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EXECUTIVE SUMMARY

Rwanda's economy in 2008 developed in an unfavourable international economic environment characterized by a worst inflationary shock and the current global financial crisis. The world economy experienced important inflationary shocks during the first half of 2008 due essentially to the increase in world oil and food prices. On annual average, inflation in advanced economies was 3.4% in 2008 against 2.2% in 2007. In USA, inflation was 3.8% on average at the end of the year 2008 against 2.9% recorded in 2007. In the Euro Zone, harmonized inflation was 3.3% while it was 2.1% in 2007.

The financial crisis which occurred in the United States in the second half of 2006 and became acute in 2008 continues to affect seriously the world economic outlook. The last estimates of the International Monetary Fund (IMF) highlight a world economic growth rate of 3.2% at the end of 2008 against 5.2% recorded in 2007.

Despite the unfavourable international environment, Rwandan economy continued to perform well with the real GDP growth rate of 11.2% in 2008 following 7.9% recorded in 2007. This growth was mainly due to a strong recovery in the agriculture sector which registered a growth rate of 15% compared to 0.7% in 2007 and a noticeable improvement both in industry and service sectors which increased by 10.7% and 7.9% respectively. The secondary sector growth was driven mainly by good performance in the construction and public works sub-sector (26%) and production of electricity (16.9%) despite a decline in manufacturing of 4.1%.

The overall inflation accelerated from 6.6% in December 2007 to 22.3% in December 2008, despite the improvement in agriculture production and the low growth of broad money. In terms of annual average, the inflation in 2008 reached 15.4%, against 9.1% in 2007. The inflationary pressures resulted particularly from the international fuel and food prices.

Compared to the year 2007, terms of trade deteriorated by 16.5% in 2008, their index falling from 150.5 in 2007 to 125.7 in 2008. Contrary to the year 2007 when the export average value had increased more than the import average value (18.2% compared to

2.2%), trends were reversed in 2008. The change in average import value became greater than the change in export average value index (39.7% compared to 16.7% respectively). The Balance of Payments registered an excess of USD 58.01 million. The current account registered a deficit of USD 252.96 million completely absorbed by the Capital and financial account excess of USD 316.07 million. Net private capital inflows including foreign direct investment increased by 10.51% in 2008 due to new investments in banking and telecommunication sectors. Despite good performances on exports registered in 2008, reaching 256.56 million of USD in 2008 against 176.77 million of USD in 2007, their value remains far lower than imports FOB of 880.72 millions of USD, particularly intermediary goods and capital goods which increased by 71% and 81.4% respectively.

The Government revenue and expenditure increased by 39.9% and 32.3% respectively compared to 2007. The proportion of total revenue to GDP was 15.6 % against 13.5% the previous year. The deficit before grants has been 11.0% of GDP against 13.1% in 2007.

The ratio of outstanding domestic debt to GDP improved to 6% of GDP at end 2008, from 9% in 2007. The bulk of funding was mainly raised from nonbanking sector, especially from Social Security Fund (SSF). The share from National Bank of Rwanda was 39.7 billion RWF representing 27% only.

The Government revenue continued to rise, increasing by 39.9% to 660.8 billion RWF in 2008 compared to the program target of 634.2 billion RWF as result of sustained growth in Rwandan economy and concerted efforts made by the Government to broaden tax base. With this performance, the ratio of tax revenue to GDP was 13.5 % against 12.7% the previous year. Government expenditure increased also by 32.3% from 491.3 billion RWF in 2007 to 649.7 billion RWF in 2008. The overall thrust of the Government's expenditure was to strengthen the fundamentals of the economy, through a stable economic environment which will enable resilient private sector and make it the engine of growth.

Concerning the monetary sector, broad money (M3) increased by 9.6% in 2008 against an increase of 33% in 2007. This slower growth was a result of a lower growth in net foreign assets of 15% against 23.3% in 2007 and to a decline in net domestic assets of -15.5% against a sharp increase of 107% in 2007. The net domestic assets decrease resulted to the sharp decline in net credit to government, which declined by 89% compared to the previous Year. On the money demand side, the deposits increased by 6 % in against 35% in 2007, while the currency in circulation increased by 28% in 2008 against 20% in 2007.

Contrary to 2007, the excess liquidity has been declining over the year 2008 due especially to the decision of some institutions to invest abroad or in real estates. In this context, the BNR introduced REPOS operations in replacement of the overnight and 7 days mop up operations, to provide banks with a new monetary policy instrument for an efficient management of liquidity. A new “Deposit facility of 28 days” has been introduced and banks are allowed to deposit their excess liquidity on a daily basis for a maturity of 28 days.

The forex selling in exchange market by National Bank of Rwanda has been used as an important instrument to mop up the liquidity in the banking system depending on the market demand. Foreign exchange sales by the NBR to commercial banks significantly increased over the period due to the increase of demand for imports which increased rapidly during the same period. The volume of foreign currency sold in 2008 converted into Rwf amounted to 208.48 billions compared to 153.79 billions Rwf sold in 2007. As a consequence of accumulated foreign exchange reserves in the domestic banking system, the RWF exchange rate against the USD has continued to be stable, but the overall behavior was 2% depreciation in 2008, from an average of RWF 543.8 per 1 dollar in December 2007 to an average of 554.97 in December 2008.

In the modernization program of the National Payment Systems, the National Payments Council was put in place and is operational. The National Bank of Rwanda in collaboration with its partners has drafted some laws, namely the Payment Systems law and the Electronic Transactions law. In addition, the partnership with a strategic partner ADC in SIMTEL was finalised and work is in earnest on the development of the Rwanda Payment Card. More still, a feasibility study of the Rwanda Integrated Payments Processing System (RIPPS)-an integrated Real-Time-Gross-Settlement System and Automated Clearing House and Central Securities Depository was done and bidding documents sent out for potential bidders to express interest.

The financial sector continued to perform well. The average core capital to risk weighted assets ratio for banks dropped slightly to 15.6 % in 2008 from the 17.2% in 2007 and the total assets of the banking system increased by 33%. A significant improvement was noted in terms of the banks’ loans portfolio quality with the ratio of net non performing loans improving from 13.8% in December 2007 to 9.3% at the end of December 2008. To strengthen the legal and prudential framework in order to comply with the international standards and best practices, a new banking law was published in 2008 and several regulations have been drafted or updated to implement this new banking law.

Taking into account the rapid change in the sector, the Information Technology development has remained a priority for the Bank. Web sites have been updated by adapting them to the new realities. According to the new challenges, some extensions of the data and phone networks were provided. In addition, new Cobit (Control Objectives for information and related technology) processes to be implemented in BNR were adopted in the East African Central Banks collaboration framework.

In order to keep up the optimal service, capacity building has continued to be among the priority of the Bank. In this regard, an important number of staff has been trained in various fields inside and outside the country. In addition, the final report of a consultancy work on the restructuring of the Bank and human resources management has been approved by the Board of Directors. The consultancy covered the following topics: Organizational structure; Salary and grading structure and Performance and career management.

Despite the turbulences on the international financial market with a deep decrease of interest rates, the National Bank of Rwanda's annual financial result for the year 2008 has been a net profit of 4.78 billion of Rwf against 7.15 billion in 2007. This performance is principally due to the high level of foreign exchange reserves during the year.

PART I: ECONOMIC AND FINANCIAL DEVELOPMENTS

CHAPTER I: INTERNATIONAL ECONOMIC ENVIRONMENT

I.1. Economic Growth

The financial crisis which occurred in the United States in the second half of 2006 and became acute in 2008 continues to affect seriously the world economic outlook. The last estimates of the International Monetary Fund (IMF)¹ highlight a world economic growth rate of 3.2% at the end of 2008 and -1.3% in 2009, against 5.2% recorded in 2007.

In the United States, the economic growth rate was 1.1% on average in 2008 compared to 2.0% in 2007 due to the decline in private consumption expenditure, the tightening in credit conditions, the restricted availability of liquidity and the retreat of the residential investment related to the contraction of the real market. In the Euro Zone, the economic activity recorded a net decline due to the weakness of the global demand and the tightening in the financing conditions. The economic growth rate decreased to 0.9% at the end of 2008 from 2.7% in 2007.

In Japan, the economic activity worsened following the slowdown in exports and domestic demand. In addition, the households and entrepreneurs confidence index dropped following the fears of slowdown in the world economic activity. The economic growth rate was -0.6% at the end of 2008 against 2.4% in 2007.

In the emerging markets and developing countries, the economic activity has also been affected by the financial crisis. The growth rate decreased to 6.1% at the end of 2008 from 8.3% in 2007. In China for example, the GDP growth rate slowed down at 9.0% in 2008 against 13.0% in 2007.

¹ World Economic Outlook, April 2009.

Table 1: World Economic growth developments (annual growth rate)

	2005	2006	2007	2008
World	4.5	5.1	5.2	3.2
Advanced Economies	2.6	3.0	2.7	0.9
- United-States	2.9	2.8	2.0	1.1
- Japan	1.9	2.0	2.4	-0.6
- Euro Zone	1.7	2.9	2.7	0.9
- Newly Industrialized Asian Economies	4.7	5.6	5.7	1.5
Other Emerging and Developing Countries	7.1	8.0	8.3	6.1
- Africa	5.8	6.1	6.2	5.2
- Asia	9.0	9.8	10.6	7.7
- Western Hemisphere	4.7	5.7	5.7	4.2

Source: IMF, World Economic Outlook, April, 2009.

In Africa, the economic growth rate was 5.2% in 2008 against 6.2% in 2007 particularly due to the drop in volume and in value of exports to the developed countries and the decrease in tourism revenues resulting from the effects of the crisis.

Table 2: Economic growth rates in some African countries (annual growth rate, in %)

	2005	2006	2007	2008
Africa	5.8	6.1	6.2	5.2
Angola	20.6	18.6	20.3	14.8
Burundi	0.9	5.1	3.6	4.5
Comoros	4.2	1.2	0.5	1.0
Djibouti	3.2	4.8	5.1	5.8
Erythrea	2.6	-1.0	1.3	1.0
Ethiopia	12.6	11.5	11.5	11.6
Kenya	5.9	6.4	7.0	2.0
Madagascar	4.6	5.0	6.2	5.0
Malawi	3.3	6.7	8.6	9.7
Mauritius	3.4	3.5	4.2	6.6
Namibia	2.5	7.2	4.1	2.9
DRC	7.9	5.6	6.3	6.2
Rwanda	7.2	7.3	7.9	11.2
Seychelles	7.5	8.3	7.3	0.1
Sudan	6.3	11.3	10.2	6.8
Swaziland	2.2	2.9	3.5	2.5
Tanzania	7.4	6.7	7.1	7.5
Uganda	6.3	10.8	8.6	9.5
Zambia	5.3	6.2	6.3	6.0
Zimbabwe	-4.0	-5.4	-6.1	-

Source: IMF, World Economic Outlook, April, 2009

I.2. Inflation

The world economy experienced important inflationary shocks during the first half of 2008 due essentially to the increase in world oil and food prices. During the second semester, inflationary pressures eased following the slowdown in the commodity prices and in real activity as a consequence of global financial crisis.

On annual average, inflation in advanced economies was 3.4% in 2008 against 2.2% in 2007. In USA, inflation declined from a peak of 5.6% in July 2008 to 3.8% on average at the end of the year 2008 against 2.9% recorded in 2007. In the Euro Zone, harmonized inflation hiked to 3.3% while it was 2.1% in 2007. In Japan, inflation increased to 1.4% in December 2008 against 0% in 2007. In other advanced economies and in emerging market and developing economies, on annual basis, inflation stood respectively at 3.8% and 9.3% against 2.1% and 6.4% reached in the previous year. The inflationary pressures were particularly significant in Africa where the inflation was 10.1% at the end of 2008 compared to 6.3% in 2007.

Table 3: Inflation by region (annual % change)

	2005	2006	2007	2008
Advanced Economies	2.3	2.4	2.2	3.4
United States	3.4	3.2	2.9	3.8
Euro Zone	2.2	2.2	2.1	3.3
Japan	-0.3	0.3	0.0	1.4
Other Advanced Economies	2.1	2.1	2.1	3.8
Other emerging markets and developing countries	5.7	5.4	6.4	9.3
Africa	7.1	6.3	6.3	10.1
Asia	3.8	4.2	5.4	7.4

Source: IMF, World Economic Outlook, April, 2009.

I.3. World trade

On average in 2008, the world trade declined sharply. In terms of volume, growth rate in the world trade in goods and services fell from 7.2% in 2007 to 3.3% due to the slowdown in the economic activity. Exports and imports growth rates declined in both advanced and emerging markets and developing economies. On annual change, exports increased only by 1.8% and by 6.0% in advanced economies and in the emerging markets and developing economies respectively against annual growth rates of 6.1% and 9.5% in 2007. Imports rose only by 0.4% in advanced economies and by 10.9% in emerging and developing economies after a respective increase of 4.7% and 14.0% in 2007.

On the other side, terms of trade worsened in advanced economies and depreciated by 2.0% on average in 2008 while they had improved by 0.4% in 2007. In emerging markets and developing countries, terms of trade improved by 4.4% against an appreciation of 1.2% the previous year.

Table 4: World trade developments (annual % change)

	2005	2006	2007	2008
Trade in goods and services				
- Volume	7.7	9.2	7.2	3.3
- Price deflator in US dollars	5.5	5.2	8.0	11.5
Trade in volume				
- Exports				
Advanced Economies	6.2	8.5	6.1	1.8
Emerging markets and developing countries	10.8	10.9	9.5	6.0
- Imports				
Advanced Economies	6.4	7.6	4.7	0.4
Emerging markets and developing countries	12.2	13.2	14.0	10.9
- Terms of trade				
Advanced Economies	-1.5	-1.1	0.4	-2.0
Emerging markets and developing countries	5.9	4.1	1.2	4.4
Trade in goods				
World trade				
- volume	7.5	9.3	6.6	3.2
- Price deflators in US dollars	6.2	5.7	8.2	12.3
World price in dollars				
- Manufactured products	3.6	3.7	8.8	9.6
- Oil	41.3	20.5	10.7	36.4
- Non-fuel primary commodities	6.1	23.2	14.1	7.5

Source: IMF, World Economic Outlook, April, 2009.

On the commodity market, oil prices, after a historic peak at 147.5 dollars per barrel in London on 11th July, have decreased to 50.60 dollars on the same market on 13th November, 2008 and to 54.67 dollars in the New York market the same day. The oil prices worsened in the beginning of December 2008, reaching 47.2 dollars per barrel of crude oil. The economic decline resulting from the financial crisis affected the prospects in oil demand so that OPEC decided, in its meeting of October 24th, 2008, to reduce its daily production of oil by 1.5 millions of barrels. On annual average, oil prices increased by 36.4% in 2008 against an increase of 10.7% in 2007.

On the other side, non-energy commodity prices recorded a decline since October 2008. Uncertainties resulting from the world economic recession have particularly affected metal prices. The food commodities also recorded a slight draw back in their prices. At the end of December, in aggregate terms, the price index for non-energy commodities denominated in US dollars was approximately 23% lower than a year before. On annual

average, nonfuel commodity prices increased by 7.5% in 2008 against an expansion of 14.1% in 2007.

In sub-Saharan Africa, world trade in value improved in 2008 compared to 2007. The value of exports increased by 23.0% against an increase of 19.8% the previous year. Concerning the imports in value, IMF estimates highlighted a growth rate of 20.4% in 2008 against 23.6% recorded in 2007. However, in terms of volume, exports declined by 0.9% while imports rose by 9.5% respectively against 7.5% and 21.3% recorded in the previous year.

Table 5: Sub-Saharan African World Trade (annual % change)

	2005	2006	2007	2008
<i>Total value in US dollars</i>				
Exports	26.6	19.8	19.8	23.0
Imports	22.1	18.9	23.6	20.4
<i>Volume</i>				
Exports	4.5	3.7	7.5	-0.9
Imports	15.1	13.8	21.3	9.5
<i>Unit value in US dollars</i>				
Exports	21.4	15.7	11.4	24.3
Imports	6.3	3.9	10.3	10.5
Terms of trade	14.2	11.4	1.0	12.4

Source: IMF, World Economic Outlook, April 2009.

1.4. Interest rates and currency markets

On the money market, Central banks in developed economies frequently cut policy rates as consequence of global financial crisis, with the objective of improving credit provision. The Federal Reserve interest rates were reduced to 0.25% in December 17th 2008 from 2% by June 2008. The European Central Bank reduced its policy rate by 0.5% to 3.25% in November from 3.75% in October. The Japanese central Bank which had maintained its policy rate unchanged, reduced it by 0.2% coming back to 0.3% on 31st October, 2008. The Bank of England reduced its fund rate considerably by 150 basic points from 4.5% in October to 3% in November 2008. In USA, the three months interest rate fell from 2.91% to 2.77% between the third and the last quarter 2008. In parallel, ten years interest rates (government bond yields) declined to 3.71% from 4.69%. On average in 2008, three months interest rates and ten year bond yields were 2.93% and 4.39% respectively against 5.30% and 5.35% in 2007. Interest rates in other countries followed the same trend as in USA.

In the context of the current financial crisis, the foreign exchange market was characterized by a strong volatility. During the last months of 2008, the euro depreciated vis-à-vis the dollar, the Yen and the Pound. In December, the euro recorded the strongest depreciation since two years, that is an exchange rate of 1.34 dollar per euro against respectively 1.4975 and 1.4370 dollars in August and September 2008. On average throughout the year, the euro appreciated by 7.3%, traded at 1.47 dollars in 2008 compared to 1.37 dollars in 2007. The depreciation of the euro vis-à-vis the dollar is explained in particular by the higher US dollar holdings in financial markets outside of USA which are repatriated in the United States. Compared to the pound sterling, the dollar appreciated by 7.4% dropping from 2.0 to 1.85£ between 2007 and 2008. In relation to the Japanese yen, the dollar sensitively depreciated at the end of 2008. In fact, the dollar which was sold against 117.6 yens in 2007, dropped to 103.1 yens in 2008, that is a variation of -12.3%.

CHAPTER II: NATIONAL ECONOMIC DEVELOPMENTS

II.1 REAL SECTOR

II.1.1 GROSS DOMESTIC PRODUCT

II.1.1.1 GDP Sources

Despite high inflationary pressures, Rwandan economy maintained appreciable performance in 2008, reaching 11.25% of real GDP growth, following 7.9% recorded in 2007. This growth was backed by the recovery of the primary sector which registered a growth rate of 15% compared to 0.7% in 2007, and a noticeable improvement both in secondary and tertiary sectors which increased by 10.7% and 7.9% respectively.

The income per capita increased also by 27.8% from RWF 205 069 to RWF 262 068 between 2007 and 2008, equivalent to USD 375.2 and USD 479.5 respectively.

Table 6: Developments of sources and uses of GDP (in billions of RWF, at 2001 constant prices)

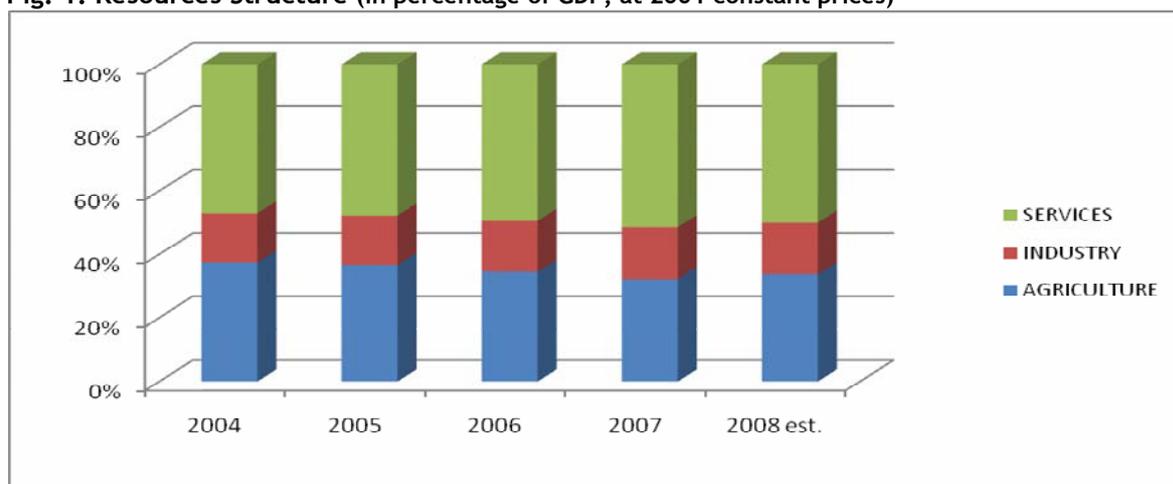
	2005	2006	2007	2008
SOURCES				
Primary Sector	325	328	324.2	372.7
Secondary Sector	138	153	169	186.7
Tertiary Sector	425	471	531	573.2
Adjustments	51	54	55	67.8
Imputed bank service charges	-18	-22	-27	-30.2
Import duties	69	76	82	98.1
GDP	932	1000	1079	1200.4
USES				
Final Consumption	922	981	1051	1169.3
Investments	147	159	191	212.5
Exports (G&NFS)	95	102	95	105.7
Imports (G&NFS)	-232	-242	-258	-287.0
Memorandum item:				
Current GDP per capita, in RWF	151 334	181 288	205 069	262 068
in USD	271	331	375.2	479.5

Source: NISR and MINECOFIN²

The structure of GDP remains globally unchanged since 2005 with the service sector contributing 47.8% to GDP, followed by the agriculture (31%) and industry (15.6%).

² Rwanda National Institute of Statistics (NISR) and Ministry of Finance and Economic Planning (MINECOFIN)

Fig. 1: Resources Structure (in percentage of GDP, at 2001 constant prices)



Source: NISR and MINECOFIN

A. AGRICULTURE

The Agriculture sector value added increased by 15% as compared to 0.7% in 2007 and 1.25% in 2006, driven by the favourable weather conditions countrywide and the government policies to increase the availability, accessibility and affordability of fertilizers and improved seeds to farmers. This explains both the strong food crop harvest and the recovery in export crops.

Table 7: Value Added for the agriculture sector (in billions of RWF, at 2001 constant prices)

	2005	2006	2007	2008 est.
Agriculture	318.48	321.98	324.24	372.70
of which, Food Crops	275.67	275.72	280.70	326.70
Export Crops	8.51	11.05	7.39	8.90
Forestry	34.29	35.21	36.15	37.10

Source: NISR and MINECOFIN

A.1. Food production

The food crop production value added in real terms increased by 16.4% against only 1.8% in 2007. This sector benefited significantly from the favourable weather conditions and Government green revolution program, as above mentioned.

In terms of volume, food production increased by 19.2% from a decline of 3.2% in 2007, due to good performance in some crops like roots and tubers (50%), cereals (29.7%) and fruits and vegetables (6.4%), despite a decrease in the production of bananas and legumes by 3.5% and 3.1% respectively.

Table 8: Food production development (in thousands of tons)

	2004	2005	2006	2007	2008	% change 2008/2007
Bananas	2469.7	2 813.1	2 653.5	2 698.2	2 603.9	-3.5
Roots and Tubers	2634.8	3 118.1	2 930.1	2 543.5	3 815.1	50
Sweet potatoes	908.3	885.5	777	845.1	826.4	-2.2
Irish Potatoes	683	1 314.1	1 285.1	769.9	1 161.9	50.9
Cassava	912.1	781.6	742.5	776.9	1 681.8	116.5
Cocoyam (taro)	136.4	13.9	125.4	151.5	144.9	-4.4
Cereals	314.9	409.4	361.7	355.6	461.2	29.7
Sorghum	163.8	228	187.4	166.8	144.4	-13.4
Maize	88.2	97.3	91.8	102.4	166.9	62.9
Paddy Rice	46.2	62.2	62.9	61.7	82	32.9
Wheat	16.8	21.9	19.5	24.6	67.9	175.5
Legumes	244	252.3	333.7	404.9	392.3	-3.1
Beans	198.2	199.6	283.4	331.1	308.6	-6.8
Garden peas	16.8	18.9	14.2	16.6	17.2	3
Ground nuts	10.8	10.1	9	16.2	24.5	51.2
Soya beans	18.3	23.7	27.1	41	42.1	2.8
Fruits & Vegetables	430.8	700.2	858	903.4	961.6	6.4
TOTAL FOOD PRODUCTION	6099.3	7 293	7 137.1	6 905.6	8 234.2	19.2

Source: Ministry of Agriculture (MINAGRI), Agricultural Statistics Department

Bananas

Despite a decrease of 3.5% in 2008 compared to a slight increase of 1.7% recorded the previous year, the bananas production accounts for 31.6% of the total food production. This relatively weak performance is mainly attributed to the ongoing agriculture reforms which aim at reducing the size of less productive banana plantations for other more profitable foodstuffs. But in addition, banana plantations are continuing to be heavily affected by bacterial disease, particularly in the Western and Northern Provinces.

Roots and tubers

Roots and tubers production which carry 46.3% of the total food crop production increased significantly by 50% in 2008. This increase was attributed mainly to a high increase in cassava (116.5%) and Irish potatoes (50.9%), both of which account for 74.5% of total roots and tubers production despite a decline in sweet potatoes and cocoyam production by 2.2% and 4.4% respectively. The production of Irish potatoes recovered from a devertating decrease of 40% in 2007.

Cereals

The overall production in cereals recovered from a decline of 1.7% in 2007 to an increase of 29.7% in 2008, mainly due to the high increase in wheat (175.5%), maize (62.9%) and paddy rice (32.9%) despite a decline in sorghum production (13.4%). The good results are mainly due to expansion of the cultivated land and use of improved seeds and fertilizers that led to more yield for these crops. The cultivated lands increased by 8% and 3% for the maize and wheat respectively.

Legumes

The production of legumes which includes mainly beans, garden peas, ground nuts and soya beans, decreased by 3.1% due to a decrease of beans (6.8%) which represent 78.7% of total production of legumes, despite good performance in ground nuts and soya beans. These two crops experienced a positive growth of 51.2% and 2.8% respectively attributed to continuous expansion in their cultivated land areas.

Fruits and Vegetables

Fruits and vegetables, representing 11.7% in total food crop production, increased by 6.4% in 2008 against 5.2% the previous year.

A.2. Export Crops

The value added by production of export crops recovered in 2008 from a devastating decline of 33.1% recorded in 2007, to increase by 20.3%, despite a decrease by 2.5% and 69.3% in volume of tea and pyrethrum production respectively. This performance in contributing to GDP growth was driven by an increase of coffee output whose production increased by 25.2% attributed mostly by ordinary coffee which grew by 26.8% compared to 16.5% for fully washed coffee.

Table 9: Production of Export crops (in tons)

	2005	2006	2007	2008	Annual % change
Tradable Coffee	18 597	26 598	14 850	18 596	25.2
<i>Ordinary</i>	17 497	24 752	12 572	15 942	26.8
<i>Full washed</i>	1 100	1 846	2 278	2 654	16.5
Dry Tea	16 458	16 973	20 473	19 965	-2.5
Pyrethrum extract	19.5	30	15	4.6	-69.3

Source: OCIR THE, Statistics department & OCIR CAFÉ, SOPYRWA

Coffee

Thanks in particular to a good policy of peasant supervision by agriculturalists and supply of pesticides and fertilizers, coffee production increased by 25.2% in 2008 against a decline of 44.2% in 2007. However, the recovery has not reached the 2006 level. With the increase of washing stations in almost all the regions of the country, the quality of Rwandan coffee also continues to improve. The fully washed coffee production increased significantly from 2 278 tons to 2 654 tons, that is an increase of 16.51% between 2007 and 2008. Coffee growers as well as investors in this sector were extremely encouraged by the stability of coffee prices on the international market which annually averaged USD 3.19 per kilogram.

Tea

Tea production had declined by 2.5% as it fell to 19 965 tons in 2008 from 20 473 tons achieved in 2007. This slight decline can be attributed to a disease affecting black tea and lack of maintenance and repairing in the tea factories.

Pyrethrum

The production of extracted pyrethrum which was 15 tons in 2007 dropped to only 4.6 tons in 2008, which is a decline of 69.3%. However, this fall in pyrethrum production is not the underperformance of its producers, but resulted from the fundamental change in production process. In fact, since June 2007, gross pyrethrum extracts are no longer considered as final products by the SOPYRWA (a company which treats pyrethrum flowers); rather it is again passing through improved production process to obtain high value added refined product whose price is higher at the international market than the former grade. Thus, the declining volume was offset by quality improvement.

Animal Production

Due to the improvement in the breeds of cattle distributed to farmers under One Cow One Household Government project, milk production increased by 62%, rising from 158 764 to 257 197 millions of litres between 2007 and 2008. Over the same period, meat production decreased by 1.6% against an increase of 4.9% in 2007 due to large number of heads of beef cattle that were entering the country from Tanzania owned by Rwandese returnees. The livestock branch has shown some growth, drawn mainly by improved

livestock breed which was distributed to peasant farmers under the Government project « One Cow One Household Program». The Value added for the animal production increased by 3.2% in 2008 compared to 3.1% in 2007.

In 2008, the production of fish decreased by 9.4% from an increase of 4.2% last year while that of eggs significantly rose by 22.4% compared to a decline of 27.5% in the year 2007. This increase in the production of eggs is reflected by the increase in the total number of Poultry from 1 868 thousands to 2 218 thousands in 2008, which is an increase of 18.7%. Compared to the previous year, the production of honey remains stable with a slight increase of 0.6%.

The livestock branch has shown a growth, drawn mainly by improved livestock breed which was distributed to peasant farmers under the Government project « One Cow One Household Program». The Value added for the animal production increased by 3.2% in 2008 compared to 3.1% in 2007.

Table 10: Animal production developments

	2005	2006	2007	2008
Meat	49 861	52 226	54 780	53 900
Fish	8 180	9 267	9 655	8 746
Eggs	2 452	2 236	1 620	1 983
Honey	1 029	1 671	1 676	1 686
Milk (in millions of litres)	135 141	146 840	158 764	257 197

Source: MINAGRI

A.3. Forestry

Further to the freezing of forestry activities in 2004 due to the measures taken by the government regarding environment protection by limiting forest exploitation, during the year 2008, the value added for forestry activities slightly decreased by 2.6%, compared to 2.7 % achieved in 2007.

B.INDUSTRY

The industry's value added increased from RWF 168.6 billion in 2007 to 186.7 billion in 2008, which is an increase of 10.7%. This growth is driven mainly by good performance in the construction and public works sub-sector (26%) and production of electricity (16.9%) despite a decline of manufacturing declined (4.1%).

Table 11: SECONDARY SECTOR (In RWF billion at 2001 constant prices)

	2004	2005	2006	2007	2008 est.
Manufacturing	60,01	62,10	68,26	73,00	74,78
Electricity, gas, & water	3,49	4,09	5,24	5,43	5,79
Construction	59,78	65,24	73,84	82,40	95,93
TOTAL	128,32	137,99	152,97	168,58	183,59

Source: NISR and MINECOFIN

B.1. Manufacturing Industry

The manufacturing activities underperformed in 2008 with a decrease in value added of 4.1% against an increase of 6.9% in previous year. This underperformance was largely due to a decline in the production of food processing sub-branch, which recorded a negative growth rate of 19.7%. Manufacturing remained however the second largest contributor to industry production, after construction and public works. The food processing sub-branch underperformance was attributed mainly to sugar and dairy firms whose production decreased by 35.1% and 19% respectively. Sugar production decreased following the three months closure for refurbishment works by KABUYE SUGAR WORKS.

Table 12: Manufacturing value added by type of industry (in billions of RWF, at 2001 constant prices)

Manufacturing Industries	2005	2006	2007	2008
Food processing	16.0	17.1	18.3	16.2
Beverages & tobacco	22.4	23.9	24.2	24.3
Textiles and clothing	3.7	3.9	4.4	4.3
Wood, paper and printing	2.6	2.9	3.7	3.7
Chemicals, rubber and plastics	3.9	4.4	4.3	4.9
Non metallic minerals	6.6	6.9	6.8	8.1
Furniture & others	6.9	9.1	11.3	13.2
TOTAL	62.1	68.3	73.0	74.8

Source: NISR and MINECOFIN

In terms of value added, the production of beverages and tobacco which encompasses cigarettes, banana beer, sorghum beer and modern beer among others grew in average by 2.9%, despite a significant increase (+37.6%) of cigarettes production, followed by modern beer with 16.9%. Other sub-categories contributed to the sector by 13.8%, 6.8% and 5.7% for soft drinks, banana beer and sorghum beer respectively.

Textiles and clothing slightly increased by 2.3% while wood, paper and printing sub-category grew by 5.4%, with the largest positive contribution coming from wood processing, despite the closure of SORWAL which was a large contributor to the category.

Chemicals, rubber and plastics did not grow over the period due to the fact that chemical processing firms; in particular noted increased costs due to the rising prices of imported inputs. This sub-category declined by 2.3%. Non metallic minerals sub-category slightly increased by 1.5%, attributed mainly to cement which rose by 0.2%. The sub-category of furniture and other miscellaneous operations fell by 3.5%.

Table 13: Evolution of the major industrial production (in volume)

	2005	2006	2007	2008
Animal feeds (tons)	3 340	3 340	3 038	5 098
Bakeries (tons)	16 821	18 167	19 862	21 715
Dairy industry (000 litres)	1 568	1 566	1 803	1 460
Juice (000 litres)	1 048	1 216	1 412	1 542
Flour (tons)	4 592	4 910	4 078	5 732
Modern beer (HL)	54 053	70 218	73 100	85 458
Bananas beer(000 litres)	658	687	750	801
Sorghum beer (000 litres)	127	116	123	130
Soft drinks (HL)	28 653	35 152	36 028	41 016
Sugar (tons)	9 972	9 862	16 491	10 710
Cigarettes (million of sticks)	373	343	125	172
Textile (000 Yards)	3 698	3 532	3 540	3 649
Hides and Skins (tons)	3 138	3 527	4 137	4 853
Soaps (tons)	6 529	6 428	7 263	5 395
Paints (tons)	2 114	2 367	2 692	2 150
Batteries(000 cartons)	16	20	25	28
Cement (tons)	101 128	102 589	103 034	103 244
PVC tubes (tons)	4 960	5 310	5 685	6 225
Corrugated iron sheet(tons)	6 684	7 586	8 611	9 877
Nails (tons)	870	1 179	1 367	1 585

SOURCE: NISR, MACROECONOMIC STATISTICS UNIT

Due to the competition from the products entering from neighboring countries, soap has recorded a decrease of 25.7% in its production volume after two difficult years. The production of construction materials continued to increase in terms of volume due to high demand on the market. The volume of nails, corrugated roofing, iron sheets and pipes increased by 15.9%, 14.7% and 9.5% respectively.

B.2. Electricity, Gas and Water

The national production of electricity increased by 16.9% in 2008 compared to a reduction of 1.2% in the previous year. This appreciable improvement is attributed to the increased production from Hydro plants at MUKUNGWA and NTARUKA, following a period of refurbishment. However, as a result of imported electricity, electricity supply rose by 12.9% in 2008 as it increased from 249 millions of Kwh in 2007 to 281 millions of Kwh in 2008.

Treated water production increased by 11.1% in 2008 compared to the previous year, as result of Government efforts to address the problem of insufficient treated water. Two new water supply units at NYABARONGO and KARENJE rivers have been built.

Table 14: Production and supply of Electricity, Gas and Water

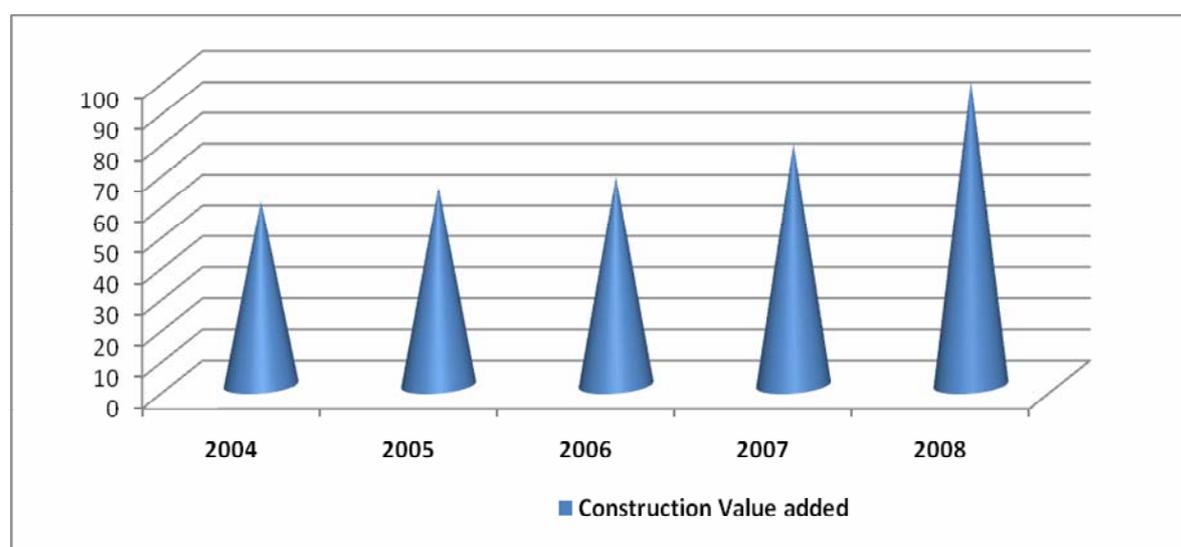
Description	2005	2006	2007	2008
1. Electricity (in millions of kWh)				
National Production	116	168	166	194
Export	2	2	2	2
Import	89	64	85	84
Available Electricity	203	230	249	276
2. Treated water (in millions of m ³)	16	16	18	20
3. Methane Gas (in millions of Nm)	0	-	-	-

SOURCE: ELECTROGAZ & METHANE GAS PRODUCTION UNIT

B.3. Construction and Public works

Construction and public works is one of the most important branches of the industrial sector, accounting 55.6% of the value added of the sector. This sub-sector recorded a significant increase of 26% in 2008 from 15.9% achieved in 2007. This growth is due to sustained demand and significant investment in the sub-sector. This situation translated into the construction of many residential houses in the city of Kigali and other areas across the country. Also, some evidences from the banking sector show that construction continues to be one of the largest beneficiaries of loans in the country.

Fig.2: Value added of Construction and Public works sub-sector (in billion of RWF, at 2001 constant prices)



Source: NISR and MINECOFIN

B.4 Mining

During the year under review, the production of mining and quarrying activities has registered a decrease of 17.3% (Wolfram declined by 36.4% and Tin fell by 8.2%) in terms of volume, while the production of Colombo tantalite grew by 23.0%. In general, the extraction of minerals which stood at 7494 tons in 2007 declined to 6199 tons in 2008. This decline is due to the fact that the price of minerals at the international market started decreasing in the fourth quarter of the year 2008 due to the current global economic crisis.

Table 15: The production of major minerals development (in tons)

	2005	2006	2007	2008
Tin	4 532	3 835	4 566	4 193
Colombo tantalite	276	188	242	298
Wolfram	557	1,436	2,686	1708
TOTAL	5 365	5 459	7 494	6 199

Source: NISR and MINECOFIN

C.SERVICES

The services sector value added at 2001 constant prices increased by 7.9% in 2008 geared mainly by a strong growth in restaurants and hotels which grew by 29.1% while transport, storage and communication branch achieved a growth rate of 14.2%. Although this sub-category grew, prices in the transport sector increased significantly, largely due to the increase in fuel prices.

