



PUBLIC DEBT MANAGEMENT MANUAL PROCEDURES

**Rwanda Ministry of Finance and
Economic Planning**

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Version Sheet

Release No.	Date	Revision Description
Version 1.0	27/01/2012	Draft prepared by consultant
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Version 4.0	13/07/2012	Final version prepared by consultant

How to use the Public Debt Management Manual (Procedures)

The objective of this manual is to document the procedures that MINECOFIN will use to manage public debt in Rwanda. The manual will guide the debt officers in performing their day-to-day duties. These procedures cover all current and some future public debt management activities. As the Government of Rwanda plans to move towards greater reliance on market-based funding sources (either through loans on market rates from bilateral and multilateral lenders or from the issuance of government securities) and more active management of the public debt portfolio and associated risks, the manual will be updated as new procedures are developed and introduced.

The manual will be updated by MINECOFIN each year and/or sections updated if needed when new debt management activities are introduced or existing procedures are amended. The workflow diagrams have been developed in Microsoft Visio and cut and paste to the manual. Microsoft Visio 2010 Viewer can be downloaded from <http://www.microsoft.com/en-us/download/details.aspx?id=21701> to view the Visio diagram file. These diagrams will need to be updated using Microsoft Visio if MINECOFIN can acquire a licensed copy for this purpose. If not, MINECOFIN can convert the diagrams to an alternative software package that is freely available for download on the internet (e.g. yEd Graph Editor (current version 3.9.2) developed by works, a diagramming company www.yworks.com/products_yed_about.html).

The manual has been set up so that each section can be updated separately with page numbers for each section that automatically update under each section. Also, new sections can be added when new procedures are developed and introduced. Each new section should generate an automatic section number and page numbers should be automatically inserted. The header will be then edited to record the section heading. When a section is updated, the header of the relevant section should be updated to record the revision date and version, together with the name or signature of the persons that prepared and authorized the update. When the whole manual is updated, the version sheet above should update the release number, date and revision description with each section updated as set out in the paragraph above.

Public Debt Management Manual (Volume 2: Procedures) is accompanied by Public Debt Management Manual (Volume 1: Policies).

PUBLIC DEBT MANAGEMENT MANUAL

VOLUME 2: PROCEDURES

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Acronyms and Abbreviations

BNR	National Bank of Rwanda
DeMPA	Debt Management Performance Assessment
DMC	Debt Management Committee
DMFAS	Debt Management and Financial Analysis System
DMO	Debt Management Office
DSA	Debt Sustainability Analysis
DSF	Debt Sustainability Framework
EDPRS	Economic Development and Poverty Reduction Strategy
FMD	Financial Markets Department
FY	Fiscal Year
GDP	Gross Domestic Product
GoR	Government of Rwanda
IDA	International Development Association
IFMIS	Integrated Financial Management Information System
IMF	International Monetary Fund
IRAI	IDA Resources Allocation Index
LICs	Low Income Countries
MINECOFIN	Ministry of Finance and Economic Planning
MoF	Ministry of Finance
MTDS	Medium Term Debt Management Strategy
NPV	Net Present Value
OTR	Ordonnateur Tresorier du Rwanda
PFM	Public Financial Management
PFM-PR	Public Financial Management Performance Report
PMMU	Project Management and Monitoring Unit
RwF	Rwandan Franc
TMC	Treasury Management Committee
US	United States

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1.0 GOVERNANCE & INSTITUTIONAL ARRANGEMENTS

1.0 GOVERNANCE & INSTITUTIONAL ARRANGEMENTS

Governance

Legal Framework

The main legislation covering public debt management is the Organic Law No 37/2006 on State Finances and Property Law (popularly referred to as OBL), that was promulgated on 12th September 2006. The OBL is based on Articles 79 and 184 of the Constitution as amended to date. The OBL was amended (refer Law N° 65/2008 of 11th September 2008) primarily to align Rwanda's budget calendar to the East African Community calendar. Implementation of the OBL is supported by the Ministerial Order N° 002/07 of 9th February 2007 relating to financial regulations.

OBL Chapter V (Articles 54-65) covers Government borrowing, lending, debt management and banking mechanisms. Specifically, Article 54 stipulates that “In accordance with the decisions taken by Cabinet, the Minister shall be the sole authority to borrow or to permit borrowing public money from any legal entity or from an individual for financing the central Government budget deficit, or, to raise loans, for other public bodies. The Minister shall also be the sole authority to give or approve securities for the borrowing, such as public enterprise and financial institutions. The powers may be delegated to other public officers.”

Article 57 stipulates that “upon proposal by the Minister, the Government may borrow loans: (1) to finances budget deficits; (2) to repay the maturing debt or a loan prior to its redemption date; (3) for any other purpose necessary for sound fiscal policy and effective debt management.” Article 58 makes provision for “the Minister, under the general guidelines of Cabinet decisions on matters relating to the budget, in consultation with the National Bank of Rwanda, with the concurrence of the lender, may: (1) repay a loan before its maturity date; (2) seek modification to contractual terms and conditions of any existing loan; (3) convert a loan into any other loan or equity.

Article 62 stipulates that “in formulating debt management guidelines and implementing the annual debt management strategy, the Minister shall, each year, consult with the National Bank of Rwanda, so as to avoid any possible conflicts between the objectives of fiscal policy, debt management policy, trade policy and exchange rate policy. In accordance with written agreement with the Minister, the National Bank of Rwanda shall provide all the services required for the execution of decisions on effective management of public debt.

MINECOFIN has embarked on an exercise to review the OBL and subsequently the Financial Regulations as a number of gaps in financial management of public finances have been identified which need to be addressed. The objective is to benchmark and align OBL to international best practices in public financial management. While the planned revisions to the OBL are in line with international best practices including the requirements articulated in the Debt Management Performance Assessment (DeMPA) tool prepared by the World Bank, there that could be considered for amendment and/or inclusion:

- As the Government of Rwanda makes progress towards greater use of financing from market sources and seeks to manage the risks inherent in the public debt portfolio, the use of hedging instruments, such as currency and interest rate swaps, would become an active tool for the DMO. The inclusion of a provision to enable such activities would be important.

- The inclusion of a requirement to prepare a report of debt management activities annually covering evaluation of outcomes against the public debt management objectives and strategy.

Debt Management Committee (DMC)

The DMC is chaired by the Government Chief Economist and meets quarterly. It is chaired at a slightly lower level than the Treasury Management Committee (TMC) that meets monthly, although has broadly the same representation. DMC considers future issuance, including the balance between overdraft, bill issuance and bond issuance. The decisions of TMC with regard to the cash position and funding requirements of the Government will feed into the review of debt financing operations that are examined by DMC.

Terms of Reference

Upon the adoption of the Rwanda Debt Policy by Cabinet, the Minister of Finance shall constitute the Debt Management Committee (DMC) using appropriate administrative/statutory instruments. The DMC shall be composed of:

1. Government Chief Economist (Ministry of Finance) - Chairperson
2. Director of Macroeconomic Unit (Ministry of Finance) – Vice Chairperson/Secretariat
3. Director of Treasury (Ministry of Finance) – Second Vice Chairperson
4. Director General of Economic Planning (Ministry of Finance)
5. Director of Budget (Ministry of Finance)
6. Director of External Finance Unit (Ministry of Finance)
7. Director of Financial Markets (BNR)
8. Director of Research and Statistics(BNR)
9. Director of External Sector and Balance of Payments (BNR)

The Permanent Secretary and Secretary to Treasury (Ministry of Finance) and the Governor (BNR) shall be invited to the DMC when the agenda shall require strategic policy adjustment.

Representatives of other institutions involved in or affected by debt management may be co-opted in the DMC if required.

The DMC shall be responsible for:

- Proposing changes to the Debt Policy and Strategy;
- Developing guidelines on the Debt Policy and Debt Strategy development;
- Providing guidelines on the methodology and key considerations for undertaking debt sustainability analysis;
- Preparing the annual debt management work plan, including implementing the debt strategy;
- Monitoring progress on the implementation of the debt strategy;
- Reviewing the debt financing operations such as (a) issuance of short and long term public debt instruments; (b) selection of bond types and structure; (c) methods of sale and marketing of bonds; and (d) debt restructuring options;
- Drafting of the Debt Management Manual and procedures for development loan financing;
- Monitoring and coordinating the activities of all government entities involved in public debt management;
- Advising the Minister on any external loan/guarantee contraction;
- Reviewing existing capacity on debt management and make proposals for capacity building for public debt management. Propose costed capacity building programs on debt management;

- Reviewing institutional arrangements including management structures, job descriptions for debt managers in line with international best practice;
- Meeting at least on a quarterly basis to review developments in debt management. Ad-hoc meetings shall be convened as the DMC chairperson deems necessary;
- Attending to any other assignments delegated by Minister of Finance on debt management issues;
- Submitting formally minutes of the DMC to the Minister of Finance and copies to the Permanent Secretary and Secretary to Treasury of the Ministry of Finance as well as the Governor of BNR within five working days following a DMC meeting.

The Debt Management Committee shall be supported by all relevant departments/ institutions involved in public debt management issues as shall be stated in letter of appointment to the members of the committee.

Role of DMC in Public Debt Management

The development of the Rwanda Debt Strategy is key in the implementation of the Debt Policy as it operationalizes the provisions of the policy. The debt strategy shall be subsequently drawn to commence implementation of the Debt Policy. Key steps in drawing the debt strategy shall consider the following:

- (i) The Director of the Macroeconomic Unit shall coordinate the drafting of the debt strategy drafting;
- (ii) Drafting process shall involve consultation with all relevant stakeholders and shall be reviewed by the DMC. The debt strategy shall be signed off by the Minister of Finance and submitted to Cabinet;
- (iii) The debt strategy shall be drawn for the medium term (3 years) with annual reviews;
- (iv) The Strategy shall be ready before the Budget Framework Paper;
- (v) The strategy shall guide debt managers in their decisions and operations consistent with the objectives of debt management promulgated in the Rwanda Debt Policy document.

In order to clarify and specify roles of the entities involved in debt management, DMC shall advise the Minister of Finance on the segregation of function according to best practice.

The Minister for Finance shall oversee the implementation of the policy as mandated through the Organic Budget Law.

The Treasury Unit, collaborating with the Debt Management Committee (DMC) shall be responsible for the technical coordination of the Rwanda Debt Policy and all debt management activities.

Treasury Management Committee (TMC)

The TMC has three key requirements: reviewing the outturn, and variance between forecasts and outturn; setting new commitment limits, taking account of the outturn; and deciding on future cash needs.

Terms of Reference

Rationale of TMC

The rationale in establishing the Treasury Management Committee (TMC) is to ensure that the yearly macroeconomic program of government is implemented and monitored diligently such that all targets and benchmarks (quarterly, half-yearly and yearly) are met. In this regard ALL members of the TMC are expected to be fully conversant with the Technical Memorandum of Understanding (TMU) as well as

other documents that spell out all the definitions contained in the macro program. These documents will set out the modalities and data reporting requirements for the monitoring of the program.

Periodic Quantitative Macroeconomic Indicators to be Monitored

The attached table 2 shows the details of the quantitative performance criteria and benchmarks for annual monitoring. Key indicators are the following:

1. Net Foreign Assets
2. Reserve money
3. Net Domestic Financing
 3. a *Net Credit to Government Domestic fiscal balance*
 3. b *Non Bank Financing*
4. Total priority expenditure
5. New concessional external debt
6. New external payment arrears
7. Short term external debt
8. Net accumulation of domestic arrears
9. Net liquidity impact of fiscal spending on the economy
10. Broad money
11. Extended broad money
12. NPV of the stock of outstanding external debt
13. Ceiling on stock of domestic debt.

Specific Tasks of the TMC

The specific roles of the TMC will include reviewing and discussing the following main aggregates:

1. Net Foreign Assets (NFA)

- Review cash flow of BNR and follow up on planned external disbursements to ensure prompt accrual of funds. Revise cash flow if necessary.
- Review BNR's weekly auction sales to ascertain trends in sales and if demand is fully met. Propose revisions in auction system and amounts for auction if necessary. Monitor exchange rate developments. This is in line with policy to use forex sales as an instrument of sterilization.
- Monitor Government's forex to spending to ascertain if target is being met and if not revise targets.
- Monitor project accounts spending to ascertain forex component. PMMU (Project Management and Monitoring Unit) to provide data.
- Forex spending by the government is essential in calculation of the net liquidity impact of fiscal spending.

2. Reserve Money and Domestic Debt Stock

- Review monetary developments emanating from GOR spending. In this regard Ordonnateur Tresorier du Rwanda (OTR) is to provide weekly cash flows showing expected receipts (especially revenue) and payment orders (OPS) to be sent to BNR for payment. If possible the expenditures should be broken down into forex and domestic currency.
- Review levels of liquidity (currency in circulation and bank deposits) to access any excess liquidity.

- Review treasury bills (both BNR and GOR) situation. This involves current stocks and maturities. This review will allow the amount of new sales of bills (both BNR and GOR) to be determined taking into consideration the envisaged reserve money and domestic debt level targets.
- In line with the Debt Management Strategy, BNR will be expected to adhere strictly to decisions taken on sales of GOR security to both banks and non-banks. Any deviation should be done only following formal consultation with MINECOFIN.
- Review levels of reserve requirements and if need be propose revisions commensurate with attaining the reserve money targets to BNR.

