MINISTRY OF FINANCE AND ECONOMIC PALNNING

# INTERNAL PROCEDURE MANUAL FOR DEBT STATISTICAL BULLETIN

April 2022

## FOREWORD

Monitoring and analyzing Rwanda's debt situation requires the Debt Management Unit to permanently possess reliable, constantly updated and comprehensive data. A Statistical bulletin is an essential tool for ensuring transparency of the debt portfolio, and it is vital for external and domestic investors.

The rationale is to ensure that the government is accountable for its Debt Management operations to the country's citizens by providing frequent reports and making these reports publicly available. This procedure manual has been revised to reflect changes in the coverage of debt which is external, domestic and state owned entreprises debt (both guaranteed and non-guaranteed).

The goal of this procedure manual is to provide a better understanding of all steps needed to be followed by the directorate in charge of producing a debt statistical bulletin, and the regularity of its publication. In 2021, the structure of the Ministry was revised with Debt unit elevated to a directorate still under Chief Economist Department. In 2016, the Ministerial order relating to financial regulations was published and stipulates in its article 51 that it is a requirement to publish a debt statistical bulletin on a regular basis.

Therefore, the following guidelines maintain safety while using this procedure manual. It is expected that all involved in debt statistical bulletin production and publication will adhere to these guidelines. The Debt Directorate will update the contents of this procedure as needed. For any revision, users will find it on MINECOFIN website.

**Dr. Uzziel NDAGIJIMANA**
**MINISTER OF FINANCE AND ECONOMIC PLANNING**

## Document Control

| Version | Date | Author | Comments |
|---|---|---|---|
| 2.1 | April 2022 | Debt Directorate General | • This document establishes a clear workflow that MINECOFIN needs to follow in order to prepare, approve and publish a statistical bulletin. |

## Approval

| Approved By (name / title / Org) | Signature | Date |
|---|---|---|
| Debt Management Committee | | April 2022 |
| Minister of Finance & Economic Planning | | April 2022 |

## I. Background

The ministerial Order **N°001/16/10/TC of 26/01/2016** relating to the management of public finances of all public entities was revised and approved by the cabinet in its session of 09/09/2015[1]

Most specifically, **article 51 paragraph n°7** stipulates that the publication of a statistical bulletin should be done on a regular basis.

In order to better implement the above article, a procedure for the preparation and approval of debt statistical bulletin was developed, and further approved by the Minister of Finance & Economic Planning in line with debt management objectives.

This procedure intends to give clarity on all the steps that need to be undertaken by the debt directorate during the preparation, approval, and publication of a debt statistical bulletin. Importantly, it ensures that transparency in debt statistics is promoted through clear delegation of this responsibility to the Debt Management Directorate.

## II. General Description

The following lines set out the main steps that should be followed by DDG when preparing a debt statistical bulletin:

*Step 1: Data collection*

The first step while preparing a debt statistical bulletin is to collect data from different stakeholders. This includes:

- A detailed exchange rate base which specifies for each period, the average and end of period rate for the year, semester, quarter, and month. Those exchange rates are obtained through the recording of daily exchange rates published by BNR in DMFAS (Debt Management and Financial Analysis System).
- All disbursements made, debt securities issued, and guarantees extended during the period considered; for external debt, this requires getting information from external creditors while for domestic debt, it requires getting information from the National Bank of Rwanda who acts as fiscal agent of the Government of Rwanda. For guaranteed and non-guaranteed debt, the information is collected from State Owned Enterprises.
- All debt service (both external and domestic) made during the concerned period, are readily available in DMFAS.

[1] *Ministerial Order relating to financial regulations*, 2016 , http://www.minecofin.gov.rw/fileadmin/templates/documents/Legal/Ministerial_Orders/Ministerial_Order_on_Financial_Regulations.pdf

*Step 2: Recording of Debt Data in DMFAS*

- Once all information is made available, DDG starts recording external debt disbursements, domestic debt securities issued during the concerned period, as well as guarantees issued, into DMFAS. For external debt service payments, DDG will confirm the payments in DMFAS. For Domestic debt service of T-bonds, DDG will also confirm payments in DMFAS, however, regarding debt service of T-bills, DDG will consider T-bills statistics from BNR. For guaranteed debt servicing, DDG will collect information from state owned enterprises.