Finance and insurance branch has not grown like in the past since it was much slower than for the previous year and even below the three year average. The growth was 12% compared to 20.3% and 22.7% in 2006 and 2007 respectively.

Table 16: Value added in the tertiary sector (in billions of RWF, at 2001 constant prices)

	2005	2006	2007	2008
Wholesale & retail trade, rest. & hotels	100.8	114.01	129.84	144.4
Wholesale & retail trade	91.8	104.5	117.92	129
Restaurants & hotels	9.02	9.51	11.92	15.4
Transport, storage, communication	58.69	68.31	80.9	92.4
Finance & insurance	38.69	46.56	57.14	64
Real estate & business services	89.38	93.42	103.27	115.1
Health	16.31	17.34	17.83	21.2
Public administration and education	108.7	120.7	127.9	127.1
Other personal services	10.15	11.17	14.51	15.1
TOTAL	424.6	471.09	531.39	573.2

Source: NISR and MINECOFIN

The real estate and business service account for 20.4% of the service sector. It registered a growth rate of 11.5% of its value added compared to 10.5% growth of the previous year. This growth mainly emanates from a strong growth in the construction sector as well as major businesses.

Education services decreased by 2.7% while health services grew by 18.9%, due to the increased government spending over the last year, in health care. Public administration services fell by 7.1% compared to a rise of 5.6% in 2007.

II.1.1.2. GDP Uses

Total final consumption expenditure, at current prices rose by 30.6% in 2008 compared to 17.5% registered in the previous year. This growth was due to an increase in government expenditure which rose from RWF 316.8 to 427.7 billion between 2007 and 2008, which is an increase of 35% against 14% in the previous year. Private sector final consumption expenditure registered an increase of 30.9% rising from RWF 1560.2 to 2042.4 billion. During the last 3 years, Government and Private Consumption shares in nominal GDP maintained respectively around 17% and 84%.

Table 17: Structure of GDP Uses (in billions of RWF, at current prices)

	2004	2005	2006	2007	2008
Gross Domestic Product	1138.5	1332.9	1563.8	1866.1	2437.2
Total final consumption	1151.8	1350.4	1597.4	1877.0	2470.1
Government	206.4	238.6	277.9	316.8	427.7
Private (includes changes in stock)	945.5	1111.8	1319.5	1560.2	2042.4
Gross capital formation	172.0	212.4	252.4	334.3	406.2
Gross fixed capital formation	172.0	212.4	252.4	334.3	406.2
Construction	124.9	149.7	179.9	220.8	280.8
Durable capital goods	47.1	62.8	72.5	113.5	125.4
Resource balance	-185.4	-230.0	-286.0	-345.2	-439.0
Exports of Goods and NFS	115.3	136.3	152.9	181.7	241.6
Goods (fob)	56.3	69.6	82.2	96.7	127.3
Non-factor services	59.0	66.7	70.6	85.0	114.4
Imports of goods and NFS	300.7	366.3	438.9	526.9	680.6
Goods (fob)	162.9	206.8	252.5	328.4	400.2
Non-factor Services	137.8	159.5	186.3	198.6	280.5

Source: NISR and MINECOFIN

With around 17% of nominal GDP, Gross fixed capital formation also registered a significant increase of 21.5% in average which emanated mostly from construction sector with an increase of 27.2%, from RWF 220.8 to 280.8 billions, while durable capital goods, as one of the gross fixed capital formation, registered a less significant increase of 10.4%, from RWF 113.5 to 125.4 billions. As in previous years, the net exports of goods and non factor services remained in deficit due to small exports base compared to a relatively high level of imports. The deficit which was 18.5% of GDP in 2007 improved to 18.0% in the year under review. This improvement is a result of the slight decrease in imports as % of GDP from 28.1% to 27.9%, while the share of exports in GDP remained quite at the same level of 10%. Compared to the previous year, exports also fell by 0.9% decreasing from 19% to 18.1%.

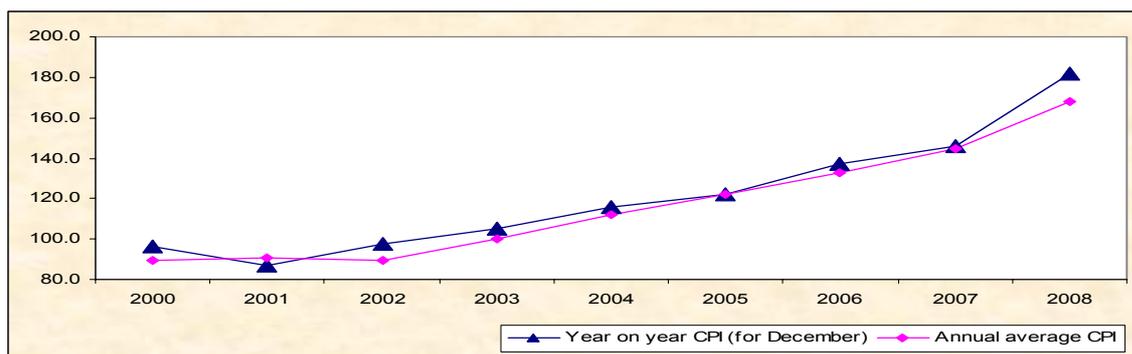
II.1.2 PRICES

II.1.2.1 Consumer Price Index

a. Overall inflation

Despite the performance recorded in productive activities during the last 2 years, Rwanda has not been sheltered from worldwide inflationary pressures led by rising energy and food prices since the last quarter of 2007 and which worsened by September 2008.

Fig. 3: Evolution of the CPI from 2000 to 2008 (base 2003=100)



Source: BNR, Research and Policy Analysis Department

In the context of higher local and regional demand, the inflationary pressures intensified, led mainly by blazing consumer prices of foodstuffs, beverages, fuel and all utilities. The overall inflation accelerated from 6.6% in December 2007 to 22.3% in December 2008, the

highest level ever recorded since 1995. In terms of annual average, inflation in 2008 was 15.4% against 9.1 in 2007.

Table 18: Inflation development by origin of products and services (% change of CPI, base 2003=100)

	Weight	2007				2008			
		March	June	Sept.	Dec.	March	June	Sept.	Dec.
OVERALL CPI	10000	146.4	143.2	147.1	146.0	157.5	165.2	177.3	178.6
Quarterly change		6.9	-2.2	2.7	-0.8	7.8	4.9	7.4	0.7
Annual change		12.0	7.3	8.0	6.6	7.5	15.4	20.6	22.3
LOCAL PRODUCTS CPI	6956	156.7	151.6	155.9	153.0	165.7	172.0	186.8	188.1
Quarterly change		10.2	-3.3	2.9	-1.9	8.3	3.8	8.6	0.7
Annual change		15.3	10.3	10.4	7.6	5.7	13.5	19.8	22.9
IMPORTED GOODS CPI	3044	124.9	122.7	126.1	129.1	138.1	149.5	156.6	157.0
Quarterly change		0.7	-1.8	2.8	2.4	7.0	8.3	4.7	0.3
Annual change		3.4	-0.6	1.8	4	10.6	21.9	24.2	21.6

Source: BNR, Research and Policy Analysis Department

In addition to blazing international fuel and food prices, the increasing aggregate demand was also behind the inflationary pressures the country has been facing during the year 2008, despite the improvement in agriculture production. Imported inflation was more significant during the year 2008 than previous years, as it increased to 21.6%, quite different level as for locally produced goods (+22.9%), while in 2007, the imported inflation was only 4%.

Foodstuffs and non-alcoholic beverages have contributed around 16.3% in overall inflation in 2008 due to increase of prices of some key products such as cereals, meat, milk, cooking oil, most of vegetables and sugar.

However, besides food crop production, in general Rwanda has performed well when compared to the global and regional price increases and the good harvest for 2008 eased the external food price shock, despite some unfavorable seasonal fluctuations and reduced supplies on local markets due to the export of domestic products to the neighboring countries, mostly beans, potatoes and vegetables. Also some speculative behaviors in the domestic trade system (intermediate cooperatives) contributed to the increase in inflation until most of them were penalized by the Government in May 2008.

Consumer prices for locally produced manufacturing products recorded also a significant increase due to high costs of imported raw materials for local industries. Compared to the year 2007, the unit value of raw materials for these industries increased by 44.2% in 2008. This is mainly explained by high world inflation due to the increasing worldwide overall

demand and the increase in transport costs which is strongly related to the fluctuations in fuel prices.

Finally, the high demand in house rent for residential and commercial property faced a limited supply, especially in Kigali city, as well as increasing school fees, are becoming the two other big sources of inflationary pressures within the last 2 years. Between December 2007 and December 2008, the housing CPI increased by 18.2%, mainly due to the increase in house rent, while the education CPI increased by 13.6%. Private schools at all levels were the most responsible for the school fees increase in 2008. This situation resulted from the competition to attract and retain the best teachers, whereby majority of schools reviewed their school fees upward in order to be able to increase wages and salaries as well as accommodating other operating expenses.

However, towards the end 2008, the inflation stabilized following the fall in international oil prices and the promising 2009A agriculture season. Between September and December 2008, the consumer price level increased only by 0.7%.

Table 19: Annual average of CPI (Base 2003:100)

	Weight	2005	2006	2007	2008	%change 2008/2007
1. Foodstuffs and non alcoholic beverages	3 709	131.0	144.0	155.2	180.6	16.3
<i>Within:</i>						
- Bread and cereals	625	133.4	143.7	151.8	189.6	24.9
- Meat	345	111.5	120.9	121.3	156.9	29.4
- Fish and seafood	114	126.1	141.0	152.2	191.2	25.6
- Leguminous	1 332	135.7	156.6	177.0	181.0	2.2
- Non alcoholic beverages	180	120.7	125.1	131.1	147.4	12.5
2. Alcoholic beverages and tobacco	221	111.8	115.6	127.7	153.2	20.0
3. Clothing and shoes	500	106.6	106.0	106.8	111.6	4.5
4. Housing, water, gas, electricity and other fuels	1 579	135.9	159.9	187.6	221.8	18.2
5. Furniture, household items and routine household maintenance	764	115.4	117.4	119.2	140.9	18.2
6. Health	708	105.8	106.9	121.6	132.8	9.2
7. Transport	987	111.4	116.9	124.1	149.3	20.3
8. Communication	37	109.2	116.5	135.8	122.3	-9.9
9. Culture and leisure	206	110.1	113.1	109.1	109.2	0.1
10. Education	432	115.1	139.5	154.5	175.5	13.6
11. Restaurants and hotels	273	113.2	116.9	140.9	159.1	12.9
12. Miscellaneous goods and services n.e.c	584	108.0	109.6	109.9	118.4	7.8
OVERALL CPI	10 000	122.2	132.9	145.0	167.4	15.4
Annual average inflation rate		9.2	8.8	9.1	15.4	

Source: BNR, Research and Policy Analysis Department

B. UNDERLYING INFLATION

The underlying inflation rate (excluding fresh food products and energy) was 22.1% in December 2008 on annual change against 10.6% the same period of 2007, while on annual average; it was 15.6% against 8.8% in 2007. This trend resulted essentially from the increase in housing rent, household items and routine house maintenance costs, alcoholic beverages, health care costs and school fees recorded at the beginning of the year, and restaurants and hotels costs driven by the scarcity of foodstuffs and the rising of transport fares.

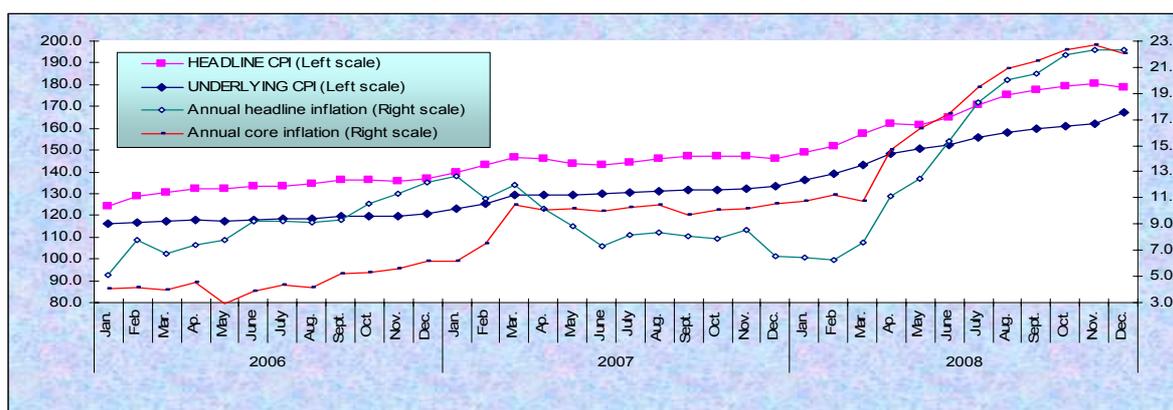
Table 20: Major Inflation components (CPI basis 2003=100)

	Weight	Dec.06	Dec.07	2008			
				March	June	Sept.	Dec
FRESH FOOD PRODUCTS INDEX	2186	167.0	161.7	167.3	179.0	200.2	202.5
Monthly change		2.8	-7.0	0.6	8.7	3.0	-4.2
Annual change		34.2	-3.1	-8.3	10.6	13.5	25.2
ENERGY INDEX	761	225.1	231.9	270.9	256.4	294.1	275.8
Monthly change		-0.5	-0.2	13.7	-3.0	-0.2	-2.4
Annual change		15.1	3.0	20.2	12.2	28.3	19.0
UNDERLYING INDEX (*)	7053	120.5	133.3	143.3	152.4	159.7	162.7
Monthly change		0.6	0.9	2.8	1.2	1.0	0.4
Annual change		6.1	10.6	10.8	17.4	21.5	22.1
OVERALL INDEX	10000	137.0	146.0	157.5	165.2	177.3	178.6
Monthly change		0.9	-0.9	3.7	2.1	1.2	-1.0
Annual change		12.1	6.6	7.5	15.4	20.6	22.3

(*) excluding fresh food products and energy

Source: BNR, Research and Policy Analysis Department.

Fig. 4: Headline and Underlying CPI (basis 2003:100)



Source: BNR, Research and Policy Analysis Department

II.1.2.2 External trade indices

A. Import indices

Imports index slightly increased in terms of volume with sharp increase in value in 2008. The volume index which was 300.5 at the end of 2007 reached 331.6 in 2008, which is an increase of 10.3%, the lowest increase in relation to the three previous years. On the other side, the value index registered the strongest percentage change of 54.1% against respectively 47% and 23% in 2007 and 2006. This trend is explained by the increase in import prices.

Table 21: Development of import value indices (Base 100 in 2000)

	2005	2006	2007	2008	% change 2008/2007
Volume index	157.1	208.9	300.5	331.6	10.3
Consumer goods	97.4	140.1	229.9	204.5	-11.1
of which foodstuffs	104.1	160.2	292.1	224.4	-23.2
Capital goods	257.5	306.0	464.1	586.3	26.3
Intermediate goods	271.7	364.1	483.3	647.7	34
Energy and lubricants	153.9	195.3	207.1	211.4	2.1
of which fuel	153.4	195.1	205.5	210.5	2.4
Value index	269.3	329.9	485.1	747.4	54.1
Consumer goods	162.8	204.5	279.0	346.2	24.1
of which foodstuffs	128.4	173.5	256.3	311.2	21.4
Capital goods	564.3	644.5	1020.6	1852.2	81.5
Intermediate goods	434.2	564.8	727.2	1241.8	70.8
Energy and lubricants	210.1	242.8	484.3	668.4	38
of which fuel	203.0	233.9	482.6	680.1	40.9
Average value index	171.4	157.9	161.4	225.4	39.7
Consumer goods	167.1	146.0	121.3	169.3	39.6
of which foodstuffs	123.3	108.3	87.8	138.7	58
Capital goods	219.1	210.6	219.9	315.9	43.7
Intermediate goods	159.8	155.1	150.5	191.7	27.4
Energy and lubricants	136.5	124.3	233.8	316.2	35.2
of which fuel	132.4	119.9	234.9	323.1	37.5

Source: BNR, Statistics Department

Contrary to the previous years, the volume index of consumer goods declined from 229.9 to 204.5 in 2008, which is a decline of 11.1%, while their value index recorded an increase of 24.1% against 36.4% in 2007. Among consumer goods, foodstuff index reduced by 23.2% in volume after an increase of 82.5% in 2007. These developments are due to the increase in the world prices and food prices in particular. Regarding energy and lubricants, their volume index rose by only 2.1% while in value, they recorded a rise of 38%. In particular, fuel index recorded a variation of 2.4 and 40.9% respectively in volume and value against 5.3% and 106.3% attained in 2007.

In 2008, the index for capital goods and intermediate goods increased considerably in volume as well as in value, reaching respective rates of 26.3% and 81.5% for the former and 34. % and 70.8% for the latter.

The average value index for consumer goods, capital goods, intermediate goods as well as for the energy and lubricants expanded, that is respective rise of 39.6%, 43.7%, 27.4% and 35.2% in 2008, against -16.9%, 4.4%, 88.1%, and -3.0% in 2007. Specifically for the foodstuffs, the average value index boosted 58% following a decline of 18.9% in 2007.

B. Export indices

As regards export indices, their volume index globally increased by 9.8% in 2008 after a decline of 5% in 2007. This increase in the volume index is mainly attributed to coffee index which has significantly increased by 33% while it had decreased by 48.4% in 2007. In addition, exports of coltan continued to increase with a growth rate of 26.2% in 2008 against 33.8% in 2007. Other minerals, such as tin and wolfram declined respectively by 9.8% and 37.8% in volume index. Hides and skins and tea registered slight increases in 2008 respectively by 7.1% and 4% against 55.7% and 10.3% registered in 2007.

Parallel to the volume index, the total value index improved by 28.1%, totaling 493.5 in 2008 having been 385.4 in 2007. These performances were essentially driven by the exports of coltan, coffee, tin and tea whose total value index increased by 93.5%, 32.1%, 32.1% and 26.6% respectively. On the other hand, the value index of wolfram decreased, falling from 10136.1 to 6734.1 between 2007 and 2008, which is a fall of 33.6%.

Table 22: Development of export indices (Base 100 in 2000)

	2005	2006	2007	2008	% change 2008/2007
Volume index	158.2	166.9	158.6	174.1	9.8
Coffee	119.2	171.8	88.6	117.8	33
Tea	115.1	123.8	136.6	142.0	4
Tin	1314.9	1112.9	1324.8	1194.4	-9.8
Coltan	202.8	138.3	185.1	233.5	26.2
Wolfram	386.8	996.9	1865.4	1160.6	-37.8
Hides and skins	663.7	241.8	376.4	403.1	7.1
Total value index	290.7	342.8	385.4	493.5	28.1
Coffee	286.1	400.4	262.2	346.3	32.1
Tea	157.0	204.5	199.0	251.9	26.6
Tin	2843.0	2498.0	4991.0	6415.7	28.5
Coltan	282.2	185.0	315.5	610.5	93.5
Wolfram	1364.1	5016.1	10136.1	6734.1	-33.6
Hides and skins	1544.9	642.3	1141.6	910.8	-20.2
Average value index	183.8	205.5	242.9	283.4	16.7
Coffee	240.1	233.0	296.1	293.9	-0.7
Tea	136.4	165.2	145.7	177.5	21.8
Tin	216.2	224.5	376.7	537.2	42.6
Coltan	139.2	133.7	170.5	261.4	53.4
Wolfram	352.7	503.2	543.4	580.2	6.8
Hides and skins	232.8	265.6	303.3	225.9	-25.5

Source: BNR, Statistics Department

The contribution of coltan, tin, tea and wolfram had been positive respectively with 53.3%, 42.6%, 21.8% and 6.8%, while coffee, hides and skins had their average value index reduced by 0.7% and 25.5% respectively.

The average value index has been increasing for the last four years for tin and wolfram, reflecting the increase in their prices and volume. For other products, the average value index fluctuated in the period under review due to the change in climate conditions for agricultural products.

C. Terms of trade

Compared to the year 2007, terms of trade deteriorated by 16.5% in 2008, their index falling from 150.5 in 2007 to 125.7 in 2008. On the contrary to the year 2007 when the export average value had increased more than the import average value (18.2% compared to 2.2%), trends were reversed in 2008. The change in average import value became greater than the change in export average value index (39.7% compared to 16.7% respectively).

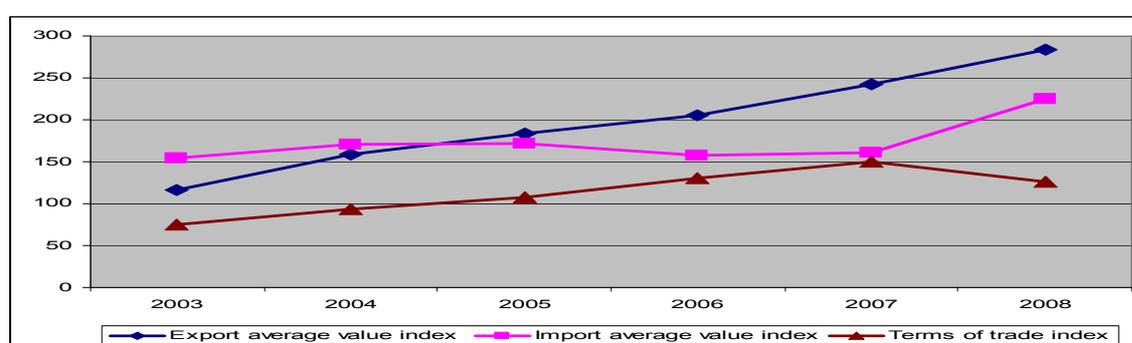
Table 23: Index of the terms of trade and trade-related total earnings

	2005	2006	2007	2008	% change 2008/2007
Export average value index	183.8	205.5	242.9	283.4	16.7
Import average value index	171.4	157.9	161.4	225.4	39.7
Terms of trade index	107.2	130.1	150.5	125.7	-16.5
Exports volume index	158.2	166.9	158.6	174.1	9.8
Trade-related total earnings index	169.6	217.1	238.7	218.84	-8.3

Source: BNR, Statistics Department

Consequently, trade related total earnings index fell to 218.84 after having been 238.7 in 2007, recording a decrease of 8.3. However, for the last years, trade related total earnings had been increasing significantly.

Fig. 5: Development of the terms of trade index (Base 100 in 2000)



Source: BNR, Statistics Department

II.2 PUBLIC FINANCE AND DOMESTIC DEBT

II.2.1 PUBLIC FINANCE

The year 2008 has been very satisfactory as far as public finance is concerned, as Government operations closed with an overall surplus of Rwf 11 billion (including grants). A number of exogenous factors played a role in increasing government resources. This includes the steep rises in the prices of petroleum products and other commodities in world market, which contributed to higher tax collection through the increase of the value of imports. There was also the payment by a mobile company of a license fee worth USD 60 million. In addition, there was some increased budget support despite postponement of disbursements by some bilateral contributors. As a share of GDP, the overall government balance after grant stood at 0.5% against -1% recorded the previous year.

Table 24: Government financial operations (in Rwf billion, unless otherwise indicated)

	2005	2006	2007	2008
Revenue and grants	344.8	375.9	472.3	660.8
Total revenue	180.3	207.2	252.0	381.0
Tax revenue	162.5	192.6	237.8	328.7
Nontax revenue	17.7	14.6	14.2	52.3
Grants	164.5	168.7	220.3	279.8
Total expenditure and net lending	340.7	378.9	491.3	649.7
Total expenditure	336.3	369.3	499.3	636.2
Current expenditure	214.9	250.6	313.0	368.5
Current deficit	-34.6	-43.4	-61.0	12.6
Capital expenditure	121.4	118.7	186.3	267.8
Net lending	4.4	9.6	-8.1	13.5
Overall deficit (payment order basis)				
Before grants	-160.4	-171.7	-239.3	-268.8
After grants	4.1	-3.0	-19	11.0
Change in arrears (net reduction -)	-10.7	-8.0	-8.1	-8.9
Overall deficit (cash basis)	-6.6	-11.1	-27.1	3.0
Financing	-1.8	17.9	27.1	-3.0
Foreign financing (net)	34.3	34.9	32.1	56.4
Domestic financing	-32.5	-17	-4.9	-59.4
Errors and omissions	-4.8	-6.8	0.0	0.0
	In % of GDP			
Revenue and grants	25.9	23	25.3	27.1
Total revenue	13.5	12.7	13.5	15.6
Tax revenue	12.2	11.8	12.7	13.5
Grants	12.4	10.3	11.8	11.5
Total expenditure and net lending	25.6	23.2	26.3	26.7
Total expenditure	25.3	22.6	26.8	26.1
Current expenditure	16.1	15.4	16.8	15.1
Capital expenditure	9.1	7.3	10.0	11.0
Current deficit	-2.6	-2.7	-3.3	0.5
Overall deficit, after grants	0.3	-0.2	-1.0	0.5
Overall deficit, before grants	-12	-10.5	-12.8	-11.0
Nominal GDP(in billion RWF)	1331.6	1631.6	1866.1	2437.2

Source: BNR Annual Reports and Ministry of Finance and Economic Planning

II.2.1.1 Government Revenue and grants

As mentioned above, the fiscal balance of year 2008 benefited from revenue performance which was boosted by tax receipts from import and consumption taxes as well as “one-off” sale of mobile license. Additional grants were also provided for some priority spending in agriculture, education and health sectors. Total revenue and grant stood at Rwf 660.8 billion (27.1% of GDP) against rwf 472.3 billion (25.9 % of GDP) in 2007.

II.2.1.1.1 Tax revenue

In line with the trend observed during the last few years, tax revenue collection performed well in 2008, consistent with the higher GDP. There was also marked tax administrative reforms and collection mechanism. Thus, tax revenue amounted to Rwf 328.7 billion in 2008 against Rwf 237.8 billion recorded the previous year, which is an increase of 38.2%.

Direct tax collection amounted to Rwf 123.1 billion against Rwf 85.8 achieved in 2007, which is an increase of 43.5%. Profit taxes which benefited from the higher real GDP growth as well the higher inflation contributed to this performance. PAYE collection also improved reflecting the increase in incomes, an expansion in employment, as well as the continued payment of annual bonuses.

II.2.1.1.2 Non tax revenue

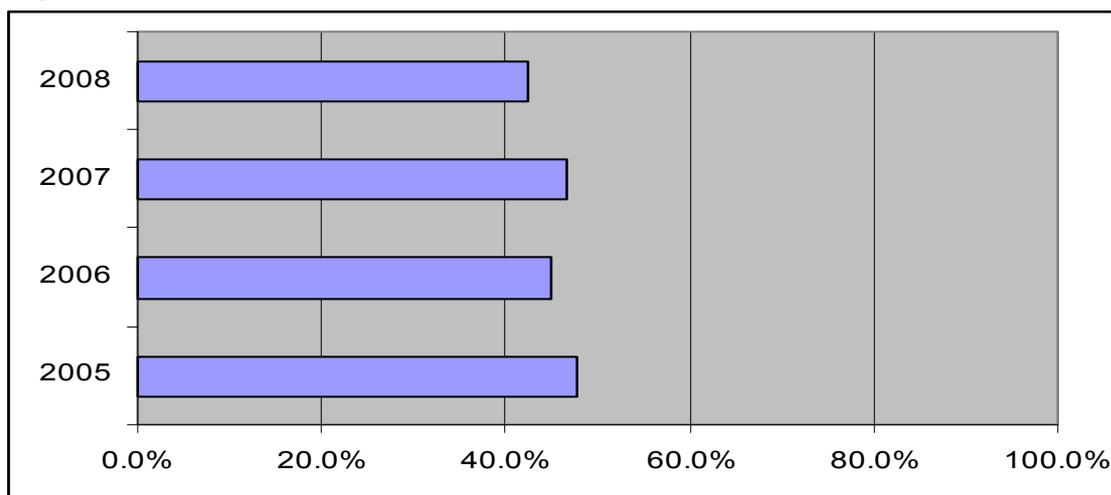
Non tax revenue stood at Rwf 52.3 billion in 2008 against 15.2 achieved in 2007, which is an increase of 344.1%. The over performance under this category was mainly due to the accrual of the license fees of Rwf 33.4 billion (USD 60 million) paid by TIGO mobile company in December 2008. Other major contributors to this performance include the National Bank of Rwanda dividends (9%), ID cards receipts and driving permits (6%), Passport and visa fees (3.9%) and sales of strategic stock for petroleum products (2%).

II.2.1.1.3 External disbursements for the budget

Total grant disbursements amounted to 279.8 billion RWF in 2008 from 220.3 billion RWF in 2007 that is an increase of 27.0%. Budgetary grants totaled Rwf 185.7 billion (66.4% of total grants disbursements) while capital grant took the balance (Rwf 94.1 billion or 33.6% of total grants disbursements).

It is important to underscore that although this category has performed well during the period under review its share to GDP has declined, standing at 11.5% against 11.8% respectively the previous year.

Fig 6: Grants (%share)



Source: BNR Annual Reports and Ministry of Finance and Economic Planning

II.2.1.2 Government Expenditure

Total expenditure and net lending stood at Rwf 649.7 billion at end December 2008 against Rwf 491.3 billion in 2007 which is an increase of 32.3%. As share of GDP, they represented 26.7%, slightly higher than the previous year's level of 26.3%.

Current expenditure represented 56.7% of total expenditure and capital expenditure 41.2% while net lending took the balance (2.1%).

II.2.1.2.1 Current expenditure

Comprising wages and salaries, purchases of goods and services, interest payments, transfers and exceptional social expenditures, current expenditures amounted to Rwf 368.5 billion against Rwf 313 billion recorded in 2007, which is an increase of 17.7%.

II.2.1.2.2 Capital Expenditure

Capital expenditure amounted to Rwf 267.7 billion in 2008 as compared to Rwf 186.3 recorded in 2007 that is an increase of 43.7% and consistent with the Government of Rwanda strategy to upgrade public infrastructure to attract investment. A number of projects were undertaken across the country, especially in clean water supply (Nyabarongo Project), the rehabilitation of Electrogaz infrastructure and the construction of several micro and medium-sized hydro projects of which Rukarara project.

II.2.1.2.3 Net lending

Made of loans to public enterprises minus their reimbursements, net lending expenses stood at Rwf 13.5 billion in 2008 up from -8.1 billion achieved in 2007. This important increase in net lending was mainly due to the second installment payment from LAPGREEN for the sale of Rwandatel.

II.2.1.3 Budget Deficit

As previously mentioned, Government financial transactions closed with an overall balance including grants of Rwf 11.0 billion (0.5% of GDP) against a deficit of Rwf 19.0 billion (-1%) achieved in 2007. The overall deficit excluding grants deteriorated however in nominal terms, standing at Rwf 268.8 billion against Rwf 239.3 billion recorded the previous year, but improved in real terms, as it represented 11.0% of GDP against 12.8% recorded the previous year. On cash basis Government financial transactions balance was a surplus of Rwf 3.0 billion.

II.2.1.4 Financing of the deficit

Table 25: Financing (billion RWF)

	2007	2008
Financing	11.3	-3.0
Foreign financing net	41.8	56.4
Drawings	46.9	60.4
Budgetary loans	4.2	5.9
Project loans	42.7	54.4
Amortization	-5.1	-4.0
Domestic financing (net)	-30.5	-59.4
Banking system	-13.8	-43.7
Non banking sector	-16.7	-15.7

Source: Ministry of Finance and Economic Planning

II.2.2 GOVERNMENT DOMESTIC DEBT

Total outstanding domestic debt of the Government of Rwanda amounted to Rwf 148.9 billion in 2008 against Rwf 176.9 billion in 2007 that is a decline of 18.8%. This brought the ratio of outstanding debt over GDP to 6% down from 9% recorded the previous year.

Consistent with the balance of fiscal operations and its uses, table 25 below on the evolution of government debt shows steep decline of this debt vis-à-vis all its creditors. Worth to be highlighted are the decreases of the debt vis-à-vis the banking system that dropped by 38.8% standing at Rwf 22.2 billion down from Rwf 36.3 billion while the debt vis-à-vis the non banking sector dropped by 12.1%, standing at Rwf 86.7 billion down from Rwf 86.7 billion.

One could also mention that the bulk of non banking sector debt is made of the consolidated debt of the Social Security Fund (67.1% of the total), and that new Treasury bonds worth Rwf 14.3 billion have been issued in 2008 and subscribed by both banks and non banks.

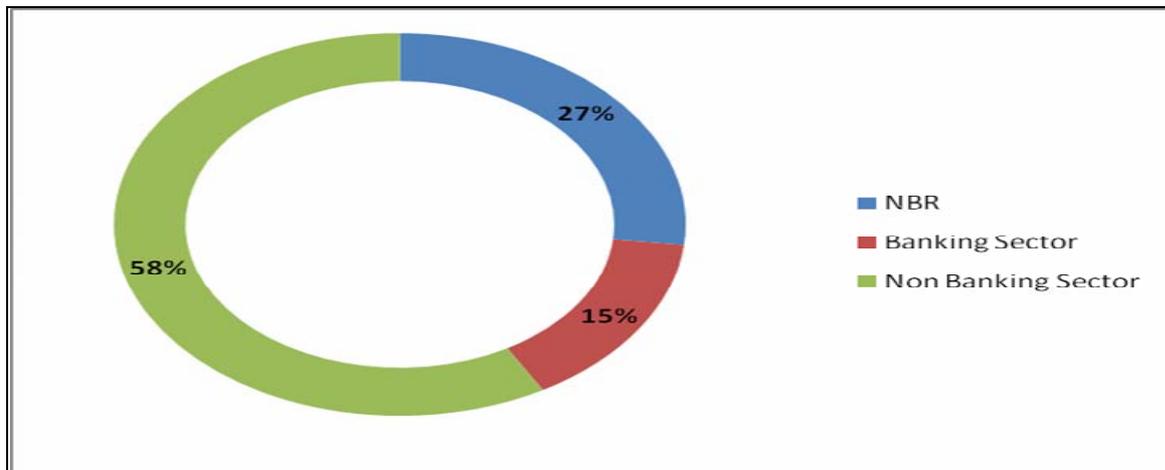
Table 26: Development of the government debt (in RWF billion)

	2005	2006	2007	2008
NBR	42.1	41.8	42.1	39.7
Consolidated debt	42.1	41.8	41.2	39.7
Overdraft	0.0	0.0	0.0	0.0
Reevaluation	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0
Banking Sector	13.1	26.3	36.3	22.2
Treasury Bills	6.4	20.1	32.1	6.6
Reconverted Developments bonds	2.7	2.3	3.3	3.1
New Treasury bonds			0.0	11.5
Recapitalization	4.0	3.0	2.0	1.0
Non banking sector	59.2	82.2	98.6	86.7
Treasury Bills	12.1	14.4	7.8	2.7
Reconverted Development Bonds	1.5	1.2	0.7	0.6
Development Bonds non reconverted	0.2	0.2	0.5	0.5
New Treasury bonds			0.0	2.8
Other bonds for old arrears	45.4	66.4	89.6	80.1
TOTAL OUTSTANDING	114.3	150.3	176.1	148.6
Arrears of interests	0.6	0.7	0.7	0.7
TOTAL STOCK	114.9	151.0	176.8	149.3

Source: BNR, Research and Policy Analysis Department

The figure below shows the distribution of domestic debt among creditors.

Fig 7: Composition of domestic debt (%share)



Source: BNR, Research and Policy Analysis Department

II.3 MONETARY SECTOR

II.3.1 MONETARY DEVELOPMENTS

Broad money (M3) grew by 9.6% from December 2007 to December 2008 against 33% recorded between December 2006 and December 2007. This slower growth was a result of a moderate growth in net foreign assets (+15%) as compared to the strong increase of 23.3% in 2007 and to the decline in net domestic assets (-16%) against a sharp increase of 107% in 2007.

Table 27: Evolution of broad money and its counterparts³ (In billions of RWF, unless otherwise indicated)

	2005	2006	2007	2008	%Change 2006/2007	%Change 2007/2008
Net foreign assets	222.5	285.1	351.6	403.8	23.3%	14.8%
<i>Net foreign assets of BNR</i>	<i>181.3</i>	<i>224.9</i>	<i>281.8</i>	<i>325.6</i>	<i>25.3</i>	<i>15.5</i>
<i>NFA of commercial banks</i>	<i>41.1</i>	<i>60.1</i>	<i>69.7</i>	<i>78.2</i>	<i>15.8</i>	<i>12.2</i>
Net domestic assets	23.7	35.8	74.1	62.6	107%	-15.5%
Domestic credit	107.3	142.2	183.7	198.9	29%	8.2%
Net credit to Government	-60.1	-69.5	-75.4	-142.7	-8.6%	-88%
Autonomous agencies	-0.5	-2.0	-1.3	-0.4	-36%	65%
Public enterprise	2.2	2.4	1.8	1.6	-27%	-7%
Private Sector	165.7	211.3	258.6	340.4	22%	31.6%
Other items net	-83.6	-106.4	-109.6	-136.7	3%	-24.7%
Broad money M3	246.2	321.0	425.7	466.6	33%	9.6%
Broad money M2	202.6	261.8	357.0	384.1	36.4%	7.6%
Narrow money M1	131.8	156.0	217.9	225.7	39.7%	3.6%
Currency in circulation	47.0	52.7	63.2	80.9	20%	28%
Deposits	199.2	268.2	362.4	385.6	35%	6.4%
O/W: Demand deposits	84.8	103.3	154.7	144.9	50%	-6.3%
Time deposits	70.8	105.8	139.1	158.4	31%	13.9%
Forex deposits	43.7	59.2	68.6	82.3	16%	20%

Source: BNR, Statistics Department

³ The situation described in this report includes Banque Populaire du Rwanda S.A which has been licensed as a commercial bank in February 2008

II.3.1.1 Sources of Money creation

a. Net foreign assets

Net foreign assets of the banking system rose from Rwf 351.5 billion to Rwf 403.8 billion between 2007 and 2008. This increase of 15% was lower than the increase of 23.3% recorded in 2007. Despite significant increase in external inflow in 2008 compared to 2007, net foreign assets moderately increased due to the steep increase in foreign exchange sells to commercial banks (+59.7%) for imports financing and to transfers abroad by resident investors increased Government spending in foreign exchange (+59.2%).

b. Net domestic assets

Net domestic assets declined from Rwf 74.1 billion to Rwf 62.6 billion between 2007 and 2008 which is 15.5% of change. This trend has been greatly influenced by the steep decline in net credit to government, which dropped by 89%, standing at Rwf -142.7 billion against Rwf -75.4 the previous Year. This was a result of the significant inflows of foreign disbursement under budgetary and projects support, but also of the payment end December by a telecommunication company of a license fee worth USD 60 million.

Credit to private sector experienced strong increase of 31.6% as compared to 22% increase recorded in 2007.

