
[6] Daily (D); Weekly (W); Monthly (M); Quarterly (Q); Annually (A); Semi-annually (SA); Irregular (I).