3. Net Credit to Government (NCG), Domestic Fiscal Balance (DFB) and Priority Spending

- Monitor RRA revenue collections to ascertain if targets (monthly, quarterly and yearly) targets are being met. This includes swift transfers of all collections to OTR's account at BNR. In this regard RRA to provide regular situation data.
- Follow-up on non-tax revenue collections. RRA, OTR and Budget Department to provide regular up-dates on collections.
- Review expenditure projections from Budget and OTR's Department to ensure consistency with agreed quarterly cash targets. Specific attention to be paid to provision of required cash limits to districts. This should ensure adequate cash to districts for smooth operations and at the same time avoid overdrafts and accumulation of deposits.
- Monitor spending to ensure that cash targets are not exceeded. If need be advise sectors and districts to slow down on spending.
- Monitor priority spending within the allowable expenditure envelope to ensure that quarterly and yearly targets are on track. If need be propose slow down of "non priority" spending in order to attain target.
- Ensure that all payment orders sent to BNR by OTR are promptly paid and computerized such that the SmartIFMIS system can capture these payments correctly to reduce discrepancies.
- Monitor payments of arrears and level of "float" (difference between "ordonnancement" and "paiement") to ensure that "net accumulation of arrears" target is achieved. In this regard BNR's collaboration to ensure prompt computerization of all payment orders to be captured by the SmartIFMIS system is essential.
- Monitor draw down from project accounts to ascertain flows that could create problems for NCG. If required propose revisions to Project Managers for implementation.

4. Ceiling on Contracting Of New External Debt (Stock and Concessionality) and NPV of Outstanding Debt

- Monitor all new contracted external debt to ensure that terms of the debt meets the concessionality conditions spelt out in the Debt Management Strategy.
- Ensure that OTR is in touch with EFU so that all loans before signing are verified to conform to the criteria in the TMU. If necessary TMC is to draw attention of the Minister on this issue.
- Ensure that OTR provides regular up-dates on status of external loans after reconciliation with BNR. This will allow monitoring of debt stock.
- Monitor all requests from Local Government and other agencies to ensure that GOR guarantees for all loans conform to the agreed terms with the IMF as set out in the TMU.
- Ensure that there are no external payments arrears. OTR to provide updates on debt due and paid.
- Provide inputs into regular debt sustainability analysis as required in the Public Debt Policy.

5. Broad Money Developments (Narrow and Extended)

- Monitor monetary developments in BNR and Commercial banks to ensure that indicative targets (quarterly and yearly) are met. This involves special monitoring of private sector deposits and

loans as well as NGOs' and micro credit institutions banking operations. If required, TMC to propose remedial measures to BNR.

- Ensure that BNR provides monthly monetary surveys to allow monitoring of developments.

6. Structural Benchmarks

- Monitor all structural benchmarks in the macroeconomic framework to ensure that these are met on time. Macro department should provide regular status reports on all benchmarks. If required TMC to provide revisions to timetable to meet the targets.

Other Duties

- TMC is expected to perform any other duties that may be required to ensure maintenance of macroeconomic stability which will promote growth and poverty reduction.

Schedule of Meetings

- TMC to meet at least once a month and as often as may be required to meet its objectives.

Membership

The TMC may have the following membership:

- Permanent Secretary and Secretary to the Treasury/ MINECOFIN—Chairperson
- Government Chief Economist/ MINECOFIN—Vice Chairperson
- Chief Economist—BNR/ Second Vice Chairperson
- Director of Research/ BNR
- Caissier de l'Etat/ BNR
- Monetary Operations/ BNR
- Balance of Payment/ BNR
- Accountant General/ MINECOFIN
- Director of Treasury Unit/ MINECOFIN
- Director General Budget Department/ MINECOFIN
- Director of Macroeconomic Policy/ MINECOFIN
- Director of External Finance Unit/ MINECOFIN
- Director of SmartIFMIS/ MINECOFIN
- Director of Planning/ RRA
- Secretary to the TMC/ MINECOFIN
- Officer in charge of Fiscal Operations/ MINECOFIN

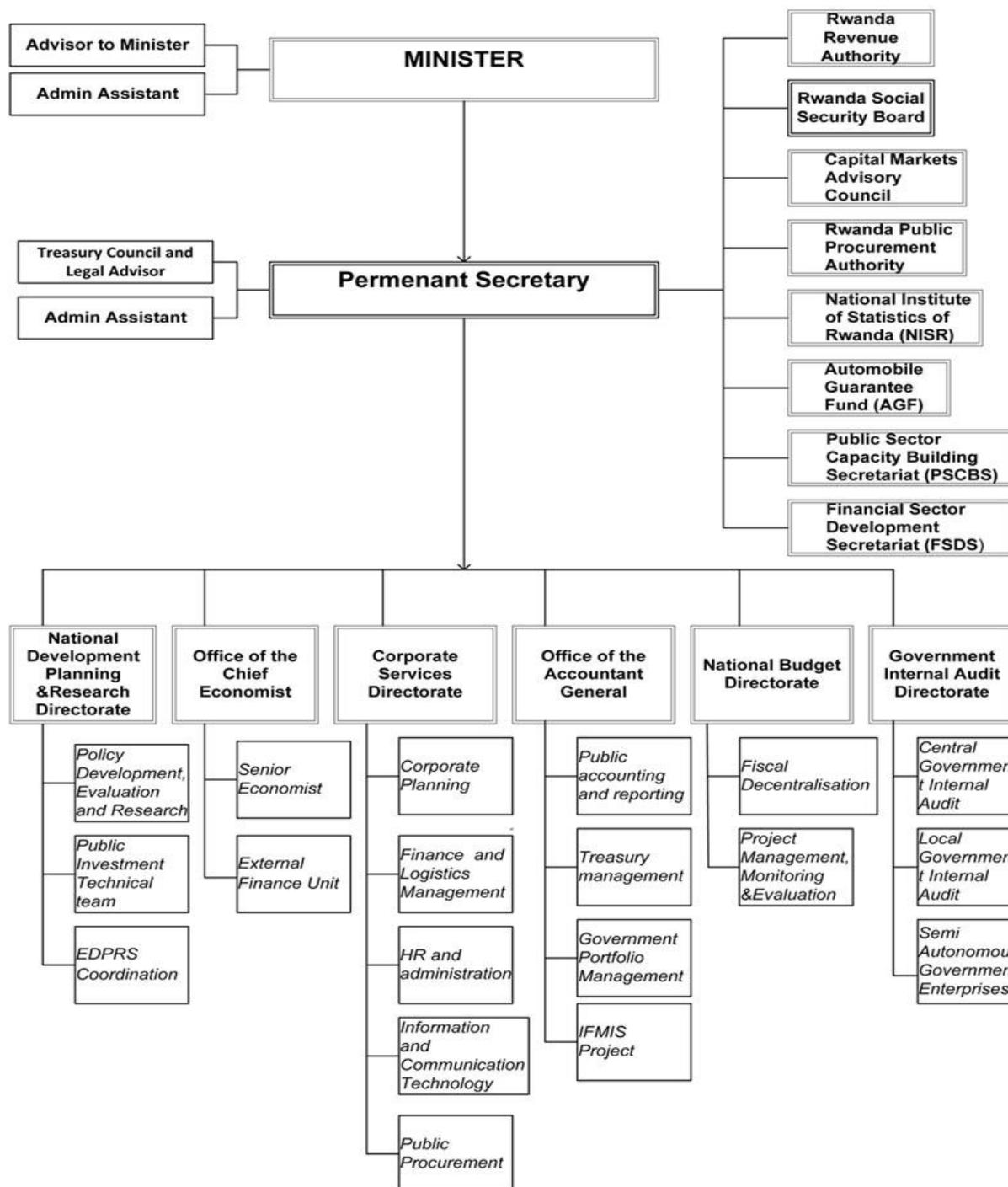
Any other representative that the Chairperson may nominate; members of the TMC may delegate in case of absence.

Minutes of Meetings

Minutes are to taken by the Secretary and circulated to members at least five working days after a meeting is held. Approved minutes shall be officially submitted to the Minister of Finance and the Governor of the Central Bank. All minutes will be filed by the Treasury Unit.

Institutional

The current structure of the Ministry of Finance and Economic Planning (MINECOFIN) is as follows:



Parliament

The Parliament ratifies all external loans and approves annual domestic borrowing limit proposed by the Minister of Finance in accordance with the Organic Budget Law.

Minister of Finance and Economic Planning

The government, through the Minister, borrows money, or issue a guarantee, indemnity or security, or enters into any other transaction that binds or may bind the consolidated fund to any future financial commitment. The Minister of Finance is responsible for signing all agreements and indemnities representing a financial commitment, including loan agreement, government t guarantees, and other contingent liabilities. The Minister of Finance is also responsible for presenting borrowing requirements and external loans to parliament for authorization and Cabinet review.

Ministry of Finance and Economic Planning

The units responsible for public debt management activities are set out below.

Macroeconomic Unit

The role of this unit is to design, coordinate and monitor the implementation of sound macroeconomic policies in Rwanda. This includes dealing with the macro-economic consequences of external finance flows. The Macroeconomic Policy Unit undertakes analytical functions that enable government to meet its financing needs and its debt service obligations at the lowest possible cost with a prudent degree of risk exposure. It also monitors the front office's performance in terms of compliance with the chosen strategy, risk. It ensures a sound coordination between the all the involved units in debt management activities, it serves as secretariat for the debt management committee.

External Finance Unit

The external finance unit has undertakes the functions of the front office. It has the responsibility of mobilizing resources from external sources efficiently and at minimum cost.

Treasury Unit under the Office of the Accountant General

The Treasury Unit undertakes the back office functions, which include debt recording and validation, debt accounting, quality control and debt reporting. It also includes making debt service payments. Accounting transactions should be accurate and should be reflected in Government accounts. Good debt management requires accurate, up-to-date information and an efficient storage and retrieval systems.

National Budget Directorate

The National Budget Directorate is responsible to ensure that borrowed funds are spent in line with the respective allocations; it further uses the information for budget preparation after assessing its impact through information on actual execution/expenditure. The directorate normally gets the information from the Project Management and Monitoring Unit (PMMU) which is responsible for monitoring financial and physical execution of both domestically and externally financed projects.

National Development Planning and Research Directorate

The National Development Planning and Research Directorate is responsible of formulating national development plans and prioritizes projects in line with government social economic objectives. It identifies whether a project should be considered as a priority and are in conformity with national development plans.

National Bank of Rwanda (BNR)

The National Bank of Rwanda is responsible for the auction of government securities and execution of payments upon instructions from MINECOFIN. It also serves as registrar of government domestic debt and should regularly provide data and analysis to MINECOFIN. MINECOFIN should however ensure consistency between monetary and fiscal policy through formulation of the debt strategy.

Financial Markets Department

The Financial Markets Department oversees the issuance through auction of Treasury-bills and Treasury-bonds, and facilitates the settlement of debt service payments on instruction from MINECOFIN.

Line Ministries

Line Ministries are responsible for execution of loan financed projects; before the loan is contracted they participate to consultations and negotiations of all loan agreements for projects and program under their jurisdiction. They prepare project proposals and implementation plans that will form the basis for disbursement plans for creditors.

Ministry of Justice

The Ministry of Justice is responsible for providing legal opinions, on behalf of the Government, on any on any instrument that may commit the Government; it should be represented during negotiation sessions of external loans in order to scrutinize legal documents related to borrowing, and lending transactions and guarantees.

Auditor General's Office

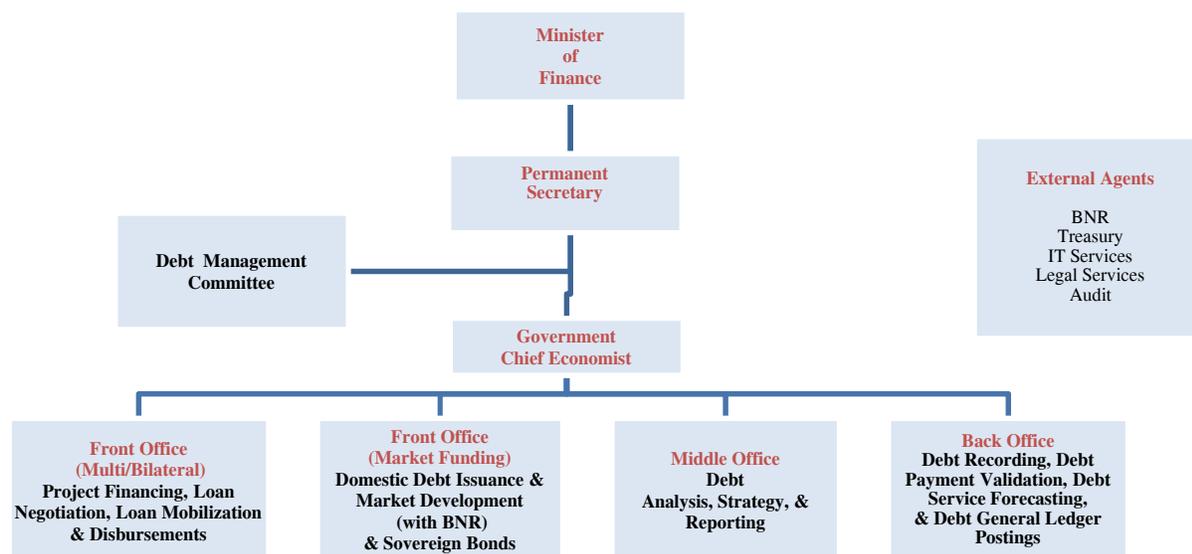
The Auditor General's Office is responsible for auditing on a regular basis, all debt management transactions. They audit all debt operations, and make reconciliation between disbursed amount by creditors and payment made by agencies.

Interim Structure for MINECOFIN

The Public Debt Policy, dated November 2008, stipulates that the GoR shall support an organizational structure of front, middle and back office with clear objectives, delegation of authority and reporting, controls, performance monitoring, strong code of ethics and sound judgment.