II.3.1.2 Broad Money

Broad money stood at Rwf 466.6 billions at en December 2008(+9.6) up from Rwf 425.7 billions (+31.6%) recorded the previous year. As mentioned earlier, moderate increase in net foreign assets and net decline in net domestic assets are the factors that were behind this slower increase in broad money.

a. Narrow Money M1

Narrow money, composed of currency in circulation and demand deposits, rose from Rwf 218 to 225.9 billions from December 2007 to December 2008 that is an increase of 5.1%, far below 40.0% recorded between December 2006 and December 2007. Demand deposits decreased by 6.4%, while currency in circulation rose by 28.0% as compared to 20%

change recorded in 2007. The high increase in currency in circulation can be connected to high inflation that prevailed in 2008.

b. Broad Money M2

Broad Money, comprising narrow money (M1) and time deposits, rose from Rwf 357.0 billion to RWF 384.1 billions between December 2007 and December 2008, which is an increase of 7.6%. Under this report definition, time deposits include sight deposits with Banque Populaire du Rwanda (BPR S.A) on booklets that permit immediate cash withdrawals but not direct third party transfers.

c. Broad Money M3

Broad Money M3, made of broad money M2 and foreign exchange deposits with the banking system, rose by 9.6% between December 2007 and December 2008, standing at Rwf 466.4 billion against Rwf 425.7 billion the previous year. This increase is far below 33% of increase recorded between December 2006 and December 2007.

II.3.1.3 INTEREST RATES DEVELOPMENTS

As it is shown in the table below, the average deposit rate experienced small fluctuations, between 5.69 % and 6.72 %, while the average lending rate moved between 16 % and 17.6%.

Table 28: Interest rates Developments in 2008 (%)

<i>Period</i>	Jan.	Feb.	March	April	May	June	July	August	Sept.	Oct.	Nov.	Dec.
<i>Deposit rate</i>	5.97	5.78	5.69	5.91	5.70	6.05	6.34	5.98	6.40	6.24	6.14	6.72
<i>Lending rate</i>	17.37	17.10	16.60	16.76	16.80	17.57	16.44	16.43	17.45	16.25	17.58	17.35
<i>Mop up rate</i>	5.26	5.18	5.24	5.34	5.96	6.59	7.23	7.85	-	-	-	-
<i>Repo rate</i>	-	-	-	-	-	-	-	6.48	6.55	6.41	6.52	6.56
<i>Discount rate</i>	12.50	12.50	12.50	12.50	12.50	12.50	12.50	11.25	11.25	11.25	11.25	11.25
<i>Interbank rate</i>	8.00	6.99	8.00	6.00	6.68	6.62	7.12	7.01	6.97	7.42	7.08	7.69
<i>Treasury bills rate</i>	-	-	6.22	6.28	6.17	6.50	7.33	7.65	7.02	7.25	6.99	7.72

Source: Capital and money market Department

- : Repo instrument was introduced in august 2008.

Concerning money market interest rates, apart from the discount rate that remained at 12.5% from August 2005 to July 2008 and was revised downward to 11.25% since August 2008, other rates had recorded slight variations and averaged at around 6.5 %; 7.1 % and 6.9 % in 2008, for repo operations, inter-bank market and Treasury bills respectively.

II.4. EXTERNAL SECTOR

II.4.1. BALANCE OF PAYMENTS

1. GENERAL OVERVIEW.

The year 2008 Balance of Payments (BOP) globally registered an excess of USD 58.01 million. The current account registered a deficit of USD 252.96 million completely absorbed by the Capital and financial account in excess of USD 321.12 million.

The current account deficit is highly dominated by the trade balance deficit in good transactions. Even if increasing, exports remain very low compared to the level of imports. Nevertheless the situation is a bit smoothed by significant official transfers. The level of Capital account mainly composed of project financing grants and financial account registering among others, the external debt and foreign direct investments lead to the excess in overall 2008 Balance.

2. MAJOR BALANCE OF PAYMENTS COMPONENTS DEVELOPMENTS.

The current account deficit reached USD 252.96 million in 2008 corresponding to 5.7% of GDP (USD 4 471.93 million).

Table 29: Major BOP components Developments (in millions of USD)

	2004	2005	2006	2007	2008
A. Trade balance	- 177,87	- 228,67	- 299,02	- 404,39	- 624,16
Exports of which	98,05	124,98	147,38	176,77	256,56
coffee	32,23	38,27	54,04	35,67	46,91
tea	21,55	24,38	31,86	31,52	40,05
Imports FOB	- 275,93	- 353,64	- 446,40	- 581,16	- 880,72
B.Services (net)	- 137,06	- 166,46	- 132,30	- 123,16	- 112,30
C. Income (net)	- 33,65	- 27,21	- 28,66	- 17,22	- 35,06
Balance on goods and services	- 348,59	- 422,34	- 459,97	- 544,76	- 771,52
D. Current transfers net	313,93	364,52	325,54	461,32	518,57
Private	35,05	46,73	77,15	98,82	72,61
Public	278,87	317,79	248,39	362,50	445,96
E.Current account	- 34,66	- 57,82	- 134,43	- 83,45	- 252,96
F. Capital and Financial account balance	127,29	165,45	250,50	196,70	316,07
Errors and Omissions	15,31	11,53	-34,59	-2,66	-5,11
G. Overall balance	107,94	119,16	81,52	110,60	58,01

Source: BNR, Statistics Department

A. TRADE BALANCE

The external trade was marked by a high increase of imports and exports but exports value remains far lower than imports FOB of USD 880.72 million. Compared to 2007, the increase of the imports value in 2008 was especially due to high increase in prices of almost all categories of products in the international market. FOB values of exports and imports registered increases of respectively 45.21% and 51.64% in 2008 as compared to 2007. Exports covered only 29.13 % of the expenses of imports FOB of goods, against 30.42% in 2007.

Exports

The low level of diversification and lower volume of exports compared to imports remain a challenge to Rwanda trade balance. Since they account for a low proportion on the international market, traditional goods such as coffee, tea, and minerals remain under control of big producers influencing international market prices.

Agricultural export products (coffee and tea) which represented more than 30% of Rwanda's exports in 2008 depend on climatic conditions that are beyond the country's control.

The 2008 good performance of exports resulted essentially from mining and agriculture sectors. Minerals exported value increased by 29% from 70.6 million of USD to 91.26

million of USD. Exports of agriculture products (coffee and tea) registered an increase of 29.6% from 67.19 million of USD in 2007 to 86.96 million of USD in 2008.

Coffee

Compared to 2007, coffee exports increased by 32% in 2008 from 35.7 million of USD to 46.91 million of USD. The situation resulted from large increase in volume by 44% from 13,673.86 tons in 2007 to 19,710.61 tons in 2008 due to good rains beginning the year and cyclic phenomenon of good production following a bad one in 2007. The prices remained quite stable decreasing by only 2% during the period under review. Nevertheless, the volume and value of coffee exported in 2008 remained far lower than the ones registered in 2006 that totaled respectively 26,534.1 tones and 54.04 million of USD.

The volume of fully washed coffee exported increased from 2,300 tons in 2007 to 2,455 tons in 2008 while the washing stations increased from 112 to 120. Despite the progressive increase, the proportion of the fully washed coffee exported remains low taken account of the objective to produce 85% of fully washed coffee in 2012.

Tea

Compared to 2007, tea exports value recorded an increase of 27.1% in 2008 resulting essentially to the increase in unit price by 22.3% from 1.72 USD/kg to 2.10 USD/kg while the volume increased only by 3.93% from 18,376 tons in 2007 to 19,097 tons in 2008.

Minerals

In 2008, the mineral sector generated the highest export earnings of 91.26 million USD against 70.6 million USD in 2007. That significant performance result principally from the Chinese demand for industrial metals which pushed the mining sector's prices up and Rwanda's tin and coltan exports improved the export proceeds. Tin exports increased in value by 29%. Its price increased by 42% from 7 USD/kg in 2007 to 10.00 USD/kg in 2008. Its volume slightly reduced by 9.85% reaching a level of 4,116 tons in 2008 against 4,566 tons in 2007. The price of coltan rose by 53.38%, from 19.85 USD/kg in 2007 to 30.44 USD/kg in 2008. Its exports value reached a level of 37.21 million USD in 2008 against 19.23 million in 2007 while the volume increased from 969 tons in 2007 to 1 222 tons in 2008.

Table 30: Major exports Developments (Value in millions of USD and volume in tons) change the number

		2003	2004	2005	2006	2007	2008
Coffee	value	15.01	32.23	38.27	54.04	35.67	46.91
	volume	14 700.00	27 085.14	18 398.64	26 534.12	13 673.86	19 710.61
Tea	value	22.52	21.55	24.38	31.86	31.52	40.05
	volume	14 331.00	13 064.38	15 481.16	16 523.65	18 375.62	19 097.21
Cassiterite	value	4.49	15.88	17.86	15.87	31.97	41.15
	volume	1 458.00	3 553.18	4 531.83	3 835.33	4 565.91	4 116.34
Coltan	value	6.37	12.99	16.87	11.17	19.23	37.21
	volume	732.00	861.05	1 061.64	724.25	968.96	1 222.43
Wolfram	value	0.23	0.40	2.58	9.53	19.42	12.90
	volume	120.00	157.52	557.02	1 435.57	2 686.11	1 671.22
Hides and skins	value	3.78	3.39	4.73	1.99	3.56	2.85
	volume	2 728.00	2 150.78	3 183.46	1 159.89	1 805.60	2 043.60
Pyrethrum	value	1.28	0.65	0.00	1.92	3.00	0.38
	volume	20.00	10.08	0.00	44.64	38.27	3.30
Other products	value	9.37	10.80	20.22	20.91	32.32	80.16
	Total value	63.05	97.88	124.90	147.30	176.69	261.76

NB: the current total integrate the transport and insurance services on exports of USD 5.15 million

Source: BNR, Statistics Department

After a good performance with an increase of 87% in volume, and 104% in value between 2006 and 2007, exports of wolfram declined mainly due to low export prices. The volume reduced by 37.78% to reach a level of 1 671.22 tons and the value reduced by 33.58 % to become USD 12.9 million in 2008. Its price increased by only 6.76%, reaching 7.72 USD/kg; becoming thus less profitable than coltan and tin for which the prices have increased respectively by 53.38% and 42.76%.

The creation of Rwanda Geology and Mining Authority (OGMR), which is in charge of setting up a new strategy and the promotion of the sector, shows that the Government is commitment to restructure and develop the sector. The privatization of Government mining area is in progress. The 18 of 20 concessions of Mining Production and Development Board (REDEMI) are already privatized. The new investors are encouraged to focus more on research and exploration activities for a better knowledge of mineral deposits in Rwanda.

Hides and Skins

In 2008, despite the increase in Hides and skins volume exported by 13.2% to reach a level of 2,043.6 tons, the value decreased by 20% to become USD 2.85 million due probably to the reduction of 29% in its export price, from 1.97 USD/kg in 2007 to 1.39 USD/kg in 2008. The preceding year had been characterized by increase in price, volume and value.

Pyrethrum

The volume of pyrethrum exported considerably declined by 91.4 % in 2008, from 38.27 tons in 2007 to 3.3 tons in 2008 due to factory shut down that did not allow collection and treatment of flowers. The renovation of the factory treating that product put the production to hold. At the same time, the value of pyrethrum exported decreased by 87.2% from 3 million of USD in 2007 to 0.4 million of USD in 2008. However, the export price continues to increase, from 43.10 USD/kg in 2006; 78.44 USD/kg in 2007 and 116.16 USD/kg in 2008.

Other products

This is a miscellaneous category mainly composed by non traditional products, such as beans and live stock, and re-exports. Due to a high level of volume of mineral products for re-export, particularly cassiterite registered in 2008, the value of re-exported products increased by 144.19 % in 2008; from 17.95 million of USD in 2007 to 43.83 million of USD in 2008.

Table 31: Evolution of some non traditional exports

	Value in USD		Variation
	2008	2007	
Beans	4 583 069	798 782	473.76%
Skin care products	1 237 407	822 929	50.37%
Hand crafts	1 944 871	422 485	360.34%
Cement	1 310 949	864 228	51.69%
Shoes	1 078 989	557 735	93.46%
Mineral water	1 235 800	378 322	226.65%
Beer	1 431 790	971 469	47.38%
Livestock	3 668 646	1 647 516	122.68%

Source: BNR, Foreign Exchange Inspection and Balance of Payments Department

Some of these products are a real indicator of where the country can gain some advantage.

Imports

The Import products are classified in four main categories, namely consumer goods, capital goods, intermediary goods, and energy and lubricants. Compared to the year 2007, the imports CIF value in 2008, experienced a growth rate of 52.3%, (from USD 770.65 million in 2007 to 1,173.98 million of USD in 2008). All categories of imported goods registered a significant increase in value.

Capital goods

The value of imported capital goods increased by 81.4%; from USD 202.5 million in 2007 to 367.3 USD million in 2008. This was due to the rise in imports of transport vehicles and parts as well as machines and tools particularly for telecommunication and energy sectors.

Intermediary goods

The value of imported intermediate goods increased by 71%, from 189.9 million of USD at the end of 2007 to 323.87 million of USD at the end of 2008. Intermediary goods are classified into 4 categories, namely construction materials, industrial products, chemical fertilizers, and other various intermediary goods. The import of industrial products and construction materials constitute the main part of imported intermediary goods with more than 40% of total value of the category each.

Table 32: Evolution of imports (value in millions of USD and volume in tons)

Description		2004	2005	2006	2007	2008
Capital goods	Value	79.98	109.88	126.80	202.53	367.29
	Volume	12 493	17 506	20 803	31 551	39 860
Intermediate goods	Value	79.20	111.16	146.15	189.91	323.87
	Volume	107 716	154 363	206 831	274 574	367 938
Energy products	Value	68.64	78.16	108.56	115.65	161.49
	Volume	123 282	128 819	172 818	183 252	186 722
Consumer goods	Value	102.46	131.17	166.54	229.10	284.08
	Volume	109 210	120 855	173 743	285 259	253 662
Food	Value	33.16	35.26	47.93	71.76	87.07
	Volume	75 744	79 854	122 832	223 979	172 073
Others consumer goods	Value	69.3	95.9	118.6	157.3	197.01
	Volume	33 465	41 001	50 911	61 280	81 589
Ajustment	Value	37.5	41.0	43.3	33.5	37.25
Total CIF	Value	367.8	471.4	591.4	770.6	1 173.98

Source: BNR, Statistics Department

Imports of construction materials are related to the rehabilitation process of the country in terms of infrastructure and construction of buildings for various uses. The intensification of the use of agricultural inputs to promote the agricultural production, led to a rise in the value of imported fertilizers.

Final consumer goods

Imports value of final consumer goods increased by 24% from USD 229.10 million in 2007 to USD 284.08 million in 2008. Foodstuffs showed an increase of 21.33%, to USD 87.07 million against USD 71.76 million in 2007. The most imported foodstuffs were cooking oil and fats, cereals, flour and seeds, as well as sugar.

Energy and lubricants

The imports of energy and lubricants (more than 90% of which is fuel) increased by 39.63% in value and 1.89% in volume due to high increase of prices on the international market. The value of these imports totaled USD 161.5 million (14 % of the total value of imports) in 2008.

B. BALANCE ON SERVICES AND INCOME

The evolution of balance on Services and income, as in goods trade balance, registered continuous deficits. The amount paid has always been lower than the amount received. The biggest amount of services paid is related to importation of goods. Note that it is estimated that only 29% of goods transport is made by local residents while 71% is made by foreigners.

Table 33: Evolution of Services and Incomes (in millions of USD)

Designation	2003	2004	2005	2006	2007	2008
Services (net)	-127.2	-137.06	-166.46	-132.30	-123.16	-112.30
Credit/Inflows	76.47	102.65	119.71	201.65	240.63	408.15
Freight and insurance	4.47	6.94	7.01	4.22	5.23	5.15
Other transportation	13.92	14.50	17.76	16.41	24.58	37.74
Travel	30.08	43.50	48.76	131.84	151.63	202.28
Others services	28.00	37.71	46.17	49.19	59.19	162.98
Debit/Outflows	-203.66	-239.71	-286.17	-333.95	-363.79	-520.45
Freight and insurance	-54.08	-65.23	-83.61	-101.34	-134.53	-208.21
Other transportation	-24.14	-26.51	-38.21	-42.63	-50.50	-75.75
Travel	-26.06	-31.48	-36.75	-41.29	-46.66	-69.99
Others services	-99.38	-116.49	-127.60	-148.69	-132.09	-166.0
Income (net)	-30.53	-33.65	-27.21	-28.66	-17.22	-35.06
Credit/Receipts	6.17	5.56	15.45	24.62	25.44	28.27
Investment income	5.97	5.37	15.20	20.63	21.35	23.72
Labor services income	0.19	0.19	0.24	3.99	4.09	4.49
Property income	0.02	0.00	0.00	0.00	0.00	0.05
Debit/Payments	-36.71	-39.22	-42.66	-53.27	-42.66	-63.33
Income paid on direct investments	-5.50	-2.97	-3.61	-9.06	-9.29	-16.42
Income paid on others investments	-16.43	-20.30	-17.89	-13.63	-7.33	-7.74
Labor services Income	-14.49	-15.72	-20.68	-30.07	-25.50	-37.95
Property income	-0.29	-0.23	-0.48	-0.51	-0.54	-1.23
Services and Revenues (nets)	-157.72	-170.71	-193.67	-160.95	-140.38	-147.37

Source: BNR, Statistics Department

The Balance on services showed a structural deficit, particularly due to expenses on transportation of imports because the country is land locked. The value of services paid for freight and insurance reached USD 208.21 million in 2008.

The credit component of balance on Services, even though very low compared to expenses, registered an increase of 70% from USD 240.63 million end of 2007 to USD 408.15 million in 2008 due especially to increase in travel receipt that increased by 33% from USD 151.63 million in 2007 to USD 202.28 million in 2008 as declared by tourism office.

The Income Balance deteriorated from -17.2 million of USD in 2007 to USD -35.06 million in 2008 due to increase in payments of labor revenues. The increase on the credit side was too small to positively impact on the debit side of income.

C. CURRENT TRANSFERS

The registered current transfers rose to USD 518.57 million in 2008 against USD 461.32 million in 2007 increasing by 12%. That increase resulted from high level of official current support that increased by 23% from USD 362.50 million in 2007 to USD 445.96 million in 2008. Budgetary support transfers increased by 31% from USD 259.27 million in 2007 to USD 339.76 million in 2008. They represented 76.2% of net official current transfers. Most of the support was received from World Bank, United Kingdom, African Union and European Union.

3. CAPITAL AND FINANCIAL OPERATIONS ACCOUNT

The year 2008 was characterized by an increase of 60.69% of capital and financial account surplus. From USD 196.70 million in 2007, the capital account and financial account balance attained a level of USD 316.07 million in 2008. The capital account was at USD 210.06 million in 2008 against USD 92.04 million in 2007. The financial account is USD 106.0 million and remains relatively low since the important debt cancellation of USD 1150 million from Multilateral Debt Relief Initiative (MDRI) in 2006. The disbursements registered from public loans for budget and project support increased by 26.49% between 2007 and 2008. From USD 88.66 million in 2007 they stood at USD 112.15 million in 2008.

Table 34: Evolution of capital and financial account (in million of USD)

Designation	2003	2004	2005	2006	2007	Est 2008
Capital and Financial account balance	66,7	127,3	165,4	250,5	196,70	316,1
Capital Account	41,1	60,6	93,5	1400,1	92,0	210,1
<i>Capital transfers</i>	41,1	60,6	93,5	1400,1	92,0	210,1
Financial transactions account	25,6	66,7	72,0	-1149,5	104,7	106,0
<i>Long Term capital</i>	11,3	69,3	49,1	-1079,5	161,8	194,7
Public sector capital (LT) (net)	7,7	71,3	53,7	-1104,8	80,4	104,7
Disbursement	39,9	108,6	90,0	68,1	88,7	112,2
Amortization	-32,2	-37,3	-36,3	-1172,9	-8,3	-7,4
Private (net)	6.2	8.9	9.7	25.3	81.4	90,0
Disbursement	5.6	1.4	0.7	0.6	3.4	9,5
Amortization	-2	-3.4	-5.3	-5.9	-4.2	-4,1
Investments	2.6	10.9	14.2	30.6	82.3	84,6
Other capital	14,3	-2,6	22,9	-70,1	57,1	-88,7

Source: BNR, Statistics Department

Net private capital inflows including foreign direct investment increased, by 10.5%, in 2008 due to new investments in banking and telecommunication sectors.

4. OVERALL BALANCE ACCOUNT

In spite of a high level of current account deficit (excluding grants registered in 2008), the net current transfers and capital combined with financial operations inflows led to an excess of overall balance account of USD 58.01 million.

II.4.2 External Debt

1. Public External Debt

Since the Multilateral Debt Relief Initiative (MDRI) debt cancellation in 2006, the country's public debt has been increasing over the years, and dominated by multilateral debt constituting more than 85% of total public debt in 2007 and 2008. A study made in 2008 on Rwanda's debt strategy, aiming at avoiding falling again into the vicious circle of excessive debt, recommended some terms of sustainable debt. The document entitled "Debt management Strategy" shows an amount of USD 136 million as the annual upper limit in disbursements that Rwanda will have to take into account to stay in the standards of the sustainable debt. The report advise to pay attention to the IDA standards such as 40 years of loan maturity, 10 years of grace period, 0.75% interest rate with a grant element of above 50% and grant element not below 35% where there is no opportunity for IDA term concessional loan. It also talks about Debt Management committee which will

have to be active compared to the former one, and involved in all the process of debt management.

A. PUBLIC EXTERNAL DEBT STOCK

The total external debt stock increased by 14.4%, from USD 574.2 millions in 2007 to USD 656.8 millions in 2008; resulting from disbursements made by AFDB, IDA, OPEC, IFAD and IMF. These loans were not part of debt cancellation of 2006.

The multilateral debt estimated at USD 572.7 millions against USD 490.1 millions in 2007 shows a 16.9 % increase while the stock of the bilateral debt remained at USD 84.1 millions in 2008 as well as in 2007.

Table 35: Stock of External Public Debt (in millions of USD)

	2002	2003	2004	2005	2006	2007	2008
Total in millions USD	1401.05	1522.3	1680.2	1573.1	485.8	574.2	656.8
Multilateral partners of which :	1242.3	1350.9	1501.9	1485.2	394.8	490.1	572.7
BADEA	26.2	22.9	19.8	20.8	21.5	25.4	25.3
AFDB	226.2	239.8	260.4	277.1	69.5	102.2	120.5
EIB/EU	29.4	32.5	37.3	38.9	39.2	39.3	36.4
IFAD	37.2	44.1	50.5	53.6	73.6	86.0	92.1
IMF	84	90.5	92.1	77.1	4.3	8.1	11.8
IDA	828.6	904.5	1024.3	1001.2	168.4	205.3	243.7
Nordic Development Fund	0	0	0	0	0.8	2.3	12.3
OPEC	10.7	16.6	17.5	16.5	17.5	21.5	30.6
Bilateral partners	158.8	171.4	178.3	87.9	91.0	84.1	84.1
Paris Club	73.8	86.5	93.2	4.1	4.4	4.9	4.9
Austria	9.6	10.1	11	0.0	0.0	0.0	0.0
BNP Paris	3.3	3.9	4.3	0.0	0.0	0.0	0.0
Canada	3.0	3.1	3.1	0.0	0.0	0.0	0.0
Coface	3.9	5	5.4	0.0	0.0	0.0	0.0
France	40.2	48.6	52.9	4.1	4.4	4.9	4.9
Japan	13.2	14.8	15.4	0.0	0.0	0.0	0.0
Netherlands	0.0	1.0	1.1	0.0	0.0	0.0	0.0
USA	0.6	0.0	0	0.0	0.0	0.0	0.0
Non Paris Club	85.0	84.9	85.1	83.9	86.6	79.2	79.2
Saudi Arabia	30.2	29.9	30.3	30.1	33.7	42.6	42.6
Kuwait	30.5	31.7	32.1	32.4	32.7	34.5	34.5
China	21.2	20.2	19.6	18.2	17.2	0.0	0.0
ABOU DHABI	2.7	2.7	2.7	2.74	2.6	1.8	1.8
Libya	0.4	0.41	0.4	0.41	0.4	0.3	0.3

Source: BNR, Statistics Department

About the debt by currencies of borrowings, the SDR continued to dominate over the other currencies in 2008 with 71.3 % against 70.0 % in 2007, followed by the US Dollar with 8.5 % in 2008 against 8.2 % in 2007 and by the Euro with 8.2 % in 2008 against 8.1 % in 2007.

Table 36: Structure of External Public Debt by currency of borrowings (in millions of USD)

Currency	2002		2003		2004		2005		2006		2007		2008	
	Millions USD	% total	Millions USD	% total	Millions USD	% total	Millions USD	% total						
SDR	1180.0	84.2	1278.2	84.0	1426.5	84.9	1409.5	89.6	315.9	65.1	401.5	69.9	465.5	71.3
EUR	89.7	6.4	103.8	6.8	114.8	6.8	42.9	2.7	44.4	9.2	46.6	8.1	53.6	8.2
USD	37.4	2.7	40.0	2.6	37.8	2.3	37.3	2.4	39.0	8.0	46.9	8.2	55.8	8.5
Others	94.6	6.8	100.2	6.6	101.0	6.0	83.5	5.3	85.7	17.7	79.2	13.8	79.2	12.1
Total	1401.6	100.0	1522.2	100.0	1680.1	100.0	1573.3	100.0	484.9	100.0	574.2	100.0	654.1	100.0

Source: BNR, Statistics Department

B. EXTERNAL PUBLIC DEBT DISBURSEMENTS

Like in the previous years, the main proportion of loan funds disbursed (94%) financed government projects. The Balance of payments support was only 4.1% and the budget support was 2.3%.

Table 37: Developments of disbursements (in million of USD)

Description	2004	2005	2006	2007	2008
TOTAL	106.7	100.9	87.8	86.4	90.3
Projects support	44.3	92.7	78.3	82.0	84.5
Budget support	60.7	8.2	6.9	1.0	2.1
BOP support	1.7	0.0	2.5	3.4	3.7

Source: BNR, Statistics Department

C. PUBLIC EXTERNAL DEBT SERVICING

As regards the debt cancellation made in 2006 in line with the MDRI put in place in 2006 by the G8 in order to strengthen the HIPC initiative and help the developing countries to reach the UN millennium development goals (MDGs), the total external debt service of Rwanda decreased from USD 50.5 millions in 2005 to USD 34.1 millions in 2006 and USD 12.6 millions in 2007 to \$11.7 millions in 2008.

Table 38: Developments of external debt service (in millions USD)

Description	2002	2003	2004	2005	2006	2007	2008
Multilateral creditors	26.4	33.0	36.4	40.6	31.4	11.3	10.2
<i>Principal</i>	18.7	19.6	19.7	30.1	21.2	6.2	4.8
IDA	10.5	12.2	12.0	15.2	9.3	0.0	0.0
AFDB	4.9	4.0	4.7	7.2	5.6	0.8	0.7
BADEA	3.3	3.4	3.5	3.5	0.0	0.0	0.0
<i>Interest</i>	7.7	9.6	8.5	10.5	10.2	5.0	5.4
IDA	5.2	6.8	6.0	8.0	5.0	1.5	1.7
AFDB	2.3	2.1	1.7	0.8	3.1	1.3	1.6
BADEA	0.2	0.7	0.5	0.6	1.0	0.9	0.9
Bilateral Creditors	7.7	7.2	4.7	9.1	2.7	1.3	1.5
<i>Principal</i>	5.3	4.8	2.8	6.2	1.7	0.3	0.3
<i>Interest</i>	2.4	2.3	1.9	2.9	1.0	1.1	1.2
Suppliers credit	0.8	0.6	0.4	0.7	0.0	0.0	0.0
Principal	0.2	0.0	0.4	0.0	0.0	0.0	0.0
Interest	0.6	0.6	0.0	0.7	0.0	0.0	0.0
TOTAL	34.9	40.8	41.5	50.5	34.1	12.6	11.7
Principal	24.2	24.4	27.4	36.3	22.9	6.5	5.1
Interest	10.7	12.5	14.1	14.2	11.2	6.1	6.6

Source: BNR, Statistics Department

The IDA and AFDB loans which are not subject to the MDRI initiative have been rescheduled and given longer maturities. This explains in large part why Rwanda is paying a small external debt service especially since 2007.

2. PRIVATE EXTERNAL DEBT

The Private external debt is a debt contracted with non resident private sector by private sector resident of Rwanda with or without Government guarantees. It has been increased by 13% in 2008 compared to the previous year but remains lower compared to the public external debt. In addition, the Private external debt is principally characterized by short term borrowing.

The total stock of the private external debt at the end of December 2008 reached an amount of USD 36.46 million of which USD 2.97 million of external private debt guaranteed by the Government. Of the USD 33.48 million non-guaranteed external private debt stock, USD 7.78 million went into construction sector while USD 5.56 million went in commercial banks, and USD 5.0 million went into tourism sector.

PART II: ACTIVITIES OF THE BANK

CHAPTER III: ACTIVITIES RELATED TO THE MAIN MISSIONS OF THE BANK

III.1 EXCHANGE POLICY AND OPERATIONS

III.1.1 FOREIGN EXCHANGE POLICY

After the extension of parallel foreign exchange market restructuring activity at the main border posts, efforts has been centered upon the improvement of the level of forex bureaus declared operations. As it can be observed from the table below, increase in operations volume was observed in all regions.

Table 39: Developments of foreign exchange buying transactions (in USD)

Location	2006	2007	2008
Kigali	66 266 499	91 096 745	110 856 026
Rusizi	5 693 548	16 054 597	15 635 582
Rubavu	10 474 718	11 212 105	14 240 757
Gatuna	157 179	720 715	982 958
Akanyaru	-	156 346	976 313
Kagitumba	-	165 843	739 418
Rusumo	156 077	574 259	716 228
Cyanika	26 531	332 720	589 090
Total	82 774 552	120 313 330	144 736 371

Source: BNR, Foreign Exchange Inspection and Balance of Payments Department

The amount bought by the parallel market operators reconverted is USD 144. 7 million against USD 120.3 million and USD 82.8 million respectively in 2008; 2007 and 2006 and the most part of the funds are bought from individuals (public). Funds collected from individuals in 2008 represent 77% of total amount bought from this segment of foreign exchange market against 23% from banks and forex bureaus. The table below shows the proportions of funds collected by parallel market operators, as follows: 70%, 94% and 99.5% in Kigali, Rusizi and Rubavu respectively and 100% in other regions.

Table 40: Source of funds for reconverted parallel market operators (2008)

Location	From Bank/Forex bureau	From Public	Total	From public/Total (%)
Kigali	32 996 867	77 859 158	110 856 026	70
Rusizi	934 918	14 700 664	15 635 582	94
Rubavu	76 594	14 164 163	14 240 757	99.5
Gatuna	0	982 958	982 958	100
Akanyaru	0	976 313	976 313	100
Kagitumba	0	739 418	739 418	100
Rusumo	0	716 228	716 228	100
Cyanika	0	589 090	589 090	100
Total	34 008 379	110 727 991	144 736 371	76.5

Source: BNR, Foreign Exchange Inspection and Balance of Payments Department

Regarding the improvement of forex bureaus environment, almost all forex bureaus operating in Kigali city have already finished converting their offices according to the agreed standard design. In addition, BNR simplified external trade process by abolishing the use of declaration forms: DBI for imports and DBE for exports.

III. 1.2 FOREIGN EXCHANGE OPERATIONS

The volume of foreign exchange operations carried out by the BNR in 2008 that generated resources in foreign currency were mainly composed of current budgetary support disbursements, government's projects accounts funding, bank deposits and other customers accounts in foreign currency located in BNR. Compared to year 2007, the inflows in foreign currency received by BNR registered an increase of about 43.4% in 2008, from USD 656.0 million in 2007 to USD 940.6 million in 2008.

Table 41: BNR Foreign Exchange Operations (in million USD)

		2007	2008
Year 2008	Budget Support	234.7	365.0
	Draws on IMF credits	3.4	3.7
Inflows	Draws on NBB overdraft	0.0	40.0
	Interest on investments in foreign currencies	24.0	19.4
	Purchases from banks (interbank market)	16.1	16.4
	Bank deposits	94.8	125.5
	Government Projects	151.1	212.9
	Other inflows	123.5	148.8
	Adjustment	8.4	8.9
	Total	656.0	940.6
Outflows	NBR Spending	6.0	10.3
	Reimbursement NBB	0.0	61.7
	Government Spending	137.0	202.4
	Non Banking Clients	60.1	92.2
	External debt payments	9.5	7.6
	Sales to banks (interbank market)	235.7	376.4
	Bank withdrawals	99.9	135.4
	Adjustment	1.1	24.9
	Total	549.3	910.7
Balance		106.7	29.9

Source: BNR, Financial Market Department.

This improved performance resulted from substantial budgetary support disbursements which increased by 55.5% in 2008, this was provided by the United Kingdom, World Bank, African Union, AfDB, European Union and other donors. Significant support received for financing of the Government project increased also by 40.9% in 2008, reaching USD 212.9 million in 2008 against USD 151.1 million in 2007.

As regards to foreign exchange outflows from BNR, there was also some increase of about 65.8%, reaching USD 910.7 million in 2008 compared to USD 549.3 million in 2007. The foreign exchange outflows are dominated by foreign currency sales to banks which increased by 59.7%, to USD 376.4 million in 2008 from USD 235.7 million in 2007. The Government spending also increased by 47.7% in 2008, from USD 137.0 million in 2007 to USD 202.4 million in 2008.

III.2 MONETARY POLICY IMPLEMENTATION

III.2.1 LIQUIDITY REGULATION MEASURES

a) Launching of new instruments

In order to conduct efficiently the monetary policy, the instruments used to borrow liquidity from banks such as the overnight and 7 days operations were replaced, effective August 8, 2008, by one instrument: Repurchase Agreement Operations (REPO). Repo operations take place every working day with a duration varying between 1 to 14 days, at competitive bids.

Within the framework of money market development, another investment facility called “Deposit facility” was introduced on December 4, 2008. By this facility, banks are allowed to deposit their excess liquidity, on a daily basis, for a maximum maturity of 28 days at a fixed rate of 7% with a discount option beginning on the 15th day.

b) New interest rates policy.

The BNR reference rate of 9% which was in existence since 1st August 2005, was replaced by the Key Repo rate and set at 8% par annum from 8th August 2008. In addition, the inter-bank interest rate corridor was set to 125 basis points (1.25%) below and above the key REPO rate. Thus, the inter-bank corridor was fixed at [6.75%, 9.25%]. With this policy, BNR lends money to banks on a competitive basis, the minimum interest rate being the ceiling of the “corridor” which is set at 9.25%. In a similar manner, it absorbs excess funds on a competitive basis with the maximum of 6.25%, the floor of the corridor.

III.2.2 MONEY MARKET OPERATIONS

Within its responsibility of regulating the banking system liquidity, National Bank of Rwanda conducts daily monitoring of the liquidity and intervenes on the money market. However, money market conditions eased somewhat during the first three quarters of 2008 but started tightening in the last quarter.

Table 42: Money market Transactions volume (in billion of Rwf)

<i>Period</i>	<i>2007</i>	<i>2008</i>	<i>Variation</i>
<i>Inter-bank Market</i>	<i>23.7</i>	<i>169.24</i>	<i>614%</i>
<i>Transactions with Central Bank Total(1+2+3+4)</i>	<i>3,322.30</i>	<i>3,415.58</i>	<i>3%</i>
<i>7 day mop up(1)</i>	<i>594.60</i>	<i>587.45</i>	<i>-1%</i>
<i>Overnight(2)</i>	<i>2,727.70</i>	<i>2,038.18</i>	<i>-25%</i>
<i>Repo(3)</i>	<i>0.00</i>	<i>784.95</i>	<i>-</i>
<i>Deposit facility(4)</i>	<i>0.00</i>	<i>5.00</i>	<i>-</i>
<i>Treasury bills</i>	<i>172.76</i>	<i>117.65</i>	<i>-32%</i>
<i>Budget support</i>	<i>98.98</i>	<i>92.20</i>	<i>-7%</i>
<i>Monetary policy</i>	<i>73.80</i>	<i>25.45</i>	<i>-66%</i>
<i>Treasury bonds</i>	<i>0,00</i>	<i>14.26</i>	<i>-</i>

Source: BNR, Financial Market Department.

During the year 2008, the volume of inter-bank market operations totalled Rwf 169.24 billion against Rwf 23.7 billion in 2007, that is, an increase of 614 %. This significant increase emerged particularly during the third and fourth quarters of 2008 as a result of tight liquidity conditions recorded in some banks.

In 2008, Treasury bills issuances decreased by 32% from Rwf 172.76 billion in 2007 to Rwf 117.65 billion. It is noted that 2/3 of Treasury bills (Rwf 92.02 billion) issued during the year 2008, were for budget support purposes. The decrease of amount mobilised through T-bills is due to BNR's decision to temporarily stop treasury bills issuance during the first quarter of 2008, aiming at inciting the public to participate actively in the treasury bonds issuance. As a result, the Treasury bond market volume reached Rwf 14.26 billion.

III.2.3. CAPITAL MARKET OPERATIONS

Within the framework of the capital market development, three issuances of Government Bonds took place, in 2008, for a total amount of Rwf 14.26 billion. Two 2-year and 3-year bonds were issued with interest of 8% and 8.25% respectively.

All these bonds were listed on the Rwanda OTC market. Trading operations commenced on 31st January 2008, at the launch of the Capital market. The first two months recorded active trading. The Treasury bonds worth Rwf 456 million transacted in 47 deals from the first half of 2008, at prices varying between Rwf 99.5 and Rwf 102.95.

III.3. MANAGEMENT OF SPECIAL FUNDS AND LINES OF CREDIT

During the year 2008, the Bank continued to manage, on behalf of the Government, the special funds and lines of credit. These facilities were put in place within the framework of economic policy development and poverty reduction strategies. They serve as financial instruments to stimulate investments in priority sectors thereby eradicating poverty among Rwandans. The following is the detail on the utilisation of these facilities during 2008.

i. The Agricultural Guarantee Facility

The Agricultural Guarantee Facility (AGF) helps to stimulate bank loans for development activities in Agriculture sub-sectors. The aim is to reduce bank risks related to agricultural loans and overcome insufficiency of guarantees for promoters of economically cost-effective and financially viable projects that do not have a negative impact on the environment. The Facility covers either 30% of short term loans or 40% to 50% for long term loans.

The resources come from allocations provided in the Government Development Budget and donors' subsidies. The Facility started with two billion eight hundred and sixty million of Rwanda Francs (RWF 2 860 million) of which 38.45% was from the Government Budget and 61.55% from the Netherlands Cooperation, through its Embassy in Kigali. Sixty eight (68) projects were approved for Guarantee Facility during the year under review, and the amount committed stood at RWF 1 509 million.

In total, 252 projects have so far been supported to the tune of RWF 8 087 million.

Table 43: Distribution of financed projects by Sector

Sector	Amount in RWF	in %
Coffee	3 771 057 720	47
Tea	1 323 316 034	15
Horticulture	1 187 257 016	15
Cattle Breeding	699 742 660	9
Macadamia	61 572 615	1
Fertilisers	166 660 000	2
Others*	877 551 490	11
TOTAL	8 087 157 535	100

*Others: Subsistence crops, Apiculture, Aviculture, Energy.

Source: BNR, Financial Market Department.