*Step 3: Reconciliation with Creditors*

- After the recording is done, DDG will proceed to a reconciliation exercise with each creditor for external debt, while for domestic debt, reconciliation will be done with Treasury department within MINECOFIN. The reconciliation of debt information with external creditors applies for disbursement, debt service paid, and for the outstanding stock. The reconciliation of guaranteed and non-guaranteed debt will be done with information collected from the state owned enterprises.

*Step 4: Drafting of the Debt Statistical Bulletin*

- Step four consists into the drafting of the statistical bulletin. Once the debt information is recorded, and reconciled, DDG will generate reports from DMFAS tool into an excel format that can be rearranged to fit the required format of the statistical bulletin as per best practice and international standards[2].

- The statistical bulletin will include information on levels of debt stocks (by creditor, residency classification, instrument, currency, interest-rate basis, and original maturity), and the face value of the flows (principal, interest payments, and commissions). It will also include debt levels, in relative terms (debt to GDP, export, or revenues, etc.).

  Other ratios that the bulletin would include are in Present Value terms given the largest share of concessional debt which constitutes the Rwandan debt portfolio.

- It will be published semi-annually with a time lag of three months, and will public external and domestic debt, including guaranteed and non-guaranteed SoE debt.

- The statistical tables will be produced using millions of US dollars (USD) for external debt and billions of Rwandan franc (FRW) for domestic debt.

*Step 5: Review and Approval process*

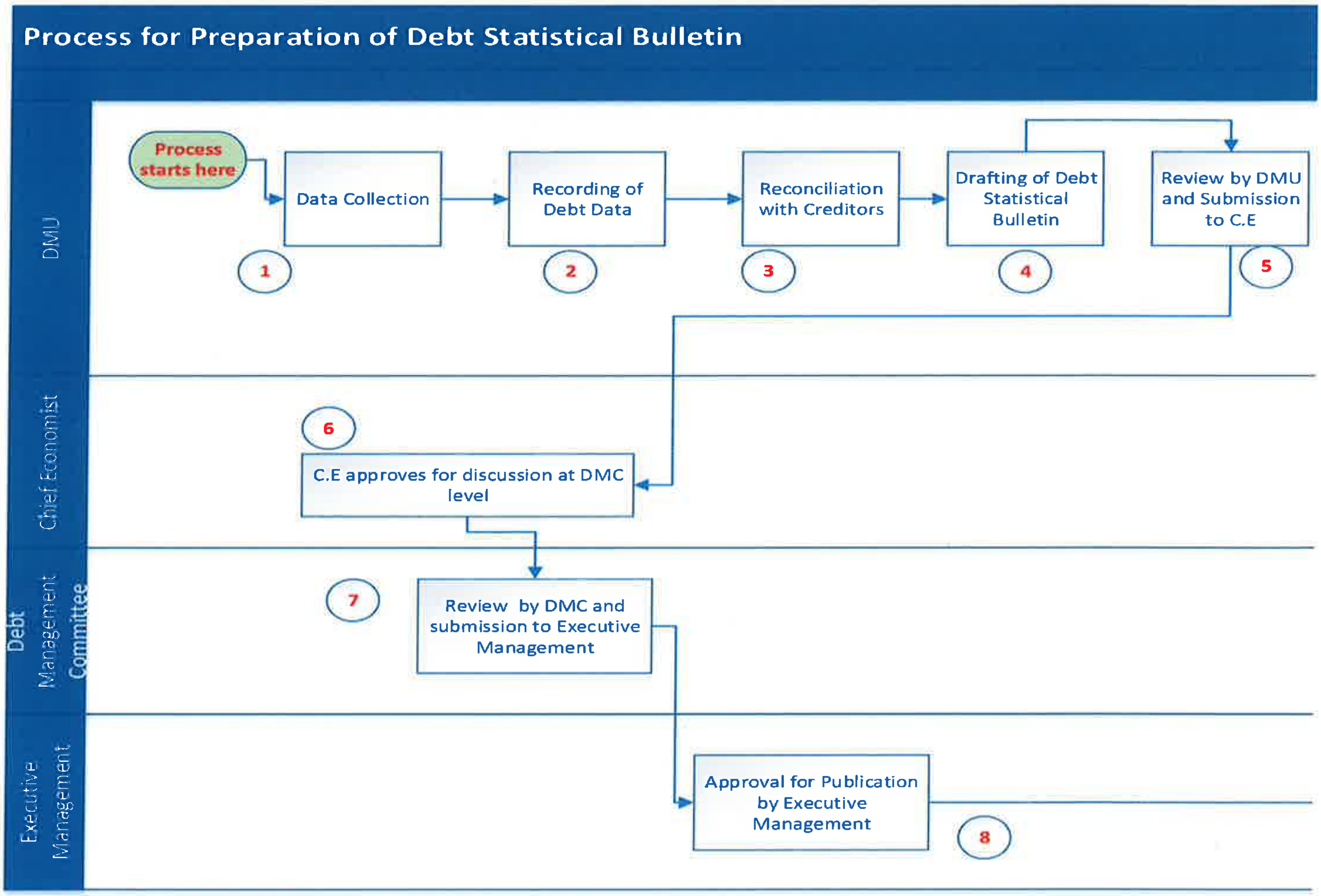
- Once the drafting is completed, DDG will review the bulletin and apply corrections/edits where necessary before the document is submitted to Chief Economist. The Chief Economist, will then approve the draft Statistical Bulletin to be discussed at the level of Debt Management