- **Front Office:** This will constitute all functions including funding management; relationships with investors, underwriters, banks; implementation of debt strategy; managing portfolio against target; cash management. It shall also participate in design of funding strategy, risk-management plan, positioning of sovereign, dealing with diversification issues and domestic debt market developmental issues.
- **Middle Office:** This shall relate to functions involving strategy and risk-management analysis. Other functions include analytical linkages with macroeconomic elements, consistency analysis and debt sustainability analysis. Typically, the following functions need to be considered as well analysis of risk/return tradeoffs; design of new debt strategies; overview of sovereign risk strategies; design of limits on deviations from targets; monitoring compliance with policies and performance measurement; due diligence on new instruments; rating agency relationships; management information reporting; analysis of possible impact of contingent liabilities and domestic debt issues including debt market development.
- **Back Office:** The functions shall typically include settlements, accounting and computer based debt recording systems. Specifically, it shall focus also on debt servicing projections, budgetary accounts, debt tables and reports, Coordination on single database/update and debt management statistics.

MINECOFIN will consider an interim structure that brings together debt management operations under the Government Chief Economist. The structure is shown in the diagram below. BNR would continue to manage the domestic debt based on decisions approved at TMC monthly meetings as under the existing arrangements.



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2.0 DEBT STRATEGY

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General Description

MINECOFIN prepares or updates a Medium Term Debt Strategy (MTDS) at the start of each fiscal year that is set within the context of the government's fiscal policy and budget strategy. The strategy development process will involve key stakeholders across government and include consultation with the National Bank of Rwanda for consistency with monetary policy. The strategy is reviewed by the Debt Management Committee and ultimately approved at the political level by the Minister of Finance and Cabinet. The MTDS will be published either within the budget as a separate chapter or as a stand-alone publication, which will be posted to the MINECOFIN website. The responsibility for the development of the MTDS will be with the middle office. The MTDS will include the following:

- objectives and guidelines for government debt management
- financing requirement of the government for the fiscal year including domestic and foreign currency borrowing requirements
- description of the market risks being managed (currency, interest-rate, and refinancing/rollover risks) and the historical context for the debt portfolio
- description of the future environment for debt management, including fiscal and debt projections, assumptions about interest and exchange rates, and constraints on portfolio choice—including those relating to market development and the implementation of monetary policy
- description of the analysis undertaken to support the MTDS clarifying the assumptions used and limitations of the analysis
- recommended strategy and its rationale, including either:
 - specified targets and ranges for key risk indicators of the portfolio and the financing program over the projected horizon or
 - guidelines to indicate the direction in which certain key indicators are expressed to evolve

Environment/Context

As part of the government's fiscal policy and budget strategy, MINECOFIN will prepare or update a Medium Term Debt Strategy (MTDS) at the start of each fiscal year. This is a requirement of the Public Debt Policy and requires that the MTDS is approved at the political level by the Minister of Finance and Cabinet, and submitted to Parliament. The MTDS will be submitted as a stand-alone document or included in the Budget published annually by the Government. The MTDS is prepared by Middle Office in consultation with the Budget Unit, External Finance Unit, National Development Planning Unit, Treasury Unit under the Accountant General, and National Bank of Rwanda and made available to the public by publishing on the MINECOFIN website.

Process for Developing the MTDS

The MTDS toolkit developed by the World Bank and IMF will be used to undertake the MTDS analysis and modeling. The eight steps to be followed not necessarily in the order listed and possibly with several of the steps undertake simultaneously are:

1. Identify the objectives for public debt management and scope of the MTDS.
2. Identify the current debt management strategy and analyze the cost and risk of the existing debt.
3. Identify and analyze potential funding sources, including their cost and risk characteristics.

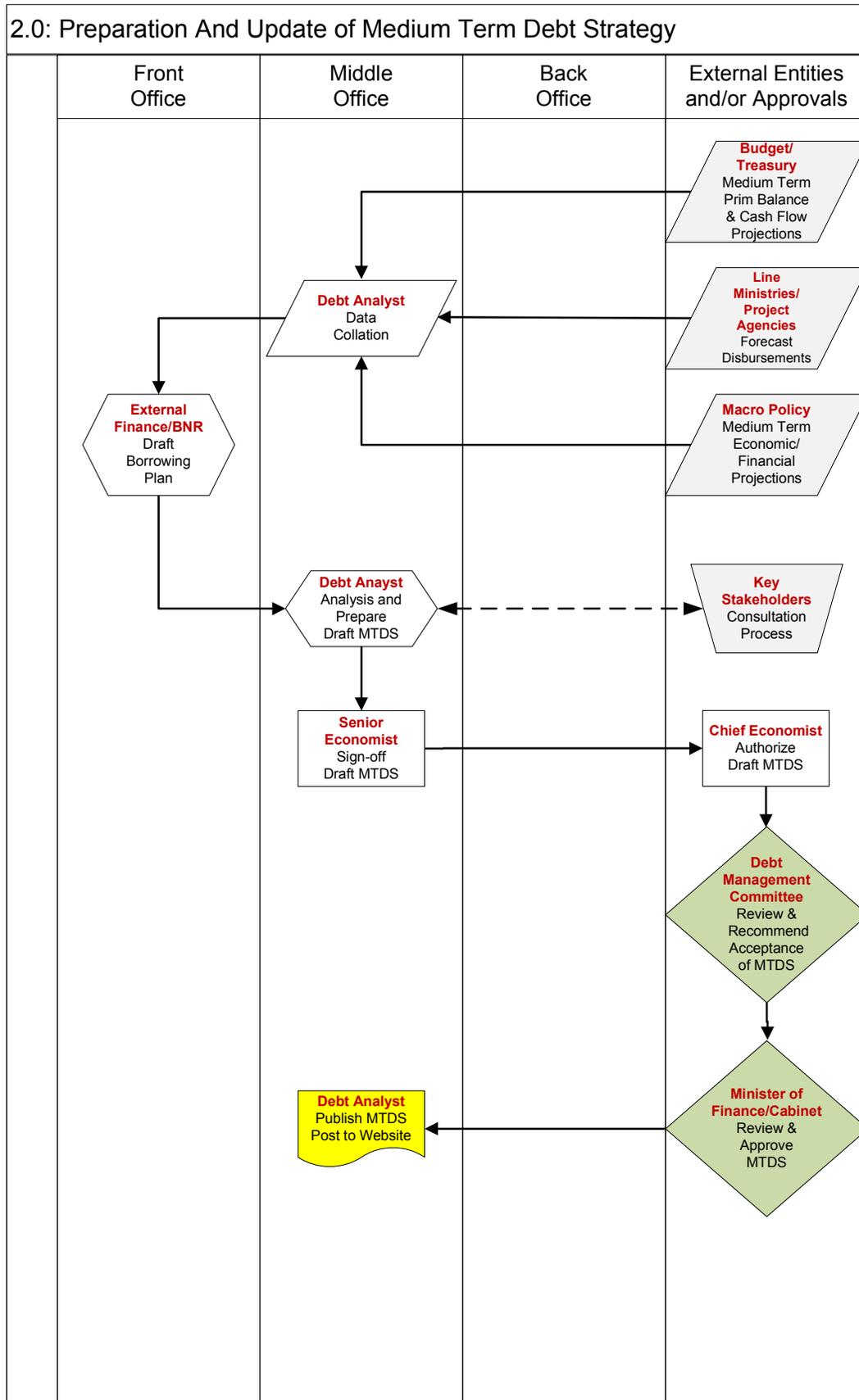
4. Identify baseline projections and risks in key policy areas—fiscal, monetary, external, and market.
5. Review key longer-term structural factors.
6. Assess and rank alternative strategies on the basis of the cost-risk trade-off.
7. Review implications of candidate debt management strategies with fiscal and monetary policy authorities, and for market conditions.
8. Submit and secure agreement on the MTDS.

Procedure and Workflow

Preparation and Update of Medium Term Debt Strategy		
MINECOFIN	<p>Budget Unit: Provide medium-term primary balance fiscal projections to the Middle Office.</p> <p>Macroeconomic Policy Unit: Provide medium-term economic and financial projections and/or scenarios to the Middle Office.</p> <p>Treasury Unit: Provide cash flow projections to the Middle Office.</p>	<p>Outputs: Projections: - primary balance - monthly cash flows - interest rates - exchange rates - inflation - GDP</p> <p>Scenarios: - baseline - optimistic - pessimistic/stress</p>
Line Ministries and/or Project Agencies	Provide project utilisation and expected schedule of loan disbursements, and pipeline for new project loans.	<p>Outputs: Forecast disbursements</p>
Front Office External Finance Resource Mobilization Officer National Bank of Rwanda	<p>Provide details of proposed new financing plan for the medium term (i.e. next 3 fiscal years):</p> <ul style="list-style-type: none"> • External financing: <ul style="list-style-type: none"> - multilateral - bilateral - commercial - market • Domestic financing: <ul style="list-style-type: none"> - Treasury bills - Treasury bonds - commercial banks and BNR 	<p>Inputs: Govt financing requirement Forecast disbursements</p> <p>Outputs: Draft borrowing plan with list of planned new borrowing</p>
Middle Office Debt Analyst	<p>Coordinate with key stakeholders across government: MINECOFIN and BNR.</p> <p>Undertake cost-risk analysis of public debt portfolio including new/future financing:</p> <ul style="list-style-type: none"> • use the World Bank and IMF MTDS toolkit to identify the preferred scenario • calculate basic risk measures (currency 	<p>Inputs: Existing debt Draft borrowing plan Fiscal projections Economic & financial projections/scenarios Forecast disbursements</p> <p>Outputs:</p>

	<p>mix, fixed/floating interest rate ratio, average time to refixing, redemption profile, average time to maturity, residual maturity, 1-year residual maturity, external debt to foreign exchange reserves ratio) and debt sustainability indicators</p> <p>Prepare draft MTDS.</p>	<p>Risk indicators Cost-risk analysis Scenario analysis Debt structure Portfolio benchmarks Portfolio limits Draft MTDS</p>
Middle Office Senior Economist	Check and sign-off draft MTDS.	<p>Inputs: Draft MTDS</p> <p>Outputs: Signed-off draft MTDS</p>
Chief Economist	Authorize draft MTDS.	<p>Inputs: Signed-off draft MTDS</p> <p>Outputs: Authorized draft MTDS</p>
Debt Management Committee	<p>Review draft MTDS and recommend acceptance.</p> <p>Submit recommended MTDS to Minister of Finance / Cabinet for approval.</p>	<p>Inputs: Authorized draft MTDS</p> <p>Outputs: Recommended MTDS</p>
Minister of Finance / Cabinet	Review recommended MTDS and approve.	<p>Inputs: Recommended MTDS</p> <p>Outputs: Approved MTDS</p>
Middle Office Debt Analyst	Publish MTDS and post to MINECOFIN website (in pdf format).	<p>Inputs: Approved MTDS</p> <p>Outputs: Published MTDS</p>

Procedure Flow Diagram



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3.0 BORROWING PLAN AND AUCTION CALENDAR

3.0 BORROWING PLAN AND AUCTION CALENDAR

General Description

An annual borrowing or financing plan is formulated as part of the MTDS. The financing plan will set out guidelines for external and domestic borrowing including a domestic issuance program and auction calendar. The borrowing plan is produced by MINECOFIN in consultation with relevant stakeholders and submitted to the Debt Management Committee for consideration and Minister of Finance and Cabinet for approval. The borrowing plan and auction calendar will be published and updated during the fiscal year on a quarterly or monthly basis, and is the responsibility of the front office.