Table 44: Distribution of financed projects by Province

Province	Amount in RWF	in %
EASTERN	1 723 059 556	21
WESTERN	3 030 851 780	37
NORTHERN	1 143 284 014	14
SOUTHERN	1 665 459 556	21
Kigali City	524 502 629	7
TOTAL	8 087 157 535	100

Source: BNR, Financial Market Department.

ii. Guarantee Fund and Credit Line for the retrenched civil servants of the Republic of Rwanda.

The Guarantee Fund for the retrenched civil servants is meant to cover partially the financial risks of the different Participating Financial Institutions (PFI) which give loans to the beneficiaries of this scheme. For all income generating activities, the Fund covers 50% of the loan issued to an individual and 70% of the loan issued to a group (association) of two or more retrenched civil servants.

The Line of credit is used by PFI to finance micro-projects elaborated by these retrenched civil servants. In order to serve as many beneficiaries as possible, a maximum of RWF 5 million and RWF 10 million is fixed for an individual and for a group of retrenched civil servants respectively.

It is important to note that exceptions can be accorded in terms of guarantee coverage in case the PFI accepts to issue loans beyond these limits. Nonetheless, the total guarantee that a project can benefit is limited to RWF 20 million.

The resources (for both the Guarantee & Line of Credit Fund) come from allocations provided in the Government Budget. The initial allocation is RWF 200 million and 1,050 million for the Guaranty and Line of Credit respectively. The Line of Credit is a Revolving

Fund. As of December 31st 2008, 430 Retrenched Civil Servants had benefited from this facility to the tune of RWF 1,903 million and 983 million from the credit Line & Guarantee Fund respectively.

Table 45: Utilisation by Sector

Sector	Loan (in RWF)	Guarantee (in RWF)	In %age
Livestock	37 015 600	20 777 430	2
Agric-Processing	27 846 476	11 423 238	1
Transport	1 389 398 848	717 240 725	73
General Trade	372 106 881	192 938 442	20
Various Handcrafts Activities	76 407 590	40 703 795	4
TOTAL	1 902 775 395	983 083 630	100

Source: BNR, Financial Market Department.

Table 46: Utilisation by Province

Province	Loan (in RWF)	Guarantee (in RWF)	In %age
KIGALI City	1 232 250 064	640 754 333	64
NORTHERN	150 305 356	78 822 309	8
WESTERN	110 194 350	60 994 175	6
EAST	187 774 764	91 387 382	10
SOUTHERN	222 250 861	111 125 431	12
TOTAL	1 902 775 395	983 083 630	100

Source: BNR, Financial Market Department.

iii. Rural Investment Facility (RIF)

The first phase of RIF started in 2002 and ended on June 30th 2008. The Facility was used to refinance partially medium and long-term loans granted by Participating Financial Institutions (PFI) in favour of Rural Development Projects. In 2008, thirty seven (37) projects were supported for a total amount of RWF 145 million (US\$ 268, 860).

At the close of the first phase, 4,367 projects had been refinanced with a total amount of USD 11 million. The second phase is expected to begin in 2009.

Table 47: Projects refinanced up to date (RIF)

Periods	Number of projects	Amount in USD
2002	32	869 922
2003	129	1 416 800
2004	423	2 295 827
2005	1 187	2 270 968
2006	2 332	3 169 879
2007	227	636 499
2008	37	268 860
Total	4 367	10 928 755

Source: BNR, Financial Market Department.

Table 48: Distribution of refinanced projects by Sector

Activities	Amount in USD	%
Fishery	159 506	1
Cattle breeding	4 186 680	38
Cash Crops	2 058 178	19
Food Crops	1 515 073	14
Aviculture	178 569	2
Marketing & Exports	612 730	6
Processing	1 169 065	11
Livestock- Small Livestock	649 294	6
Agricultural Inputs	229 774	2
Beekeeping & Reforestation	169 887	1
TOTAL	10 928 755	100

Source: BNR, Financial Market Department.

iv. Preferential Refinancing Facility for medium and long-term loans for Agricultural Exports and Agro-business Activities

This is Government Funded program. The fund resources come from the repayment of the Government consolidated debt with the National Bank of Rwanda. Eligible for financing from this Fund are medium and long-term projects operating in agriculture and agro-business (including livestock) that participating banks consider bankable. The projects must show an easily measurable net foreign exchange saving, including import substitution activities that are financially viable. However, in case funds are not sufficient to cover potential demands, priority is given to export oriented projects.

In order to extend this facility to many entrepreneurs, the maximum is fixed at RWF 200 million for any eligible project. Nevertheless, the BNR may give exceptions depending on the resources available and the nature of the project. The Fund refinance 100% of the loans granted to projects.

During 2008, only three (3) projects were refinanced due to the limited size of the Fund. As of December 2008, 27 projects had benefited from this Facility to the tune of RWF 2, 656 million.

v. Women Guarantee Fund

The Guarantee Fund for Women was set up within the framework of the national strategy for the fight against poverty. The Fund was designed to become an investment instrument for the Government in the implementation of development goals by focusing on income generating activities undertaken by women who are often excluded from the banking system due to lack of guarantees.

The resources are derived from the development budget allocated to the Ministry of Gender and Family Promotion (MIGEPROF). The initial provision was *RWF* 255 million (two hundred fifty five million of Rwanda francs). The Guarantee Fund covers all income generating micro-projects by women (individual, association and cooperatives) whose loan is \leq *RWF* 5 million for individuals and \leq *RWF* 10 million for women’s associations. The Fund covers up to 50% of the bank risk which is the principal plus 3 years interests.

III.4. RESERVES MANAGEMENT

III.4.1 International environment

The global economy deteriorated significantly over the course of 2008 as the impact of the financial crisis was felt around the world. Growth in the main economies has stagnated, with the US, UK and the Euro zone in recession. Unemployment rates rose high as the pace of economic activity slowed. The inflation situation improved following oil prices decline in line with a fall in global demand. In reaction, Central banks of developed economies reduced interest rates aggressively. At the same time, the governments instituted financial rescue packages, including bank recapitalization programs and guarantee schemes.

III.4.2 EVOLUTION OF BNR’s GROSS FOREIGN EXCHANGE RESERVES

At the end of 2008, the gross reserves amounted to USD 598 million compared to USD 554 million as at 2007 end. This remarkable increase is linked essentially to that of the budget support and Government projects disbursements. The budget support increased by 55.4% from USD 235 million to 365 million USD. The Government Projects increased by 34.14 %, from USD 151 million to 203 million USD. The remarkable increase is linked to increased donor disbursement both for general budget support and for specific project funding.

Table 49: Evolution of BNR’s Foreign Exchange Reserves in millions of USD (2002-2008)

Period	2 002	2 003	2 004	2 005	2 006	2 007	2 008
Level of Reserves	243	213	262	408	440	554	598

Source: BNR, Financial Market Department.

In 2008, we recorded foreign exchange expenditures totalling USD 910.49 million, of which 376 USD million were sold to banks, 274 USD million covered government's current expenditure and 135 USD million constituted banks withdrawals on their respective accounts at the BNR. During the same calendar year, the recorded receipts were USD 940.64 million. These receipts were mainly from budget support (USD 370.50 million), government projects (USD 207.49 million), and Bank deposits (USD 125.46 million).

III.4.3 FOREIGN EXCHANGE MARKET

The policy of intervention on the local foreign exchange market with the objective of responding to the needs of commercial banks was increased considerably by the amount of foreign exchange sales to banks. This explains in part the appreciation of RWF in relation to the USD during the first months of 2008 in one part, and the improvement of net position of commercial banks. In fact, the average annual exchange rate of BNR appreciated from 547.0075 to 546.8198FRW/USD, between end 2007 and end 2008, i.e. an appreciation of 0.03%.

The foreign exchange sales to commercial banks increased at an increasing rate with an average of USD 31.4 million monthly, i.e. USD 376.4 million were sold in 2008 against USD 235.7 million sold during 2007. This implies an upward variation trend of 58%.

III.5. CURRENCY ISSUING ACTIVITIES.

III.5.1: MANAGEMENT OF CURRENCY IN CIRCULATION.

During 2008, the currency in circulation grew from 72.76 billion Rwf at the end of 2007 to 88.52 billion Rwf, which is an increase of approximately 22%. The evolution of currency in circulation follows seasonal pattern whereby it peaks during the coffee campaign March-July and then subsides until Christmas season and it rises to its highest peak.

**Table 50: EVOLUTION OF CURRENCY IN CIRCULATION OUTSIDE THE BNR
FROM 2004 TO 2008 (in Rwf billion).**

Period	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
2004	35.31	35.61	35.42	36.35	37.37	40.04	41.48	41.33	40.97	41.12	41.65	43.47
2005	39.30	38.80	41.28	42.72	45.13	47.30	47.79	46.13	45.10	45.75	47.32	50.29
2006	49.34	48.73	50.01	52.09	53.43	55.43	57.02	55.67	53.90	54.49	54.79	58.44
2007	55.16	55.12	55.51	56.38	56.97	59.28	63.17	61.54	61.34	63.02	65.51	72.76
2008	70.44	69.59	72.58	76.09	76.03	81.59	85.32	85.04	86.01	83.87	83.58	88.52

Source: BNR, Currency and Banking Operations Department

From three last years, the currency in circulation grew progressively and reached the level of 8 %, 14 % and 22 % in 2006, 2007 and 2008 respectively. In terms of denominations, during 2008, banknotes put in circulation totalled 67.3 billion while coins amounted 0.874 billion only. Considering this trend recorded during three last years, we assume that the currency in circulation should be estimated approximately at Rwf 104 billion at the end of 2009, which is an increasing of around 14.6%, rounded up to 15%.

Table 51: EVOLUTION OF COINS AND BANKNOTES ISSUE FROM 2005 TO 2008

Year Denomination	2008	2007	2006	2005
Coins	874	147	110	396
100 Frw	858	1.372	2.206	1.498
500 Frw	6.980	4.630	3.770	2.342
1.000 Frw	13.460	11.840	16.260	9.980
2.000 Frw	31.260	5.640	-	-
5.000 Frw	14.740	36.700	29.740	11.420
Total	68.172	60.329	61.988	25.636

Source: BNR, Currency and Banking Operations Department

III.6 BANKING AND NON BANKING FINANCIAL INSTITUTIONS SUPERVISION

III.6.1 BANKING SECTOR

1. Banking sector performance

The overall financial condition of the banking sector for the year 2008 continued to be sound.

By end - December 2008, the average core capital to risk weighted assets ratio for banks dropped slightly to 15.6 % from the 17.2% level of the previous year. The decrease in this ratio was primarily due to a significant increase in the total risk weighted assets which grew by 78% compared to the 62% growth in core capital.

Total assets of the banking system increased by 33% and stood at RWF 511 billion (including BPR) at the end of December 2008 against RWF 384.1 billion in December 2007. Total deposits on the other hand increased from RWF 300 billion end December 2007 to RWF 381.9 billion at the end of December 2008, or a growth rate of 27%.

A significant improvement was noted in terms of the banks' loans portfolio quality with the ratio of net non performing loans (NPL) improving from 13.8% in December 2007 to 9.3% at the end of December 2008. The gross NPL ratio (including interest in suspense) also improved from 18.5% at 31/12/2007 to 11.4% at December 2008. Only 3 banks had a non performing loan ratio in excess of 10%. While total provisions accumulated by banks against NPLs decreased to 74% from 81% in December 2007, the ratio of NPL net of provisions to core capital also improved from 20% in December 2007 to 17.8% in December 2008.

The banks' overall profits reflected an upward improvement pattern. The consolidated net profit after tax was reported at FRW 12.2 billion for the year ending December 2008 against RWF 6.1 billion during the year 2007. Similarly, the return on average assets increased to 2.4% at the end of December 2008 against 1.7% in December 2007 and the return on average equity also increased to 18.6% in December 2008 from 17.5% in December 2007.

Table 52: Consolidated indicators of commercial banks as at December 2008

PERFORMANCE INDICATORS	Sept .07	Dec.07	Mar-08	Jun-08	Sept. 08	Dec. 08
1. MEASURES OF CAPITAL ADEQUACY						
Core Capital / Risk Weighted Assets	14.6%	17.2%	15.1%	17.3%	15.3%	15.6%
Off Balance Sheet Items / Total Qualifying	361.9%	318.5%	221.7%	205.9%	252.2%	210.4%
Insider Loans / Core Capital	69.5%	51.7%	20.1%	9.7%	7.5%	19.5%
Large Exposures / Core Capital	156.6%	121.2%	102.7%	82.3%	55.3%	118.6%
Non performing loans - Provisions / Core Capital	20.7%	20.0%	16.6%	15.9%	11.7%	17.8%
2. MEASURES OF ASSET QUALITY						
Non performing loans (Gross) / Gross Loans	21.5%	18.5%	12.2%	12.0%	10.6%	11.4%
Non Performing loans (Net)/Net loans	13.8%	14.3%	9.6%	9.8%	8.4%	9.3%
Provisions / Non performing loans	86.3%	81.0%	78.1%	75.5%	82.3%	74%
Earning Assets / Total Asset	79.0%	81.1%	80.1%	81.3%	70.5%	82.1%
Fixed Assets / Core Capital	49.8%	40.8%	38.7%	32.2%	39.3%	36.5%
3. MEASURES OF EARNINGS (ANNUALISED)						
Return on Average Assets	1.8%	1.7%	4.9%	3.1%	2.5%	2.4%
Return on Average Equity	19.3%	17.5%	10.8%	24.5%	19.5%	18.6%
Cost of Deposits	8.2%	8.1%	10.3%	9.7%	9.9%	10.4%
Cost to Income	77%	80%	64%	73%	76%	77%
4. MEASURES OF LIQUIDITY						
Liquid Assets / Total Deposits	65.3%	68.2%	54.0%	60.4%	62.0%	59.6%
Interbank Borrowings / Total Deposits	12.1%	9.9%	6.6%	5.7%	10.1%	8.1%
BNR Borrowings / Total Deposits	0.2%	0.2%	0.2%	0.1%	0.1%	0.2%
Gross Loans / Total Deposits	83.1%	73.8%	81.0%	85.2%	91.9%	98.4%

Source: BNR, Supervision of Banks and Forex Bureaus Department

Figures of September 2007 do not include BPR data

2. Organization of banking supervision activities

2.1 Legal and regulatory framework

The reform of legal and regulatory framework to comply with international standards has been moved forward with the publication of the new banking law on 15/06/2008. Several regulations have been issued to banks in order to implement the new banking law. Those are in particular the regulations related to the banking licensing, corporate governance, risk concentration and insider loans. Other drafts of banking Law implementation regulations are in development.

2.2 Compliance with prudential requirements

As stated earlier the ratio of core capital to risk-weighted assets as at end-December 2008, was 15.6%.

In general, the required liquidity ratio was also observed except in the case of two banks which went below the required minimum. It is important to note that some banks began to experience liquidity problem towards the end of 2008 caused by significant withdrawals made by institutional depositors to finance their investment activities.

Regarding the respect of other prudential ratios (participations and fixed assets limitations, net exchange position, risks division and exposure) no major deficiencies were recorded.

2.3 Off-site and On-site examination

Off-site surveillance of the banking system continued based on qualitative and quantitative information in order to obtain continuous monitoring of the banks' risk profiles. Within the improvement in the information system framework in the banking supervision function, the first Report of Banking Supervision covering the developments of the banking system from 1995 to 2007 was completed and published on the Central Bank website. In addition, Risk Based Supervision methodology was reinforced by issuance of the Risk Based Supervision Framework to all banks to enable them to understand the supervision approach adopted by the BNR.

During the year, BNR continued undertaking a project with the assistance of USAID to implement Fina Software System. The installation and implementation of this software will facilitate the electronic transmission of data by banks as well as their data-processing by the National Bank of Rwanda.

On technical assistance area, in April 2008, National Bank of Rwanda received assistance from EAST AFRITAC (AFE) in developing a framework for implementing consolidated supervision of banks, other subsidiaries and affiliated companies. The implementation of consolidated supervision is a key element for effective bank supervision. The rationale behind this approach is to monitor and apply prudential norms to all aspects of the business conducted by banking groups within a country and across borders. In fact, a good risk-based supervision framework includes not only looking at the risks faced by a bank

but also at those risks arising from its being part of a group and from its subsidiaries and affiliates.

In the framework of Financial Sector Development Program (FSDP) adopted by Rwanda in 2006, which, among other things, aims at enhancing access and affordability of financial services, Rwanda conducted the first FinScope as one of FSDP implementation steps.

FinScope is a consumer perception study that looks at people's interaction with and engagement in, the financial sector as a whole. Commissioned by BNR and funded by DFID, the study was carried out by FinMark Trust, a South African organization, during May and June 2008, with the aim of providing a nationally representative profile of the extent of access to, and demand for, financial services in the country as well as to provide an understanding of the factors influencing access to financial services.

A seminar workshop with all the partners held in Kigali at the beginning of December 2008 to present the main findings and to collect first observations of various stakeholders. The results of this report will help to set up an action plan to enable the population to have greater access to banking and financial services.

The study focused on the Rwandan financial sector in its broadest sense by assuming all adults in the country fall into one of the three broad segments across the access strand. The segments were differentiated by current product usage indices ranging from people who are formally financial included to those people who use no products by passing by those people who use informal products.

The headline results from the survey depicted the Rwanda access strand as follow:

14 %: Formally banked

7 %: Formally served by non-banking institutions.

26%: Informally served

52%: Financially excluded.

Finscope Rwanda 2008 makes a number of recommendations on the basis of survey results targeted of policymakers and regulators as well as the commercial sector.

2.4 Bank restructuring and Privatization

The banks restructuring was accelerated as well with the acquisition of 75% of BANCOR share capital by ACCESS BANK from NIGERIA and the acquisition of 40% COGEBANQUE

share capital by a group of three institutional investors (BIO, AFRINCINVEST and CAPITAL SHORE).

During year 2008, the “Union des Banques Populaires” network has been converted into commercial bank with the participation of a strategic investor, RABOBANK, who currently holds 35% of BPR share capital. The Rwanda Development Bank (BRD), a Development Bank, has been recapitalized during the first quarter 2008 with the entry of new shareholders including ADC (African Development Corporation), which acquired 25% BRD share capital.

The privatization process of the Banque de Kigali (BK), which started in 2008, experienced some delay due to the current financial crisis which prevents large international banks from pursuing expansion outside their home countries. The exercise has been since called off.

With respect to restructuring the Rwandan Housing Bank (BHR), discussions are in progress to convert this bank into Mortgage Liquidity Facility to refinance the operations of the primary lenders (mainly commercial banks). A Memorandum of Understanding (MoU) was signed with International Finances Corporation (IFC) which expressed its interest to participate in this reform.

2.5 Banks' Branch Network

The branches and agencies network of the banks continued to expand. With six new agencies and nine counters opened and a new Kenyan bank, Kenya Commercial Bank Rwanda (KCB Rwanda S.A) obtained a license to operate in Rwanda. In the same way, the conversion of “Union des Banques Populaires” into a commercial bank has substantially increased the number of branches of banks offering a broad range of financial services to the population. The BPR network currently includes 18 large branches, 111 sub-branches as well as points of sale in increase throughout the country.

III.6.2 MICROFINANCE SECTOR

1. Financial position

Based on the consolidated financial position of microfinance institutions, we observe a significant increased activity in the microfinance sector between 31st December 2007 and 31st December 2008. The total assets at 31st December 2008 amounted to Rwf 61.0 billion compared to total assets of Rwf 48 billion as at 31st December 2007, meaning an increase of 27%. Meanwhile, their deposits grew from Rwf 29 billion to Rwf 39 billion and loans from 27 billion to 42 billion, meaning an increase of 35% and 66.3% respectively.

Table 53: MFIs consolidated financial situation as at 31/12/2008 (Rwf'in billion)

Item	31/12/07	% variance	31/12/2008
Total assets	47.940	27.1	60.950
Deposits	28.670	36.6	39.156
Loans (gross amount)	27.390	54.2	42.224
Non performing loans	2.254	0.2	2.259
Provisions	1.476	-2.3	1.136
Loans (net amount)	25.914	58.6	41.088
Cash (on hand and held in banks)	10.851	-7.2	10.065
Equity (subsides included)	12.022	39.2	16.731

Source: BNR, Supervision of Microfinance Institutions Department

The Credit and Saving Society (CSS) holds 61% of total deposits and 59% of total loans as at 31st December 2008. Its deposits amounted to Rwf 24.1 billion and Rwf 24.9 billion for loans at this date. Regarding the total assets, CSS's represents 50% of the entire MFIs system.

In terms of outreach, the number of beneficiaries of financial services provided by microfinance institutions is estimated at 665 thousands as at 31st December 2008 against 632 thousands as at 31st December 2007, meaning an increase of 5.3%. Nevertheless, CSS covers only 8.4% of beneficiaries even if it collected 61% of total deposits and granted 59% of total loans. This means CSS collects significant amounts of deposits and grants larger amount of loans to a limit numbers of clients, acting therefore more like a bank compared to the rest of MFIs.

2. Process of liquidating MFIs that went bankrupt

The liquidation process of the 9 closed MFIs that started in 2006 is making progress. In order to reimburse depositors, the Government agreed to pay off 50% of deposits. The other part was to be covered by the collection of repayments of loans granted by the closed MFIs. During the year 2008, the reimbursement process that had started in the second half of the year 2006 continued. Thus, according to the “Union des Banque populaire” report on the reimbursement process, the total released amount was Rwf 1 050 million at the end of 2008, representing 70% of the total disposable amount to the reimbursement process.

Regarding the recovery of loans granted by the MFIs in liquidation, although the district authorities were sensitized on the need of their cooperation with the liquidators to recover these loans, the recovery rate is still very low. According to the statement of reimbursements provided by the “Union of Banques Populaires du Rwanda”, total recoveries at the end of 2008 amounted to around Rwf 201 million, representing 10.7% of the total inventory of loans.

III.6.3 SUPERVISION OF NON BANK FINANCIAL INSTITUTIONS

The Rwanda Financial Sector Development Program approved by the Government in November 2006, included, among the most important institutional reforms the extension of the Central Bank regulatory authority to cover non bank financial institutions (NBFIs). The law governing the Central Bank of Rwanda was amended to include among the duties of the central bank the supervision and regulation of insurance companies, insurance intermediaries, social security institutions, private pension fund institutions and collective investments companies. Pursuant to this added function, the Central Bank established a department to supervise non bank financial institutions (NBFIs).

1. INSURANCE COMPANIES

Currently, there are four composite insurers in Rwanda (SONARWA, SORAS, CORAR & COGEAR) and one general insurer (Phoenix).

2. MEDICAL INSURERS⁴

Medical insurance in Rwanda is comprised of three public insurance companies and one private company. The public insurance companies are:

- La Rwandaise d'Assurance Maladie (RAMA), this deals mainly with employees of the public sector and some private companies who so wish;
- Military Medical Insurance (MMI), that deals with medical cover for military;
- Mutuelles de Santé that deals with the rest of the Rwandan population.

Health Services Rwanda Limited (AAR) is the private company, licensed in 2008.

The four medical insurers cover 85% of Rwandan population and 80% of this is covered by community health insurance through Mutuelle de Santé.

- LEGAL AND REGULATORY FRAMEWORK FOR NON BANK FINANCIAL INSTITUTIONS

A new law governing organization and supervision of the activities of insurers and insurance intermediaries was drafted and approved by Parliament. The new law seeks to strengthen the supervision of insurance sector. The law was officially published in the Government Gazette on 31st March 2009.

- PENSION FUNDS & COLLECTIVE INVESTMENT SCHEMES

The laws regulating pension institutions (public and private) are still being drafted, likewise that regulating Collective Investment schemes. They are expected to be presented to the Cabinet and to the Parliament in mid or late 2009.

⁴ Insurers that practice only medical insurance

III.7. PAYMENT SYSTEM

III.7.1. MEANS OF PAYMENT

1- Cash and Non Cash Instrument

The modes of payment include cash as the dominant instrument and non cash instruments. Cash in form of Currency in circulation (notes and coins) continued to be the most widely used means of payment in 2008. Currency in Circulation at the end of December 2008 was Rfw 88.5 billion.

In terms of volume (number of transactions), cheques have continued to dominate the non cash instruments, whereas the credit transfers take the lead in terms of value. The non cash instruments include; cheques, credit transfers, traveler's cheques, certified cheques, and bank cards both debit and credit. The table below depicts the general usage of the non cash payment instruments in both volumes and values.

Table 54: THE GENERAL USAGE OF THE NON CASH PAYMENT INSTRUMENTS

Instrument	Value in millions (Rfw)		Volume	
	2007	2008	2007	2008
Cheques	564,433	908,348	190,189	309,036
Cards	18,792	11,232	127,808	190,595
Credit Transfers	721,751	959,536	135,238	189,330
TOTAL	1,304,976	1,879,116	453,235	688,961

Source: BNR, Payment System and Banking Operations Departments

2- The Clearing System

The Clearing House clears three instruments namely; the cheques, credit transfers and debit cards operations because the ATMs and POS are on a shared network. The payment lag has reduced to T+1 because of the introduction of the semi automated clearing house and two clearing sessions per day. Up-country cheques have also improved due to the decentralized clearing at the BNR branches.

3- Plastic Card Usage

The plastic cards usage (domestic and international) continues to grow as indicated in the table below.

Table 55: The growth of usage of plastic cards in Rwanda

Cards	Value (in Rwfs millions)		Volume	
	2007	2008	2007	2008
Local cards	17 565	7 243	121 228	177 882
International Cards	4 993	8 065	16 497	22 189
	22 558	15 308	137 725	200 071

Source: BNR, Payment System Department

III.7.2.CURRENT DEVELOPMENTS

1- Legal Framework

Together with the IMF legal department and the EastAFRITAC, the BNR was able to draft the Payment System law and this draft law has been sent to parliament. In the same breath, the securities law is also being drafted. In addition, the BNR are working with the Ministry of Commerce to amend the bankruptcy law and the law on negotiable instruments because these laws do affect payment systems. Still concerning the legal framework, BNR have worked with the World Bank Payment Systems Development Group (PSDG) to identify gaps in the whole legal environment in Rwanda so as to be able to propose amendments. This group will also draft the electronic transactions law to give legal backing to all electronic transactions.

2- SIMTEL Partnership

After all the SIMTEL shareholders approved that African Development Corporation (ADC) be the preferred partner, a shareholders' agreement was signed and ADC has taken up 70% of SIMTEL and the management. Together with the new SIMTEL shareholders, BNR is working to develop the Rwanda Payment Card (RPC). This is a payment card that will be based on the National Identity card which every Rwandan above 16 years of age possesses. Throughout 2008, a prototype of the RPC was developed and demonstrated to all stakeholders.

3- The Automated Clearing House (ACH), Real Time Gross Settlement (RTGS) and the Central Securities Depository (CSD)

BNR worked with the World Bank and the FIRST Initiative to carry out a feasibility study of an integrated RTGS/CSD system in Rwanda. Subsequently, together with the World Bank, BNR wrote the technical specification and produced the bidding documents for an integrated RTGS/CSD system-The Rwanda Integrated Payments Processing system (RIPPS). The implementation of the RIPPS shall be carried out throughout 2009.

In the course of 2008-2010, the BNR will work also towards fostering harmonization regional developments in the area of Payment Systems. The Monetary Affairs Committee (MAC) composed of the East African Central Banks Governors adopted a principle of a harmonized East African Cross Border Payment System (EACPS) which will involve connecting all the RTGS systems of the regional Central Banks.

In addition, COMESA members agreed to set up a regional payment and settlement system (REPSS). This is being put into practice and the vendors have been selected for the procurement of the software and hardware for REPSS and work has started in earnest. This is a multilateral netting system that will settle in either US dollars or Euros.

4- Remittances

In order to satisfy the demands of the Rwandan Diaspora and increase competition between the Remittance Service Providers (RSP), the BNR in 2008, approved partnership between CSS and two money remittance companies, namely; “Moneytrans” and “RIA”. Operations with Moneytrans started and there is a noted increase in monies remitted by the diaspora. Other applications have been received and shall be worked on accordingly. During 2008, the BNR also approved the CellCash service, a local remittance service provided by PubliCell SARL.

CHAPTER IV: SUPPORT SERVICES

IV.1 MANAGEMENT ORGANS OF THE BANK

1. The Board of Directors

Within the framework of defining the general management policies and supervise the activities of the Bank, the Board of Directors have had four ordinary meetings and three extraordinary ones during the year 2008. On the agenda were technical subjects related to the Bank missions and those concerning the financial and general management.

On technical subjects, the Board examined monetary developments on quarterly basis and each time, recommendations were put forward. The Board's main attention was particularly on Monetary Policy which was characterized by the launching of two (2) new instruments and a new interest rates policy. The new instruments are the Repurchase Agreement Operations (REPO) which replaced the overnight and seven days mop up operations and the deposits facility introduced on December 4, 2008.

Regarding the interest rates, the Central Bank rate of 9% was replaced by the Key Repo rate as "reference rate" and set at 8% per annum from 8th August 2008. In addition, the inter-bank interest rate corridor was set to 125 basis points (1.25%) below and above the key REPO rate.

Reforms in banking sector were also on the agenda of the Board of Directors: in this chapter, Board members have been consulted in the final steps of acquisition of BANCOR share capital, acquisition of COGEBANQUE share capital, and the conversion process of the "Banques Populaires" network into commercial bank.

During the year 2008, the Board examined and approved many draft laws. Among them, two have been transmitted to the Cabinet and adopted by the Parliament. These are laws on prevention and suppression of money laundering and finance of terrorism and law governing the insurance companies. In line with the vision of the Financial Sector Development Program (FSDP), NBR Board members approved the National Payment Framework and Strategy and the draft of the Payment System law before its submitting to Government/Cabinet for approval.

In the year 2008, the Board members reviewed the microfinance sector situation on a quarterly basis, and because of its importance in poverty reduction, they re-emphasized their commitment to supervise this sector with high professional standards. On this point, the Board approved notably the regulation concerning organization of microfinance activities.

During the period of 2008, the Board also handled the administrative and financial problems of the Bank. Among other activities, the Board of Directors followed up closely the consultancy work on restructuring and human resources management as conducted by the Bank with the help of the PriceWaterHouseCoopers. The final report of this consultancy was approved by the Board of the Bank on December 11, 2008. The consultancy covered the following topics: - Organizational structure - Salary and grading structure and - Performance and career management.

As it is done every year, in March 2008, the Board approved the Annual report and financial status of the Bank related to the fiscal year 2007 whereas in June and December 2008, it respectively examined and approved the revised budget of 2008 as well as those relative to the first half of the year 2009.

The Board also focused its particular attention on rehabilitation/extension of the building of the BNR headquarters project.

2. The Management of the Bank

The Management which is composed of the Governor and the Vice Governor is the coordinating organ of the Bank and it is charged with the day to day management of the Bank. Through its daily activities, the Management ensures good functioning of the various organs of the Bank and the implementation of the resolutions of the Board of Directors.

As in the previous years, the Management committee focused on a number of other issues related regarding the banking system oversight, the microfinance management, the insurance industry reform, the Payment System Modernization ...

IV.2. HUMAN RESOURCES MANAGEMENT

IV.2.1 RESTRUCTURING

By December 11, 2008, the Board of Directors approved final consultancy report on organisational restructuring and Human resources management of the National Bank of Rwanda as prepared by the PriceWaterHouseCoopers consultants. The consultancy covered the following topics:

- Organizational structure ;
- Salary and grading structure ;
- Performance and Career management.

IV. 2.2 STAFF MOVEMENTS

The bank, by December 31, 2008 had staff head count of 496 employees against 472 of December 31 2007. The Bank recruited 60 new staff, including 36 temporary employees on duration ranging between 4-8 months. The internal recruitments has also been going on during 2008, ten employees were transferred to higher positions.

Concerning staff turnover, there have been 36 incidences of some staff members leaving the bank on different reasons. Nine staff members resigned from their duties, two were seconded to other institutions while contracts of five workers were terminated on disciplinary ground, 16 contracts were suspended, three staff went on retirement and lastly one staff passed away.

IV. 2.3 CAPACITY BUILDING

More than 194 employees were trained in various fields inside and outside the country. The cost of training amounted to Rwf 136.6 million, including Rwf 26.8 million spent on the East African Central Banking course held in Tanzania (with nine participants from BNR), and Rwf 4.6 million spent on accommodating trainees from the Central Bank of Southern Sudan, who spent two months and half with various departments of the Bank.

The training regulations were updated to accommodate long-term training programmes like Masters Programs and professional courses.

A. TRAINING INSIDE THE COUNTRY

For the year 2008, the Bank trained 96 staff members through local training facilities. 54 of them went through short courses organized by local or international training institutions. Some of the short courses include; IT systems audit, balance of payments, procurement, foundation training on Cisco Certified Network Associate (CCNA), reserve management, micro-economics of competitiveness; and leadership in competitiveness. Through distance learning, six staff members of the BNR undertook successfully different short courses offered by UNITAR, such courses included; effective public debt management; negotiations of financial transactions, arbitration & alternative dispute resolution. Professional courses like Association of Chartered Certified Accounts (ACCA), Chartered Financial Analyst (CFA) and international computer driving license were also offered locally to 15 staff members of BNR. In 2008, 21 staff members managed to pursue their postgraduate degrees and diploma programmes through local arrangements including 17 masters degree in different programmes and four postgraduate diploma programmes (PGDs).

B. TRAINING OUTSIDE THE COUNTRY

The number of BNR staff amounting 98 were trained in different foreign institutions. Among the courses done outside the country include those organized by the IMF and the JAI. These were attended by 13 staff members. Some of the courses covered under this programme include macroeconomic management and fiscal policy; financial programming and policies; external vulnerability policies... The Macro-Economic and Financial Management Institute (MEFMI), for 2008 trained about 19 BNR staff in various fields of banking supervision, Information Technology (IT), payment system, legal and financial management. The training outside the country for year 2008 involved also courses offered by the Kenya School of Monetary Studies. 19 BNR staff attended some of these courses including; payment & securities settlement systems; cash management & combating counterfeit money etc. Lastly in 2008, other 47 BNR staff underwent other courses offered by different institutions outside the country. Some of these courses included the East African Central Banking Course, Risk, performance and portfolio indexation, harmonizing of monetary Data in East African Community, IT governance.

IV. 2.4 STAFF SALARIES, BENEFITS AND WELFARE

During the year 2008, the National Bank of Rwanda (BNR) paid Rwf 4,321.2 million as salaries and bonuses to its staff. On the side of welfare, the Bank has financed 16 new houses, 14 additional loans for housing, 28 car loans and 1 furniture loan. It also gave salary advances to 289 staff members. In addition, the Medical Services unit was restructured in order to optimize the quality of customer service.

IV.3. ORGANIZATION AND INFORMATION SYSTEMS

IV.3.1 IT GOVERNANCE

Since 2005 the central Banks of the EAST African Community countries adopted the framework COBIT (Control Objectives for Information and related Technology) to strengthen the IT Governance. In 2008, the National Bank of Rwanda organized a Workshop on IT Governance as recommended by the Monetary Affairs Community (MAC). In collaboration with other central banks and the consultant, BNR MAC assessed its level of maturity of the information systems. 15 Cobit processes to be implemented in BNR were adopted.

IV.3.2 INFORMATION SYSTEMS AND COMMUNICATION

In 2008, the Bank updated its Web sites by adapting them to the new realities. According to new needs, some extensions of the data and phone networks were performed. Besides, two new applications have been developed and three others acquired from the outside.

The Bank has developed two new softwares using modern tools. The first one called ' Digital communication ' is published on the internet / intranet web sites of the Bank. It insures the help desk and the consultation of the information stored in BNR's servers.

The second application called ' Electronic Management of documents will allow an internal and external exchange of documents under electronic shape. Besides this function of traffic of documents, this software assures the electronic archiving.

In order to replace its older web sites acquired since 2002, the Bank developed new web sites by using new technologies. These new web sites allow the BNR to give to public the

Rwanda economic and monetary evolution. Customers can consult their account balances and transactions. The average of the consultations per day is 600 and the majority of these accesses are made from outside of the country.

For the Intranet site, it has allowed to decrease the use of the paper and to release the time for certain agents in particular as regards pay slips and other information in touch with the communication to the staff publishes on the Intranet site.

Three applications were acquired and installed in the bank. Those are SYGADE connecting the MINECOFIN and the BNR for a good management of the national debt; FINA (financial reporting) which allows an electronic exchange of data with the partners such as Banks; RAMP (Reserves Advisory Management Program) insuring a good management of the Bank reserves.

Finally, the IT staff focused their interventions on the existing applications such as the Accounting and financial system, the management of the human resources, the central of information, the logistics as well as other applications such as SWIFTNET (management international transfert). These interventions consisted in updating certain modules, in answering to the new needs, especially in resolving the problems of the end users.

IV.3.3. TRAINING THE STAFF ON COMPUTER LITERACY.

The Bank always trains its staff on various Microsoft products such as Microsoft office, windows XP. The concern of improving the training quality, the BNR approached Rwanda Information Technology Authority (RITA) in order to define by common consent the best strategy. And so the Bank started the training program named ' International Computer Driving License', as recommended by RITA. For the moment, the number of beneficiaries reaches 85 being understood that the process began in mid-September 2008. The formation will allow real performances and a relative autonomy for the computers users.

IV.4 INTERNAL AUDIT OF BNR'S OPERATIONS

The audit activities planned for the year 2008 were based on management recommendation to focus on activities linked with the main missions of the Bank and to improve on customer care. The audit objects have been carried out based on a matrix of the risks worked out with the technical assistance of an IMF consultant.

The audit plan was based on risks identified and evaluated in the matrix in line with 2008-2010 audit strategic plan.

At that effect, general audits were carried out in the following activities: Banking activities in Currency and Banking Operations Department and Branches, the supervision activities of microfinance institutions, payroll activities and accounting activities. The audits carried out also took into account those aspects considered urgent by the Management. It is within this framework that Management requested audit assignment in medical department, the audit of rehabilitation/transformation works of the Bank head offices and the audit of the pension fund.

IV.5 LEGAL AFFAIRS

During the fiscal year 2008, the main elaborated legal texts are: the bill governing the organization of insurances business, the Bill on prevention and suppression of Money Laundering and Financing of Terrorism and the bill on Payment System.

The Legal Service has contributed to the development of the bill on Payment System. This bill has been finalized and transmitted to the Minister of Finance and Economic Planning. After the Cabinet approval, the bill has been submitted to the Chamber of Deputies. Now, the draft law is going to be examined in detail by the concerned parliamentary commission.