[2] Debt Statistic Workshop, UNCTAD 2013, https://unctad.org/divs/gds/dmfas/what/Pages/Training.aspx#stat, developed in consultation with: BIS (Bank for international settlements), ComSec (commonwealth secretariat), Eurostat, IMF, OECD, Paris Club Secretariat, UNCTAD, World Bank.

Committee, before it is submitted to Executive Management for approval. After EM's approval, the statistical bulletin can be published to MINECOFIN website.

For ease of reference a detailed workflow diagram shows the sequencing of different steps in preparing, approving and publishing the debt statistical bulletin

*Workflow Diagram*


Process for Preparation of Debt Statistical Bulletin
DMU
Chief Economist
Debt Management Committee
Executive Management
Process starts here
Data Collection
1
Recording of Debt Data
2
Reconciliation with Creditors
3
Drafting of Debt Statistical Bulletin
4
Review by DMU and Submission to C.E
5
6
C.E approves for discussion at DMC level
7
Review by DMC and submission to Executive Management
Approval for Publication by Executive Management
8

## III. Detailed Description

*1. Contents of the Debt Statistical Bulletin*

MINECOFIN produces and publishes a Debt Statistical Bulletin that covers Public external and domestic debt including guaranteed and non-guaranteed SoE debt. The bulletin provides information on public debt stocks (by creditor, residency classification, instrument, currency, interest-rate basis, and original maturity), and debt flows (disbursements, principal, interest payments and commissions). The content of the debt statistical bulletin will include:

1. **Public debt stocks** (historical for past 10 years & projections for next 3 years)
   - By instrument, currency composition, interest-rate basis, original maturity
   - by creditor classification (multilateral, bilateral, export credit, commercial, and domestic – resident/non-resident)
   - by creditor, residency classification

2. **Public debt flows** (historical for past 10 years & projections for next 3 years)
   - by disbursements (creditor type and name, economic sector)
   - by debt service (principal, interest and commissions payments)

3. **Debt ratios/indicators** (current & projections for next 3 years) from DSA are produced once a year and are calculated based on calendar year running from January to December.

   External Debt
   - net present value of debt to GDP: measures the current value of external indebtedness relative to the country's economic activity
   - net present value of debt to exports: measures the current value of external indebtedness relative to the country's ability to service from export revenue sources
   - net present value of debt to revenue excluding grants: measures the current value of external indebtedness relative to the government's ability to repay from domestic revenue sources
   - debt service to exports: measures the government's ability to pay debt service from export revenue sources
   - debt service to revenue excluding grants: measures the government's ability to pay debt service from domestic revenue sources
   - concessional debt to total external debt: measures the share of concessional debt to total government external debt

   Domestic Debt
   - debt stock to GDP: measures the level of domestic indebtedness relative to the country's economic activity
   - debt stock to domestic budget revenue: measures the level of domestic indebtedness relative to the government's ability to repay
   - present value of debt to domestic budget revenue: measures today's cost of debt service compared with the government's ability to repay
   - debt service to domestic budget revenue: measures the government's ability to pay debt service from domestic sources
   - interest to domestic budget revenue: measures the interest cost of domestic debt

4. Debt ratios/indicators (current & projections for next 3 years) from MTDS are produced once a year and are calculated based on Fiscal year running from July to June. Debt ratios/indicators, and basic risk measures of the public debt portfolio such as:
    - share of fixed-rate to floating-rate debt
    - share of short-term to long-term debt
    - average time to interest rate re-fixing
    - share of foreign currency to domestic debt
    - currency composition of foreign currency debt
    - average maturity of the debt
    - maturity profile of the debt