Environment/Context

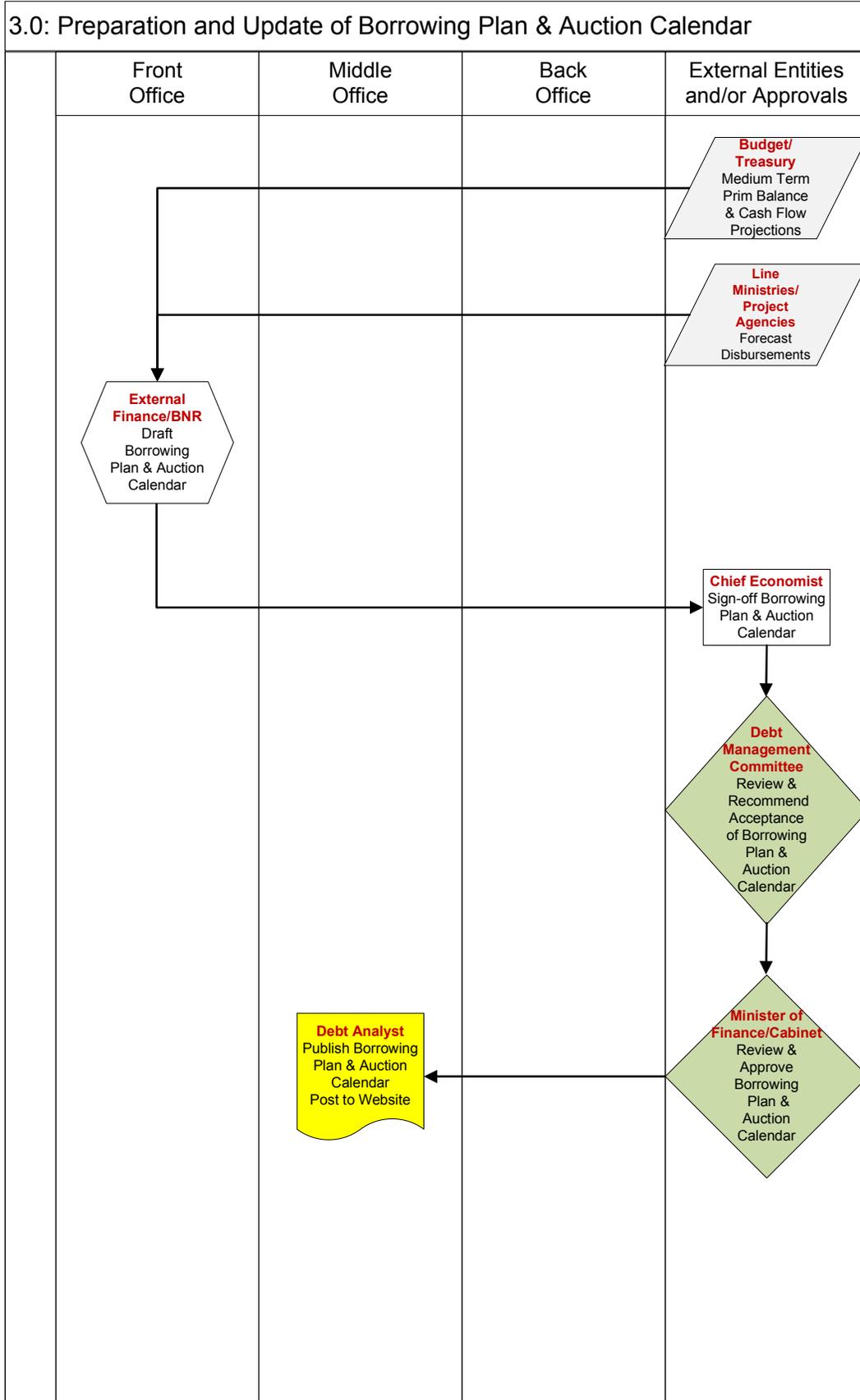
MINECOFIN will meet the government's financing requirements through external financing (multilateral, bilateral, commercial, and market) and domestic financing (Treasury bills, Treasury bonds, and commercial borrowing from banks and/or BNR). The MTDS will set out an indicative financing strategy that will be subject to market conditions and project activities. The front office is responsible for monitoring market conditions and financing alternatives which are used to make decisions including the timing and structure of the domestic Treasury bill and bond tender programs. MINECOFIN will submit the borrowing plan and auction calendar to the Debt Management Committee for consideration and Minister of Finance and Cabinet for approval. The front office will make available to all market participants the borrowing plan and auction calendar.

Procedure and Workflow

Preparation and Update of Borrowing Plan & Auction Calendar		
MINECOFIN	<p>Budget Unit: Provide medium-term primary balance fiscal projections to the Middle Office.</p> <p>Treasury Unit: Provide cash flow projections to the Middle Office.</p>	<p>Outputs: Projections:</p> <ul style="list-style-type: none"> - primary balance - monthly cash flows - interest rates - exchange rates - inflation - GDP
Line Ministries and/or Project Agencies	Provide project utilization and expected schedule of loan disbursements, and pipeline for new project loans.	<p>Outputs: Forecast disbursements</p>
Front Office External Finance Resource Mobilization Officer National Bank of Rwanda	<p>Use medium-term primary balance and cash flow projections together with financing transactions to determine government gross financing requirement.</p> <p>Prepare draft borrowing plan and auction calendar for the time horizon required (annual, quarterly and/or monthly) covering:</p>	<p>Inputs: Projections:</p> <ul style="list-style-type: none"> - primary balance - monthly cash flows - disbursements <p>Government financing requirement</p>

	<p>External financing:</p> <ul style="list-style-type: none"> - multilateral - bilateral - commercial - market <p>Domestic financing:</p> <ul style="list-style-type: none"> - Treasury bills - Treasury bonds - commercial banks and BNR 	<p>Outputs: Draft borrowing plan: Auction calendar: - Treasury bill tenders - Treasury bond tenders</p>
Chief Economist	Check and sign-off draft borrowing plan and auction calendar.	<p>Inputs: Draft borrowing plan and auction calendar</p> <p>Outputs: Signed-off borrowing plan and auction calendar</p>
Debt Management Committee	<p>Review borrowing plan and auction calendar and recommend acceptance.</p> <p>Submit recommended borrowing plan and auction calendar to Minister of Finance / Cabinet for approval.</p>	<p>Inputs: Borrowing plan and auction calendar</p> <p>Outputs: Recommended borrowing plan and auction calendar</p>
Minister of Finance / Cabinet	Review recommended borrowing plan and auction calendar and approve.	<p>Inputs: Recommended borrowing plan and auction calendar</p> <p>Outputs: Approved borrowing plan and auction calendar</p>
Middle Office Debt Analyst	Publish borrowing plan and auction calendar and post to MINECOFIN website (pdf format).	<p>Inputs: Approved borrowing plan and auction calendar</p> <p>Outputs: Published borrowing plan and auction calendar</p>

Procedure Flow Diagram



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4.0 DEBT SERVICE FORECASTING

4.0 DEBT SERVICE FORECASTING

General Description

MINECOFIN prepares a forecast of debt service costs for the fiscal year(s) including a schedule of debt service payments at the commencement of each fiscal year and updates periodically as required (i.e. supplementary budget, and semi-annually, quarterly or monthly updates). These forecasts will cover not only the current fiscal year but also the next two fiscal years as the government prepares a 3-year budget or medium term fiscal and expenditure framework. Forecasting of debt service payments on existing debt will be undertaken by the back office, with economic and financial parameters provided by the Macroeconomic Policy Unit, new financing or borrowing provided by the front office, and project loan disbursements provided by line ministries and/or project agencies. The forecasts will be validated by the middle office that will also monitor debt service actual versus forecast throughout the fiscal year. The debt service forecasts will be signed off by the Chief Economist and submitted to the Budget and Treasury Units in MINECOFIN.

Environment/Context

As part of the government's budget, MINECOFIN is required to prepare debt service forecasts and a schedule of debt service payments at the start of each fiscal year. The purpose is to include the forecast cost of servicing debt in the budget and to monitor the actual cost against the forecasts throughout the year. The forecasts will be based on the economic and fiscal parameters as set out in the budget and in accordance with the MTDS. The forecasts prepared are for internal use within MINECOFIN. MINECOFIN will liaise closely with line ministries and/or project agencies to obtain information on project utilization, expected disbursements, and the pipeline for new project loans. An update will be prepared during the fiscal year for any supplementary budget and on request throughout the year by the Budget Unit.

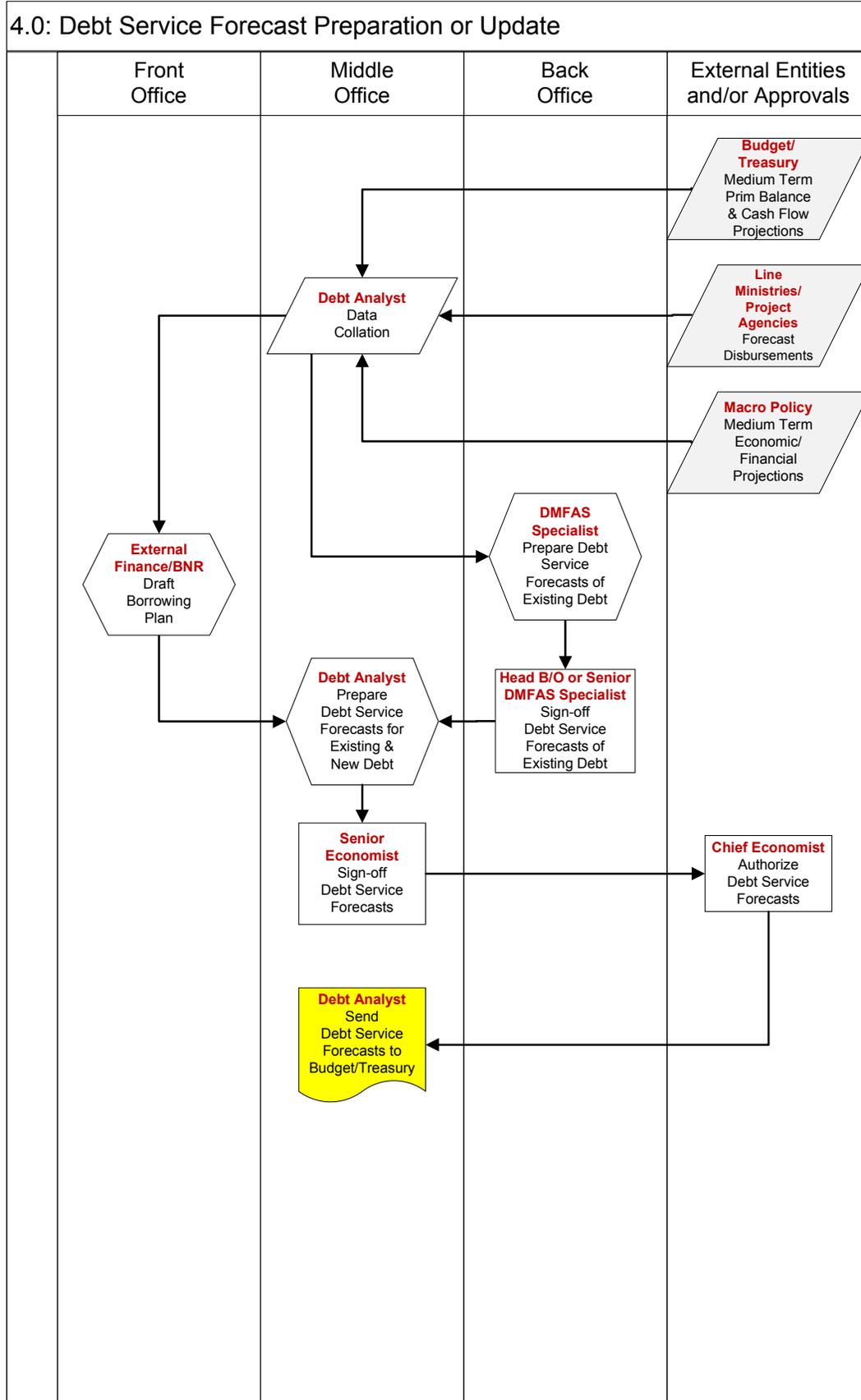
Procedure and Workflow

Debt Service Forecast Preparation or Update		
MINECOFIN	<p>Budget Unit: Provide medium-term primary balance fiscal projections to the Middle Office.</p> <p>Macroeconomic Policy Unit: Provide medium-term economic and financial projections and/or scenarios to the Middle Office.</p> <p>Treasury Unit: Provide cash flow projections to the Middle Office.</p>	<p>Outputs:</p> <p>Projections:</p> <ul style="list-style-type: none"> - primary balance - monthly cash flows - interest rates - exchange rates - inflation - GDP <p>Scenarios:</p> <ul style="list-style-type: none"> - baseline - optimistic - pessimistic/stress
Line Ministries and/or Project	Provide project utilization and expected schedule of loan disbursements, and pipeline	<p>Outputs:</p> <p>Forecast disbursements</p>

Agencies	for new project loans.	
Back Office DMFAS Specialist	<p>Input exchange rate & interest rate projections and forecast disbursements into DMFAS.</p> <p>Prepare debt service forecasts for existing debt using the forecasting tools or reports in the debt recording system.</p>	<p>Inputs: Exchange rate and interest rate projections Forecast disbursements Existing debt data</p> <p>Outputs: Debt service forecasts for existing debt</p>
Head of Back Office or Senior DMFAS Specialist	Check and sign-off debt service forecasts for existing debt.	<p>Inputs: Debt service forecasts for existing debt</p> <p>Outputs: Debt service forecasts for existing debt checked</p>
Front Office External Finance Resource Mobilization Officer National Bank of Rwanda	<p>Provide details of proposed new borrowing plan for the medium term (i.e., next 3 fiscal years):</p> <p>External financing:</p> <ul style="list-style-type: none"> - multilateral - bilateral - commercial - market <p>Domestic financing:</p> <ul style="list-style-type: none"> - Treasury bills - Treasury bonds - retail instruments - commercial banks and Central Bank 	<p>Inputs: Govt financing requirement</p> <p>Outputs: Draft borrowing plan with list of planned new borrowing</p>
Middle Office Debt Analyst	<p>Prepare debt service forecasts for new borrowing and incorporate forecasts of existing debt:</p> <ul style="list-style-type: none"> • annual forecast by currency and instrument • monthly forecast by currency and instrument • sensitivity to interest rates and exchange rates, and worst case scenario 	<p>Inputs: Debt service forecasts for existing debt Draft financing plan Fiscal projections Economic & financial projections scenarios</p> <p>Outputs: Debt service forecasts</p>
Middle Office Senior Economist	Check and sign-off debt service forecasts.	<p>Inputs: Debt service forecasts</p> <p>Outputs: Debt service forecasts checked</p>
Chief Economist	Authorize debt service forecasts.	<p>Inputs: Debt service forecasts</p>

		<p>Outputs: Debt service forecasts authorized</p>
Middle Office Debt Analyst	Submit debt service forecasts to Budget and Treasury Units in MINECOFIN for inclusion in the annual budget.	<p>Inputs: Debt service forecasts authorized</p> <p>Outputs: Debt service forecasts submitted to Budget and Treasury Units in MINECOFIN</p>

Procedure Flow Diagram



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5.0 EXTERNAL LOAN CONTRACTING

5.0 EXTERNAL LOAN CONTRACTING

External debt is primarily made up of loans raised from multilateral and bilateral lending agencies and commercial loans such as bank loans, supplier's credits and officially supported export credits. Most of the loans are used for project financing according to the government's infrastructure and development program as elaborated in EDPRS and Vision 2020. The loans result from initial discussions with the line ministry responsible for the project, the Ministry of Foreign Affairs, and/or directly with development partners. These loans will normally be contracted with the GoR, although some loans may be contracted directly with the government agency or public enterprise. In the case of loans contracted with the GoR, the loan proceeds can be disbursed to the project or on lent to a government agency or public enterprise responsible for the project that will be contracted and documented in an onlending agreement. A project agency will be established to manage the project including administration of loan disbursements and repayments. The implementing partners, funding agencies, line ministries, government agencies and MINECOFIN will participate in an extensive process of pre-consultations to agree the structure and specifications of the project, funding sources, grant and loan components, and project financing terms, and conditions that will apply to ensure effectiveness of the loan to be submitted to the government for consideration. The process to be followed will be in accordance with the procurement policies and procedures of the relevant development partner or lending agency.