PART III: FINANCIAL STATEMENTS AS AT 31-12-2008

NATIONAL BANK OF RWANDA
ANNUAL REPORT
AND
FINANCIAL STATEMENTS
31 DECEMBER 2008

Ernst & Young

**NATIONAL BANK OF RWANDA
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008**

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NATIONAL BANK OF RWANDA
BANK INFORMATION
YEAR ENDED 31 DECEMBER 2008

DIRECTORS

The directors who served during the year and to the date of this report were:

François KANIMBA	Governor and Chairman	- Appointed on 06 April 2002
Consolate RUSAGARA	Vice-Governor and member	- Appointed on 15 March 2001
		- Resigned on 12 March 2008
Ephraim TURAHIRWA	Vice-Governor and member	- Appointed on 12 March 2008
Prosper MUSAFIRI	Member	- Appointed on 16 February 2005
Uzziel NDAGIJIMANA	Member	- Appointed on 23 January 2004
Victor SHINGIRO	Member	- Appointed on 23 January 2004
Cyrille NDENGEYINGOMA	Member	- Appointed on 16 February 2005

SENIOR MANAGEMENT TEAM

François KANIMBA	Governor
Ephraim TURAHIRWA	Vice-Governor
Thomas KIGABO	Chief Economist
Appollinaire MURASIRA	Director - Banking Operations
Vianney KAGABO	Director - International Operations
Philemon SAFARI	Director - Monetary and Financial Markets
Gakuba KABATI	Director - Accounting and Budget
Théobald NKURANGA	Director - Information Technology
Bernardin RUTAGARAMA	Acting Director - General Services
Angélique KANTENGWA	Director - Bank Supervision
Joy NTARE	Director - Supervision of Non-Bank financial institutions
Védaste HIMILI	Director - Internal Audit
Musoni RUTAYISIRE	Director - Research
Antoinette NYIRAHUKU	Director - Human Resources
Célestin SEKAGILIMANA	Director - Foreign Exchange Inspection and Balance of Payments
François Xavier RUTAGENGWA	Head of Legal Services
Alexis HABIYAMBERE	Director - Governor's Office
Juru RURANGANWA	Head of Medical Services
Bosco SEBABI	Head of Payment System

**NATIONAL BANK OF RWANDA
BANK INFORMATION
YEAR ENDED 31 DECEMBER 2008**

REGISTERED OFFICE

**National Bank of Rwanda
Avenue Paul VI
P.O Box 531
Kigali
RWANDA**

BRANCHES

**Southern Branch
P.O Box 622
Huye
RWANDA**

**Eastern Branch
P.O Box 14
Rwamagana
RWANDA**

**Nothern Branch
P.O Box 127
Musanze
RWANDA**

**Western Branch
P.O Box 462
Rusizi
RWANDA**

**NATIONAL BANK OF RWANDA
BANK INFORMATION (Continued)
YEAR ENDED 31 DECEMBER 2008**

AUDITORS

**Ernst & Young
Banque de Kigali Building
Avenue de la Paix
P.O Box 3638
Kigali
RWANDA**

LAWYER

**François Xavier RUTAGENGWA
Avenue Paul VI
P.O Box 531
Kigali
RWANDA**

BANK SECRETARY

**Alexis HABİYAMBERE
Avenue Paul VI
P.O Box 531
Kigali
RWANDA**

**NATIONAL BANK OF RWANDA
DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2008**

The directors submit their report together with the audited financial statements for the year ended 31 December 2008, which disclose the state of affairs of the Bank.

PRINCIPAL ACTIVITIES

The mission of the Bank is to formulate and implement monetary policy with a view to preserving the value of the Rwandan currency and to ensure its stability. To this end, the Bank exercises control of money supply and credit and ensures the good functioning of the money market, the foreign exchange market and, in general, that of the banking and financial system.

RESULTS

The results for the year are set out on page 7.

DIVIDEND

The board of directors recommends the payment of a dividend of Frw 1,248,885,009 (2007: Frw 4,864,415,000) to the Government of Rwanda.

DIRECTORS

The directors who served during the year are listed on page 1.

MANAGEMENT COMMITTEE

The members of the management committee who served during the year and to the date of this report were:

François KANIMBA	Governor and Chairman	- Appointed on 06 April 2002
Consolante RUSAGARA	Vice - Governor	- Resigned on 12 March 2008
Ephrem TURAHIRWA	Vice - Governor	- Appointed on 12 March 2008

AUDIT COMMITTEE

The Bank's Audit Committee consists of :

Manassé TWAHIRWA	Chairman	- Appointed on 03 August 2001
Gaston MPATSWE	Member	- Retired on 01 May 2007
Madeleine NIRERE	Member	- Appointed on 16 February 2005

AUDITORS

Ernst & Young have expressed their willingness to continue in office.

By order of the Board

Board Secretary

May 25th, 2009

**NATIONAL BANK OF RWANDA
STATEMENT OF THE DIRECTORS' RESPONSIBILITIES
YEAR ENDED 31 DECEMBER 2008**

Law No. 55/2007 of 30 November 2007 relating to statutes of the National Bank of Rwanda requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Bank as at the end of the financial year and of its operating results for that year. It also requires the directors to ensure the Bank keeps proper accounting records which disclose, with reasonable accuracy, the financial position of the Bank. They are also responsible for safeguarding the assets of the Bank.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of Law No. 55/2007 of 30 November 2007 relating to statutes of the National Bank of Rwanda. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Bank and of its operating results. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the Bank will not remain a going concern for at least the next twelve months from the date of this statement.

Signed on behalf of the Board of Directors by: -

.....
Governor

.....
Vice Governor

.....2009

REPORT OF THE INDEPENDENT AUDITORS
TO THE MINISTER OF FINANCE AND ECONOMIC PLANNING
ON THE FINANCIAL STATEMENTS OF NATIONAL BANK OF RWANDA

Report on the Financial Statements

We have audited the accompanying financial statements of National Bank of Rwanda, set out on pages 6 to 37 which comprise the balance sheet as at 31 December 2008, the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Statutes of the National Bank of Rwanda. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an independent opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depended on our professional judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we considered the internal controls relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the state of financial affairs of the Bank as at 31 December 2008 and of its profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and Law No. 55/2007 of 30 November 2007 relating to Statutes of the National Bank of Rwanda.

Kigali

.....2009

NATIONAL BANK OF RWANDA
 INCOME STATEMENT
 YEAR ENDED 31 DECEMBER 2008

	Note	2008 Frw'000	2007 Frw'000
Interest income	3	10,421,207	14,245,245
Interest expenses	4	<u>(2,325,525)</u>	<u>(3,765,617)</u>
Net interest income		8,095,682	10,479,628
Commission and fees income	5	109,861	176,741
Gain on foreign currency trading	6	3,639,710	2,255,630
Other non interest income	7	<u>2,835,378</u>	<u>3,873,989</u>
Net income before non interest expenses and foreign exchange revaluation gain/(loss)		14,680,631	16,785,988
Non interest expenses	8(a)	(12,844,036)	(8,938,994)
Foreign exchange revaluation gain/ (loss)		<u>2,949,388</u>	<u>(693,443)</u>
Net profit for the year		<u>4,785,983</u>	<u>7,153,551</u>

NATIONAL BANK OF RWANDA
BALANCE SHEET
AT 31 DECEMBER 2008

		2008	2007
ASSETS	Note	Frw '000	Frw '000
Cash balances		662,091	586,156
Foreign assets	9	333,892,454	300,906,519
International Monetary Fund Quota	10	69,291,925	68,809,170
Due from Government of Rwanda	11	39,737,444	41,266,354
Loans and advances to Banks and other financial institutions	12	2,863,804	2,560,523
Staff loans	13	3,687,280	3,458,551
Investment in associate	14	219,374	-
Investment property	15	166,315	197,664
Deferred costs	16	-	992,804
Other assets	17	890,414	1,453,033
Property and equipment	18	3,548,441	2,045,793
Intangible assets	19	<u>10,885</u>	<u>12,822</u>
TOTAL ASSETS		<u>454,970,427</u>	<u>422,289,389</u>
LIABILITIES			
Currency in circulation	20	88,515,442	72,758,482
Government deposits	21	201,983,950	141,764,406
Due to banks and other financial institutions	22	43,158,184	80,900,589
Amounts due to the International Monetary Fund	23	87,587,507	85,065,046
Foreign liabilities	24	1,340,292	14,338,395
Other liabilities	25	<u>6,527,188</u>	<u>4,804,635</u>
TOTAL LIABILITIES		<u>429,112,563</u>	<u>399,631,553</u>
EQUITY			
Share capital	26	7,000,000	2,000,000
General reserve fund	27	8,187,055	12,819,735
Other reserves	28	9,421,924	2,973,686
Proposed dividends	29	<u>1,248,885</u>	<u>4,864,415</u>
TOTAL EQUITY		<u>25,857,864</u>	<u>22,657,836</u>
TOTAL LIABILITIES AND EQUITY		<u>454,970,427</u>	<u>422,289,389</u>

The financial statements were approved by the Board of Directors on2009 and signed on its behalf by:

.....) Governor
)
)
)
) Vice Governor

NATIONAL BANK OF RWANDA
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2008

	<u>Share capital</u> Frw'000	General reserves fund Frw'000	Other reserves Frw'000	Proposed dividends Frw'000	Total Frw'000
At 01 January 2007	2,000,000	10,634,975	2,978,608	1,987,038	17,600,621
Net profit for the year	-	7,153,551	-	-	7,153,551
Dividends:					
-Final proposed for 2007	-	(4,864,415)	-	4,864,415	-
-Dividends for 2006 paid	-	-	-	-	(1,987,038)
Transfer to reserves	-	(858,426)	858,426	-	-
Gain on revaluation of foreign assets	-	-	22,050	-	22,050
Transfer of reserves on foreign exchange fluctuations	-	754,050	(754,050)	-	-
Write back of currency printing costs	-	-	(131,348)	-	(131,348)
Balance at the end of the year	<u>2,000,000</u>	<u>12,819,735</u>	<u>2,973,686</u>	<u>4,864,415</u>	<u>22,657,836</u>
Year ended 31 December 2008:					
Balance at the beginning of the year	2,000,000	12,819,735	2,973,686	4,864,415	22,657,836
Reclassification to share capital	5,000,000	(5,000,000)	-	-	-
Land revaluation reserve	-	-	1,475,545	-	1,475,545
Net profit for the year	-	4,785,983	-	-	4,785,983
Dividends:					
-Final proposed for 2008	-	-	-	1,248,885	-
-Dividends for 2007 paid	-	(1,248,885)	-	-	-
Transfer to other reserves	-	(220,390)	220,390	-	-
Gain on revaluation of foreign assets	-	-	1,802,915	-	1,802,915
Transfer of reserves on foreign exchange fluctuations	-	(2,949,388)	2,949,388	-	-
Balance at the end of the year	<u>7,000,000</u>	<u>8,187,055</u>	<u>9,421,924</u>	<u>1,248,885</u>	<u>25,857,864</u>

NATIONAL BANK OF RWANDA
CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2008

	Note	2008 Frw'000	2007 Frw'000
OPERATING ACTIVITIES			
Net cash from operating activities	30	<u>19,512,407</u>	<u>49,017,215</u>
INVESTING ACTIVITIES			
Purchase of property and equipment		(598,486)	(774,297)
Purchase of intangible assets		(10,898)	-
Proceeds from sale of property and equipment		<u>316,915</u>	<u>16,469</u>
Net cash in investing activities		<u>(292,470)</u>	<u>(757,828)</u>
FINANCING ACTIVITIES			
Dividends paid		(4,864,415)	(1,987,038)
Currency in circulation		<u>15,756,960</u>	<u>14,321,844</u>
Net cash from financing activities		<u>10,892,544</u>	<u>12,334,806</u>
Net increase in cash and cash equivalents		30,112,481	60,594,193
Cash and cash equivalents at the beginning of the year		301,492,675	241,591,925
Foreign exchange revaluation gain/(losses)		<u>2,949,388</u>	<u>(693,443)</u>
Cash and cash equivalents at the end of the year	31	<u>334,544,544</u>	<u>301,492,675</u>

1. CORPORATE INFORMATION

The National Bank of Rwanda (BNR) is governed under Law No. 55/2007 of 30 November 2007. The Bank's responsibilities are focused towards achieving the following objectives:

- Formulate and implement monetary policy with an aim to maintain the value and stability of the Rwandan currency.
- Regulate the foreign exchange market and implement appropriate policies to ensure external stability of the currency.
- Supervise the banking sector with an aim to maintaining stability and confidence in the financial sector.
- Carry out on behalf of the government, the exclusive role of issuing currency.
- Banker to government.

The Bank's share capital of Frw 7 billion is fully subscribed by the Rwandan Government. It may be increased by either incorporating the reserves on the decision of the Board of Directors ratified by the presidential decree or by new allocation of the Government of Rwanda. On 28 June 2008, the board of directors increase share capital from Frw 2 billion to Frw 7 billion. The increment of Frw 5 billion was transferred from general reserves.

In accordance with Law No. 55/2007 of 30 November 2007, National Bank of Rwanda's net profit is appropriated as follows :

- 20% to the General Reserve Fund.
- After all appropriations earmarked to other reserves deemed necessary by the Board of Directors mainly to special reserves the balance is paid to the Public Treasury as dividend.

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below :

a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in accordance the Law no 55/2007 relating to Statues of the National Bank of Rwanda.

The financial statements have been prepared under the historical cost basis, except for measurement at fair value and impairment of certain financial assets. The financial statements are presented in Rwanda Francs (Frw), and all values are rounded to the nearest thousand (Frw '000) except where otherwise indicated.

b) New accounting standards, amendments and interpretations

In 2008, several new and revised standards, amendments and interpretations to published standards became effective and have been adopted by the Bank, where relevant to its operations.

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2008, but they are not relevant the Bank's operations ;

- a. IASB39 and IFRS 7 – Reclassification of financial assets ;
- b. IFRIC 11, 'IFRS2 – ' Group and treasury share transactions';
- c. IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction' ;
- d. IFRIC 12, 'Service concession arrangements' and ;
- e. IFRIC 16, "Hedges of a net investment in a foreign operation".

The Bank has chosen not to early adopt the following standards, amendments and interpretations to existing standards that were issued, but not yet effective, for accounting periods beginning on 1 January 2008. The application of these standards, amendments and interpretations will not have material impact on the Bank's financial statements in the period of initial application.

- IAS 1R, 'Presentation of financial statements (effective from 1 January 2009)';
- IAS 27, 'Amendment, Consolidated and separate financial statement (effective from 1 January 2009)'
- IAS 32 and IAS 1, 'Amendment, Puttable financial instrument and obligations arising on liquidation (effective from 1 January 2009)';
- IAS 23, Amendment, 'Borrowing costs (effective from 1 January 2009)';
- '2008 annual improvement to IFRS (effective from 1 January 2009)';
- IFRS 1 and IAS 27, 'Amendment, Cost of an investment in a subsidiary, jointly controlled entity or associate (effective from 1 January 2009)';
- IFRS 2, 'Amendment, vesting conditions and cancellations (effective from 1 January 2009);
- IFRS 3, Business combinations (effective from 1 January 2009)'
- IFRS 8, 'Operating segments (effective from 1 January 2009)'
- IFRS 13, 'Customer loyalty programmes (effective form 1 July 2008) and,
- IFRC 15, 'Agreements for the construction of real estate'

c) Significant accounting judgements and estimates

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies, reported values of assets, liabilities, disclosures, income and expenses during the reporting period. The estimates and associated assumptions are based on historical experiences, the results of which form the basis of making judgements while acknowledging that actual results may ultimately differ from these estimates.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

d) Significant accounting judgements and estimates (Continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and the future periods if the revision affects both current and future periods. The most significant use of judgements and estimates are as follows :

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities of the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques which are based on some assumptions.

Impairment of losses on loans and advances

The Bank reviews its loans and advances at each reporting date to assess whether an allowance for impairment should be recorded in the income statement. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required.

Impairment of equity investment

The Bank's investment in equity investment is reviewed for significant or prolonged decline in the fair value below cost or where objective evidence of impairment exists.

e) Revenue and expenses recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Interest and similar income and expense

For all financial instruments measured at amortised cost and interest bearing financial instruments classified as available-for-sale financial investments, interest income and expense is recorded at the effective interest rate based on actual purchase price.

Fee and commission income

The Bank earns fee and commission income from a range of services it provides to its customers. Fee and commission income for the provision of services is recognized on accrual basis.

Dividend income and expense

Revenue is recognised when the Bank's right to receive the payment is established. Dividend payable is recognised as an appropriation of profit at the end of the year.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

f) Property and equipment

Recognition and initial measurement

Item of property and equipment are stated at cost less accumulated depreciation and impairment losses; if any. The cost includes expenditures that are directly attributable to the acquisition cost of the asset. The cost of self constructed assets includes the cost of materials, direct labour and any costs that are directly attributable to bringing an asset to its working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalises as part of that equipment. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds form disposal with the carrying amount of property, plant and equipment and are recognized in the income statement.

Subsequent expenditure

The cost of replacing a component of an item of property, plant and equipment is recognises in the carrying amount of the item if it is possible that the future economic benefits embodied in the component of the item of property, plant and equipment will flow to the bank. All other expenditures are recognised in the income statement as expenses as incurred.

Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of a property, plant and equipment. Assets are depreciated form the date of acquisition, or in respect of self constructed assets, from the time an asset is completed and ready for service. Freehold land, projects in progress and inventories held for capital projects are not depreciated. The estimated useful lives for the current and comparative periods are as follows:

Building	5-10%
Computer equipment	33.3%
Machines	20%
Motor vehicles	25%
Furniture, fittings and office equipment	10%
Security equipment	10%

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in income statement as other income or other expense in the year the asset is derecognized.

g) Intangible assets and amortisation

Intangible assets acquired separately are measured on initial recognition at costs. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

j) Investment in associate

The Bank investment in its associate is accounted for using the equity method of accounting. An associate is an entity in which the Bank has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the balance sheet at cost plus post-acquisition changes in the Bank's share of net assets of the associate. Losses in excess of the cost of the investment in associate are recognized when the Bank has incurred obligations on its behalf. The income statement reflects the Bank's share of the results of operations of the associate.

k) Provisions

Provisions are recognized when the Bank has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

l) Cash and cash Equivalents

Cash comprises of foreign currency held in the Bank and demand deposits held with foreign banks. Cash equivalents comprise of short term highly liquid investments and term deposits that are readily convertible into known amounts of cash and which are subject to an insignificant risk in changes in value. The short-term highly liquid investments include balances with maturities of three months or less from the date of acquisition.

m) Foreign currency transactions and balances

Transactions in foreign currencies during the year are converted into Rwandan Francs at the rate ruling at the transaction date. Foreign currency holdings, placements and liabilities are adjusted for the daily exchange variations. The resulting differences from conversion and translation are dealt with in the income statement in the year in which they arise.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency at the exchange rate ruling at the balance sheet date.

n) Financial instruments

Financial instruments are initially recognized when the Bank becomes a party to contractual provisions of the instrument. Financial instruments are initially measured at cost, which includes transaction costs. The five different types of financial instruments held by the Bank are:

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(l) Financial instruments (Continued)

Financial instruments held to maturity

Financial instruments with fixed or determinable payments and fixed maturity where the Bank has a positive intent and ability to hold to maturity other than loans and receivables which are measured at amortized cost.

Financial assets at fair value through income statements

Financial instruments which are classified as held for trading are held principally for purposes of generating a profit from short-term fluctuations in price or dealers margin, and are measured at fair value. Gains and losses resulting from changes in fair values are recognized in the income statement in the year which they relate.

Available-for-sale financial instruments

These are equity financial instruments which are not loans and receivables originated by the Bank; or those held to maturity; or financial assets held for trading, and are measured at their fair value or cost less provision for impairment losses where fair value is not easily determinable. Gains are transferred directly to an investment revaluation reserve. Losses that offset previous increases are charged to the revaluation reserve and any excess thereafter is charged to the income statement.

Loans and receivables

Loans and receivables are advances made by the Bank, including staff loans and advances. Loans and receivables are initially measured at the fair value and subsequently at amortized cost. Amortized cost represents the amounts at which the financial instruments were measured at initial recognition minus principal repayments plus or minus the cumulative amortization of any difference between the initial amount and the maturity amount and minus any write down for impairment or uncollectability.

The Bank provides loans facilities to staff to help them acquire or improve and equip their houses and purchase motor vehicles.

Derivatives

Currency swap that requires initial exchange of different currencies of equal fair value is accounted for as a derivative.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(l) Financial instruments (Continued)

Derivatives (Continued)

A financial asset or liability at fair value through income statement is a financial asset or financial liability that meets either of the following conditions:

- i. it is classified as held for trading, if :
 - acquired or incurred principally for purpose of selling or repurchasing in the near term;
 - part of a portfolio of identified financial instrument that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking or ;
 - a derivate (except for a derivate that is a financial guarantee contract or a designated and effective hedging instrument).
- ii. upon initial recognition, it is designated by the Bank at fair value through income statement

o) Impairment of non financial-assets

The Bank assesses at each reporting date or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. If any of such indications exists, or when annual impairment testing for an asset is required, the Bank makes an estimate of the asset's recoverable amount. When the carrying amount of an asset (or cash generating unit) exceeds its recoverable amount, the asset (or cash generating unit) is considered impaired and is written down to its recoverable amount.

p) Investment properties

The Bank holds certain properties as investments to earn rental income or awaiting disposal or any future use. Investment properties are carried at cost less accumulated depreciation. Depreciation is calculated at a rate of 5% or 10% using the straight-line method, depending on the construction materials used or the method of purchase.

q) Employee benefits

The bank contributes to a statutory defined contribution pension scheme, the Social Security Fund of Rwanda (CSR).

Contributions are determined by local statutes and are currently limited to 5% of the employees' gross salaries. The

Bank's CSR contributions are charged to the income statement in the period to which they relate.

The Bank in addition has an in-house managed pension scheme. The employees' contribution to this scheme amount to a third of total annual salary and the remaining two thirds is a contributed by the Banks. The Bank's CSR contributions are charged to the income statement in the year in which it relates.

The Bank also provides medical facilities for the employees and their families. Related costs are charged to the income statement.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

r) Loans and provisions for loans impairment

Loans are stated at outstanding amounts less provision for impairment.

In its capacity as the fiscal agent and banker to the Government, the Bank may make direct advances to the Government for the purpose of offsetting fluctuations between Government receipts and expenditure. In accordance with Article 49 of the law No. 55/2007 the total amount of advances to the Government outstanding shall not exceed eleven percent of the gross ordinary revenue of the Government collected during the preceding fiscal year.

In accordance with the Agreement No. 1/96 between National Bank of Rwanda and the Government of Rwanda dated 07th February 1996 and Article 79 of law No. 11/97, all the loans granted to the state before 31 December 1994, in addition to the balance in the revaluation account as of 06 March 1995 were consolidated and are charged interest at a rate of two percent (2%) per year. The recovery of the amount is through a reduction of 30% of the annual dividends payable to the Government commencing 2002.

As the lender of last resort, the Bank may grant loans or advances for fixed periods not exceeding seven days to commercial banks that pledge securities specified by the Bank. Interest rates charged to these banks are determined by the Bank based on the inter-bank money market rates.

The Bank also operates a staff loans scheme for its employees for the provision of facilities such as house and car loans.

The Bank determines the terms and conditions for granting the loans and fixes applicable interest rates that are generally below market rates.

Specific provisions for loan impairment are made in respect of advances. The provisions are made in accordance with instruction No. 03/2000 of 29 March 2000 relating to classification of assets and monitoring of liabilities of banks and other financial institutions. When a loan is deemed uncollectible, it is written off against the related provision for impairment. Subsequent recoveries are credited to the income statement if previously written off.

s) Employee leave entitlement

The estimated monetary liability for employees' leave entitlement at the balance sheet date is recognised as an expense accrual. This amount is written back in the income statement when employees utilise their leave days in subsequent periods.

t) Taxation

According to Article 74 of the Law No. 55/2007 of 30 November 2007 governing the National Bank of Rwanda, the Bank is exempt from payment of income tax in respect of its functions as defined by the law.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

u) Dividends payable

Dividends are recognised upon payment. Dividends declared after the balance sheet date but before financial statements are authorised for issue are disclosed in the notes to the financial statements.

v) Government grants and government assistance

The Bank, being a wholly owned government financial institution, may receive grants in both monetary and non monetary basis. Government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants related to assets, including non-monetary grants at fair value, are presented in the balance sheet by setting up the grant as deferred income.

Government assistance

The Bank in addition may receive certain forms of government assistance which cannot reasonably have a value placed upon them and transactions with government which cannot be distinguished from the normal trading transactions of the entity. The Bank's policy on government assistance that cannot be reliably measured is to disclose the nature, extent and duration of the assistance in order that the financial statements may not be misleading.

NATIONAL BANK OF RWANDA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

3.	INTEREST INCOME	2008 Frw'000	2007 Frw'000
	Local interest earnings	1,082,229	1,067,279
	Foreign interest earnings	<u>9,338,978</u>	<u>13,177,966</u>
		<u>10,421,207</u>	<u>14,245,245</u>
4.	INTEREST EXPENSES		
	Interest on monetary policy issues	1,594,398	2,884,088
	Interest on foreign currency deposits	457,665	393,882
	Interest paid to IMF	<u>273,462</u>	<u>487,647</u>
		<u>2,325,525</u>	<u>3,765,617</u>
5.	NET COMMISSION AND FEES INCOME		
	Commission and fees income	261,572	260,190
	Commission and fees paid	<u>(151,711)</u>	<u>(83,449)</u>
		<u>109,861</u>	<u>176,741</u>
6.	NET GAIN ON FOREIGN CURRENCY TRADING		
	Gains on sale of foreign currencies	3,690,530	2,479,339
	Foreign exchange losses	<u>(50,819)</u>	<u>(223,709)</u>
		<u>3,639,710</u>	<u>2,255,630</u>
7.(a)	OTHER NON INTEREST INCOME		
	Write back of currency printing costs	-	131,348
	Fines, penalties and other administrative income	203,859	109,060
	Write back of accruals and provisions(see note 7 (b) below)	494,994	452,228
	Gain on sale of property and equipment	315,166	16,469
	Revenue grant from the Government of Rwanda	1,601,527	2,884,088
	Other income (see note 7 (c) below)	<u>219,832</u>	<u>280,796</u>
		<u>2,835,378</u>	<u>3,873,989</u>
7 (b)	WRITE BACK OF ACCRUALS AND PROVISIONS		
	Write back on provisions for doubtful debts from former employees	2,546	2,165
	Write back on provision for staff annual leaves payable	181,193	151,207
	Write back on provision for impairment of investment	219,374	-
	Write back of other provision for doubtful debts	<u>91,881</u>	<u>298,856</u>
		<u>494,994</u>	<u>452,228</u>

NATIONAL BANK OF RWANDA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

	2008	2007
	Frw'000	Frw'000
7 (c) OTHER INCOME		
Sales of demonetised coins	17,385	9,889
Other non banking income	138,566	198,792
Income from exceptional items	<u>63,881</u>	<u>72,115</u>
	<u>219,832</u>	<u>280,796</u>
8 (a) NON INTEREST EXPENSES		
Notes printing and coins minting	4,097,338	819,019
Staff costs (see note 8(b))	5,255,059	5,025,304
Depreciation charge	569,635	513,916
Amortisation of intangible assets	12,836	55,599
Depreciation of investment property	31,349	31,349
Amortisation of deferred costs	992,804	859,945
Provisions for liabilities and charges (see note 8(c))	269,279	380,664
Other expenses	<u>1,615,736</u>	<u>1,253,198</u>
	<u>12,844,036</u>	<u>8,938,99</u>
8 (b) STAFF COSTS		
Salaries and other allowances	4,196,204	4,133,077
Pensions	313,363	296,446
Medical expenses	363,559	287,591
Training and development	355,246	267,624
Other staff costs	<u>26,687</u>	<u>40,041</u>
	<u>5,255,059</u>	<u>5,025,304</u>
8 (c) Impairments and provisions for liabilities and charges		
Impairments for doubtful staff loans	19,626	13,561
Provision for liabilities and charges	53,545	52,962
Provision for embezzlements and theft	-	125,814
Provisions for staff leaves	<u>196,108</u>	<u>188,327</u>
	<u>269,279</u>	<u>380,664</u>
9. FOREIGN ASSETS		
Current accounts	73,315,230	18,588,293
Placements with foreign correspondent banks	179,548,056	233,135,834
Foreign investments	59,193,356	27,749,054
Special Drawing Rights	17,664,166	13,081,510
Other foreign investments	4,005,669	7,797,786
Interest receivables	<u>165,977</u>	<u>554,042</u>
	<u>333,892,454</u>	<u>300,906,519</u>

10. INTERNATIONAL MONETARY FUND QUOTA

The International Monetary Fund Quota refers to the Government of Rwanda total capital subscription to the International Monetary Fund (IMF). It is equal to Special Drawing Right (SDR) 80,100,000 and was converted to Rwandan Francs based on the mean rate to the Special Drawing Rights (SDR) as at 31 December 2008.

11. DUE FROM GOVERNMENT OF RWANDA	2008 Frw'000	2007 Frw'000
Government consolidated loan:		
Balance at the beginning of year	41,266,354	41,792,881
Recovery in the year	<u>(1,528,910)</u>	<u>(526,527)</u>
	39,737,444	41,266,354

The Bank signed an Agreement with the Government on 6 February 1996 to consolidate the entire Government debt amounting to Frw 34.457 billion at a rate of 2% per annum. The amount increased to Frw 43.469 billion effective 01 August 1997 subsequent to the passing of law No. 11/97 regarding the statutes of the Bank which stipulated under Article 79 that the balance on the revaluation account as at 06 March 1995 be consolidated with the amount of the initial debt. The recovery of the amount is through a reduction of 30% of the annual dividends payable to the Government commencing 2002 and interest on the debt is charged at 2% per annum on the outstanding balance. As at 31 December 2008, an amount of Frw 3.7 billion had been repaid.

Article 49 of the law No. 55/2007 sets the limit of the Government of Rwanda's overdraft facility at 11% of the ordinary Government revenues collected during the preceding fiscal year. The limit for the year 2008 was Frw 26 billion. This limit was not exceeded during the year. The Bank levies on the debit balance interest at a daily average rate of the inter-bank market.

NATIONAL BANK OF RWANDA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

12.	LOANS AND ADVANCES TO BANKS AND OTHER FINANCIAL INSTITUTIONS	2008 Frw'000	2007 Frw'000
	Receivable from the National Post Office	1,146	13,146
	Advances to Commercial Banks	308,685	388,640
	Advances to agricultural and agro technical sectors	1,888,612	1,702,455
	Current accounts with Commercial Banks	<u>665,361</u>	<u>456,282</u>
		<u>2,863,804</u>	<u>2,560,523</u>
13.	STAFF LOANS		
	Loans to staff	3,794,330	3,549,488
	Provisions for impairment		<u>(90,937)</u>
		<u>(107,050)</u>	
		<u>3,687,280</u>	<u>3,458,551</u>
14.	INVESTMENT IN ASSOCIATE		
	Cost		
	At 1 January 2008	450,000	450,000
	Provisions for impairment	<u>(230,626)</u>	<u>(450,000)</u>
	At 31 December 2008	<u>219,374</u>	<u>-</u>
	<p>The investment relates to capital subscribed in Société Interbancaire de Monétique et Télécompensation au Rwanda S.A (SIMTEL) which amounts to a shareholding of 7.98%.The shares in SIMTEL are not listed and are not available for sale.</p> <p>SIMTEL is registered and domiciled in Rwanda and it offers an inter-bank network for financial communication that supports cards based payment systems, electronics funds transfers, simple bills payment system and capital market operations to banks and other financial institutions in Rwanda.</p> <p>At the end of year 2006, owing to accumulated losses, NATIONAL Bank of Rwanda decided to provide for the total cost of its investment in SIMTEL as impairment. In 2008, SIMTEL was restructured and National Bank of Rwanda share capital was revised from Frw 450 million to Frw 219 million which is 51.25% deduction.</p> <p>The directors are of the opinion that from a provision of Frw 450 million on its investment in SIMTEL, The Bank will recover Frw 219 Million being the new shareholding of the bank in SIMTEL.</p>		
15.	INVESTMENT PROPERTY	2008 Frw '000	2007 Frw '000
	Cost		
	At 1 January and 31 December	313,490	313,490
	Depreciation		
	At 1 January	115,826	84,477
	Charge for the year	<u>31,349</u>	<u>31,349</u>
	At 31 December	<u>147,175</u>	<u>115,826</u>
	Net Book Value	<u>166,315</u>	<u>197,664</u>
	Investment property is stated at depreciated cost. The property rental income earned by the Bank		

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from this property is nominal on account of a preferential lease rental charged on its associate company, SIMTEL.

The direct operating expenses including repairs and maintenance are minimal and there are no significant contractual obligations to incur costs on repairs, maintenance or improvement thereto. The property is situated on plot number 1200 (R.C. number: 2141 KIG) and the directors are of the opinion that the net book value is a fair presentation of its market value.

16. DEFERRED COSTS	Printing of notes	Minting of coins	Total
	Frw '000	Frw '000	Frw '000
Cost:			
At 1 January 2008 and 31 December 2008	<u>3,914,161</u>	<u>385,563</u>	<u>4,299,724</u>
Amortisation:			
At 1 January 2008	3,002,013	304,907	3,306,920
Charge for the year	<u>912,148</u>	<u>80,656</u>	<u>992,804</u>
At 31 December 2008	<u>3,914,161</u>	<u>385,563</u>	<u>4,299,724</u>
Net Book Value:			
At 31 December 2008	=====	=====	=====
At 31 December 2007	<u>912,148</u>	<u>80,656</u>	<u>992,804</u>

Currency note printing and coin minting costs are expensed in the income statement in the period in which they are incurred.

17. OTHER ASSETS	2008 Frw	2007 Frw
Prepayments and deferred charges	264,822	649,542
Consumables	135,141	131,612
Other debtors	<u>627,020</u>	<u>839,651</u>
	1,026,983	1,620,805
Provisions for bad debts	<u>(136,569)</u>	<u>(167,772)</u>
	<u>890,414</u>	<u>1,453,033</u>

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18. PROPERTY AND EQUIPMENT

	Land	Buildings	Machinery	Motor Vehicles	Capital work in progress	Office furniture	Computer equipment	Security equipment	Total
	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000
Cost									
At 1 January 2008	54,277	1,916,537	1,260,675	43,770	264,248	648,368	1,332,198	961,187	6,481,260
Additions	66,584	-	51,098	47,769	127,969	22,350	182,458	100,258	598,486
Revaluation	1,475,545	-	-	-	-	-	-	-	1,475,545
Disposal	-	(5,093)	(715)	-	-	(12,846)	(50,153)	-	(68,807)
At 31 December 2008	<u>1,596,406</u>	<u>1,911,444</u>	<u>1,311,058</u>	<u>91,539</u>	<u>392,217</u>	<u>657,872</u>	<u>1,464,503</u>	<u>1,061,445</u>	<u>8,486,484</u>
Depreciation									
At 1 January 2008	-	1,760,984	831,155	23,799	-	520,750	996,504	302,275	4,435,466
Charge for the year	-	15,903	124,790	18,904	-	37,382	270,991	101,665	569,635
Reversal on disposal	-	(4,346)	(715)	-	-	(11,844)	(50,153)	-	(67,058)
At 31 December 2008	<u>-</u>	<u>1,772,541</u>	<u>955,230</u>	<u>42,703</u>	<u>-</u>	<u>546,288</u>	<u>1,217,342</u>	<u>403,940</u>	<u>4,938,043</u>
Net Book Value									
At 31 December 2008	<u>1,596,406</u>	<u>138,903</u>	<u>355,828</u>	<u>48,836</u>	<u>392,217</u>	<u>111,584</u>	<u>247,161</u>	<u>657,505</u>	<u>3,548,441</u>
At 31 December 2007	<u>54,277</u>	<u>155,553</u>	<u>429,520</u>	<u>19,971</u>	<u>264,248</u>	<u>127,618</u>	<u>335,694</u>	<u>658,912</u>	<u>2,045,793</u>

The Bank revalued all its land within Kigali City on 17 March 2008. The land was revalued using Kigali City Council tariff.

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19. INTANGIBLE ASSETS	2008 Frw'000	2007 Frw'000
Cost		
At 1 January	709,664	709,664
Additions	10,898	
Disposal, transfer or write off	<u>(34,186)</u>	<u>-</u>
At 31 December	<u>686,376</u>	<u>709,664</u>
Amortisation		
At 1 January	696,842	641,243
Reversal on disposal, transfer or write off	(34,186)	-
Charge for the year	<u>12,835</u>	<u>55,599</u>
At 31 December	<u>675,491</u>	<u>696,842</u>
Net book value		
At 31 December	<u>10,885</u>	<u>12,822</u>

The intangible assets represent computer software in use at the Bank.

20. CURRENCY IN CIRCULATION	2008 Frw'000	2007 Frw'000
Currency printed	177,980,255	154,623,755
Money in reserve	(45,946,632)	(63,305,114)
Cash held at the Bank	<u>(43,518,181)</u>	<u>(18,560,159)</u>
	<u>88,515,442</u>	<u>72,758,482</u>

Money in reserve represents currency printed but not yet issued into circulation. Cash held at the Bank represents notes and coins held by the Bank's principal cashier at the end of the financial year. These two elements have been netted off against the liability for notes and coins in circulation because they do not represent currency in circulation. The cash balance in the balance sheet relates to foreign currency cash balances held by the Bank at year-end.

21. GOVERNMENT DEPOSITS	2008 Frw'000	2007 Frw'000
Government account with the Bank	11,297,373	2,895,530
Special deposits	5,625,105	5,073,089
Letters of credit	2,729,955	1,050,084
Project and ministries' accounts	46,670,754	46,700,525
Local government	15,007,861	19,072,788
Public service enterprises	4,954,475	1,194,453
Public institutions	4,862,375	3,304,715
Foreign currency accounts	<u>110,836,052</u>	<u>62,473,222</u>
	<u>201,983,950</u>	<u>141,764,406</u>

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22. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS	2008 Frw '000	2007 Frw '000
Local currency deposits	17,779,006	13,521,444
Foreign currency deposits	8,773,191	8,605,026
Money market interventions	16,600,000	58,611,493
Interest payable	<u>5,987</u>	<u>162,626</u>
	<u>43,158,184</u>	<u>80,900,589</u>

The Bank in fulfilling its principal objectives, engages in issuing and buying Treasury bills for monetary policy purposes. The amount owed to third parties in relation to mop up operations (issue of Treasury bills) is disclosed as money market interventions.

23. AMOUNTS DUE TO THE INTERNATIONAL MONETARY FUND(IMF)	2008 Frw '000	2007 Frw '000
International Monetary Fund deposits	69,303,317	68,820,483
IMF Poverty Reduction Growth Facility loans	6,412,747	4,409,456
Special Drawing Rights allocation	11,848,833	11,766,282
Interest payable	<u>22,610</u>	<u>68,825</u>
	<u>87,587,507</u>	<u>85,065,046</u>

IMF balances are maintained in special drawing rights (SDRs) which are revalued daily with other foreign currency accounts. At the close of the period, they are shown in Rwandan Francs based on the average SDR rate applicable at the balance sheet date.

24. FOREIGN LIABILITIES	2008 Frw '000	2007 Frw '000
National Bank of Belgium current account	93,648	13,459,280
Public deposits in local currency	133,418	160,294
Public deposits in foreign currencies	<u>1,113,226</u>	<u>718,821</u>
	<u>1,340,292</u>	<u>14,338,395</u>
25. OTHER LIABILITIES		
Staff costs payable	214,490	219,083
Non statutory accounts in Rwandan Francs	2,067,790	985,209
Non statutory accounts in foreign currencies	740,281	344,166
Other payables (see note below)	3,194,563	3,000,326
Provisions for contingencies	58,479	62,755
Staff leaves payable	196,109	188,327
Deferred income	<u>55,476</u>	<u>4,769</u>
	<u>6,527,188</u>	<u>4,804,635</u>

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Other payables	2008 Frw '000	2007 Frw '000
Supplier's accounts	170,950	129,335
Accruals accounts	778,376	917,490
Other payments	<u>2,245,237</u>	<u>1,953,501</u>
	<u>3,194,563</u>	<u>3,000,326</u>

26. SHARE CAPITAL

Authorised, issued and fully paid	<u>7,000,000</u>	<u>2,000,000</u>
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The Bank's share capital is fixed by Article 2 of Law No. 55/2007 of 30 November 2007 governing the National Bank of Rwanda at seven billion Rwandan Francs. It is entirely subscribed by the Rwandan Government and the shares do not have a par value.