2. *Detailed Workflow Description*

This section defines each step of the preparation of a debt statistical bulletin, while showing the input, the action, and an output. It will also show who has the responsibility to undertake the action, Key indicators which show that the action was performed as per the best practices.

| **Step 1 & 2** | **Data Collection** |
|---|---|
| **Activity Description** | Collection of data from different stakeholders. |
| **Inputs:** | Input List for this activity |

| **Input Name** | **Description** | **Source** | **Format** |
|---|---|---|---|
| Data | Includes:<br>1. End of period & average exchange rate | National Bank of Rwanda | Daily exchange rates are manually uploaded in DMFAS |
| | 2. All disbursements made during the period considered; | External creditors | |
| | 3. and debt securities issued during the period considered; | National Bank of Rwanda | |
| | 4. All debt service payments (both external and domestic) made during the concerned period, | Generated from DMFAS, when new loan information is recorded. | |
| | 5. All SoE debt during the period concerned. | State owned Enterprises | Excel based template |

| | |
|---|---|
| **Outputs:** | Outputs List for this activity.<br><br>**Output Name**: Collected debt data and daily exchange rates are recorded into DMFAS<br>**Description**:<br>**Destination**: DMFAS<br>**Format**: Software |
| **Executed By** | Debt Management Unit |
| **Step 3** | **Reconciliation of Debt data recorded in DMFAS** |
| **Activity Description** | Debt recorded in DMFAS is reconciled with debt information from Creditors/ BNR |
| **Inputs:** | List of inputs for this activity. |
| **Outputs:** | Outputs List of this activity. |
| **Executed by** | Debt Directorate General |

Outputs List for this activity.

| Output Name | Description | Destination | Format |
|---|---|---|---|
| Collected debt data and daily exchange rates are recorded into DMFAS | | DMFAS | Software |

List of inputs for this activity.

| Input Name | Description | Source | Format |
|---|---|---|---|
| Debt information recorded into DMFAS | • reconciliation of debt disbursements.<br>• reconciliation of debt service payments.<br>• Reconciliation of outstanding debt stocks. | Debt information generated from DMFAS, reconciled with Debt information from Creditors (for external debt) or Treasury account (for domestic debt securities), or State Owned Enterprises ( for Guaranteed and non-guaranteed debt) | Software & Invoices, information shared via email correspondences . |

Outputs List of this activity.

| Output Name | Description | Destination |
|---|---|---|
| Debt Data is reconciled | Report is generated from DMFAS in an editable format that can be rearranged to fit the statistical bulletin format | Draft Debt Statistical Bulletin |

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|---|---|
| **Step 4** | **Drafting of the Debt Statistical Bulletin** |
| **Activity Description** | Once the debt data in DMFAS is reconciled with information from creditors, draft statistical bulletin is prepared. |

**Inputs:**

List of inputs to this activity.

| Input Name | Description | Source | Format |
|---|---|---|---|
| Report generated from DMFAS | • Rearrange DMFAS generated report to fit the required format statistical bulletin as per the best practices and international standards.<br>• include information on debt stocks, debt flows, and debt ratios.<br>• Coverage is Public external and domestic debt, including guaranteed and non-guaranteed SoE debt.<br>• Currency is USD for external debt and FRW for domestic debt. | DMFAS | Generated report into excel based |

**Outputs:**

List of outputs for this activity.

| Output Name | Description | Destination | Format |
|---|---|---|---|
| Draft Debt Statistical Bulletin | Includes detailed data on stocks, flows , and debt ratios | Chief Economist | Word Document |

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|---|---|
| **Executed by** | Debt Directorate General |

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| **Step 5 to 9** | **Review and Approval of the Debt statistical bulletin** |
| **Activity Description** | Once the bulletin is finalized it is submitted for approval before it is disseminated to the public. |
| **Inputs:** | List of inputs to this activity |

| Input Name | Description | Source |
|---|---|---|
| Draft Debt Statistical Bulletin | • DDG makes corrections/edits where necessary before the document is submitted to Chief Economist. | DDG |

| | |
|---|---|
| **Outputs:** | List the outputs of this activity. |

| Output Name | Description | Destination |
|---|---|---|
| Final draft of Debt Statistical Bulletin | 1. Chief Economist approves the draft Statistical Bulletin for discussion at DMC level<br>2. DMC reviews and submit to Executive Management for approval.<br>3. EM's approves, the statistical bulletin, which is published to MINECOFIN website. | MINECOFIN Website |

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| **Executed By** | Chief Economist, Debt Management Committee |