Currently, the GoR has contracted loans or is able to contract loans from the following development partners or lending agencies:

Bilateral:	Intergovernmental Agency
Austria:	Austrian Development Agency (ADA)
Canada:	La Société pour l'expansion des exportations (SEE)
China:	The Export-Import Bank of China (EXIMCHINA)
France:	La Compagnie Française d'Assurance pour le Commerce Extérieur (COFACE) and Agence Française de Développement (AFD)
Holland:	Nederlandse Credietverzekerings Maatschappij (NCM)
India:	The Export-Import Bank of India (EXIMINDIA)
Japan:	Japan Bank for International Cooperation (JBIC) and The Overseas Economic Cooperation Fund (OECF)
Korea:	The Economic Development Cooperation Fund (EDCF)
Kuwait:	Kuwait Fund for Arab Economic Development (KFAED)
Libya:	
Saudi Arabia:	Saudi Fund for Development (SFD)
UAE:	Abu Dhabi Fund for Development (ADFD)
USA:	The Export-Import Bank of USA (EXIMUSA)
Multilateral:	
ADB:	African Development Bank
ADF:	African Development Fund
IFAD:	International Fund for Agricultural Development
IMF:	International Monetary Fund
IDA:	International Development Agency
OPEC/OFID:	Organization of the Petroleum Exporting Countries / OPEC Fund for International Development
EU:	European Union
EIB:	European Investment Bank
BADEA:	Arab Bank for Economic Development in Africa
NDF:	Nordic Development Fund

General Description

External loan negotiations are in accordance with the requirements of the development partner or lending agency. Arab Funds (BADEA, OFID, Kuwait and Saudi Arabia) negotiate as a team through BADEA, which is based in Africa. Some bilateral loan negotiations are conducted through the Ministry of Foreign Affairs. In most cases, loan negotiations will be led by MINECOFIN in collaboration with the relevant line ministry, Ministry of Justice, BNR, etc). All projects will be assessed to ensure that they are in accordance with Vision 2020, EDPRS and other GoR initiatives. A Public Investment Technical Team is formulated from the relevant government stakeholders to advise on the technical design.

MINECOFIN obtains a mandate from the government to negotiate the loan through the submission of a concept paper and minutes of pre-negotiation meetings to the Minister of Finance. The mandate specifies a set range for the key terms of the loan. MINECOFIN negotiates the terms and conditions of the loan, a legal opinion on the loan agreement will be obtained from the Ministry of Justice, and the loan agreement is signed by the Minister of Finance. The Minister of Finance then takes the concept paper to Cabinet and Parliament, and a copy is sent to the President for noting. The front office will obtain a copy of the signed loan agreement from the Minister of Finance Office or the Permanent Secretary's Office and forward it to the back office for recording and processing the loan.

Environment/Context

The government will approve an infrastructure and development program including a list of projects that the government plans over the 3-5 year planning period. This program will list new projects that have been formulated by development partners, funding agencies, line ministries, government agencies and MINECOFIN through an extensive process of consultation to agree on project specifications and conditions. MINECOFIN will coordinate negotiations with the funding agency to agree the loan terms and conditions and where necessary prepare an onlending agreement for the government agency or public enterprise. For concessional loans, the loan terms need to be in accordance with required grant element (currently 35%).

Procedure and Workflow

External Loan Contracting		
Public Investment Technical Team	Extensive pre-consultations to agree the structure and specifications of the project, funding sources, grant and loan components, project financing terms, and conditions to apply for effectiveness of the loan. Public Investment Technical Team provides advice on the technical design.	Inputs: Pre-consultation Outputs: Project/Loan proposal
Front Office External Finance Resource Mobilization Officer	Review the funding agency loan proposal submitted to MINECOFIN, line ministry or other government agency. Prepare concept paper with indicative loan terms and conditions to send Minister of Finance for approval.	Inputs: Project/Loan proposal Outputs: Draft concept paper

Head of Front Office External Finance	Sign-off concept paper. Submit concept paper and pre-negotiation minutes to Minister of Finance for approval to proceed with loan negotiation.	Inputs: Draft concept paper Outputs: Signed-off concept paper
Minister of Finance	Approve concept paper and agreement to proceed with loan negotiation.	Inputs: Concept paper and minutes Outputs: Approval for loan negotiation
Head of Front Office External Finance and Permanent Secretary	Participate in negotiations with the line ministry, funding agency along with Ministry of Foreign Affairs where necessary, and other government agencies. Negotiate terms and conditions of the loan.	Inputs: Approval for loan negotiation Outputs: Negotiated loan terms and conditions
Middle Office Legal Officer and/or Ministry of Justice	Negotiate and finalize legal documentation throughout the negotiation process. Obtain legal opinion on the loan from Ministry of Justice to ensure that covenants and other conditions are met. Prepare loan agent's warrant/power of attorney (if Minister of Finance cannot sign)	Inputs: Negotiated loan terms and conditions Outputs: Legal documentation Legal opinion Loan agent's warrant/ power of attorney
Front Office External Finance Resource Mobilization Officer	Finalize loan terms and conditions and conclude the loan agreement.	Inputs: Legal documentation Legal opinion Loan agent's warrant/ power of attorney Outputs: Draft loan agreement Loan agent's warrant/ power of attorney
Head of Front Office External Finance	Sign-off loan agreement.	Inputs: Draft loan agreement Loan agent's warrant/ power of attorney Outputs: Signed-off loan agreement Loan agent's warrant/ power of attorney
Chief Economist	Authorize loan agreement. Submit to Minister of Finance for signing.	Inputs: Signed-off loan agreement Loan agent's warrant/ power of attorney

		Outputs: Authorized loan agreement Loan agent's warrant/ power of attorney
Minister of Finance or Loan Agent	Sign loan agreement or sign loan agent's warrant/power of attorney with the authority to sign on behalf of the Minister of Finance. Loan Agent to sign on behalf of the Minister of Finance	Inputs: Loan agreement Loan agent's warrant/ power of attorney Outputs: Signed loan agreement
Front Office External Finance Resource Mobilization Officer	Obtain copies of the loan agreement from the Minister of Finance or Permanent Secretary's office and send a copy to back office for input to debt recording system and processing. Send copy of the loan agreement to the Deputy Accountant General, BNR, Ministry of Justice and project agency.	Inputs: Signed loan agreement Outputs: Signed loan agreement sent to back office Signed loan agreement sent to Treasury, BNR, Ministry of Justice and project agency

Ratification Process for Loans and Grants

After the signature of any financial agreement between the Government of Rwanda represented most of the time by MINECOFIN and one of its Development Partners (DPs), MINECOFIN has the responsibility of following up the effectiveness of the signed Agreement.

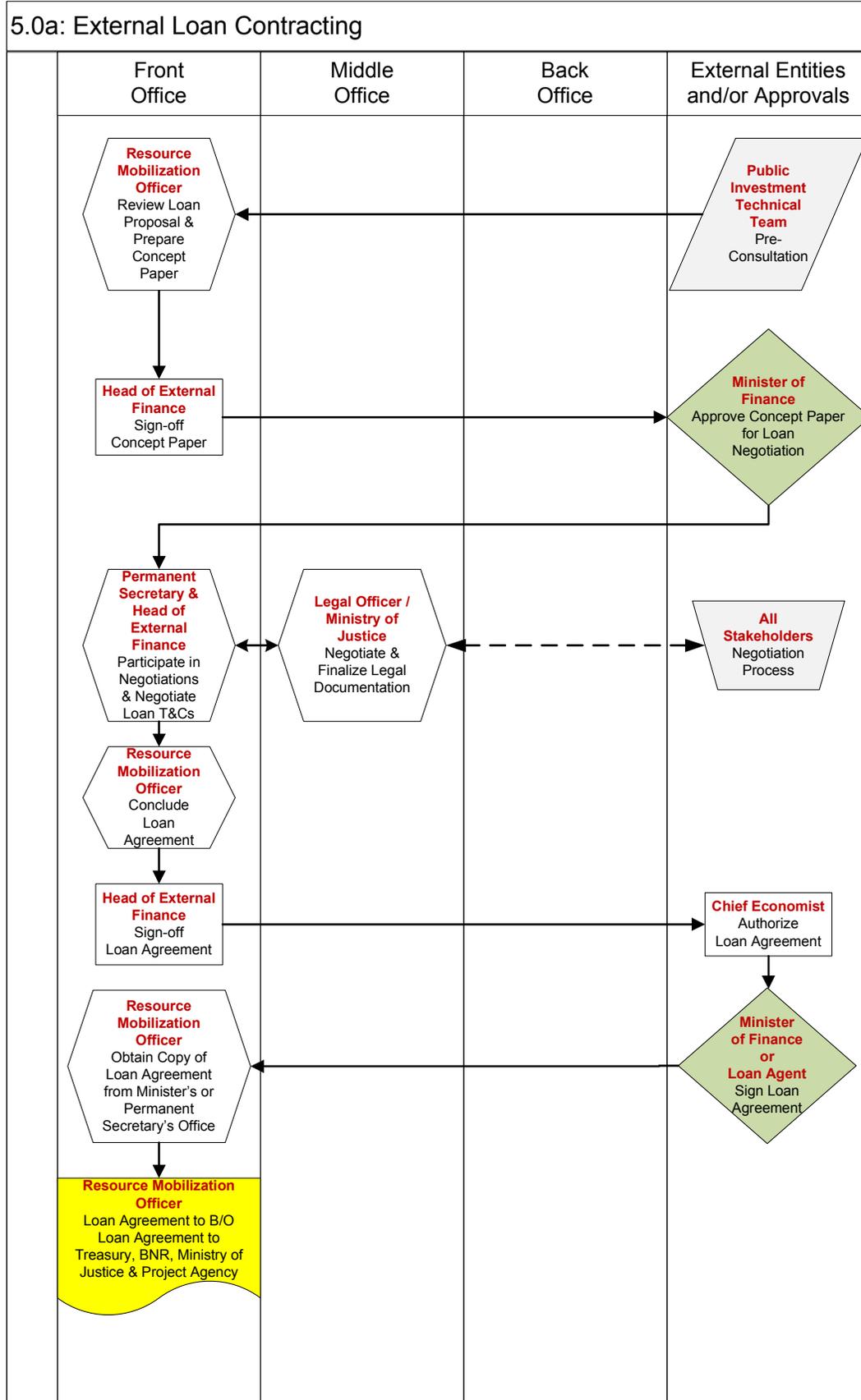
The right to initiate legislation is concurrently vested in each Deputy and the Executive acting through the Cabinet. Bills introduced by the Government through the Prime Minister's Office shall be distributed to members of Parliament before the plenary sitting. At the request of the Government or one of the members of Parliament, the bill can be approved by the Parliament without being sent to the commissions for further discussion. The Parliament of Rwanda is bicameral (2 chambers):