On 28th June 2008, in order to conform to law 55/2007, the board of directors approved an increase in share capital to Frw 7 billion. This was transferred from the general reserves.

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27. GENERAL RESERVE FUND

In accordance with Article 66 of Law No. 55/2007 of 30 November 2007, National Bank of Rwanda's annual net profit is appropriated at 20% to the General Reserve Fund.

28. OTHER RESERVES	Land revaluation reserves	Staff welfare fund	Unrealised gain	Foreign currency revaluation reserves	Total
	Frw'000	Frw '000	Frw '000	Frw '000	Frw '000
At 1 January 2008	-	2,955,801	17,885	-	2,973,686
Revaluation	1,475,545	-	-	-	1,475,545
Reserve allocation	-	220,390	-	2,949,388	3,169,778
Gain on revaluation of foreign assets	-	-	<u>1,802,915</u>	-	<u>1,802,915</u>
At 31 December 2008	<u>1,475,545</u>	<u>3,176,191</u>	<u>1,820,800</u>	<u>2,949,388</u>	<u>9,421,924</u>

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29. DIVIDEND

	2008 Frw '000	2007 Frw '000
Balance at beginning of the year	4,864,415	1,987,038
Dividends proposed for the year	1,248,885	4,864,415
Dividends paid in the year	<u>(4,864,415)</u>	<u>(1,987,038)</u>
	<u>1,248,885</u>	<u>4,864,415</u>

30. CASHFLOWS FROM OPERATING ACTIVITIES

Net profit for the year	4,785,983	7,153,551
Adjustments for:		
Depreciation	569,635	513,916
Amortisation of software	12,836	55,599
Depreciation of investment property	31,349	31,349
Amortisation of deferred costs	992,804	859,945
Profit on local investment	(219,374)	-
Write back of deferred costs	-	(131,348)
Gain on sale of property and equipment	(315,166)	(16,469)
Foreign exchange revaluation (gain)/ losses	(2,949,388)	693,443
Write back of currency reserves	<u>1,802,915</u>	<u>22,050</u>
Operating profit before working capital changes	<u>4,711,592</u>	9,182,036
International Monetary Fund (IMF) Quota	(482,755)	(2,749,893)
Amounts Due from Government of Rwanda	1,528,910	527,613
Loans and advances to banks and other financial institutions	(303,281)	(1,069,077)
Staff loans	(228,729)	(358,081)
Other assets	562,618	31,499
Government deposits	60,219,544	22,043,784
Amounts due to banks and other financial institutions	(37,742,405)	17,303,505
Foreign liabilities	(12,998,102)	481,712
Due to IMF	2,522,461	5,267,389
Other liabilities	<u>1,722,552</u>	<u>(1,643,272)</u>
Net cash from operating activities	<u>19,512,407</u>	<u>49,017,215</u>

31. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following balance sheet balances :

	2008 Frw '000	2007 Frw '000
Cash balances	662,091	586,156
Foreign assets	<u>333,892,453</u>	<u>300,906,519</u>
	<u>334,554,544</u>	<u>301,492,675</u>

32. RELATED PARTY TRANSACTIONS

In the course of its operations, the Bank enters into transactions with related parties. Related parties include the Government of Rwanda, as the sole shareholder of the Bank. Unless otherwise stated, all transactions between these entities take place at arm's length and with reference to market rates.

a) Transaction with the Government of Rwanda

Transactions entered into with the Government include:

- (a) Banking services;
- (b) Management of issue and redemption of securities at no commission and ;
- (c) Foreign currency denominated debt settlement and other remittances at a fee.

The Bank charges a fee of FRW 1000 for maintaining the Government accounts. Further, Government accounts do not generate interest income. However, the Bank earns commissions on all foreign currency transactions carried out on behalf of the Government.

As at the close of business on 31 December, the following balances, which are included in various balance sheet categories, were outstanding :

	2008 Frw '000	2007 Frw '000
Due from Government of Rwanda (Note 11)	39,737,444	41,266,354
International Monetary Fund deposits (Note 23)	69,303,317	68,820,483
IMF Structural loans (Note 23)	6,412,747	4,409,456
Government of Rwanda deposits (Note 21)	<u>201,983,950</u>	<u>141,764,406</u>

b) Staff loans

The Bank extends loan facilities to members of staff including the senior management. Staff loan assets (Note 13) include advances to employees, which as at 31 December 2008 amounted to Frw 3,687 million (2007: Frw 3,422million). The advances are at preferential rates of interest determined by the Bank.

	2008 Frw '000	2007 Frw '000
c) Loans to directors		
At 1 January	89,755	112,971
Loan during the period	10,500	-
Loan repayments	<u>(28,106)</u>	<u>(23,216)</u>
At 31 December	<u>72,149</u>	<u>89,755</u>
d) Directors emoluments		
Fees	<u>11,250</u>	<u>12,857</u>

33. GOVERNMENT GRANTS AND GOVERNMENT ASSISTANCE

(a)	GOVERNMENT GRANT	Machinery	Computer equipment	Furniture and fittings	Total
		Frw '000	Frw '000	Frw '000	Frw'000
	At 01 January 2008	--	1,506	3,263	4,769
	Received during the year	34,038	26,600	-	60,638
	Recognised during the year	<u>(3,404)</u>	<u>(6,165)</u>	<u>(362)</u>	<u>(9,931)</u>
	Balance at end of year	<u>30,634</u>	<u>21,941</u>	<u>2,901</u>	<u>55,476</u>

Government grant relates to assets that belonged to the National Insurance Commission which were given to the Bank when activities of the Commission were transferred to the National Bank of Rwanda.

(b) REVENUE GRANT FROM THE GOVERNMENT OF RWANDA

The Government refunds interest on money market intervention paid by the Bank as part of its principal mission of stabilizing the value of the Rwandan currency. These refunds amounted to Frw 1,594 million as at 31 December 2008 (2007: Frw 2,884 million). In addition, there was an amount of Frw 7 million relating to the registration of the Government securities in the Capital Market Advisor Council (CMAC).

(c) OTHER FORMS OF GOVERNMENT ASSISTANCE

The Bank receives other different forms of assistance from the Government. The assistance is in form of land where the head office is built and others that cannot reasonably have a value placed upon them while other transactions with government which cannot be distinguished from the normal trading transactions of the entity, such as procurement through the National Tender Board, protection of its assets by National Police, refunds for money market intervention and monetary policy measures among others.

34. RISK MANAGEMENT POLICIES

Like other similar banks, National Bank of Rwanda is exposed to various risks relating to its activities: credit risks, operational risks, and liquidity, currency and interest rate risks. The Bank's primary risk management objective is to ensure the safeguard of its assets. The Bank has put in place the following measures to mitigate on different risks that it faces :

Operational Risk

- Preparation and adherence to procedure manuals for all activities of the Bank;
- Timely posting of transactions and preparation of performance indicators, bank reconciliations (daily closure of books of accounts, weekly/monthly);
- Presence of Accounting Technical Committee and other committees;
- Strong internal audit department and internal control policies.

34. RISK MANAGEMENT POLICIES (Continued)

Currency risk

- Diversification of correspondent banks concerning current accounts and term placements in foreign currency. In this regard, a half of foreign assets are held in central banks of Organization for Economic Cooperation and Development (OECD) countries, with another half maintained in European reputable private banks with a good standing. The Bank also limits its placements to any single private bank at 10% of its total reserves, etc.
- The Bank requires a deposit of 100% of the total amount of letters of credit opened and/or confirmed,
- The Bank also requires guarantees (material or personal) in case of issue of loans and off balance sheet items.

Interest rate risk

- Non payment of interest on deposits (Government deposits and deposits from banks),
- The Bank does not have to borrow in local currency for its operating needs,
- The Bank has a level of internal borrowings,
- The Bank invests in short term instruments.

Interest rates risk on currencies lies from the fact that, on one hand interest rates on short-term placements (generally for 1 to 3 months) can diminish and create a loss and on the other hand, interest on liabilities can increase.

Liquidity risk

- There is no need of liquidity in local currency,
- Long position in case of foreign currency ,
- The Bank invests in short term financial instruments.

The Bank is exposed to liquidity risks when assets with a given maturity cannot cover liabilities.

Foreign exchange risk

- Actual position : long foreign exchange position especially for the United States of America dollars (US\$) for which the exchange rate is relatively stable in comparison to other foreign currencies and hence limiting exchange positions for other currencies.
- The Bank put in place a foreign reserve management committee .

Generally, the bank manages risks through prudent management of its assets and liabilities.

The bank's assets are maintained in US\$ given that most transactions with correspondent banks are carried out in this currency. The Bank manages country exchange reserves and places deposits in AAA sovereign assets and supranational organisations.

Structurally, the Bank's exchange positions by currency are long except for transferable positions in Special Drawing Right and in Rwandan Francs that are short. Thus, when exchange rates vary upward, the Bank makes a gain. On the other hand, if there is variation of exchange rates downward, the bank makes a loss.

34. RISK MANAGEMENT POLICIES (Continued)

Concerning risks on assets and liabilities in Rwandan Francs, the existing legal provisions covers the Bank against all risks relating to interest rates. Article 50 of the Bank's charter provides that "credit balances in the accounts opened at the National Bank do not generate interest". However, Article 49 of the Bank's charter provides that the Bank shall levy on debit balances interest computed at the daily average of inter-bank interest rate.

When commercial banks excess liquidity, the Bank continues its market intervention policy of short term interest earning deposits (mop up deposits) to encourage the commercial banks to invest/deposit the excess funds at the Bank. This is aimed at bringing monetary stability in the economy.

Regarding risks on property and equipment, the Bank protects itself by obtaining insurance policies from insurance companies.

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35. LIQUIDITY RISK

The table below analyses assets and liabilities into relevant maturity groupings based on the remaining period as at 31 December 2008 to their contractual maturity dates.

	On demand	Due within	Due between	Due between	Due after	Total
ASSETS	Frw'000	3 months	4-12 months	1-5yrs	5 years	Frw'000
		Frw'000	Frw'000	Frw'000	Frw'000	
Cash balances	662,091	-	-	-	-	<u>662,091</u>
Foreign assets	90,979,395	182,768,974	950,729	59,193,356	-	<u>333,892,453</u>
International Monetary Fund Quota	-	-	-	-	69,291,925	<u>69,291,925</u>
Due from Government of Rwanda	-	385,834	-	1,543,338	37,808,272	<u>39,737,444</u>
Loans to commercial banks and other financial institutions	919,364	97,360	269,755	1,497,193	80,132	<u>2,863,804</u>
Staff loans	-	152,220	313,441	1,204,222	2,017,397	<u>3,687,280</u>
Other assets	-	338,018	330,639	221,758	-	<u>890,415</u>
Investment property	-	-	31,349	125,396	9,570	<u>166,315</u>
Property and equipment	-	-	445,105	2,978,486	124,849	<u>3,548,440</u>
Intangible assets	-	-	3,778	7,108	-	<u>10,886</u>
Investment in associate	-	-	-	-	219,374	<u>219,374</u>
Total assets	<u>92,560,850</u>	<u>183,742,406</u>	<u>2,344,796</u>	<u>66,770,857</u>	<u>109,551,519</u>	<u>454,970,428</u>
LIABILITIES						
Currency in circulation	88,515,442	-	-	-	-	<u>88,515,442</u>
Government deposits	197,869,870	4,114,080	-	-	-	<u>201,983,950</u>
Due to banks and other financial institutions	26,552,197	16,605,987	-	-	-	<u>43,158,184</u>
Amounts due to the International Monetary Fund	-	22,610	-	1,972,360	85,592,538	<u>87,587,508</u>
Foreign liabilities	1,246,644	-	-	-	93,648	<u>1,340,292</u>
Other liabilities	3,022,562	949,326	2,499,824	55,476	-	<u>6,527,188</u>
Equity	-	-	-	-	25,857,864	<u>25,857,864</u>
Total liabilities and equity	<u>317,206,715</u>	<u>21,692,003</u>	<u>2,499,824</u>	<u>2,027,836</u>	<u>111,544,050</u>	<u>454,970,428</u>
LIQUIDITY GAP 2008	<u>(224,645,865)</u>	<u>162,050,403</u>	<u>(100,028)</u>	<u>64,743,021</u>	<u>(1,992,531)</u>	<u>-</u>
AS AT 31 DECEMBER 2007						
Total assets	32,712,241	244,061,180	1,844,037	34,731,505	108,940,427	<u>422,289,390</u>
Total liabilities and equity	238,973,065	61,610,893	592,093	-	121,113,338	<u>422,289,390</u>

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36. CURRENCY RISK

The various currencies to which the Bank was exposed as at 31 December 2008 are summarised in the table below:-

	USD Frw'000	GBP Frw'000	EURO Frw'000	SDR Frw'000	OTHERS Frw'000	Total Frw'000
ASSETS						
Foreign assets	300,053,403	2,878,098	12,942,583	<u>17,678,019</u>	340,352	333,892,455
International Monetary Fund Quota	-	-	-	<u>69,291,925</u>	-	69,291,925
Cash balances	<u>410,492</u>	<u>2,197</u>	<u>244,304</u>	-	<u>5,096</u>	<u>662,089</u>
Total	<u>300,463,895</u>	<u>2,880,295</u>	<u>13,186,887</u>	<u>86,969,944</u>	<u>345,448</u>	<u>403,846,469</u>
LIABILITIES						
Due to International Monetary Fund	-	-	-	87,587,508	-	87,587,508
Liabilities to residents	110,662,017	771,122	8,898,871	-	17,516	120,349,526
Liabilities to non residents	407,853	-	798,922	99	133,417	1,340,2910
Other foreign liabilities	<u>22,459</u>	<u>73</u>	<u>25,372</u>	-	-	<u>47,904</u>
Total	<u>111,092,329</u>	<u>771,195</u>	<u>9,723,165</u>	<u>87,587,607</u>	<u>150,933</u>	<u>209,325,229</u>
NET BALANCE SHEET POSITION 2008	<u>189,371,566</u>	<u>2,109,100</u>	<u>3,463,722</u>	<u>(617,663)</u>	<u>194,515</u>	<u>194,521,240</u>
AS AT 31 DECEMBER 2007						
Total assets	262,439,274	3,153,534	22,552,318	81,967,262	189,456	370,301,845
Total liabilities	<u>61,729,777</u>	<u>1,866,245</u>	<u>21,990,100</u>	<u>85,065,145</u>	<u>176,326</u>	<u>170,827,594</u>
NET BALANCE SHEET POSITION 2007	<u>200,709,497</u>	<u>1,287,289</u>	<u>562,218</u>	<u>(3,097,883)</u>	<u>(13,130)</u>	<u>199,474,251</u>

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37. INTEREST RATE RISK

The following table shows the extent to which the Bank's interest rate exposures on assets and liabilities are matched. Items are allocated to time bands by reference to the earlier of the next contractual interest rate reprising date and maturity date.

	3 months or less Frw'000	4 to 12 months Frw'000	Over 1 year Frw'000	Non-interest bearing Frw'000	Total Frw'000
ASSETS					
Cash balances	-	-	-	662,091	662,091
Foreign assets	273,735,349	60,142,180	-	14,925	333,892,454
International Monetary Fund Quota	-	-	-	69,291,925	69,291,925
Due from Government of Rwanda	-	385,834	39,351,610	-	39,737,444
Loans to commercial banks and other financial institutions	97,360	269,755	1,577,325	919,364	2,863,804
Staff loans	82,833	210,084	3,221,610	172,743	3,687,280
Other assets	-	-	-	890,415	890,415
Investment property	-	-	-	166,315	166,315
Property and equipment	-	-	-	3,548,441	3,548,441
Intangible assets	-	-	-	10,885	10,885
Investment	-	-	-	219,374	219,374
TOTAL ASSETS	<u>273,915,542</u>	<u>61,007,853</u>	<u>44,150,554</u>	<u>75,896,478</u>	<u>454,970,428</u>
LIABILITIES					
Currency in circulation	-	-	-	88,515,442	88,515,442
Government deposits	-	-	-	201,983,950	201,983,950
Due to banks and other financial institutions	16,605,987	-	-	26,552,197	43,158,184
Amounts due to International Monetary Fund	22,610	-	18,261,580	69,303,317	87,587,508
Foreign liabilities	-	-	93,648	1,246,644	1,340,292
Other liabilities	-	-	-	6,527,188	6,527,188
Equity	-	-	-	25,857,864	25,857,864
Total liabilities	<u>16,628,597</u>	-	<u>18,355,229</u>	<u>419,986,602</u>	<u>454,970,428</u>
INTEREST SENSITIVITY GAP 2008	<u>257,286,945</u>	<u>61,007,853</u>	<u>25,795,326</u>	<u>(344,090,124)</u>	<u>-</u>
AS AT 31 DECEMBER 2007					
Total assets	265,561,675	37,705,993	44,244,958	74,776,764	422,289,390
Total liabilities and equity	<u>47,116,337</u>	<u>11,657,782</u>	<u>29,703,843</u>	<u>333,811,428</u>	<u>422,289,390</u>
INTEREST SENSITIVITY GAP 2007	<u>218,445,338</u>	<u>26,048,211</u>	<u>14,541,115</u>	<u>(259,034,664)</u>	<u>-</u>

38. CONTINGENT LIABILITIES AND COMMITMENTS

Contingencies:

The Bank is a party to legal proceedings with former employees. Having regards to the legal advice received, and in all circumstances, the management is of the opinion that these legal proceedings will not give rise to liabilities, which in aggregate, would otherwise have material effect on these financial statements.

Commitments:	2008 Frw '000	2007 Frw '000
Contracted for	<u>35,814,838</u>	<u>1,056,480</u>
Authorised but not contracted for	<u>123,258</u>	<u>3,280,577</u>

39. OFF BALANCE SHEET ITEMS

Currency printed and minted	177,980,254	154,630,411
Rwandan Government debts	67,840,363	83,887,066
Letters of credit opened	35,814,837	36,263,777
Other off balance sheets accounts	<u>652,006</u>	<u>4,535,881</u>

Balance as at 31 December	<u>282,287,460</u>	<u>279,317,135</u>
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The off balance sheet items mainly relate to currency printing, minting, Government internal debts follow-up and letters of credit for foreign payments generally opened by order of the Rwandan Government.

40. COMPARATIVES

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

41. INCORPORATION

The bank was incorporated in Rwanda in 1964 and is regulated by the Law No. 55/2007 of 30 November 2007.

42. CURRENCY

These financial statements are presented in Rwandan Francs (Frw) and are rounded to the nearest thousand (Frw'000).

STATISTICAL APPENDICES

MAJOR INDICATORS OF NATIONAL ECONOMY
Table 1

Description	2003	2004	2005	2006	2007	2008
Current GDP (in billions of Rwf)	955.2	1 137.9	1 327.1	1 583.0	1 866.1	2437.2
of which : primary sector, in % of GDP	38.7	39.5	39.6	42.0	35.6	37.4
Secondary sector, in % of GDP	12.5	13.0	13.2	12.6	14.2	14.1
Tertiary sector, in % of GDP	42.0	40.8	40.6	39.2	45.0	42.7
Constant GDP (in billions of Rwf,2001)	825.4	868.8	931.0	991.6	1 079.2	1200.4
Growth rate (in %)	0.3	5.3	7.1	5.5	8.8	11.2
of which : primary sector	-4.9	0.6	5.2	0.8	0.7	14.8
Secondary sector	4.0	11.3	5.9	9.3	14.1	8.9
Tertiary sector	4.5	7.9	9.1	8.1	15.8	6.2
Inflation rate	7.5	12.0	9.1	8.9	9.1	15.2
Current GDP per capita (In USD)	214.0	230.0	271.3	319.7	375.2	479.5
Growth rate (in %)	5.8	7.5	18.0	17.8	14.3	15.6
USES OF GDP(constant), in %	100.0	100.0	100.0	100.0	100.0	100.0
Private Consumption	77.4	77.9	78.0	83.6	80.7	79.5
Public Consumption	20.4	20.8	21.1	22.3	20.3	20.9
Gross Domestic Investment	14.1	14.9	15.6	16.1	14.6	15.1
Resource Balance	-12.0	-13.6	-14.7	-22.0	-15.7	-15.6
Balance of current payments (+net transferts), in % of GDP	-5.8	-1.9	-2.8	-8.5	-5.1	-9.5
Gross reserves, in number of months of imports of goods and non factor services(GNFS)	5.9	7.3	7.6	6.8	4.3	4.4
Tax revenues, in % of GDP	12.0	11.8	12.3	12.1	12.7	13.8
Budget deficit (cash basis), in % of GDP	-3.5	-1.7	-0.5	-0.6	-1.5	-0.3
External debt stock(millions of USD)	1 431.8	1 588.2	1 496.0	481.7	566.7	645.1
External debt Service in % of export earnings	64.4	42.3	40.4	23.9	7.1	5.6

Source: BNR, Statistics Department

GROSS DOMESTIC PRODUCT BY BRANCH OF ACTIVITY (Nominal)
Table 2

(In billions of Rwf, at current prices)

Description	2003	2004	2005	2006	2007	2008
Agriculture	367.3	441.7	515.7	654.6	664.5	911.8
Food crop	322.2	379.1	440.7	558.7	573.6	801.7
Export crops	6.8	12.0	16.3	22.5	14.8	20.0
Livestock	21.0	24.3	25.7	28.5	30.0	35.5
Fisheries	13.4	21.8	27.7	38.9	39.4	46.7
Forestry	3.9	4.5	5.2	6.0	6.7	7.9
Industry	122.1	155.9	185.3	210.5	264.2	344.0
Mining and Quarrying	2.6	8.1	9.9	10.8	20.7	23.4
Manufactured goods	61.4	71.7	82.0	94.3	102.2	109.6
of which: Foodstuffs, beverages and tobacco	36.7	44.2	51.8	57.9	63.2	65.0
Others	24.6	27.5	30.2	36.4	39.0	44.5
Electricity, Gas, and Water	2.9	2.4	6.6	9.4	12.7	17.0
Construction	55.2	73.7	86.7	95.9	128.5	194.1
Services	401.5	464.3	539.0	621.1	838.9	1 041.6
Wholesale and retail trade, Restaurants and hotels	99.6	119.1	142.5	156.9	198.8	254.4
Transport, storage and communication	52.5	61.2	71.1	84.5	112.5	153.1
Finance, Insurance, Real Estate, Business services	123.0	141.0	161.3	189.3	271.4	349.7
Public Administration	65.2	71.6	79.2	93.3	104.8	112.4
Education	34.9	41.9	53.3	62.4	108.1	119.3
health	18.3	20.1	19.5	20.3	24.6	31.9
Others services	8.2	9.3	12.1	14.4	18.8	21.0
Less: Bank service charges	-15.4	-20.4	-24.6	-32.3	-43.2	-55.9
Plus: VAT and Other taxes on products	79.6	96.5	111.8	129.1	141.8	195.7
GROSS DOMESTIC PRODUCT	955.2	1 137.9	1 327.1	1 583.0	1 866.1	2 437.2

Source: INSR; BNR

GROSS DOMESTIC PRODUCT BY BRANCH OF ACTIVITY (Real)
Table 3

(In billions of Rwf, at constant prices)

Description	2003	2004	2005	2006	2007	2008
Agriculture	303.47	303.80	318.48	321.98	324.24	372.2
Food crop	263.83	259.16	275.67	275.72	280.70	326.7
Export crops	7.11	11.24	8.51	11.05	7.39	8.4
Livestock	18.58	19.08	19.60	20.13	20.68	21.2
Forestry	10.96	11.24	11.53	11.83	12.14	12.5
Fisheries	3.00	3.08	3.16	3.24	3.33	3.4
Industry	113.72	127.85	136.62	147.77	168.58	183.6
Mining and Quarrying	3.38	5.04	6.56	5.64	7.75	6.6
Manufactured goods	56.40	60.01	62.10	70.26	73.00	70.0
of which: Foodstuffs,beverages and tobacco	32.75	35.94	38.43	40.99	42.47	39.6
Others	23.65	24.08	23.67	29.27	30.53	30.4
Electricity, Gas, and Water	4.16	3.49	4.09	4.68	5.43	6.4
Construction	49.78	59.30	63.87	67.20	82.40	103.8
Services	360.91	389.30	424.61	459.00	531.39	573.2
Wholesale and Retail trade,Restaurants and Hotels	85.83	92.22	100.82	106.49	129.84	144.4
Transport, Storage and Communication	47.50	53.06	58.69	63.10	80.90	92.4
Finance, Insurance,Real estate and Business services	109.99	117.49	128.06	140.87	160.41	179.1
Public Administration	60.21	61.53	64.05	71.05	75.04	69.7
Education	33.40	39.59	46.53	49.24	52.85	51.4
health	16.12	17.15	16.31	16.76	17.83	21.2
Others services	7.85	8.26	10.15	11.49	14.51	15.1
Less: Bank service charges	-13.92	-16.54	-18.28	-21.99	-27.00	-30.2
Plus: VAT and Other taxes on products	61.20	64.42	68.99	74.38	82.02	98.1
GROSS DOMESTIC PRODUCT	825.4	868.8	930.4	981.1	1 079.2	1 200.4

Source : MINECOFIN, INSR

Table 4

USES AND RESOURCES OF GDP (nominal)
(in billions of Rwf)

	2003	2004	2005	2006	2007	2008
Gross Domestic Product	955.16	1 137.91	1 331.60	1 582.96	1 838.90	2 437.20
Final Consumption Expenditure	981.71	1 152.31	1 348.19	1 640.01	1 884.25	2 484.67
Public Administration	181.87	206.38	238.60	284.34	340.98	437.10
Private (including change of stocks)	799.84	945.94	1109.59	1355.66	1543.27	2 047.57
Gross Domestic Investment	133.10	170.96	209.10	233.51	265.61	362.91
Gross Fixed capital formation	133.10	170.96	209.10	233.51	265.61	362.91
Construction	91.22	123.85	146.34	162.36	187.31	254.44
Equipment (durable goods)	41.88	47.11	62.76	71.15	78.30	108.47
Resource Balance	-159.65	-185.36	-225.69	-290.56	-310.96	-410.38
Exports (gnfs)	75.05	115.33	136.33	150.03	162.67	215.44
Goods (fob)	33.91	56.34	69.63	79.50	87.16	115.58
Non factor Services	41.13	58.99	66.70	70.53	75.51	99.86
Imports (gnfs)	234.70	300.70	362.02	440.59	473.63	625.81
goods (fob)	125.11	162.90	202.51	243.65	259.44	352.71
Non factor Services	109.6	137.8	159.5	196.9	214.2	273.1

USES AND RESOURCES OF GDP (real)
(In billions of Rwf constant prices, 2001)

	2003	2004	2005	2006	2007	2008Est.
Gross Domestic Product	825.37	868.82	930.95	981.13	1 079.00	1 200.4
					0.62	
Final Consumption Expenditure	807.81	857.61	922.33	1 039.06	1 050.99	1 169.3
Public Administration	168.68	180.66	196.44	218.74	211.58	198.78
Private (including change of stocks)	639.13	676.95	725.89	820.33	839.41	970.52
					0.54	
Gross Domestic Investment	116.43	129.21	145.27	157.91	151.57	212.50
Gross Fixed capital formation	116.43	129.21	145.27	157.91	151.57	212.50
Construction	82.25	99.61	107.81	113.71	110.35	148.98
Equipment (durable goods)	34.17	29.59	37.46	44.20	41.21	63.52
Resource Balance	-98.86	-117.99	-136.65	-215.85	-162.76	-181.30
Exports (gnfs)	71.60	89.47	95.41	92.81	95.16	105.70
Goods (fob)	34.32	41.71	45.93	44.76	50.44	56.71
Non factor Services	37.28	47.76	49.48	48.05	44.71	48.99
Imports (gnfs)	170.46	207.46	232.06	308.66	257.92	287.00
goods (fob)	90.86	112.39	129.81	170.69	141.41	161.76
Non factor Services	79.60	95.07	102.25	137.96	116.51	125.24

Source : MINECOFIN, INSR

Table. 5

Monthly Evolution of Consumer Price Index
(for the general index and the divisions index)
2003 = 100

Divisions	Weights	2007												2008												
		Dec.06	Jan.07	Febr.07	Mar.07	Apr.07	May.07	June07	July07	Aug.07	Sept.07	Oct.07	Nov.07	Dec.07	Jan.08	Febr.08	Mar.08	Apr.08	May.08	June.08	July08	Aug.08	sept-08	oct-08	nov-08	Dec.08
01. Food and non-alcoholic beverages	3 709	151.4	155.1	158.7	159.6	157.5	150.9	148.8	150.6	155.2	157.9	157.9	157.7	152.8	156.1	159.4	162.3	166.9	168.7	177.7	185.2	191.0	195.5	201.1	203.3	200.0
- Bread and cereals	625	153.7	154.7	155.4	155.3	154.2	151.1	147.9	146.0	148.0	149.7	150.0	154.4	155.3	162.2	164.8	164.3	171.0	175.0	187.1	192.4	197.8	202.5	214.6	219.7	223.2
- Meat	345	120.6	125.6	120.4	119.7	119.2	118.4	119.5	119.8	121.3	120.9	121.9	123.4	125.1	128.2	131.6	134.6	141.7	149.5	153.7	157.1	162.3	171.1	179.0	183.8	190.0
- Fish	114	142.3	141.3	143.9	154.0	155.2	154.0	153.7	154.7	151.2	150.3	159.4	157.0	151.8	149.8	156.0	168.0	184.5	185.3	192.7	217.9	212.3	203.0	210.4	207.6	207.0
- Vegetables	1 332	167.8	176.5	187.2	188.5	185.4	168.4	164.3	169.4	178.7	182.3	181.5	179.4	162.7	164.2	165.9	167.1	161.8	161.8	176.9	185.3	192.9	196.3	202.6	205.3	191.7
- Non-alcoholic beverages	180	124.9	124.6	129.8	129.0	131.1	131.0	131.9	131.7	132.6	132.8	132.5	132.7	133.2	137.6	138.1	136.9	137.3	140.5	140.5	145.9	153.9	159.2	159.0	159.5	160.4
02. Alcoholic beverages and tobacco	221	117.6	119.3	131.7	127.6	126.8	127.8	127.9	129.0	128.3	127.7	129.2	128.5	128.0	129.4	134.6	142.6	144.2	144.6	145.2	145.9	165.8	168.5	171.6	173.1	173.4
03. Clothing and footwear	500	105.6	105.8	106.5	104.2	104.2	103.8	104.6	108.5	109.8	108.5	109.2	108.4	108.5	108.7	110.6	111.0	110.2	110.1	112.1	112.2	111.3	112.9	113.2	112.7	113.8
04. Housing, water, electricity, gas and other fuels	1 579	161.5	168.0	167.8	189.6	187.9	191.7	191.3	192.5	192.2	192.6	192.0	193.0	192.4	192.9	195.1	216.5	230.8	219.9	214.5	222.7	232.7	232.5	233.2	236.9	233.6
05. Furnishing, household equipment and routine household maintenance	764	117.2	117.3	118.4	117.3	118.0	119.1	118.9	119.7	119.9	119.7	120.5	120.8	121.1	121.4	124.6	133.9	140.1	141.7	142.1	143.1	145.7	147.7	149.9	149.8	150.7
06. Health	708	109.8	113.9	120.2	119.4	122.7	122.5	122.2	123.0	122.1	122.5	122.7	123.9	124.0	124.6	125.5	124.8	126.1	128.9	133.1	136.3	138.2	138.2	140.2	138.9	139.3
07. Transport	987	122.0	122.5	122.7	123.0	123.2	123.4	123.5	123.6	123.6	123.6	124.4	125.3	130.7	136.8	142.9	143.9	144.7	146.6	149.7	159.1	159.6	160.1	153.0	148.2	146.7
08. Communication	37	135.9	135.0	135.3	135.3	135.3	135.3	135.3	135.3	135.3	135.3	136.2	140.2	141.6	141.6	121.4	121.4	121.4	120.5	120.4	120.4	120.4	120.4	120.4	119.5	120.1
09. Recreation and culture	206	113.4	113.6	112.7	113.4	108.5	107.0	107.6	107.7	106.6	107.4	108.0	108.4	108.6	107.9	107.9	107.9	108.1	108.3	108.4	108.7	109.1	110.3	111.5	111.3	111.3
10. Education	432	139.5	139.5	156.1	156.1	156.5	155.8	155.9	156.1	156.1	156.1	156.1	156.1	153.4	175.3	175.8	175.8	176.5	175.7	175.4	175.1	175.1	175.1	175.2	175.2	175.2
11. Restaurants and hotels	273	125.6	128.9	135.2	135.8	144.5	148.0	148.6	142.1	142.1	144.6	142.8	139.0	139.1	139.9	145.6	146.0	149.0	154.4	159.2	164.9	165.7	167.8	169.4	173.8	174.0
12. Miscellaneous goods and services	584	109.7	109.4	108.8	109.3	111.1	106.4	107.9	109.9	110.2	110.9	111.2	111.3	112.4	113.4	114.6	116.4	116.3	117.8	118.5	119.7	118.8	120.0	123.2	121.3	121.3
GENERAL INDEX	10 000	137.0	140.0	142.9	146.4	145.9	143.9	143.2	144.3	146.0	147.1	147.2	147.4	146.0	149.0	151.9	157.4	162.1	161.8	165.2	170.7	175.2	177.3	179.5	180.3	178.6
Monthly changes		0.9	2.2	2.1	2.5	-0.3	-1.4	-0.5	0.8	1.2	0.7	0.1	0.1	-0.9	2.1	1.9	3.7	3.0	-0.2	2.1	3.3	2.6	1.2	1.2	0.5	-0.9
Changes over 12 months		12.1	12.6	10.9	12.0	10.1	8.8	7.3	8.2	8.4	8.0	7.9	8.6	6.6	6.5	6.3	7.5	11.1	12.4	15.4	18.3	20.0	20.5	21.9	22.3	22.3

Source : BNR, Statistics Department

Monthly Evolution of Producer Price Index
Fourth quarter 2003 = 100

Table 5(suite)

ISIC. Rev.3	Group of Activity	Weights	2008											
			Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.
1511-1600	Food Products, Beverages and Tobacco	456	126.1	127.2	127.3	129.9	132.0	133.7	150.7	152.5	152.7	152.8	153.5	152.8
1511-1542	Food Products	129	153.3	157.1	157.3	168.2	169.5	175.3	179.7	185.8	186.5	186.9	189.4	187.0
1511	Production, processing and preserving of meat and meat products	3	175.7	175.7	175.7	175.8	175.8	175.8	188.5	188.5	188.5	220.9	220.9	220.9
1513	Processing and preserving of fruits and vegetables	8	145.7	145.7	145.7	145.7	145.7	145.7	145.7	151.2	151.2	156.7	156.7	156.9
1520	Manufacture of dairy products	32	155.7	155.7	155.7	155.7	155.7	155.7	172.6	202.7	202.7	198.0	198.0	198.0
1531-1533	Manufacture of grain mill and animal feeds products	27	155.7	156.4	156.8	159.1	160.5	160.8	166.5	164.0	170.3	171.3	186.1	185.9
1541	Manufacture of bakery products, pastry, biscuits	13	186.4	186.3	186.3	189.6	198.6	199.2	199.9	200.6	200.6	203.9	203.9	203.9
1542	Manufacture of sugar	45	140.3	150.8	151.1	179.9	179.9	196.2	192.4	188.7	187.2	186.7	184.9	178.2
1552-1600	Beverages and Tobacco	327	115.4	115.4	115.4	114.6	117.2	117.2	139.2	139.3	139.3	139.3	139.3	139.3
1552-1600	Manufacture of beer, soft drinks and tobacco	327	115.4	115.4	115.4	114.6	117.2	117.2	139.2	139.3	139.3	139.3	139.3	139.3
1711-3610	Others than Food, Beverages and Tobacco	544	141.6	143.2	144.1	147.8	148.4	157.5	161.8	162.3	162.3	180.8	163.1	163.0
1711-1920	Manufacture of textiles, wearing apparel, tanning and dressing of leather	47	137.4	137.9	138.1	138.1	144.3	145.4	145.6	146.1	147.2	146.6	146.4	146.7
2029-2221	Manufacture of paper and paper products, publishing of books, newspapers	40	121.7	122.4	122.6	124.4	124.3	123.7	123.7	123.3	122.6	367.3	123.5	126.4
2422-2429	Manufacture of chemical products	172	136.1	138.2	138.2	137.4	137.7	138.5	138.7	138.7	138.7	139.0	139.0	138.6
2511-2520	Manufacture of plastic products, tubes, retreading and rebuilding of rubber tyres	45	139.8	142.8	142.8	148.5	148.5	148.5	169.5	169.5	169.5	169.5	169.5	169.5
2693-2695	Manufacture of ceramic products, cement, lime and articles of concrete	126	140.8	140.8	141.7	142.6	142.6	180.7	180.7	182.4	182.4	182.2	182.4	182.4
2811-2899	Manufacture of fabricated metal products	70	171.3	176.0	181.4	204.7	204.7	204.4	218.5	218.5	218.5	218.5	218.5	218.5
3610	Manufacture of furniture	43	142.3	142.4	142.4	144.3	144.3	144.4	152.2	152.8	152.8	156.9	161.4	159.4

1511 - 3610	PPI for Mainly Local Sold products	1000	134.5	135.9	136.5	139.6	141.0	146.7	156.7	157.8	157.9	168.0	158.7	158.4
	Monthly Change		3.7	1.0	0.4	2.3	1.0	4.0	6.9	0.7	0.1	6.4	-5.5	-0.2
	Change over 12 Months		6.3	7.6	7.9	10.2	11.2	15.8	22.9	23.8	23.4	30.3	22.0	21.8

		Weights	Jan.08	Feb.08	Mar.08	Apr.08	May.08	Jun.08	Jul.08	Aug.08	Sept.08	Oct. 08	Nov. 08	Dec. 08
1549	Manufacture of other food products n.c.e	978	160.4	165.2	164.8	168.8	173.3	172.2	173.9	178.4	183.6	174.3	155.4	162.7
1549	Production of tea	585	123.5	131.5	126.3	130.6	135.4	133.4	135.1	141.9	150.7	136.8	113.3	125.5
1549	Production of coffee	392	215.4	215.5	222.2	225.8	229.6	230.2	231.6	232.8	232.8	230.1	218.2	218.2
2421	Manufacture of pesticides and other agro-chemical products	22	240.5	173.4	240.5	173.4	196.9	210.9	210.9	210.9	210.9	210.9	306.6	306.6
2421	Production of pyrethrum	22	240.5	173.4	240.5	173.4	196.9	210.9	210.9	210.9	210.9	210.9	306.6	306.6

1549 - 2421	PPI for Mainly Export Products	1000	162.2	165.4	166.5	168.9	173.8	173.1	174.7	179.1	184.2	175.1	158.8	165.9
	Monthly Change		5.9	2.0	-0.2	2.4	2.9	-0.4	0.9	2.5	2.9	-5.0	-9.3	4.5
	Change over 12 Months		7.6	14.1	15.7	18.1	28.0	25.3	16.2	19.4	19.2	-5.0	-9.3	4.5

Source : BNR, Statistics Department

CONSOLIDATED FINANCIAL OPERATIONS OF THE CENTRAL GOVERNMENT
(In billions of Rwf)

Table 6

Description	2003	2004	2005	2006	2007	2008*
TOTAL REVENUES AND GRANTS	195.1	272.5	344.8	374.7	472.5	660.8
Total Revenue	122.0	147.0	180.3	205.6	252.1	381.0
Current Revenue	122.0	147.0	180.3	205.6	252.1	381.0
Tax Revenue	114.3	134.6	162.6	191.1	237.8	328.7
Direct Taxes	34.7	37.5	50.8	65.2	85.8	123.1
Income Tax	34.0	36.8	50.1	64.5	85.8	123.1
Property Tax	0.7	0.7	0.7	0.7	0.0	0.0
Indirect Taxes	79.6	97.1	111.8	125.8	152.0	205.6
Taxes on Goods and Services	57.5	71.5	82.8	95.5	121.0	161.7
Taxes on international trade	22.1	25.6	29.0	30.3	31.0	43.9
Non tax revenues	7.7	12.4	17.7	14.6	14.3	52.3
Capital revenues	0.0	0.0	0.0	0.0	0.0	0.0
Grants	73.1	125.5	164.5	169.1	220.4	279.8
Current Grants	51.0	90.7	110.9	73.2	132.4	185.7
Capital Grants	22.1	34.8	53.6	95.9	88.0	94.1
TOTAL EXPENDITURE	216.2	274.9	340.7	383.7	491.4	649.7
Current expenditure	161.1	163.8	214.9	255.4	313.2	368.5
Wages and Salaries	44.0	48.6	51.2	62.2	73.8	84.2
Civilians	28.3	33.2	34.7	41.2	52.5	61.0
Military	15.7	15.4	16.5	21.0	21.3	23.2
Purchase of goods and services	45.7	47.6	64.4	80.7	78.0	80.3
Civilians	37.1	39.2	55.8	71.6	67.5	66.9
Military	8.6	8.4	8.6	9.1	10.5	13.4
Interests payment on public debt	9.0	11.9	10.3	7.1	10.9	12.6
On domestic debt	3.2	4.4	4.2	4.2	8.7	8.9
On external debt	5.8	7.5	6.1	2.9	2.2	3.8
Transfers & Grants	22.2	37.5	53.6	71.9	103.6	130.4
Exceptional expenditure	40.2	18.3	35.4	33.5	46.9	60.9
Capital Expenditure	51.1	89.5	121.4	118.7	186.3	267.8
Financed by domestic resources	13.2	27.2	34.7	35.7	63.8	119.2
Financed by foreign resources	37.9	62.3	86.7	83.0	122.5	148.5
Net Lending	4.0	21.6	4.4	9.6	-8.1	13.5
Current Deficit(payment order basis)	-39.1	-16.8	-34.6	-49.8	-61.1	12.5
OVERALL DEFICIT (payment order basis)						
Excluding Grants	-94.2	-127.9	-160.4	-178.1	-239.3	-268.8
Including Grants	-21.1	-2.4	4.0	-9.0	-18.9	11.0
Change in arrears	-13.1	-17.1	-10.7	-7.5	-8.2	-8.0
Domestic arrears	-1.0	-17.1	-7.0	-7.5	-8.2	-8.0
Foreign arrears	-12.1	0.0	-3.7	0.0	0.0	0.0
DEFICIT/SURPLUS (Cash basis)	-34.2	-19.5	-6.7	-16.6	-27.1	3.0
FINANCING	26.1	23.9	1.8	23.7	14.4	-3.0
External Financing	20.9	48.1	34.3	34.9	32.1	56.4
Net loans	20.9	48.1	34.3	34.9	32.1	56.4
Domestic Financing (excluding Adjustments)	5.2	-24.2	-32.5	-11.2	-17.7	-82.1
Banks	5.2	-30.1	-32.5	-11.2	-5.4	-66.4
Non banks	0.0	5.9	0.0	0.0	-12.3	-15.7
Adjustments (Projects accounts and OTR account build up incl. of soldiers' share of PKO receipts)					12.8	22.7

* : Provisional

Source: MINECOFIN

BNR BALANCE SHEET

(In millions of Rwf)

Table 7

ASSETS																	
Description	FOREIGN ASSETS								CLAIMS ON GOVT	CLAIMS ON PUBL. ENTERP	CLAIMS ON PRIVATE SECTOR	CLAIMS ON BANKS DEPOSITS	LOANS MONEY MARKET	CLAIMS ON OFIs	UNCLASSIFIED ASSETS	TOTAL ASSETS	
	CORRES-PONDENTS	FOREIGN BANKNOTES.	ASSETS IN SDR	RESERVE STAND AT IMF	INVESTMENTS	COVERS TO RECEIVE	FORG. BANKS. OVERDR.	TOTAL FORG ASSETS									
2005	101 291.42	720.5	14 345.6	0.0	107 875.47	0.3	439.8	224 673.0	42 125.7	61.2	2 943.6	1 379.8	0.0	424.0	76 347.9	347 955.2	
2006	74 041.52	1 381.2	12 525.9	0.0	153 216.89	49.3	0.0	241 214.7	41 792.9	24.4	3 231.9	1 189.3	0.0	278.0	79 988.8	367 720.0	
2007	26 325.21	533.6	13 081.5	0.0	260 884.88	0.4	0.0	300 825.5	41 196.8	13.2	3 665.4	1 298.9	0.0	1 167.4	83 768.5	431 935.6	
2008	105 754.4	644.7	17 650.9	0.0	209 302.1	0.2	0.0	333 352.3	39 737.4	1.2	4 312.3	1 495.6	0.0	1 010.7	84 865.0	464 774.5	
2007																	
January	69 536.3	1 006.0	12 446.8	0.0	153 641.2	49.5	0.0	236 679.9	41 792.9	23.4	3 224.3	1 167.0	0.0	267.4	79 800.0	362 954.9	
February	75 636.7	804.0	12 536.4	0.0	144 361.7	1.2	0.0	233 340.0	44 056.1	23.4	3 325.0	1 150.8	0.0	253.0	81 109.0	363 257.3	
March	73 958.4	892.8	12 572.5	0.0	136 307.2	81.1	0.0	223 812.0	43 115.0	23.3	3 320.5	1 520.8	0.0	373.0	82 905.3	355 069.9	
April	60 061.0	340.4	12 667.7	0.0	145 443.3	1.6	0.0	218 514.0	47 853.2	21.3	3 327.5	1 563.0	0.0	422.6	84 300.6	356 002.2	
May	65 541.8	737.6	12 586.8	0.0	164 675.6	0.8	0.0	243 542.5	41 207.7	20.3	3 368.1	1 421.5	0.0	859.5	85 002.1	375 421.6	
June	62 521.8	826.2	12 618.4	0.0	229 743.4	1.9	0.0	305 711.6	41 207.7	19.2	3 386.0	1 721.4	0.0	498.9	85 585.4	438 130.2	
July	45 544.0	419.8	12 783.2	0.0	240 990.8	1.0	0.7	299 739.5	41 207.7	18.2	3 489.2	1 697.0	0.0	321.1	87 217.0	433 689.6	
August	26 920.6	1 567.0	12 768.1	0.0	250 461.6	58.4	0.0	291 775.7	41 208.8	17.2	3 557.0	1 639.0	0.0	1 509.5	87 792.3	427 499.4	
September	30 782.9	1 063.9	12 939.2	0.0	234 455.1	1.0	0.0	279 242.1	41 208.8	16.2	3 621.0	1 442.0	0.0	1 261.8	89 725.0	416 516.8	
October	34 713.2	605.2	13 038.7	0.0	219 968.1	39.3	0.0	268 364.5	41 208.8	15.2	3 662.1	1 357.3	0.0	1 200.9	97 175.1	412 983.9	
November	22 625.2	523.9	13 211.8	0.0	243 127.6	288.1	0.0	279 776.6	47 496.6	14.2	3 682.2	1 269.8	0.0	1 324.9	94 965.7	428 530.0	
December	26 325.2	533.6	13 081.5	0.0	260 884.9	0.4	0.0	300 825.5	41 196.8	13.2	3 665.4	1 298.9	0.0	1 167.4	83 768.5	431 935.6	
2008																	
January	33 174.3	1 071.8	13 159.2	0.0	247 390.9	0.3	0.0	294 796.6	49 537.3	12.2	3 699.8	1 646.7	0.0	1 009.0	85 477.6	436 179.1	
February	18 765.4	638.5	13 293.2	0.0	241 865.9	88.4	0.0	274 651.4	41 196.8	11.2	3 680.8	1 543.2	0.0	1 002.6	86 484.3	408 570.3	
March	87 118.0	659.3	18 128.0	0.0	212 691.6	8.4	0.0	318 605.3	41 197.8	10.2	3 669.2	1 258.3	0.0	1 000.0	89 047.4	454 788.1	
April	20 272.0	870.9	17 886.4	0.0	265 358.0	0.2	0.0	304 387.5	41 197.8	9.2	3 730.2	1 626.8	0.0	997.3	90 092.5	442 041.2	
May	25 374.8	683.9	17 921.1	0.0	281 685.8	0.2	0.0	325 665.8	41 196.8	8.2	4 024.7	1 592.1	0.0	997.3	91 937.0	465 421.9	
June	103 724.3	810.0	18 005.2	0.0	222 590.9	13 590.3	0.0	358 720.5	39 740.3	7.2	4 068.8	1 546.4	0.0	1 073.5	93 133.6	498 290.3	
July	58 285.1	727.9	17 968.5	0.0	267 110.5	0.2	0.0	344 092.2	39 740.3	6.2	4 181.1	1 425.1	0.0	1 070.8	93 730.3	484 245.9	
August	61 345.2	711.1	17 572.9	0.0	242 764.5	373.7	0.0	322 767.4	39 737.4	5.2	4 177.8	1 633.4	0.0	1 070.8	93 467.7	462 859.6	
September	52 655.0	684.0	17 627.0	0.0	272 324.2	2.1	0.0	343 292.4	39 737.4	4.2	4 195.9	1 437.5	0.0	1 059.6	95 039.0	484 765.8	
October	69 503.2	421.1	16 911.3	0.0	240 491.6	552.4	0.0	327 879.6	39 737.4	3.2	4 232.7	1 626.2	0.0	1 037.1	91 993.4	466 509.6	
November	47 850.7	316.0	16 884.4	0.0	246 069.7	0.2	0.0	311 120.9	46 762.1	2.2	4 296.4	1 316.4	0.0	1 037.1	92 044.2	456 579.2	
December	105 754.4	644.7	17 650.9	0.0	209 302.1	0.2	0.0	333 352.3	39 737.4	1.2	4 312.3	1 495.6	0.0	1 010.7	84 865.0	464 774.5	

Source : BNR, Statistics Department

BNR BALANCE SHEET

(In millions of Rwf)

Table 7 (cont)

LIABILITIES													
Description	RESERVE MONEY												
	CURRENCY IN CIRCULATION (outside BNR)	BANKS DEPOSITS	PRIVATE SECTOR DEPOSITS	PUBLIC ENTERPRISES DEPOSITS	OFIs DEPOSITS	TOTAL MONETARY BASE	MONEY MARKET BORROWING	OTHER AMOUNTS DUE	GVT DEPOSITS	FOREIGN LIABILITIES	EQUITY CAPITAL	UNCLASSIFIED LIABILITIES	TOTAL LIABIL
2005	50 288.6	10 895.8	66.0	246.6	213.1	61 710.0	40 273.0	1 542.0	104 489.9	43 364.4	23 526.4	73 049.4	347 955.2
2006	58 425.08	11 322.90	36.92	180.81	310.40	70 276.1	50 538.23	1 594.37	116 151.70	16 258.29	30 385.18	82 516.11	367 720.0
2007	72 736.86	18 581.93	73.79	356.38	675.68	92 424.6	58 611.49	1 454.78	142 168.64	18 770.09	35 506.47	82 999.67	431 935.8
2008	88 498.07	25 141.45	69.35	319.26	418.01	114 446.1	16 600.00	1 523.21	198 704.30	7 770.86	35 745.23	89 984.77	464 774.5
2007													
January	55 144.99	17 351.96	22.1	993.77	916.70	74 429.5	34 988.37	1 479.74	120 113.23	17 282.32	29 742.37	84 919.47	362 955.0
February	55 105.50	20 372.72	30.64	802.81	1 329.51	77 641.2	37 231.07	1 715.80	113 474.41	18 862.28	29 814.88	84 517.70	363 257.3
March	55 497.15	19 606.65	23.2	1 226.69	1 623.11	77 976.8	40 535.55	1 725.31	100 882.63	16 721.74	29 854.02	87 373.88	355 069.9
April	56 364.64	15 721.01	30.2	1 464.62	2 010.21	75 590.7	46 120.08	1 451.50	96 945.79	16 636.21	29 943.91	89 313.99	356 002.2
May	56 958.32	21 426.94	27.84	1 912.85	1 110.53	81 436.5	46 138.54	1 459.64	114 122.59	16 917.08	27 868.80	87 478.48	375 421.6
June	59 264.09	26 347.43	58.3	548.14	1 457.52	87 675.5	34 465.48	1 858.36	168 017.34	17 116.15	27 917.14	101 080.27	438 130.2
July	63 152.04	21 913.09	50.65	568.49	1 384.18	87 068.5	43 486.28	1 481.33	159 821.19	18 091.74	28 072.40	95 668.16	433 689.6
August	61 519.45	22 830.96	74.14	775.75	1 057.08	86 257.4	51 378.55	1 476.54	147 035.17	18 090.09	28 045.09	95 216.57	427 499.4
September	61 323.68	26 049.21	45.82	569.05	729.98	88 717.7	48 791.90	1 468.86	127 305.95	18 387.69	28 287.18	103 557.45	416 516.8
October	62 997.10	20 697.46	35.18	607.69	372.60	84 710.0	57 731.08	1 642.10	120 208.07	18 600.84	28 412.97	101 678.82	412 983.9
November	65 485.83	18 340.70	54.84	408.77	355.28	84 645.4	61 064.41	1 504.20	129 536.19	20 788.29	28 287.95	102 703.66	428 530.1
December	72 736.86	18 581.93	73.79	356.38	675.68	92 424.6	58 611.49	1 454.78	142 168.64	18 770.09	35 506.47	82 999.67	431 935.8
2008													
January	70 413.71	23 962.25	85.18	347.12	735.38	95 543.6	54 730.43	2 548.67	143 707.67	19 260.66	35 531.84	84 856.56	436 179.5
February	69 563.66	31 574.64	61.24	372.34	83.87	101 655.8	37 172.80	2 600.88	125 374.34	19 121.50	35 645.58	86 999.45	408 570.3
March	72 551.22	29 810.72	68.91	276.35	184.60	102 891.8	39 236.15	2 073.79	162 146.40	22 143.63	35 981.28	90 315.09	454 788.1
April	76 062.19	30 365.86	82.49	1 073.54	223.52	107 807.6	34 764.52	2 026.71	146 438.93	21 688.10	35 809.91	93 505.47	442 041.2
May	75 995.69	25 974.37	75.17	240.17	211.30	102 496.7	44 552.02	1 675.17	162 197.88	27 360.80	35 775.36	91 364.28	465 422.2
June	82 346.67	25 684.64	69.49	182.76	196.92	108 480.5	36 220.55	1 655.73	200 015.12	27 706.90	30 738.52	93 473.45	498 290.8
July	85 288.50	25 983.23	70.75	197.47	490.27	112 030.2	32 192.23	1 647.78	185 179.28	28 354.79	30 712.34	94 129.28	484 245.9
August	85 009.71	27 473.43	55.95	225.39	409.78	113 174.3	27 063.39	1 629.26	178 674.49	8 255.92	30 402.62	103 659.63	462 859.6
September	85 954.87	24 372.84	76.23	183.79	315.93	110 903.7	36 000.58	1 495.66	175 642.03	24 092.19	30 501.31	106 130.40	484 765.8
October	83 814.63	28 820.58	67.56	276.08	353.22	113 332.1	18 223.92	2 127.88	171 389.69	23 505.80	29 996.90	107 933.32	466 509.6
November	83 570.14	29 161.34	62.57	337.51	343.44	113 475.0	18 800.00	1 513.57	162 832.23	23 011.52	29 952.10	106 994.74	456 579.2
December	88 498.07	25 141.45	69.35	319.26	418.01	114 446.1	16 600.00	1 523.21	198 704.30	7 770.86	35 745.23	89 984.77	464 774.5

Source : BNR, Statistics Department

BALANCE SHEET OF OTHER DEPOSITS INSTITUTIONS

Table 8

(In millions of Rwf)

ASSETS

Description	CLAIMS ON BNR		FOREIGN ASSETS	CREDIT TO ECONOMY			TOTAL	OTHER ASSET ELEMENTS	TOTAL ASSETS
	RESERVES	OTHER CLAIMS		CLAIMS ON GOVERNMENT	CLAIMS ON PUBL ENTERPRISES	CLAIMS ON PRIV SECTOR			
2005	15 136.5		52 617.6	24 760.0	2 119.0	182 550.4	184 669.4	27 665.9	304 849.4
2006	17 017.1		70 998.1	26 367.9	2 381.6	234 103.5	236 485.1	34 490.2	385 358.4
2007	28 094.8		86 893.7	46 977.2	1 749.4	252 641.9	254 391.2	43 150.2	459 507.0
2008	30 651.0	13 368.3	96 751.9	29 541.2	1 636.9	335 470.6	337 107.6	62 015.4	569 435.4
2008									
January	34 205.7	41 300.4	92 895.4	36 063.7	1 535.8	255 239.5	256 775.3	58 123.4	519 363.8
February	40 325.3	37 867.5	86 340.0	39 841.9	1 409.7	257 462.2	258 872.0	51 966.6	515 213.2
March	47 588.4	31 654.5	86 815.7	40 935.0	1 399.5	264 425.2	265 824.7	53 203.6	526 021.9
April	40 025.5	35 343.8	90 066.0	40 978.1	1 439.3	273 557.7	274 997.0	57 131.3	538 541.7
May	33 450.8	45 495.9	91 551.1	34 828.1	1 357.8	287 632.6	288 990.4	54 050.3	548 366.6
June	37 325.7	31 984.3	91 875.6	31 489.3	1 301.5	290 914.0	292 215.5	64 467.5	549 357.9
July	36 212.0	28 789.7	106 715.9	34 196.7	1 314.1	305 863.0	307 177.1	54 869.1	567 960.4
August	40 392.2	24 691.3	92 345.5	34 406.1	1 421.1	316 381.8	317 802.9	54 080.2	563 718.2
September	34 683.5	41 143.0	92 614.3	26 355.9	1 431.2	322 957.6	324 388.8	58 294.7	577 480.1
October	36 624.1	21 651.1	85 849.3	35 030.7	1 447.3	334 211.4	335 658.8	57 162.2	571 976.0
November	44 786.0	22 660.0	91 034.5	35 654.1	1 780.1	335 855.3	337 635.4	54 607.1	586 377.0
December	30 651.0	13 368.3	96 751.9	29 541.2	1 636.9	335 470.6	337 107.6	62 015.4	569 435.4

Source : BNR, Statistics Department

BALANCE SHEET OF OTHER DEPOSITS INSTITUTIONS

(In millions of RWF)

Table 8 (cont)

LIABILITIES

Description	DEPOSITS INCLUDED IN DEFINITION OF THE CURRENCY IN THE BROAD SENSE				GVT DEPOSITS	FOREIGN LIABILITIES	BNR CREDITS	EQUITY CAPITAL	OTHER LIABILITIES ELEMENTS	TOTAL LIABILITIES
	DEMAND DEPOSITS	FIXED-DEP AND REL ITEMS	FOREIGN EXCH DEPOSITS	SUB-TOTAL						
2005	84 621.3	70 754.2	43 672.7	199 048.2	24 269.0	11 403.5	1 379.8	20 125.6	48 623.3	304 849.3
2006	97 770.5	108 988.6	59 178.4	265 937.5	23 520.8	10 794.7	1 189.3	27 515.6	56 400.6	385 358.4
2007	154 690.3	138 663.2	68 634.0	361 987.5	22 695.5	17 171.7	1 298.9	43 950.3	56 081.3	503 185.3
2008	133 485.2	158 407.9	82 338.2	374 231.3	17 851.3	18 564.2	1 404.5	76 176.4	81 207.6	569 435.4
2008										
January	136 761.2	140 718.4	68 928.7	346 408.2	19 906.5	17 860.6	1 404.8	61 305.8	72 478.1	519 363.9
February	136 254.0	145 061.7	70 276.3	351 592.0	19 687.4	15 426.4	1 546.2	62 931.4	64 030.0	515 213.2
March	141 856.5	146 187.2	69 628.0	357 671.7	21 881.6	16 040.6	1 536.9	61 864.2	67 026.9	526 021.9
April	135 831.2	155 823.2	75 736.5	367 391.0	20 547.5	14 531.5	1 622.0	66 626.1	67 823.7	538 541.7
May	141 763.2	152 323.4	79 144.1	373 230.8	20 346.2	19 495.0	1 529.6	66 974.7	66 790.4	548 366.6
June	140 895.2	143 151.2	79 761.3	363 807.8	22 489.3	17 900.7	1 376.3	70 957.9	72 826.0	549 357.9
July	145 648.0	148 810.8	89 303.9	383 762.7	19 438.3	19 597.3	2 297.1	73 915.5	68 949.7	567 960.4
August	137 974.7	158 632.0	80 853.5	377 460.2	20 664.0	18 470.8	1 475.7	75 338.9	70 308.5	563 718.1
September	139 184.8	158 983.8	84 302.5	382 471.1	21 911.4	20 450.1	1 268.7	74 320.1	77 058.7	577 480.1
October	135 249.8	162 236.8	82 421.3	379 907.9	19 173.9	18 756.6	1 382.4	75 993.5	76 761.8	571 976.0
November	152 577.9	152 889.8	85 381.2	390 848.9	18 571.1	22 433.2	1 449.2	75 162.6	77 912.0	586 377.0
December	133 485.2	158 407.9	82 338.2	374 231.3	17 851.3	18 564.2	1 404.5	76 176.4	81 207.6	569 435.4

Source : BNR, Statistics Department

MONETARY SURVEY EXTENDED TO UBPR

(In millions of RWF)

Table 9

ASSETS	MONEY (M1)			QUASI-MONEY			MONEY SUPPLY(M2)	TOTAL RESSOURCES
	CURRENCY IN CIRCULATION	DEMAND DEPOSITS	TOTAL MONEY (M1)	FIXED TERM DEPOSITS	FOREIGN EXCH DEPOSITS	TOTAL QUASI-MONEY		
	OUTSIDE BANKS							
Period								
2005	47 028.1	84 771.5	131 799.6	70 754.2	43 672.7	114 426.9	246 226.5	246 226.5
2006	52 730.9	103 274.6	156 005.5	105 788.6	59 178.4	164 967.0	320 972.5	320 972.5
2007	63 224.0	154 690.3	217 914.3	138 663.2	68 634.0	207 297.2	425 211.5	425 211.5
2008	80 913.4	144 486.9	225 400.3	158 407.9	82 338.2	225 400.3	466 146.4	466 146.4
2008								
January	61 089.9	144 606.2	205 696.1	142 988.8	68 928.7	205 696.1	417 613.6	417 613.6
February	59 667.3	145 590.6	205 257.9	145 449.8	70 276.3	205 257.9	420 984.0	420 984.0
March	61 297.5	151 068.4	212 365.9	146 024.8	69 614.2	212 365.9	428 004.9	428 004.9
April	65 357.1	145 118.5	210 475.6	155 823.2	75 736.3	210 475.6	442 035.4	442 035.4
May	67 499.4	150 134.9	217 634.4	152 323.5	79 144.1	217 634.4	449 101.9	449 101.9
June	72 433.2	149 702.6	222 135.8	143 151.2	79 761.3	222 135.8	445 048.4	445 048.4
July	75 260.4	154 918.3	230 178.7	146 727.6	89 303.6	230 178.7	466 209.8	466 209.8
August	75 147.9	147 784.7	222 932.7	158 632.0	80 853.5	222 932.7	462 418.2	462 418.2
September	74 168.7	149 115.3	223 284.0	158 983.8	84 302.5	223 284.0	466 570.3	466 570.3
October	74 247.6	145 408.3	219 655.9	162 236.8	82 421.3	219 655.9	464 314.0	464 314.0
November	73 231.2	162 426.2	235 657.5	152 889.8	85 167.4	235 657.5	473 714.7	473 714.7
December	80 913.4	144 486.9	225 400.3	158 407.9	82 338.2	225 400.3	466 146.4	466 146.4

Source : BNR, Statistics Department

MONETARY SURVEY EXTENDED TO THE UBPR)

Table 9 (cont)

(In millions of Rwf)

Description	DOMESTIC CREDIT									OTHER ITEMS NETS	TOTAL USES	
	FOREIGN ASSETS			NETS CLAIMS ON GOVERNMENT			CREDIT TO ECONOMY					DOMESTIC CREDIT TOTAL
	GROSS ASSETS	GROSS LIABILITIES	NET ASSETS	CLAIMS	DEPOSITS	NETS CLAIMS	CLAIMS ON PUBL ENTER.	CLAIMS ON PRIV SECT.				
2005	277 290.6	54 767.9	222 522.70	67 147.8	127 753.3	-60 605.5	2 180.1	165 734.8	107 309.5	-83 605.0	246 227.2	
2006	312 193.99	27 053.0	285 141.04	68 160.8	139 652.4	-71 491.6	2 406.0	211 307.3	142 221.7	-106 390.2	320 972.5	
2007	387 495.6	35 941.8	351 553.73	88 173.9	164 806.6	-76 632.7	1 762.5	257 475.0	182 604.8	-108 949.0	425 209.6	
2008	430 104.2	26 335.1	403 769.15	69 049.0	211 749.2	-142 700.2	1 638.1	340 365.3	199 303.2	-136 926.0	466 146.4	
2008												
January	387 617.7	37 121.2	350 496.51	85 640.0	160 269.6	-74 629.6	1 548.0	259 877.6	186 795.9	-119 679.2	417 613.2	
February	360 896.9	34 547.9	326 349.08	81 080.6	142 036.7	-60 956.2	1 420.9	262 079.5	202 544.2	-107 909.2	420 984.0	
March	405 328.8	38 184.3	367 144.55	82 173.3	181 048.7	-98 875.5	1 409.7	268 986.4	171 520.6	-110 660.8	428 004.4	
April	394 351.9	36 219.6	358 132.30	82 211.0	168 429.4	-86 218.4	1 448.5	278 198.8	193 428.9	-109 526.4	442 034.8	
May	417 133.7	46 855.8	370 277.89	76 060.2	178 269.1	-102 209.0	5 619.3	286 697.4	190 107.8	-111 283.4	449 102.3	
June	450 596.1	45 607.6	404 988.56	71 260.9	218 553.9	-147 293.0	1 308.6	294 317.6	148 333.3	-108 274.0	445 047.9	
July	450 815.9	47 997.3	402 818.59	73 896.7	206 030.3	-132 133.6	1 321.3	309 148.8	178 336.5	-114 945.3	466 209.8	
August	415 112.9	26 726.8	388 386.09	74 172.7	194 592.3	-120 419.5	1 426.3	321 193.9	202 200.6	-128 168.5	462 418.2	
September	435 906.6	42 274.6	393 632.06	66 123.0	192 998.7	-126 875.7	1 435.4	328 108.3	202 667.9	-129 729.7	466 570.3	
October	413 728.9	42 262.4	371 466.51	74 798.4	186 472.8	-111 674.5	1 450.5	337 150.9	226 927.0	-134 079.5	464 314.0	
November	404 558.4	45 444.7	359 113.63	82 445.4	177 060.3	-94 614.9	1 782.2	341 001.5	248 168.8	-133 567.8	473 714.7	
December	430 104.2	26 335.1	403 769.15	69 049.0	211 749.2	-142 700.2	1 638.1	340 365.3	199 303.2	-136 926.0	466 146.4	

Source : BNR, Statistics Department

MONETARY SURVEY WITHOUT UBPR

(In millions of RWF)

Table 9 (bis)

RESOURCES	MONEY (M1)			QUASI-MONEY			MONEY SUPPLY(M2)	TOTAL RESOURCES
	CURRENCY IN CIRCULATION	DEMAND DEPOSITS	TOTAL MONEY	FIXED TERM DEPOSITS	FOREIGN EXCH DEPOSITS	TOTAL QUASI MONEY		
	OUTSIDE BANKS		(M1)					
2005	48 274.5	84 557.2	132 831.7	41 867.9	43 672.7	85 540.6	218 372.3	218 372.3
2006	54 648.7	103 134.6	157 783.3	69 020.7	58 842.4	127 863.1	285 646.3	285 646.3
2007	67 331.1	160 993.8	228 324.9	78 314.6	68 634.0	146 948.7	375 273.5	375 273.5
2008	82 882.5	149 998.8	232 881.3	80 589.3	82 338.2	162 927.5	395 808.8	395 808.8
2008								
January	64 451.9	142 060.1	206 511.9	81 903.3	68 928.7	150 832.0	357 343.9	357 343.9
February	62 993.8	143 972.2	206 966.0	82 552.0	70 276.3	152 828.3	359 794.2	359 794.2
March	64 424.6	149 590.3	214 014.9	79 941.8	69 628.0	149 569.9	363 584.7	363 584.7
April	68 324.8	145 344.3	213 669.1	89 032.3	75 736.5	164 768.8	378 437.9	378 437.9
May	69 876.8	147 952.2	217 829.1	82 053.4	79 144.1	161 197.6	379 026.6	379 026.6
June	74 772.7	143 793.0	218 565.7	73 045.7	79 761.3	152 807.0	371 372.6	371 372.6
July	77 933.7	157 429.0	235 362.7	75 881.8	89 303.9	165 185.7	400 548.4	400 548.4
August	77 913.8	155 224.2	233 138.0	81 473.3	80 853.5	162 326.8	395 464.8	395 464.8
September	77 025.5	154 155.2	231 180.7	83 495.6	84 302.5	167 798.1	398 978.8	398 978.8
October	77 126.7	150 903.9	228 030.6	85 948.2	82 421.3	168 369.6	396 400.1	396 400.1
November	76 047.9	168 762.2	244 810.1	78 009.9	85 167.4	163 177.3	407 987.4	407 987.4
December	82 882.5	149 998.8	232 881.3	80 589.3	82 338.2	162 927.5	395 808.8	395 808.8

Source : BNR, Statistics Department

MONETARY SURVEY WITHOUT UBPR
Table 9 (BIS) (cont)

(In millions of RWF)

Description	DOMESTIC CREDIT									TOTAL USES
	FOREIGN ASSETS			NETS CLAIMS ON GOVERNMENT			CREDIT TO ECONOMY		DOMESTIC CREDIT TOTAL	
	GROSS ASSETS	GROSS LIABILITIES	NETS ASSETS	CLAIMS	DEPOSITS	NETS CLAIMS	CLAIMS ON PUBL ENTER.	CLAIMS ON PRIV SECT.		
2005	277 207.9	54 767.9	222 439.9	63 242.1	125 828.8	-62 586.6	2 180.1	130 994.5	70 588.0	218 372.9
2006	312 129.1	27 389.0	284 740.2	67 355.2	138 567.0	-71 211.7	2 406.0	162 164.6	93 358.9	285 646.4
2007	387 413.2	35 941.8	351 471.4	81 798.4	163 938.1	-82 139.8	1 762.5	196 122.6	115 745.4	375 271.6
2008	428 550.8	25 388.9	403 161.9	67 471.3	210 659.0	-143 187.7	1 638.1	246 355.2	104 805.6	395 541.5
2008										
January	387 617.7	37 121.2	350 496.5	80 404.6	159 422.6	-79 018.0	1 619.7	199 709.0	122 310.7	357 343.5
February	360 896.9	34 547.9	326 349.1	79 248.9	140 707.9	-61 459.0	1 492.6	198 974.6	139 008.2	359 794.3
March	405 328.8	38 184.3	367 144.6	78 598.8	179 773.7	-101 174.9	1 481.4	203 623.5	103 930.0	363 584.3
April	394 351.9	36 219.6	358 132.3	79 205.8	162 597.8	-83 392.0	1 520.2	209 147.7	127 276.0	378 437.9
May	417 133.7	46 855.8	370 277.9	74 288.0	177 305.2	-103 017.2	5 691.1	215 095.4	117 769.3	379 026.7
June	450 549.4	45 607.6	404 941.8	69 996.4	217 227.6	-147 231.2	1 380.4	216 053.1	70 202.3	371 372.7
July	450 766.2	47 997.3	402 768.9	71 256.8	199 486.5	-128 229.6	1 321.3	225 090.3	98 181.9	400 548.4
August	415 056.9	26 726.8	388 330.1	72 325.3	193 419.8	-121 094.5	1 498.0	232 951.7	113 355.2	395 464.8
September	435 845.3	42 274.6	393 570.8	64 607.0	191 854.5	-127 247.5	1 507.1	236 425.1	110 684.7	398 978.8
October	412 849.8	39 994.7	372 855.1	64 161.9	185 302.1	-121 140.2	1 450.5	245 175.0	125 485.3	396 400.1
November	404 465.8	45 444.8	359 020.9	81 024.0	176 105.6	-95 081.6	1 782.2	250 528.0	157 228.6	407 987.5
December	428 550.8	25 351.2	403 199.6	67 471.3	210 659.0	-143 187.7	1 638.1	246 584.9	105 035.3	395 808.9

Source : BNR, Statistics Department

CONSOLIDATED BALANCE SHEET OF OTHER BANKING INSTITUTIONS (BRD, CHR"CURRENT BHR"*)

Table 10

(In millions of RWF)

Description	2001	2002	2003	2004	2005	2006	2007	2008
<u>ASSETS</u>	13 136.39	13 596.80	22 660.40	31 952.10	21 640.79	26 858.88	31 741.65	44 111.72
Reserves	146.04	71.80	155.09	37.20	24.20	17.45	44.40	63.38
Foreign Assets	0.00	0.00	20.28	10.00	0.00	0.00	0.00	0.00
Claims on Government	209.88	198.00	1 869.54	8 264.30	5 064.91	157.89	0.13	0.13
Claims on the economy	6 595.75	7 324.30	12 053.31	12 888.30	10 079.25	18 319.69	25 744.25	31 340.00
Claims on publ enterprises	0.00	217.20	156.41	0.00	0.00	0.00	0.00	0.00
Claims on private sector	6 620.75	7 082.10	11 896.90	12 888.30	10 079.25	18 319.69	25 744.25	31 340.00
<u>LIABILITIES</u>	13 136.40	13 596.50	22 660.36	31 952.11	21 640.83	26 858.84	31 741.65	44 111.71
Government liabilities	13.22	17.60	58.07	0.00	0.00	0.00	5 472.40	5 545.21
NBR credits	229.64	121.20	768.00	1 639.80	1 431.82	1 171.45	1 541.54	1 407.73
Long term loans	1 449.46	4 562.20	8 056.60	12 058.96	4 906.25	3 187.82	2 162.47	2 125.70
Savings Deposits	0.00	0.00	562.92	0.00	0.00	0.00	0.00	0.00
Equity capital	6 204.76	5 847.10	10 602.59	5 211.03	4 744.34	5 070.44	5 618.26	13 097.35
Other amounts due	0.00	0.00	0.00	5 943.25	4 541.61	7 732.33	3 287.07	8 465.51
Other liabilities	5 239.32	3 048.40	2 612.18	7 099.07	6 016.81	9 696.80	13 659.91	13 470.21

Source : BNR, Statistics Department

*The" CHR " CURRENT "BHR " is considered as financial intermediary until 2004

BANKING SURVEY*

Table 11

(BNR, BK, BCR, FINA BANK, ECOBANK, BANCOR, COGEBANQUE, BHR, UBPR et BRD)

(In millions of RWF)

Description	2005	2006	2007	2008
I. NET FOREIGN ASSETS	222 522.7	285 141.0	351 553.7	403 731.5
Assets: BNR	224 673.0	241 195.9	300 601.9	333 352.3
BANKS	52 617.6	70 998.1	86 893.7	96 751.9
Less liabilities: BNR	43 364.4	16 258.3	18 770.1	7 808.5
BANKS	11 403.5	10 794.7	17 171.7	18 564.2
II. NET DOMESTIC CREDIT	122 471.3	162 667.3	209 616.9	231 344.1
Net Claims on Government	-56 059.8	-69 365.6	-75 365.0	-141 998.2
Claims: BNR	42 125.7	41 792.9	41 196.8	39 737.4
BANKS	24 760.0	26 367.9	46 977.2	29 570.2
OFIs	5 064.9	157.9	0.1	0.1
Less deposits: BNR	103 741.4	114 163.6	140 843.5	198 251.1
BANKS	24 269.0	23 520.8	22 695.5	13 054.9
O.B.I	0.0	0.0	0.0	0.0
Claims on publ enterprises	2 180.2	2 406.0	1 762.5	1 636.9
BNR	61.2	24.4	13.2	0.0
BANKS	2 119.0	2 381.6	1 749.4	1 636.9
O.B.I	0.0	0.0	0.0	0.0
Claims on private sector	176 350.8	229 627.0	283 219.3	371 705.3
BNR	3 367.6	3 509.9	4 833.2	5 353.0
BANKS	162 367.2	207 797.4	252 641.9	335 012.3
O.B.I	10 616.0	18 319.7	25 744.3	31 340.0
ASSETS = LIABILITIES	344 994.0	447 808.4	561 170.6	635 075.6
	344 993.9	447 808.4	589 793.5	615 663.3
MONEY SUPPLY	247 865.0	316 246.4	424 478.3	466 104.8
I. CURRENCY	133 438.1	152 313.4	217 181.1	225 358.7
Banknotes and coins outside banks and OFIs	47 028.1	52 730.9	63 224.0	80 892.3
Demand Deposits at BNR	1 788.7	1 812.1	1 885.0	1 911.8
Publ Enterprises	246.6	180.8	356.4	319.3
Private Sector	1 542.0	1 631.3	1 528.6	1 592.6
Demand Deposits in Banks	84 621.3	97 770.5	152 072.1	142 554.5
II. NEAR-MONEY	114 426.9	163 933.0	207 297.2	240 746.1
Fixed term Deposits and related	70 754.2	104 754.6	138 663.2	158 407.9
BNR	0.0	0.0	0.0	0.0
BANKS	70 754.2	104 754.6	138 663.2	158 407.9
Foreign Exchange deposits	43 672.7	59 178.4	68 634.0	82 338.2
OTHER ITEMS NET	97 128.9	131 561.9	165 315.2	149 558.5
I. NBR	68 416.5	99 110.8	119 654.2	88 124.1
Cash in Banks	2 832.1	5 694.2	9 512.9	7 605.7
Cash in OFIs	6.0	2.3	0.9	0.3
Deposits in Banks	10 895.8	11 322.9	18 581.9	25 141.5
Deposits in OFIs	213.1	173.6	675.7	418.0
Barrowings money market.	40 273.0	50 538.2	58 611.5	16 600.0
Equity capital	23 526.4	30 262.9	35 506.5	35 745.2
Unclassified liabilities	73 049.4	82 518.6	82 999.7	89 984.8
Loans money market	0.0	0.0	0.0	0.0
Claims on banks	-1 379.8	-1 189.3	-1 298.9	-1 495.6
Claims on OFIs	-424.0	-278.0	-1 167.4	-1 010.7
Unclassified Assets	-80 575.4	-79 934.6	-83 768.5	-84 865.0
II. BANKS	25 946.5	32 574.2	52 285.9	66 083.1
BNR Credit	1 379.8	1 189.3	1 298.9	1 495.6
Equity capital	20 125.6	27 533.6	55 050.7	76 176.4
Banks Deposits	0.0	0.0	0.0	0.0
Reserves	-15 136.5	-17 017.1	-18 956.9	-25 141.5
Claims on Banks	-1 379.8	-1 189.3	-1 298.9	-1 495.6
Claims on OFIs	0.0	0.0	0.0	0.0
Other item net	20 957.4	22 057.7	16 192.1	15 048.2
III. OFIs	2 766.0	-123.0	-6 625.0	-4 648.8
Reserves	-24.2	-17.5	-39.7	-63.4
Claims on banks	-4 063.0	-5 925.7	-3 835.3	-10 227.1
Claims on OFIs	0.0	0.0	0.0	0.0
Long term loan	4 906.3	7 732.3	2 162.5	2 125.7
Other amounts due	0.0	0.0	0.0	0.0
BNR Credit	1 431.8	1 171.5	1 011.6	1 407.7
Equity capital	4 744.3	5 070.4	5 618.3	13 097.4
Other items net	-4 229.2	-8 154.1	-11 542.3	-10 989.1

*It's the consolidation of the monetary survey with those of other banking institutions.