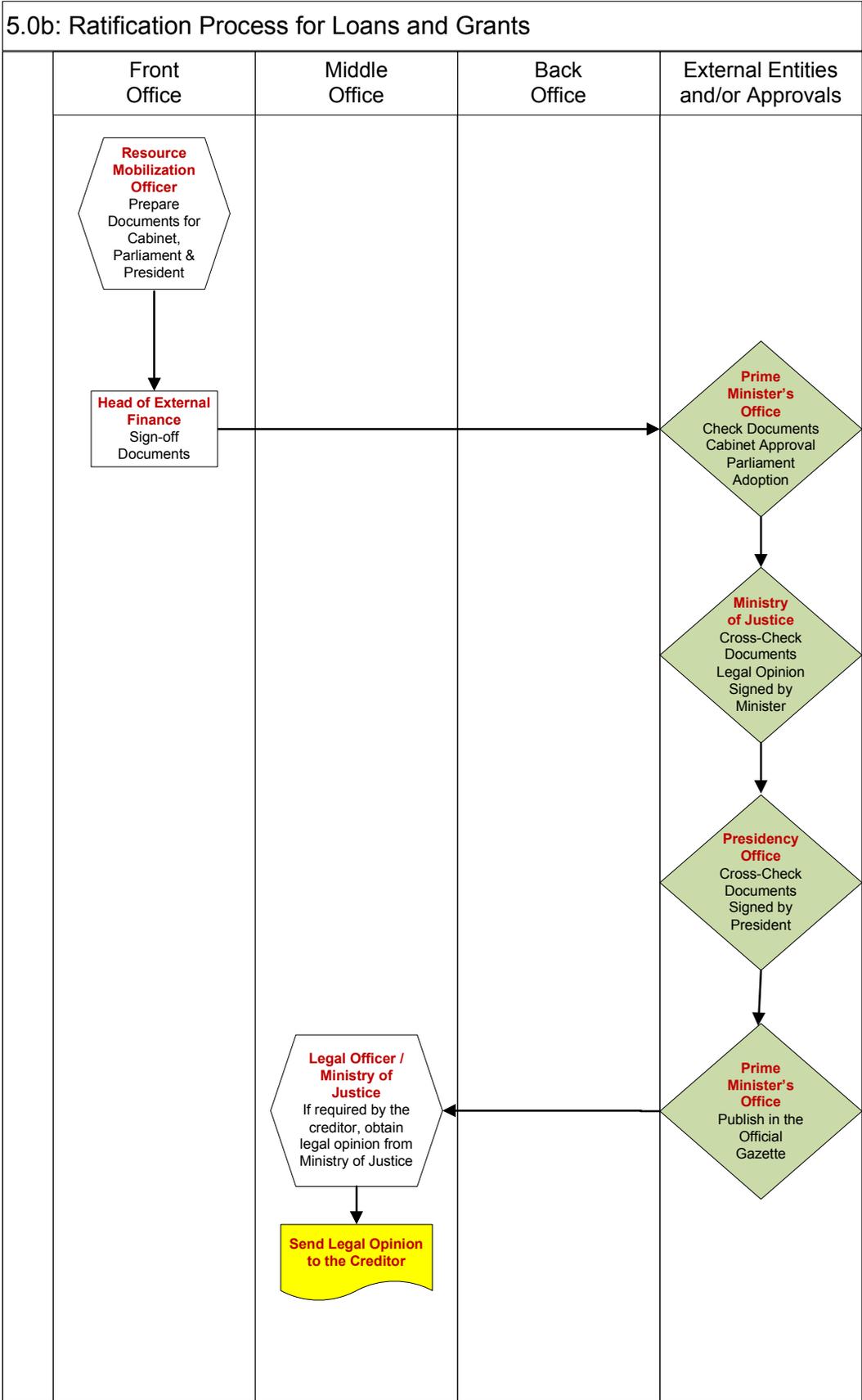
1. **Chamber of Deputies:** At this level, the required documents prepared by MINECOFIN (Explanatory Notes, and Draft Law) have to be transmitted to Parliament through the Prime Minister's Office for adoption in the plenary session within the chamber of Deputies.
2. **Chamber of Senates:** After adoption of the Bill in the Chamber of the Deputies, the said Bill has to be sent to the Chamber of the Senates for final adoption. Once adopted, the Bill will become a Law authorizing the ratification of the Financial Agreement adopted in plenary session by the Chamber of Senates.

Ratification Process for Loans and Grants		
Front Office External Finance Resource Mobilization Officer	<p>Prepare required documents for seeking Cabinet approval:</p> <ul style="list-style-type: none"> • Transmission letter to PRIMATURE • Cabinet Paper • Draft Law • Copy of the Financing Agreement signed <p>Prepare required documents for seeking Parliament adoption:</p> <ul style="list-style-type: none"> • Transmission letter to PRIMATURE for the submission of the bill approved by the Cabinet to the Parliament • Explanatory Note • Draft Law • Hon. Minister's speech for the Parliament <p>Prepare required documents for seeking the ratification by H.E. the President of the Republic of Rwanda:</p> <ul style="list-style-type: none"> • Presidential Order • Legal Opinion • Transmission letter to MINIJUST of the above two legal instruments 	<p>Inputs: Signed loan agreement</p> <p>Outputs: Documents for Cabinet approval, Parliament adoption and ratification by the President</p>
Head of Front Office External Finance	<p>Sign-off documents.</p> <p>MINECOFIN has to ensure that the approval of the draft Law authorizing the ratification of the Financing Agreement is one of the points of discussion for the next Cabinet Meeting's agenda (nearest one after the signing of the Financing Agreement).</p> <p>Send documents to the Prime Minister's Office.</p>	<p>Inputs/Outputs: Documents for Cabinet approval, Parliament adoption and ratification by the President</p>
Prime Minister's Office (PMO)	<p>Check the submitted documents (from MINECOFIN) for approval by the Cabinet.</p> <p>Ensure that Laws sent by Parliament as well as Presidential Order prepared by MINECOFIN have been cross check by MINIJUST before being signed by the Minister of Justice/Attorney General, Prime Minister and the President of the Republic of Rwanda.</p>	<p>Inputs: Documents for Cabinet approval, Parliament adoption and ratification by the President</p> <p>Outputs: Documents checked Cabinet approval Parliament adoption</p>

Ministry of Justice (MINIJUST)	<p>Cross check documents to ensure no errors in the Law and Presidential Order adopted by Parliament before being signed and sealed by the Minister of Justice and Attorney General (with the seal of the Republic)</p> <p>Deliver a Legal Opinion (prepared by MINECOFIN) for signature and promulgation.</p>	<p>Inputs: Documents approved by Cabinet and adopted by Parliament</p> <p>Outputs: Documents cross-checked Legal Opinion</p>
Presidency Office (PRESIREP)	<p>Cross check documents and arrange signature by the President of the Republic of Rwanda.</p> <p>Send to PMO for publication in the Official Gazette.</p>	<p>Inputs: Documents approved by Cabinet and adopted by Parliament</p> <p>Outputs: Documents ratified and signed by the President of the Republic of Rwanda</p>
Prime Minister's Office (PMO)	<p>Publish signed documents in the Official Gazette.</p>	<p>Inputs: Documents ratified and signed by the President of the Republic of Rwanda</p>
Middle Office Legal Officer and/or Ministry of Justice	<p>If required by the creditor, obtain legal opinion on the loan from Ministry of Justice to ensure that covenants and other conditions are met.</p>	<p>Inputs: Documents ratified and signed by the President of the Republic of Rwanda</p> <p>Outputs: Legal opinion for the creditor</p>

Procedure Flow Diagram





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6.0 EXTERNAL LOAN MOBILIZATION

6.0 EXTERNAL LOAN MOBILIZATION

General Description

Once the contracting of loans has been concluded, MINECOFIN will need to process all debt transactions including disbursements. Because different types of loans from multilateral and bilateral lending agencies can be disbursed in various ways, the task of compiling disbursement data can be complex. For instance, in the case of project loans, disbursement can take the form of advances to the borrowing entity, direct payment by the lender to suppliers of goods and services, or on the reimbursement basis after the borrower has already paid the suppliers. The timing of the disbursement under these methods is different. Under the advances approach, it is the periodic payments by the lender to the borrowing government that constitutes disbursement; under the direct payment approach, it is the moment when the lender pays the supplier; and under the reimbursement approach, it is when reimbursements are made to the borrowing government. MINECOFIN must keep track of these transactions and reconcile its records at regular intervals with information maintained by the line ministries and/or project agencies.

Once a multilateral or bilateral loan agreement has been signed, the funds to be provided from the funding agency are set out in the disbursement profile during the disbursement period. This process of flow of funds from the funding agencies to the beneficiaries is known as “disbursement”. All funding agencies have different requirements to be fulfilled for arranging withdrawal of proceeds. Disbursement of project loans can take the form of:

- **Advances:** advances to the borrowing entity—disbursements are to be recorded when the lender advances funds to the borrower.
- **Direct Payment:** direct payment by the lender to suppliers of goods and services—disbursements are to be recorded when the lender pays the supplier.
- **Reimbursement:** on a reimbursement basis after the borrower has already paid the suppliers—disbursements are to be recorded when the lender makes reimbursements to the borrower

In some cases, MINECOFIN is the authorized agency that is responsible for arranging disbursements from the funding agencies following the prescribed policies and procedures in the respective loan agreements. This will involve MINECOFIN processing the claim submitted by the line ministry or project agency, checking it for compliance with the loan agreement, and submission of the claim to the relevant funding agency. Also, all disbursements from the funding agencies to the beneficiaries will be routed through MINECOFIN.

MINECOFIN needs to determine the date and amount of all disbursements. The back office gathers this information through receipt of disbursement notices from the line ministry and/or project agency or the funding agency, or by accessing creditor websites (e.g. World Bank and African Development Bank), contacting creditors directly, and/or contacting the line ministry. The Back Office DMFAS Specialist will gather the information on the actual transactions and enter the data into DMFAS.

Environment/Context

Following the signing of the loan agreement, the back office will be responsible for inputting the loan details into DMFAS. The loan details will be set out in the loan agreement. The loan will be entered by a DMFAS Specialist and checked by the Senior DMFAS Specialist.

Advances: MINECOFIN will record disbursements when the lender advances funds to the borrowing entity. The back office gathers this information through receipt of disbursement notices from the project

agency and/or the funding agency, or by accessing creditor websites (e.g. World Bank and African Development Bank), contacting creditors directly, and/or contacting line ministries.

Direct Payment: MINECOFIN will record disbursements when the lender pays the supplier of goods and services. The back office gathers this information through receipt of disbursement notices from the project agency and/or the funding agency, or by accessing creditor websites (e.g. World Bank and African Development Bank), contacting creditors directly, and/or contacting line ministries.

Reimbursement: MINECOFIN will record disbursements when the lender makes reimbursements to the borrower for payments already made to suppliers. MINECOFIN may be required to prepare withdrawal or replenishment applications to send to the funding agency. The back office will check and process the application and gather the disbursement information through receipt of disbursement notices from the project agency and/or the funding agency, or by accessing creditor websites (e.g. World Bank and African Development Bank), contacting creditors directly, and/or contacting line ministries.

Procedure and Workflow

Loan Entry		
Back Office DMFAS Specialist	Obtain loan agreement from front office or Permanent Secretary's office. Input loan details into DMFAS, using the User Manual if needed	Inputs: Loan agreement Outputs: Updated DMFAS
Head of Back Office or Senior DMFAS Specialist	Check loan data entered into DMFAS from loan agreement.	Inputs: Loan agreement Updated DMFAS Outputs: Check of updated DMFAS

Disbursement Advances		
Back Office DMFAS Specialist	Receive loan disbursement advice from Line Ministry and/or Project Agency and/or the funding agency, or by accessing creditor websites. Check disbursement for compliance with the loan agreement and funding agency policies and procedures. Input details of the disbursement into DMFAS, using the User Manual if needed. Prepare disbursement notice either generated from DMFAS or manually setting out the receipt currency, amount, date and bank	Inputs: Loan disbursement advice Outputs: Updated DMFAS Disbursement notice

	account.	
Head of Back Office or Senior DMFAS Specialist	<p>Check disbursement data entered into DMFAS against the loan disbursement advice.</p> <p>Check disbursement notice.</p> <p>Send disbursement notice to the Deputy Accountant General</p>	<p>Inputs: Loan disbursement advice Disbursement notice</p> <p>Outputs: Check of updated DMFAS Disbursement notice</p>
Deputy Accountant General	<p>Ensure disbursements have been paid to the borrowing entity.</p> <p>Input disbursement details to the government financial reporting system (IFMIS).</p>	<p>Inputs: Disbursement notice</p> <p>Outputs: Updated IFMIS</p>

Disbursement Direct Payments

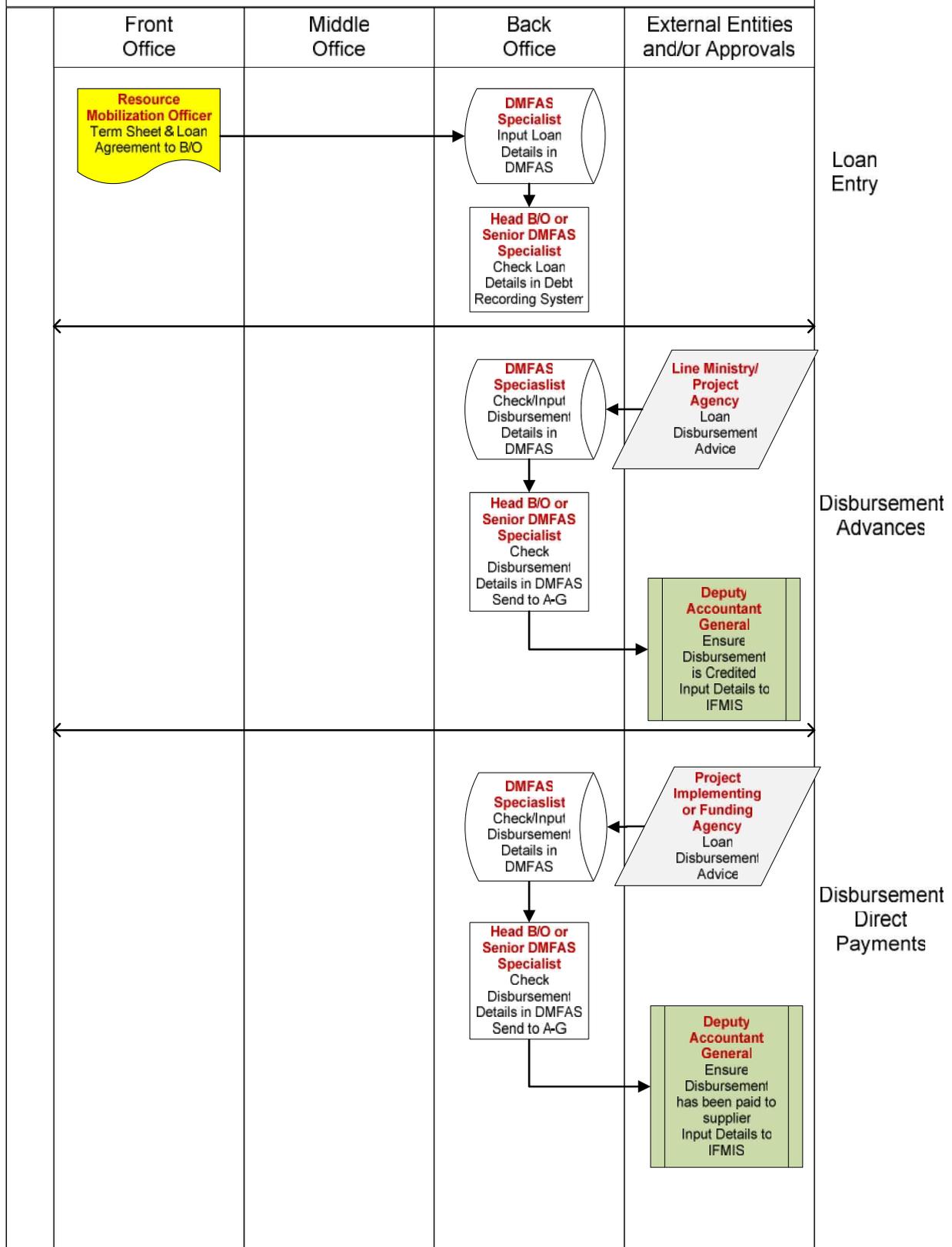
Back Office DMFAS Specialist	<p>Receive loan disbursement advice from Line Ministry and/or Project Agency and/or the funding agency, or by accessing creditor websites.</p> <p>Check disbursement for compliance with the loan agreement and funding agency policies and procedures.</p> <p>Input details of the disbursement into DMFAS, using the User Manual if needed.</p> <p>Prepare disbursement notice either generated from the debt recording system or manually setting out the receipt currency, amount, date and bank account.</p>	<p>Inputs: Loan disbursement advice</p> <p>Outputs: Updated DMFAS Disbursement notice</p>
Head of Back Office or Senior DMFAS Specialist	<p>Check disbursement data entered into DMFAS against the loan disbursement advice.</p> <p>Check disbursement notice.</p> <p>Send disbursement notice to the Treasury – Deputy Accountant General</p>	<p>Inputs: Loan disbursement advice Disbursement notice</p> <p>Outputs: Check of updated DMFAS Disbursement notice</p>
Deputy Accountant General	<p>Ensure disbursements have been paid to the supplier of goods and services.</p> <p>Input disbursement details to the government financial reporting system (IFMIS).</p>	<p>Inputs: Disbursement notice</p> <p>Outputs: Updated IFMIS</p>

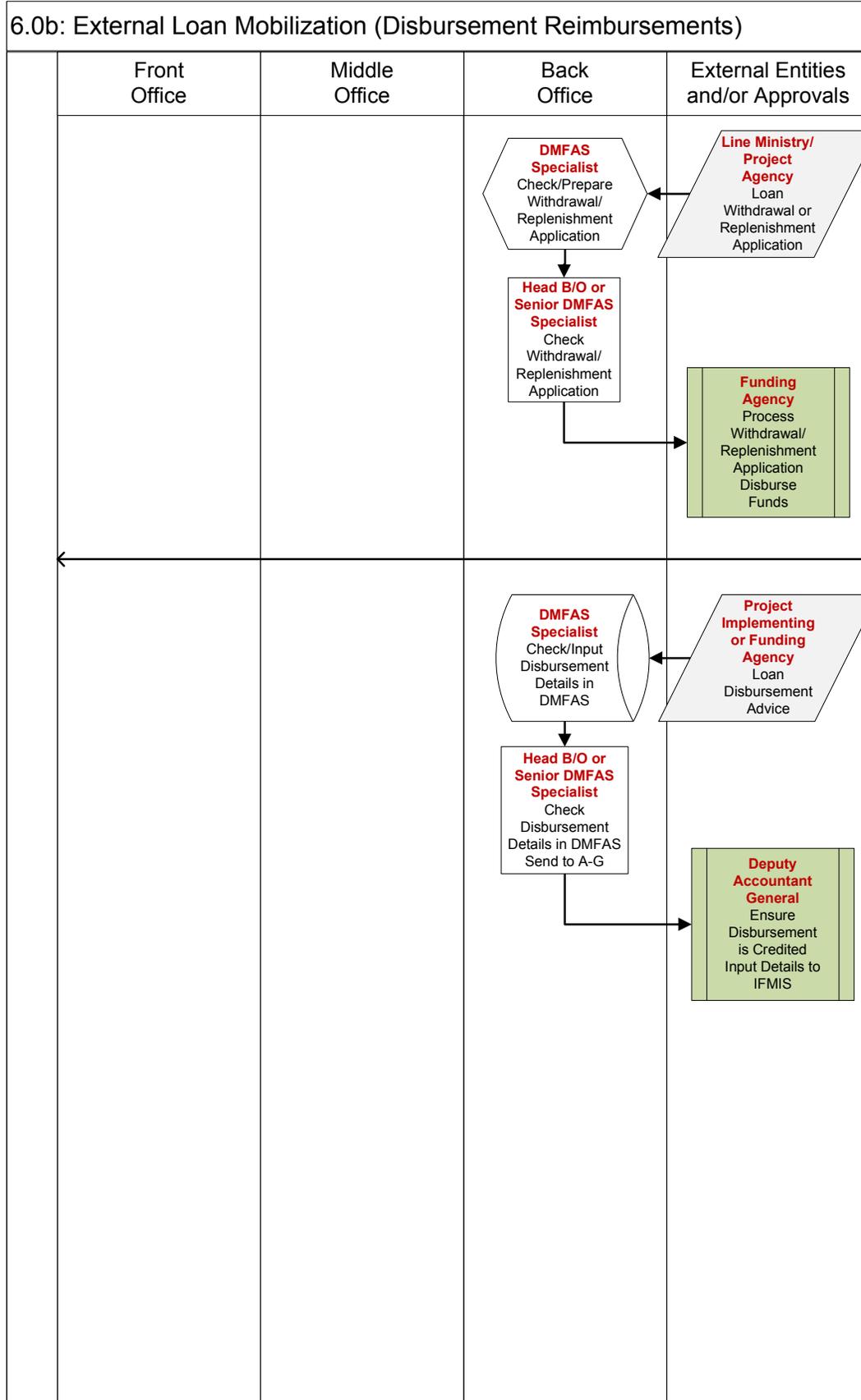
Disbursement Reimbursements		
Back Office DMFAS Specialist	<p>Receive loan withdrawal or replenishment application from Line Ministry and/or Project Agency.</p> <p>Check application for compliance with the loan agreement and funding agency policies and procedures.</p> <p>Prepare Withdrawal/Replenishment Application for submission to the relevant funding agency.</p>	<p>Inputs: Loan withdrawal or replenishment application</p> <p>Outputs: Withdrawal/ Replenishment Application</p>
Head of Back Office or Senior DMFAS Specialist	<p>Check Withdrawal/Replenishment Application to be submitted to the relevant funding agency.</p> <p>Send Withdrawal/Replenishment Application to the relevant funding agency.</p>	<p>Inputs: Withdrawal/ Replenishment Application</p> <p>Outputs: Withdrawal/ Replenishment Application notice Application sent to funding agency</p>
Funding Agency	<p>Process Withdrawal/Replenishment Application.</p> <p>Make disbursement to the designated government bank account.</p>	<p>Inputs: Withdrawal/ Replenishment Application</p> <p>Outputs: Disbursement</p>
Back Office DMFAS Specialist	<p>Receive loan disbursement advice from Project Implementing Agency and/or the funding agency, or by accessing creditor websites.</p> <p>Check disbursement against Withdrawal/Replenishment Application and note any variance.</p> <p>Input details of the disbursement into DMFAS, using the User Manual if needed.</p> <p>Prepare disbursement notice either generated from the debt recording system or manually setting out the receipt currency, amount, date and bank account.</p>	<p>Inputs: Loan disbursement advice</p> <p>Outputs: Updated DMFAS Disbursement notice</p>
Head of Back Office or Senior DMFAS Specialist	<p>Check disbursement data entered into DMFAS against the loan disbursement advice.</p> <p>Check disbursement notice.</p> <p>Send disbursement notice to the Treasury – Deputy Accountant-General.</p>	<p>Inputs: Loan disbursement advice Disbursement notice</p> <p>Outputs: Check of updated DMFAS Disbursement notice</p>

Deputy Accountant General	Ensure disbursements have been credited to the designated government bank account. Input disbursement details to the government financial reporting system (IFMIS).	Inputs: Disbursement notice Outputs: Updated IFMIS
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Procedure Flow Diagram

6.0a: External Loan Mobilization (Loan Entry, Disbursement Advances, and Disbursement Direct Payments)





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7.0 EXTERNAL LOAN SERVICING

7.0 EXTERNAL LOAN SERVICING

General Description

Debt servicing activities cover the payment of principal, interest and expenses associated with all external loan obligations of the GoR. The payment process is initiated by the back office which is responsible for recording government debt obligations. The Integrated Financial Management Information System (IFMIS) is used by all line ministries, including MINECOFIN, as the main tool for registering, monitoring and controlling their respective budget and financial execution transactions including all debt servicing activities. The Deputy Accountant General is responsible for the execution of public debt payments, which are processed by BNR through the relevant government bank accounts using the S.W.I.F.T. payment system.

Payment advices are received from the funding agency in the Permanent Secretary's office, which are delivered and checked by the back office. If there is any discrepancy with debt information in DMFAS, the DMFAS Specialist will contact the funding agency or fiscal agent to reconcile the difference. A payment order is prepared using IFMIS, a copy printed and signed by a credit officer and the Director of Finance. It is then sent to the Chief Budget Officer for signing and finally to the Deputy Accountant General for final signature and authorization. The Deputy Accountant General sends the payment order to BNR (Financial Settlements in Financial Markets Department) in order that the payment can be made in the relevant currency and the local currency equivalent debited to the GoR treasury single account at BNR. BNR will make payment using S.W.I.F.T. in foreign currency to the designated bank account of the funding agency.

Environment/Context

MINECOFIN will be responsible for receiving the payment notice from the funding agency and checking this against DMFAS. Payment advices will be prepared by the back office for submission to the Treasury for signing and final approval by the Deputy Accountant General who is responsible for preparing and sending the payment order to BNR for making payment. BNR is responsible for making payment to the funding agency or fiscal agent out of the foreign exchange reserves, and for debiting the Treasury Single Account with the Rwandan Franc equivalent converted at the official mid-point exchange rate.

Procedure and Workflow

Payment Notice		
Permanent Secretary's Office	Receive payment notice from the funding agency. Arrange for Back Office to pick up payment notice.	Inputs: Payment notice Outputs: Payment notice
Back Office DMFAS Specialist	Receive payment notice from the Permanent Secretary's office. Check payment notice against data in DMFAS. If payment notice does not match DMFAS,	Inputs: Payment notice Outputs: Payment order

	<p>contact funding agency to identify difference and make necessary amendments to DMFAS if data is incorrect.</p> <p>Enter payment into IFMIS and print payment order.</p>	
Head of Back Office or Senior DMFAS Specialist	<p>Check payment order and/or payment set up in IFMIS.</p> <p>Forward payment order to Treasury Credit Officer.</p>	<p>Inputs: Payment order</p> <p>Outputs: Payment order</p>

Payment Order – Treasury Deputy Accountant General

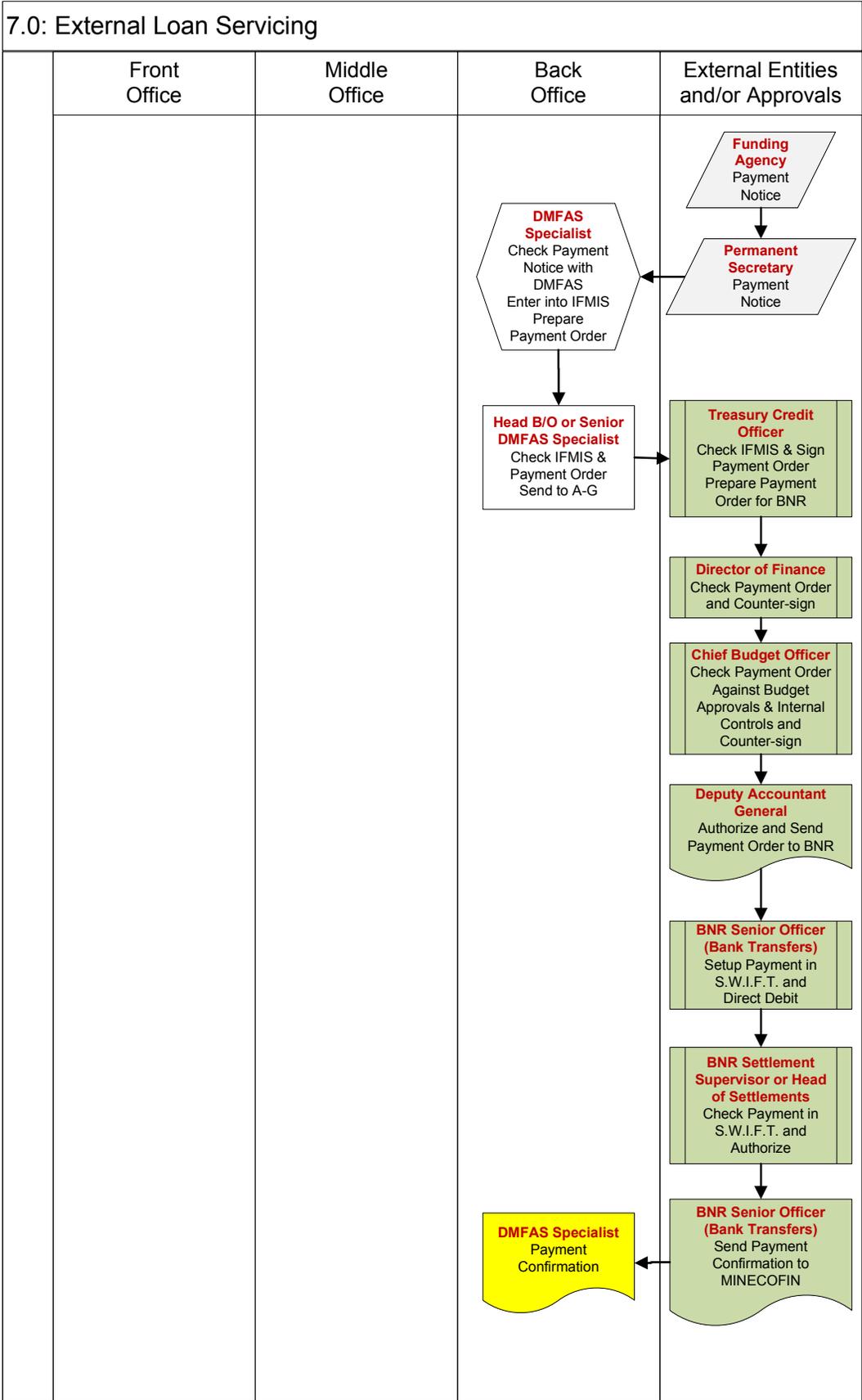
Treasury Credit Officer	<p>Receive payment order from the Back Office.</p> <p>Sign payment order that has been set up in IFMIS.</p> <p>Forward payment order to Treasury Director of Finance.</p> <p>Prepare payment order for BNR.</p>	<p>Inputs: Payment order</p> <p>Outputs: Payment order signed</p>
Treasury Director of Finance	<p>Check payment order and counter-sign.</p> <p>Forward payment order to Chief Budget Officer.</p>	<p>Inputs: Payment order</p> <p>Outputs: Payment order counter-signed</p>
Chief Budget Officer	<p>Check payment order against Budget approvals and internal controls.</p> <p>Sign payment order and forward to Deputy Accountant General.</p>	<p>Inputs: Payment order</p> <p>Outputs: Payment order checked against Budget approvals</p>
Deputy Accountant General	<p>Authorize payment order.</p> <p>Forward payment order to BNR for payment</p>	<p>Inputs: Payment order</p> <p>Outputs: Authorized payment order</p>