Source : BNR, Statistics Department

ACTIVITY	Cash credits			
	short-term*	medium-term**	long-term***	Total
AGRICULTURE, LIVESTOCK, FORESTRY AND FISHING	3 147 441	2 487 836	4 834 796	10 470 073
Agriculture	3 072 486	1 570 540	3 345 361	7 988 387
Livestock and related activities	65 725	739 873	1 457 269	2 262 867
Fishing and Pisciculture		9 000		9 000
Others	9 230	168 423	32 166	209 819
EXTRACTION INDUSTRIES	302 492		6 531	309 023
MANUFACTURING INDUSTRIES	7 941 638	6 844 121	10 372 608	25 158 367
Manufacturing of food products	3 164 775	2 073 344	7 565 528	12 803 647
Manufacturing of beverages and Tobacco	381 065	1 385 967	1 119 177	2 886 209
Textile industries, clothing and leather	692 701	102 583	538 598	1 333 882
Wood Industries	13 077	354 579	40 161	407 817
Paper, Editing and Printing	243 090	241 889	95 323	580 302
Chemical industries related items	1 970 956	369 898	259 292	2 600 146
Non-metal products industries	6 661	132 387		139 048
Metal industries	1 028 938	149 348	214	1 178 500
Others	440 375	2 034 126	754 315	3 228 816
ENERGY AND WATER	680 771	5 541	80 700	767 012
PUBLIC WORKS AND CONSTRUCTION	13 846 756	19 512 437	35 921 185	69 280 378
Public works enterprises	10 867 462	2 519 024	44 427	13 430 913
Construction	216 818	6 144 693	18 729 992	25 091 503
Others	2 762 476	10 848 720	17 146 766	30 757 962
TRADE, RESTAURANTS AND HOTELS	57 356 542	15 921 644	12 657 368	85 935 554
Domestic trade	41 610 031	7 494 484	604 433	49 708 948
Import trade	9 771 048	4 312 814	1 270 283	15 354 145
Export trade	4 132 655	719 099	237 168	5 088 922
Restaurants and hotels	1 718 772	3 387 885	10 542 834	15 649 491
Other Trade Activities	124 036	7 362	2 650	134 048
TRANSPORT, WAREHOUSING AND COMMUNICATIONS.	1 649 164	19 121 443	291 922	21 062 529
Land transport (passengers)	662 697	3 826 986	127 327	4 617 010
Land transport (Merchandise)	267 721	8 013 848		8 281 569
Transport by Air	195 612			195 612
Transport by water				0
Subsidiary transport	218 945	5 064 557	33 175	5 316 677
Storage and warehouse		112 900	131 420	244 320
Communications	217 063	149 701		366 764
Other transport sector activities	87 126	1 953 451		2 040 577
OFIs, INSURANCE AND REAL ESTATE	901 637	786 306	404 618	2 092 561
Non monetary financial institutions	747			747
Insurance companies	220			220
Real estate			274 912	274 912
Service enterprises	793 118	111 157	129 706	1 033 981
Others activities of the sector	107 552	675 149		782 701
SERVICES PROVIDED TO THE COMMUNITY	3 000 801	3 114 367	5 801 933	11 917 101
Public administration and Defense	413 169	2 025		415 194
Health services and similar activities	31 949	478 338	1 472 567	1 982 854
Education	395 597	804 708	4 148 273	5 348 578
Religious organizations	689 874	209 204		899 078
Recreative and cultural services	110 691	136 331		247 022
Others services supplied to the community	1 359 521	1 483 761	181 093	3 024 375
ACTIVITIES NOT CLASSIFIED ELSEWHERE	11 430 441	10 355 208	234 062	22 019 711
GENERAL TOTAL	100 257 683	78 148 903	70 605 723	249 012 309

ii: The last valid data are in July 2008.

Source: BNR, Financial Stability Directorate

This situation embodies the banks and institutions below:

000 : BNR	400 : BP SIEGE
010 : BCR	410 : BP KORA
040 : BK	414 : BP REMERA
070 : FINA BANK	416 : BP NYAMIRAMBO
100 : ECOBANK	423 : BP KIGALI
115 : BANCOR	424 : BP FEMME
130 : COGEBANQUE	488 : BP KACYIRU
295 : CFE	519 : BP MUHIMA
296 : RMF	600 : CSS
297 : VFC	700 : BRD
299 : RIM	750 : BHR

NEW CREDITS BY SECTOR OF ACTIVITY IN 2008 (in thousands of RWF)

Table. 13

ACTIVITY	Cash credits			Cash credits Total
	Short-term	Medium-term	Long-term	
Agriculture, livestock, forestry and fisheries	1 349 251	5 020 559	2 247 818	8 617 628
Mining		28 500	9 675	38 175
Manufacturing	6 588 957	2 483 814	2 742 958	11 815 729
Energy and water	23 000	189 023	26 900	238 923
Public works and construction	20 855 084	32 638 727	24 165 770	77 659 581
Trade, restaurants and hotels	66 055 244	26 654 859	6 161 808	98 871 911
Transport, warehousing and communications	4 427 077	23 004 000	15 811	27 446 888
OFls, Insurance and real estate	1 459 085	600 349	276 000	2 335 434
Services provided to the community	2 047 997	2 858 819	5 237 568	10 144 384
Activities not elsewhere classified	4 101 452	20 554 140	2 000	24 657 592
Grand Total	106 907 147	114 032 790	40 886 308	261 826 245

Source:BNR, Financial Stability Directorate

This situation embodies the banks and institutions below:

000 : BNR	412 : BP TAMBWE	495 : BP NGOMA
010 : BCR	414 : BP REMERA	504 : BP KIBARI
040 : BK	416 : BP NYAMIRAMBO	516 : BP NYAMABUYE
070 : FINA BANK	423 : BP KIGALI	519 : BP MUHIMA
100 : ECOBANK	424 : BP FEMME	524 : BP KICUKIRO
115 : BANCOR	444 : BP NYAGATARE	526 : BP RWAMAGANA
130 : COGEBANQUE	448 : BP NDERA	530 : BP RUBAVU
295 : CFE	460 : BP KIGOMBE	532 : BP KAMEMBE
296 : RMF	462 : BP NYAMATA	540 : BP GIKONDO
297 : VFC	464 : BP KIBUNGO	545 : BP GITESI
299 : RIM	466 : BP NYANZA	600 : CSS
400 : BP SIEGE	472 : BP NYAMAGABE	700 : BRD
410 : BP KORA	488 : BP KACYIRU	750 : BHR

Table 14

Interest rates (in %)

Description	2005				2006				2007				2008			
	March	June	Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec
Deposit rate	9.08	8.65	8.55	8.01	8.13	8.27	8.36	8.29	7.86	7.65	7.35	6.77	5.69	6.05	6.40	7.72
Lending rate	16.41	15.29	15.33	16.08	15.70	16.26	16.35	16.07	15.98	16.03	15.84	nd	15.63	16.20	16.55	16.51
Interbank market rate	2.28	10.41	9.58	9.64	8.29	8.41	7.43	7.43	7.98	6.33	5.20	6.00	8.00	6.62	6.97	7.69
Money market rate																
- excess liquidity	0.72	9.41	9.00	9.00	9.00	9.00	8.93	7.39	8.71	5.59	5.52	5.26	5.24	6.59	-	-
- injection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Discount rate	13.50	13.50	12.50	12.50	12.50	12.50	12.50	12.50	12.5	12.50	12.50	12.5	12.5	12.50	11.25	11.25
Weighted average on Treasury bills rate	5.30	9.69	10.77	10.24	10.15	10.26	9.91	8.08	9.57	7.03	6.62	5.89	6.22	6.5	7.02	7.72

Source: BNR, Statistics Department

AVERAGE EXCHANGE RATES OF THE MAJOR HARD CURRENCIES

Table 15

(In RWF)						
Description	1USD	1£stg	1YEN	1DTS	1EURO	
2002	475.32	392.35	2.16	340.56	449.65	
2003	537.34	879.34	4.65	746.42	608.28	
2004	577.55	1057.18	5.70	849.97	716.77	
2005	557.77	1015.21	5.09	824.90	695.49	
2006	548.00	1015.97	4.74	811.64	692.40	
2007	547.01	1093.09	4.65	836.71	748.93	
2008	547.61	1011.39	5.32	866.54	807.94	
2007						
January	549.21	1075.84	4.57	821.27	714.59	
February	548.18	1073.46	4.54	820.63	716.16	
March	546.93	1065.50	4.66	824.53	724.15	
April	546.50	1085.57	4.60	830.39	737.46	
May	546.04	1083.32	4.53	828.92	738.05	
June	546.03	1083.27	4.46	825.14	732.25	
July	548.87	1115.75	4.51	839.05	752.39	
August	548.43	1102.57	4.70	838.86	747.01	
September	547.28	1103.40	4.75	844.20	759.03	
October	546.21	1115.49	4.71	851.04	776.61	
November	545.57	1116.97	4.96	862.74	800.02	
December	544.81	1095.92	4.83	853.72	789.46	
Annual average	547.01	1093.09	4.65	836.71	748.93	
2008						
January	542.92	1082.54	5.08	864.14	804.40	
February	544.23	1078.27	5.11	872.16	821.40	
March	544.10	1079.72	5.22	876.71	827.03	
April	543.60	1073.23	5.22	883.64	846.66	
May	542.85	1072.56	5.16	881.26	844.62	
June	543.60	1079.92	5.11	886.03	856.01	
July	545.67	1080.32	5.06	884.23	850.42	
August	548.80	1007.11	5.03	862.66	810.75	
September	550.88	1013.62	5.23	865.31	803.51	
October	552.19	910.45	5.60	830.18	721.71	
November	553.54	848.80	5.80	827.06	716.78	
December	558.90	810.18	6.19	865.07	792.01	
Annual average	547.61	1011.39	5.32	866.54	807.94	

Source : BNR, Statistics Department

PUBLIC EXTERNAL DEBT STOCK

Table 16

(In millions of USD by donor, by end period)

Description	2003	2004	2005	2006	2007	2008
MULTILATERAL DEBT	1 260.34	1 409.89	1 408.09	390.55	482.00	560.92
IDA	904.50	1024.30	1001.20	168.40	205.30	243.75
AfDB-ADF	239.76	260.40	277.10	69.50	102.20	120.48
BADEA	22.86	19.79	20.80	21.50	25.40	25.26
OPEC	16.63	17.50	16.50	17.50	21.50	30.56
OTHERS	76.59	87.90	92.49	113.65	127.60	140.87
BILATERAL DEBT	158.41	164.40	87.95	91.00	84.70	84.18
CHINA	20.19	19.60	18.20	17.20	0.00	0.00
FRANCE	48.63	52.90	4.10	4.40	4.90	4.92
KUWAIT	31.66	32.10	32.40	32.70	34.50	34.50
SAUDI ARABIA	29.91	30.30	30.10	33.70	42.60	42.59
JAPAN	14.84	15.40	0.00	0.00	0.00	0.00
OTHERS	13.18	14.10	3.15	3.00	2.70	2.17
SUPPLIERS' CREDITS	13.00	13.87	0.00	0.00	0.00	0.00
TOTAL	1431.75	1588.16	1496.04	481.55	566.70	645.10

N.B. : Debt to IMF and Government guaranteed debt not included

Source: BNR, Statistics Department

Table 17

Development of debt stock by creditors

(In millions of Rwf)

Description	2005	2006	2007	2008
MULTILATERAL DEBT	779 685.76	213 837.23	261 062.48	306 606.95
IDA	554 383.16	92 393.05	111 728.43	136 231.88
AFDB-ADF	153 435.45	38 131.33	55 619.31	67 336.27
BADEA	11 517.35	11 796.02	13 823.20	14 117.81
OPEC	9 136.36	9 601.42	11 700.74	17 079.98
EIB	8 970.24	9 228.33	9 850.39	8 042.57
EU (EEC)	12 563.88	12 306.27	11 537.47	12 306.98
IFAD	29 679.32	40 380.81	46 802.95	51 491.46
NDF		438.92	1 251.71	6 891.24
BILATERAL DEBT	48 699.56	49 927.36	46 095.46	45 812.46
CHINA	10 077.68	9 436.82	0.00	0.00
FRANCE	2 270.25	2 414.07	2 666.68	2 677.56
KUWAIT	17 940.49	17 940.93	18 775.60	18 775.60
SAUDI ARABIA	16 666.93	18 489.58	23 183.78	23 178.34
JAPAN	0.00	0.00	0.00	0.00
Austria	0.00	0.00	0.00	0.00
Abu Dhabi (FADEA)	1 517.19	1 426.50	1251.71	963.27
Libya	227.02	219.46	217.69	217.69
SUPPLIERS' CREDITS	0.00	0.00	0.00	0.00
GRAND TOTAL	828 385.32	263 764.59	307 157.94	352 419.42

(in millions of USD)

Description	2005	2006	2007	2008
MULTILATERAL DEBT	1408.1	390.55	482.00	560.92
IDA	1001.20	168.40	205.30	243.75
AFDB-ADF	277.10	69.50	102.20	120.48
BADEA	20.80	21.50	25.40	25.26
OPEC	16.50	17.50	21.50	30.56
EIB	16.20	16.82	18.10	14.39
EU (EEC)	22.69	22.43	21.20	22.02
IFAD	53.60	73.60	86.00	92.13
NDF		0.80	2.30	12.33
	92.49	113.65	127.60	140.87
BILATERAL DEBT	87.95	91.00	84.70	84.18
CHINA	18.20	17.20	0.00	0.00
FRANCE	4.10	4.40	4.90	4.92
KUWAIT	32.40	32.70	34.50	34.50
SAUDI ARABIA	30.10	33.70	42.60	42.59
JAPAN	0.00	0.00	0.00	0.00
Austria	0.00	0.00	0.00	0.00
Abu Dhabi (FADEA)	2.74	2.60	2.30	1.77
Libya	0.41	0.40	0.40	0.40
SUPPLIERS' CREDITS	0.00	0.00	0.00	0.00
GRAND TOTAL	1 496.04	481.55	566.70	645.10

N.B. : Debt to IMF and guaranteed debt not included

Source: BNR, Statistics Department

Table 18

Development of guaranteed debt outstanding

(In millions of USD, by donors)

Description	2005	2006	2007	2008
EIB 1	0.32	0.24	0.27	0.26
EIB 2	0.01	0.01	0.01	0.01
EDF/ EEC	0.51	0.57	0.65	0.62
ADF I	0.39	0.42	0.43	0.43
ADF II	1.93	1.43	1.50	1.47
AfDB	0.00	0.00	0.00	0.00
SHELTER Afrique(Goboka)	1.40	1.35	0.54	0.18
SOUTHERN SUN	1.00	0.00	0.00	0.00
TOTAL	5.56	4.02	3.40	2.97
(in millions of RWF, by donors)				
Description	2005	2006	2007	2008
EIB 1	177.19	131.68	146.94	145.31
EIB 2	5.54	5.49	5.44	5.59
EDF/ EEC	282.40	312.73	353.74	346.52
ADF I	215.95	230.43	234.01	240.33
ADF II	1 068.68	784.57	816.33	821.58
AfDB	0.00	0.00	0.00	0.00
SHELTER Afrique(Goboka)	775.21	740.68	293.88	100.60
SOUTHERN SUN	553.72	0.00	0.00	0.00
TOTAL	3 078.68	2 205.58	1 850.35	1 659.93

Source: BNR, Statistics Department

Development of drawings by donors (In millions of USD)

Table 19

Description	2005	2006	2007	2008
MULTILATERAL DONORS	100.9	83.4	78.9	110.42
Of which : IDA	47.7	38.3	27.5	40.41
FAD-FSN	36.8	27.6	25.8	32.08
BILATERAL DONORS	0.0	4.4	7.5	1.72
TOTAL	100.9	87.8	86.4	112.14
Of Which :				
Drawings for projects	92.7	78.3	82.0	106.36
Drawings for budget support	8.2	6.9	1.0	2.07
Drawings for BOP support (IMF)	0.0	2.5	3.4	3.72

Source: BNR, Statistics Department

Development of External Debt Service Due(In millions of USD by donors)

Table. 20

Description	2005	2006	2007	2008
MULTILATERAL DONORS	40.6	31.4	11.3	12.9
Principal	30.1	21.2	6.2	7.2
Of which : IDA	15.2	9.3	0.0	0.0
FAD-FSN	7.2	5.6	0.8	0.7
BADEA	3.5	0.0	0.0	0.0
Interests	10.5	10.2	5.0	5.7
Of which : IDA	8.0	5.0	1.5	1.7
FAD-FSN	0.8	3.1	1.3	1.6
BADEA	0.6	1.0	0.9	0.9
BILATERAL DONORS	9.1	2.7	1.3	1.4
Principal	6.2	1.7	0.3	0.3
Interests	2.9	1.0	1.1	1.2
SUPPLIERS' CREDITS	0.7	0.0	0.0	0.0
Principal	0.0	0.0	0.0	0.0
Interests	0.7	0.0	0.0	0.0
TOTAL	50.5	34.1	12.6	14.3
Principal	36.3	22.9	6.5	7.5
Interests	14.2	11.2	6.1	6.9

Source: BNR, Statistics Department

Development of arrears by year end by donors

Table 21

(In millions of RWF)

Description	2005		2006		2007		2008	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
MULTILATERAL DONORS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IDA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AfDB-ADF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IFAD	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BADEA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OPEC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OTHERS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BILATERAL DONORS	759.59	226.74	1 015.01	71.32	0.00	0.00	0.00	0.00
CHINA	566.86	0.00	822.98	0.00	0.00	0.00	0.00	0.00
FRANCE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
KUWAIT	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SAUDI ARABIA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
JAPAN	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OTHERS	192.73	226.74	192.03	71.32	0.00	0.00	0.00	0.00
SUPPLIERS' CREDITS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GRAND TOTAL	759.59	226.74	1015.01	71.32	0.00	0.00	0.00	0.00

(In millions of USD)

Description	2005		2006		2007		2008	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
MULTILATERAL DONORS	0.00							
IDA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AfDB-ADF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IFAD	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BADEA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OPEC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OTHERS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BILATERAL DONORS	1.34	0.40	1.85	0.13	0.00	0.00	0.00	0.00
CHINA	1.00	0.00	1.50	0.00	0.00	0.00	0.00	0.00
FRANCE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
KUWAIT	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SAUDI ARABIA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
JAPAN	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OTHERS	0.34	0.40	0.35	0.13	0.00	0.00	0.00	0.00
SUPPLIERS' CREDITS	0.00							
GRAND TOTAL	1.34	0.40	1.85	0.13	0.00	0.00	0.00	0.00

N.B. : Guaranteed debt not included

Source: BNR, Statistics Department

BALANCE OF PAYMENTS (in millions of USD)

Table 22

	2005	2006	2007	2008
Trade balance	-228.7	-299.02	-404.39	-624.16
Exports, f.o.b.	125.0	147.38	176.77	256.56
Of which: coffee	38.3	54.04	35.67	46.91
tea	24.4	31.86	31.52	40.05
Imports, f.o.b.	-353.6	-446.40	-581.16	-880.72
Services and income (net)	-193.7	-160.95	-140.38	-148.39
Services (net)	-166.5	-132.30	-123.16	-113.33
Income (net)	-27.2	-28.66	-17.22	-35.06
Trade and Services and income balance	-422.3	-459.97	-544.76	-772.55
Current transfers (net)	364.5	325.54	461.32	518.57
Private	46.7	77.15	98.82	72.61
Public	317.8	248.39	362.50	445.96
Current account balance (including official transfers)	-57.82	-134.43	-83.45	-253.98
Capital and Financial account balance	165.4	250.5	196.7	320.89
Capital Account	93.5	1400.08	92.04	210.06
<i>Capital transfers</i>	93.5	1400.08	92.04	210.06
Debt Forgiveness	0.0	1226.60	0.00	0.00
Migrants transfers	0.0	0.00	0.00	0.00
Other capital transfers	93.5	173.48	92.04	210.06
Financial transactions account	71.98	-1149.54	104.67	110.83
Public sector capital (L.T) (net)	53.7	-1104.83	80.36	108.94
Private sector capital (L.T) (net)	-4.6	25.34	81.43	75.80
L.T. Debt			3.39	9.48
Amortization			-4.24	-18.24
Direct investment	10.5	30.6	82.28	84.56
Other Capital	22.9	-70.05	-57.13	-73.91
Short term capital	22.9	-70.05	-57.13	-73.91
Other ST Capital				
Errors et Omissions	11.53	-34.59	-2.66	-8.90
Overall balance	119.2	81.52	110.60	58.01
Financing (- increase)	-119.2	-81.52	-110.60	-58.01
Change in net foreign assets of NBR (increase -)	-120.2	-81.52	-110.60	-58.01
a. Net use of IMF credit (increase +)	-6.7	2.52	3.40	3.70
b. Change in gross reserves (increase -)	-93.5	-35.01	-114.37	-58.68
c. Change in other foreign liabilities (increase +)	-20.0	-49.03	0.37	0.67
Change in arrears (decrease -)	1.1	0.00	0.00	0.00
Exceptional financing	0.0	0.00	0.00	0.00
Rescheduling	0.0			
Cancellation	0.0			
GAP (+ financing needed)	0.0	0.00	0.00	0.00
Pour mémoire				
Gross official reserves (Mios USD)	405.7	439.62	552.40	596.5
Foreign liabilities (Mios USD)	78.3	29.63	30.00	43.41
Réserves brutes en mois d'import BS	7.6	6.8	4.7	5.5
Réserves brutes en mois d'import CAF de biens	10.3	8.92	8.60	6.10
Réserves brutes en mois d'import FOB de biens	13.8	11.82	11.41	8.13
Trade balance (in percent of GDP)	-10.94	-12.23	-12.11	-14.01
Current account balance in percent of GDP (including official transfers)	-17.97	-15.65	-13.36	-15.71
Current account balance in percent of GDP (excluding official transfers)	-2.77	-5.50	-2.50	-5.70
Overall balance (in percent of GDP)	5.70	3.33	3.31	1.30
GDP (millions \$US, Current)	2 090.67	2 445.81	3 338.51	4 455.84
GDP (Millions de FRW, current)	1 166 200	1 349 500	1 826 200	2 437 200
COURS DE 1 USD (FRW/1 USD) à fin de période	553.83	548.65	545.45	558.900
Imports of goods and services	-639.81	-780.35	-944.95	-1 402.20
Exchange rate average (FRW/1 USD)	557.81	551.76	547.01	546.97

Source: BNR, Statistics Department

Rwanda's Exports (FOB value in millions of USD)

Table 23

	2005	2006	2007	2008
I. Coffee				
Value	38.3	54.04	35.67	46.91
in % du Total exports, f.o.b.	30.6	36.7	20.18	31.52
% change of value	18.7	41.2	-33.99	31.91
Volume (1,000 tons)	18 398.6	26 534.1	13 673.86	19 710.61
% change of volume	32.1	44.2	-48.47	44.15
Unit value (US\$/kg)	2.08	2.04	2.61	2.38
% change of unit value	74.8	2.08	28.08	-8.76
II. Tea				
Value	24.38	31.86	31.52	40.05
in % du Total exports, f.o.b.	19.51	21.62	17.83	15.60
% change of value	13.13	30.68	-1.09	27.08
Volume (1,000 tons)	15 481	16 523.7	18 375.62	19 097.21
% change of volume	18.5	6.7	11.21	3.93
Unit value (US\$/kg)	1.57	1.93	1.72	2.10
% change of unit value	4.8	22.44	-11.06	22.28
III. Minerals				
Value	37.30	36.57	70.62	91.26
in % du Total exports, f.o.b.	29.85	24.81	39.95	35.55
% change of value	27.4	1.9	93.09	29.23
Volume (1,000 tons)	6 150.49	5 995.15	8 220.98	7 009.98
% change of volume	34.5	2.5	37.13	-14.73
Cassiterite				
Value	17.86	15.87	31.97	41.15
in % du Total exports, f.o.b.	14.29	10.76	18.09	16.03
% change of value	12.46	11.14	101.52	28.70
Volume (1,000 tons)	4 531.8	3 835.3	4 565.91	4 116.34
% change of volume	27.54	15.37	19.05	-9.85
Unit value (US\$/kg)	3.94	4.14	7.00	10.00
% change of unit value	11.85	4.99	69.28	42.76
Coltan				
Value	16.87	11.17	19.23	37.21
in % du Total exports, f.o.b.	13.50	7.58	10.88	14.50
% change of value	29.84	33.76	72.10	93.51
Volume (1,000 tons)	1 061.64	724.25	968.96	1 222.43
% change of volume	23.30	31.78	33.79	26.16
Unit value (US\$/kg)	15.89	15.43	19.85	30.44
% change of unit value	5.30	2.90	28.63	53.38
Wolfram				
Value	2.58	9.53	19.42	12.90
in % du Total exports, f.o.b.	2.06	6.47	10.98	5.02
% change of value	536.01	270.11	103.67	-33.58
Volume (1,000 tons)	557.02	1 435.57	2 686.11	1 671.22
% change of volume	253.63	157.72	87.11	-37.78
Unit value (US\$/kg)	4.62	6.64	7.23	7.72
% change of unit value	79.93	43.61	8.85	6.76
IV. Hides and skins				
Value	4.73	1.99	3.56	2.85
in % du Total exports, f.o.b.	3.79	1.35	2.02	1.11
% change of value	39.82	58.00	79.31	-20.06
Volume (1,000 tons)	3 183	1 160	1 805.60	2 043.60
% change of volume	48.01	63.57	55.67	13.18
Unit value (US\$/kg)	1.49	1.71	1.97	1.39
% change of unit value	5.30	15.29	15.18	-29.37
V. Pyrethrum				
Value	-	1.92	3.00	0.38
in % du Total exports, f.o.b.	0.00	1.31	1.70	0.15
% change of value	100.00	-	56.05	-87.25
Volume (1,000 tons)	-	44.64	38.27	3.30
% change of volume	100.00	-	-14.25	-91.39
Unit value (US\$/kg)	-	43.10	78.44	116.16
% change of unit value	100.00	-	81.98	48.09
VI. Other products				
Value	20.22	20.91	32.32	80.16
in % du Total exports, f.o.b.	16.18	14.19	18.28	31.23
% change of value	87.25	3.45	54.55	148.03
Other ordinary products	3.19	4.41	14.37	36.34
Réexportations	17.03	16.50	17.95	43.83
Sub- Total	124.90	147.30	176.69	261.62
VII. Adjustments	0.08	0.08	0.08	-5.06
Electricity	0.08	0.08	0.08	0.09
Postal colis	--	--	--	--
Carnets 126	--	--	--	--
Goods purchased in the ports or aerports	--	--	--	--
Reexports of minerals	--	--	--	--
Ajustment in transport and insurance	--	--	--	--
Ajustments on exports/ surveys	--	--	--	--
Ajustment transport & assurance thé	--	--	--	-5.15
Total fob	124.98	147.38	176.77	256.56
% change	27.46	17.93	19.94	45.21

Source: BNR, Statistics Department

RWANDA'S IMPORTS (value in millions of USD)
Table 24

	2005	2006	2007	Estim 2008
I. Capital goods				
Value	109.9	126.8	202.5	367.3
% change of value	37.39	15.40	59.72	81.35
Volume (tons)	17 506	20 803	31 551	39 860
% change of volume	40.13	18.83	51.67	26.33
Unit value (US\$/kg)	6.28	6.10	6.42	9.21
% change of unit value	-1.96	-2.89	5.31	43.55
II. Intermediate goods				
Value	111.16	146.15	189.91	323.87
in % du Total exports, f.o.b.	23.58	24.71	24.64	27.59
% change of value	40.35	31.48	29.94	70.54
Volume (tons)	154 363	206 831	274 574	367 938
% change of volume	43.31	33.99	32.75	34.00
Unit value (US\$/kg)	0.72	0.71	0.69	0.88
% change of unit value	-2.06	-1.88	-2.12	27.26
III. Energy products				
Value	78.16	108.56	115.65	161.49
in % du Total exports, f.o.b.	16.58	18.36	15.01	13.76
% change of value	13.88	38.90	6.53	39.63
Volume (tons)	128 819	172 818	183 252	186 722
% change of volume	4.49	34.16	6.04	1.89
Unit value (US\$/kg)	0.61	0.63	0.63	0.86
% change of unit value	8.99	3.53	0.46	37.04
IV. Consumer goods				
Value	131.17	166.54	229.10	284.08
in % du Total exports, f.o.b.	27.83	28.16	29.73	24.20
% change of value	28.02	26.97	37.56	24.00
Volume (tons)	120 855	173 743	285 259	253 662
% change of volume	10.66	43.76	64.18	-11.08
Unit value (US\$/kg)	1.09	0.96	0.80	1.12
% change of unit value	15.68	-11.68	-16.22	39.45
1. Food				
Value	35.26	47.93	71.76	87.07
in % du Total exports, f.o.b.	7.48	8.10	9.31	7.42
% change of value	6.33	35.91	49.74	21.33
Volume (tons)	79 854	122 832	223 979	172 073
% change of volume	5.43	53.82	82.35	-23.17
Unit value (US\$/kg)	0.44	0.39	0.32	0.51
% change of unit value	0.86	-11.65	-17.88	57.93
2. Others consumer goods				
Value	95.91	118.62	157.34	197.01
in % du Total exports, f.o.b.	20.34	20.06	20.42	16.78
% change of value	38.40	23.68	32.64	25.22
Volume (tons)	41 001	50 911	61 280	81 589
% change of volume	22.52	24.17	20.37	33.14
Unit value (US\$/kg)	2.34	2.33	2.57	2.41
% change of unit value	12.96	-0.39	10.20	-5.95
S/TOTAL	430.37	548.06	737.19	1136.73
Var en %	30.31	27.35	34.51	54.20
V. Ajustment				
Valeur	41.03	43.32	33.46	37.25
En % de val cif totale	8.70	7.32	4.34	3.17
electricity	5.57	11.00	12.10	2.29
En % de val cif totale	1.18	1.86	1.57	0.19
Parcel post	1.36	1.36	1.36	0.06
Autres (dont)	34.1	31.0	20.0	34.90
126 BIS	34.1	22.4	11.0	11.49
En % de val cif totale	7.23	3.79	2.58	3.18
Oil purchased in the aeroport		3.62	3.50	0.94
Reexport non included		12.7	11.00	43.82
Embassies' imports		-7.75	-5.50	-21.35
En % de val cif totale				
VI. Import cif	471.40	591.38	770.65	1173.98
% change	28.17%	25.45%	30.31%	52.34%
VII. Freight and insurance	117.76	144.98	189.49	293.26
In % du Clf	24.98	24.98	24.98	24.98
% change of ratio	0.00	0.00	0.00	0.00
VIII. Total fob	353.64	446.40	581.16	880.72
% change	28.17%	26.23%	30.19%	51.64%

Source: BNR, Statistics Department

Services and income (In millions of USD)

Table 25

SERVICES	2005	2006	2007	Estim 2008
Services and income (net)	-193.67	-235.03	-225.58	-148.39
Services (net)	-166.46	-206.38	-208.36	-113.32
Credit	119.71	127.57	155.43	408.15
Freight and insurance	7.01	4.22	5.23	5.15
Other transportation	17.76	16.41	24.58	37.74
Travel	48.76	57.76	66.43	202.28
Others services	46.17	49.19	59.19	162.98
- Operating cost of embassies	37.64	37.19	39.99	81.87
- privates (incl: post, communicat, ICT...)	8.53	12.00	19.19	81.11
Débit	-286.17	-333.95	-363.79	-521.47
Freight and insurance	-83.61	-101.34	-134.53	-208.21
Other transportation	-38.21	-42.63	-50.50	-75.75
Travel	-36.75	-41.29	-46.66	-69.99
Operating cost of embassies	-22.20	-28.93	-29.59	-17.90
Technical assistance	-88.47	-94.98	-71.95	-107.71
technical assistance (PIP)	-38.14	-43.37	-45.17	-80.13
technical assistance (humanitarian aids)	-50.32	-51.61	-26.78	-27.58
Other private services (incl: post, ICT, Communicat.)	-16.94	-24.79	-30.55	-41.91
Income (net)	-27.21	-28.66	-17.22	-35.06
Credit	15.45	24.62	25.44	28.27
Investment income	15.20	20.63	21.35	23.72
- Official investment(BNR)	11.67	18.79	19.90	20.00
- Banks investment	1.57	1.05	1.46	1.78
- Dividendes	1.96	0.79	0.00	1.94
Labor services income	0.24	3.99	4.09	4.49
Property income	0.00	0.00	0.00	0.05
Débit	-42.7	-53.27	-42.66	-63.33
Income paid on directs investments	-3.61	-9.06	-9.29	-16.42
1. Dividendes	-3.61	-9.06	-9.29	-15.36
2. Interest paid or reinvested on private invstments	0.00	0.00	0.00	-1.06
Income paid on others investments	-17.89	-13.63	-7.33	-7.74
Public sectorl	-17.02	-12.14	-6.18	-6.93
- Interest due on public external debt	-14.20	-11.45	-6.15	-6.88
- Interest on IMF debt by BNR	-0.90	-0.69	-0.03	-0.05
- Interest on others debt (BNB)	-1.92	0.00	0.00	0.00
Private sector	-0.88	-1.49	-1.15	-0.81
Labor services Income	-20.68	-30.07	-25.50	-37.95
Property income	-0.48	-0.51	-0.54	-1.23

Source: BNR, Statistics Department

Transfers (In millions of USD)
Table 26

	2005	2006	2007	2008
<u>Current transfers (net)</u>	364.52	325.54	461.32	518.57
Current private transfers(net)	46.73	77.15	98.82	72.61
<i>Crédit</i>	61.78	97.88	131.17	108.51
<i>Débit</i>	15.06	20.72	32.35	35.90
Remittances from Diaspora	-5.20	8.22	69.48	31.07
Crédit	8.63	25.01	98.50	63.31
Débit	13.83	16.78	29.02	32.24
Private transfers for churchs and associations	51.93	68.93	29.34	41.54
Crédit	53.15	72.87	32.67	45.20
Débit	1.22	3.94	3.33	3.67
Current officials transfers (net)	317.79	248.39	362.50	445.96
Crédit	320.28	251.13	366.38	450.08
1. current support net	200.12	128.35	259.27	339.76
of which HIPC Initiative	31.99	21.97	4.50	5.60
2. humanitarian aid	120.16	122.77	107.11	110.32
a. technical assistance	50.32	51.61	26.78	27.58
b. other humanitarian aid	71.41	71.16	80.33	82.74
Débit (of which contribution to internat. Organ.)	-2.49	-2.74	-3.88	-4.12

Source: BNR, Statistics Department

Capital and Financial account

Table 27

	2007	2008
Capital and Financial account balance	196.70	320.93
Capital Account	92.04	210.06
<i>Capital transfers</i>	92.04	210.06
Debt Forgiveness	0.00	0.00
a. Arrears (principal+interest)		
b. Current service (principal + interest)		
c. Principal not yet due forgiven (principal)		
Transferts des migrants		
Autres transferts de capital (dons d'appui au PIP)	92.04	210.06
a. Capital (projets)	69.03	157.55
b. Assistance technique	23.01	52.52
<i>Acquisitions et assignments of non financial assets</i>		
Financial transactions account	104.67	110.87
<i>Long Term capital</i>	161.80	184.80
I. Public sector capital (LT) (net)	80.36	108.94
Crédit	88.66	116.26
Current	0.00	5.80
Projects (PIP)	88.66	110.46
- capital	66.50	82.85
- technical assistance	22.17	27.62
Débit	-8.30	-7.32
Scheduled amortization	-8.30	-7.32
MDRI relief from IDA and AfDF		
II. Private (net)	81.43	75.86
Lt. Debt	3.4	9.5
Amortization	-4.2	-18.2
Investments	82.28	84.56
a. direct investment	82.28	103.35
b. portfolio investment	0.00	-18.79
III. Other capital	-57.13	-73.93
Short term capital	-57.13	-73.93
a. Commercial Credits	37.5	14.1
b. Commercial banks (Change in NFA of comm banks)(-aug)	-9.43	-15.62
c. other ST capital(correction of tourism revision)	-85.2000	-72.41

Source: BNR, Statistics Department

AVAILABLE FINANCING (In millions of USD)

Table 28

	2005	2006	2007	2008
Financing (- increase)	-119.2	-81.5	-110.7	-79.7
Change in net foreign assets of NBR (increase -)	-120.2	-81.5	-110.7	-79.7
a.Net use of IMF credit (increase +)	-6.7	2.5	3.3	3.7
1. disbursements/purchases	1.7	2.5	3.3	3.7
2. repayments/repurchases	-8.4	0.00	0.0	0.00
b.Change in gross reserves (increase -)	-93.5	-35.01	-114.4	-80.39
c.Change in other foreign liabilities (increase +)	-20.0	-49.03	0.4	0.68
Change in arrears (decrease -)	1.1	0.0	0.0	0.0
Accumulation	1.1	0.0	0.0	0.0
Reduction (Kow Funds)	0.0	0.0	0.0	0.0
Exceptional financing	0.0	0.0	0.0	0.0
Rescheduling	0.0	0.0	0.0	0.0
Stock of Arrears (Fonds Kow)	0.0	0.0	0.0	0.0
Current debt service (bilatéraux:Paris club et Fonds Kow):	0.0	0.0	0.0	0.0
Current debt service (OPEC)	0.0	0.0	0.0	0.0
Cancellation	0.0	0.0	0.0	0.0
Stock of Arrears	0.0	0.0	0.0	0.0
Current Debt service	0.0	0.0	0.0	0.0

Source: BNR, Statistics Department