Payment Processing – BNR

Senior Officer Bank Transfers & Letters of Credit and Guarantees Management	<p>Receive payment order from Deputy Accountant General.</p> <p>Set up payment in S.W.I.F.T.</p> <p>Set up direct debit to the GoR Treasury Single Account.</p>	<p>Inputs: Payment order</p> <p>Outputs: S.W.I.F.T. transfer set up</p>
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Settlement Supervisor or Head of Settlements	Check payment in S.W.I.F.T. and authorize.	Inputs: S.W.I.F.T. transfer set up Outputs: S.W.I.F.T. transfer authorized
Senior Officer Bank Transfers & Letters of Credit and Guarantees Management	Send confirmation to MINECOFIN (Treasury and Back Office) of payment details.	Inputs: S.W.I.F.T. transfer processed Outputs: Confirmation to MINECOFIN

Procedure Flow Diagram



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8.0 DOMESTIC SECURITIES ISSUANCE

8.0 DOMESTIC SECURITIES ISSUANCE

Development of the domestic market for government securities is becoming a key government debt management objective. In order to minimize cost and risk over the medium term, MINECOFIN and BNR will ensure that their policies and operations are consistent with the development of an efficient government securities market. This will provide the GoR with a mechanism to finance its expenditures in a way that alleviates the need to rely fully on external debt and possibly BNR to finance budget deficits. Moreover, by promoting the development of a deep and liquid market for domestic government securities, MINECOFIN in conjunction with BNR, supervisors and regulators of financial institutions, and market participants, can achieve lower debt service costs over the medium- to long-term as the liquidity premium embedded in the yields on government debt wane. In addition, the yields on government securities will serve as a benchmark in pricing other financial assets, thereby serving as a catalyst for the development of deep and liquid financial markets more generally.

MINECOFIN's operations in the primary market will be transparent and predictable. Regardless of the mechanism used to raise funds, borrowing costs are typically minimized and the market functions most efficiently when MINECOFIN's operations are transparent – for example, by publishing borrowing plans or an auction calendar well in advance and acting consistently when issuing new securities – and when the government creates a level playing field for investors. The terms and conditions of new issues will be publicly disclosed and clearly understood by investors. Also MINECOFIN and BNR will maintain an ongoing dialogue with market participants and monitor market developments so that it is in a position to react quickly when circumstances require.

Debt issuance will use market-based mechanisms, such as competitive tenders, tap issues, or syndications. This involves auctions of government securities, although tap issues and syndications can be used if the MINECOFIN does not need to raise funds on a regular basis. MINECOFIN may use primary dealers for distributing and fostering deep and liquid markets – in this case the incentives and obligations, as well as eligibility criteria to become a primary dealer, are well defined and disclosed.

In developing the supply of government securities, the key elements for MINECOFIN to establish an efficient primary market include:

- establishing clear objectives for security issuance and debt management
- developing basic projections of the government's liquidity needs
- creating safe and efficient channels for the distribution of securities (e.g. auctions and possible use of primary dealers) targeted to investor needs
- progressively extending the maturity of government securities
- consolidating the number of debt issues and creating standardized securities with conventional maturities with a view to eventually provide market benchmarks
- moving to a predictable and transparent debt issuance program, with pre-announced issuance calendars and greater disclosure of funding needs and auction outcomes

The Budget and Annual Appropriation from Parliament will set out the authority for MINECOFIN to issue securities in the domestic market. BNR will act as the agent for MINECOFIN in running the tender of Treasury bills and bonds. The issuance calendar is set by the Treasury Management Committee each month and BNR will decide the cut-off and allocation of successful bids using the electronic auction system.

General Description

The development and maintenance of a predictable and transparent debt issuance program requires good planning. The MTDS and annual borrowing plan will established the auction calendar for government Treasury bills and bonds. Throughout the fiscal year, MINECOFIN will obtain regular forecasts of government expenditure and revenues and the aggregate end-of-day cash balance in the government account(s) from the Treasury Accountant General by month, week and day to enable the front office and Treasury to plan the level of issuance, particularly the issuance of Treasury bills to meet the government's liquidity and cash requirements resulting from shortfalls in expenditure and/or revenue.

For the issuance of government securities, MINECOFIN through BNR will announce details of the Government's domestic debt programme and auction calendar in media statements issued at the time of the GoR's Budget and periodically during the year (quarterly or monthly). This gives an outline of planned Treasury bond and bill issuance for the financial year, quarter and/or month, and includes a schedule of Treasury bond tenders (auction calendar). The schedule will set out tender dates and the announcement dates for the tenor and amount of the bonds to be auctioned. The announcement will be at the start of the auction calendar period (annual, quarterly, monthly). The Treasury Management Committee will oversee this process when it meets at least monthly.

The front office and BNR will monitor market conditions (interest rates, spreads, other issuers in the market, etc), maintain an investor relations program to test demand with investors, and consult with market makers before announcing the actual maturities and amounts of each tender. The Treasury Management Committee will meet at least monthly to determine the government's cash position which MINECOFIN through BNR will use in setting the level of Treasury bills for issuance (or buyback). Details of individual tenders will be released on Friday one week prior to the auction.

On Treasury bond and bill tender dates, bids are sent to BNR electronically through the auction bidding system. A multiple price auction is used to allocate bids according to the market conventions. BNR will collate all bids and allocate to successful bidders. Non-competitive bids will be included. BNR will be responsible for agreeing the allocation and sign-off of the auction. A representative from the front office may attend and participate in this process. Tender results will be announced via electronic media and the BNR website within a set time period after the close of bidding. Confirmations are sent to successful bidders. Settlement for Treasury bills and bonds will be the day after the auction (i.e. T+1).

BNR will send details of the tender results to the back office for input into DMFAS and to Treasury for recording in the GoR's financial statements.

Environment/Context

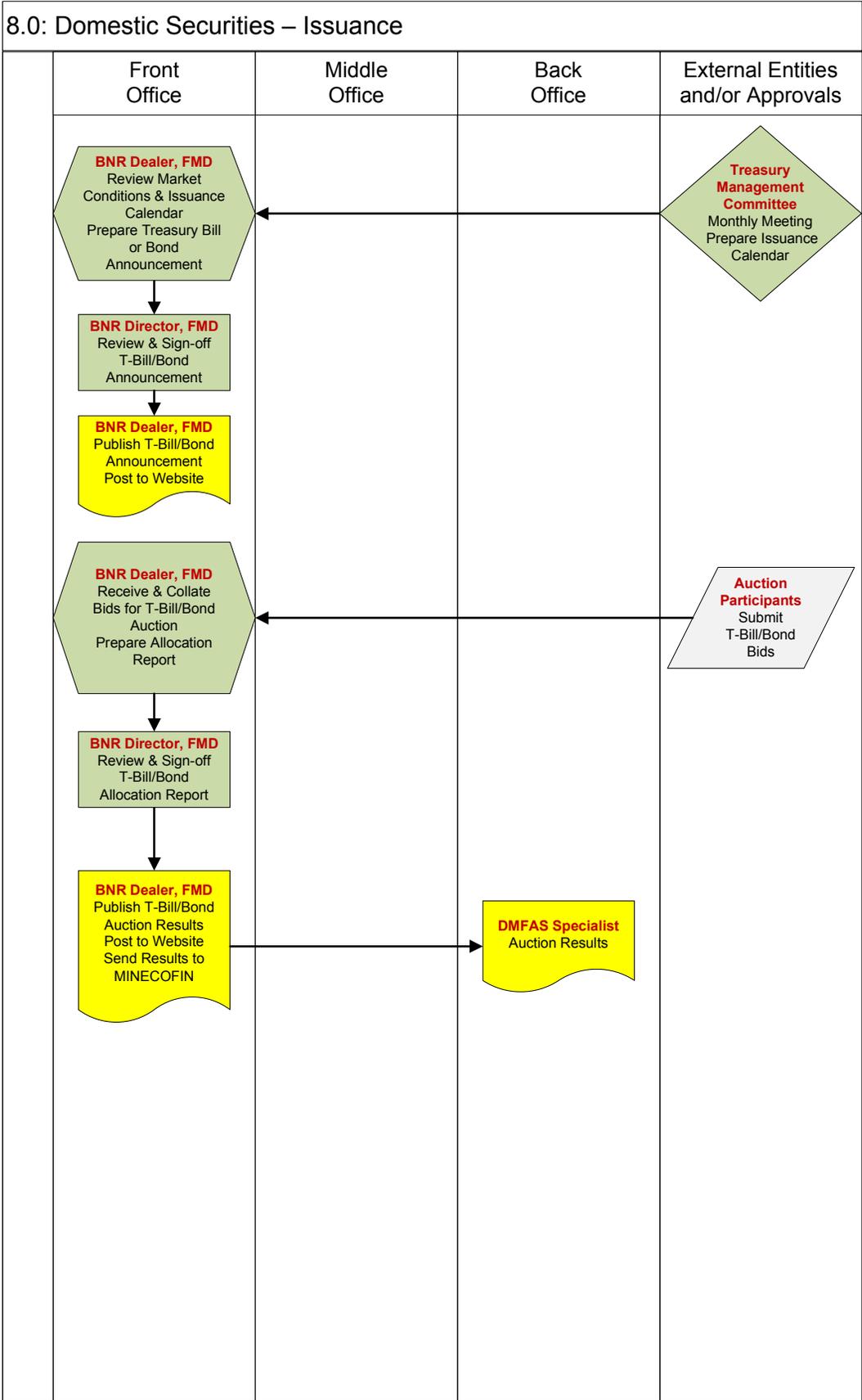
MINECOFIN will obtain information on the aggregate cash position held across government bank accounts and cash flow forecasts for the next week/month/quarter. MINECOFIN will use tenders as the primary method for domestic debt issuance, through the issuance of Treasury bills and fixed rate Treasury bonds following a pre-released auction calendar. Detailed terms and conditions of the Treasury bills and bonds will be set out in an Information Memorandum and the process to be followed by all market participants will be documented in the Operating Procedures published by BNR. MINECOFIN may use primary dealers and/or market makers to undertake the tenders.

Procedure and Workflow

Issue of Treasury Bills or Bonds by Tender		
Treasury Management Committee	<p>Meet monthly to review and update the aggregate cash position held across government bank accounts and cash flow forecasts for the next week/month/quarter.</p> <p>Prepare and send report on government's cash position and cash flow forecasts for the next week/month/quarter to front office and BNR along with approved issuance calendar.</p>	<p>Inputs: Cash position in government bank accounts Cash flow forecasts</p> <p>Outputs: Cash flow report Issuance calendar</p>
BNR Dealer, Financial Markets Department	<p>Following the meeting of the Treasury Management Committee, obtain government's cash position, cash flow forecasts, and issuance calendar</p> <p>Throughout the month, monitor market conditions (interest rates, swap rates, spreads, other issuers in the market), maintain an investor relations program to test demand with investors, and consult with primary dealers and market makers.</p> <p>Prepare Treasury bill or bond tender announcement each week.</p>	<p>Inputs: Government cash position and cash flow forecasts Market consultation: - primary dealers and/or market makers - investors</p> <p>Outputs: Draft Treasury bill or bond tender announcement</p>
BNR Director, Financial Markets Department	Review and sign-off Treasury bill or bond tender announcement.	<p>Inputs: Draft Treasury bill or bond tender announcement</p> <p>Outputs: Signed-off Treasury bill or bond tender announcement</p>
BNR Dealer, Financial Markets Department	Publish Treasury bill or bond tender announcement and post BNR website.	<p>Inputs: Approved Treasury bill or bond tender announcement</p> <p>Outputs: Published Treasury bill or bond tender announcement</p>
BNR Dealer, Financial Markets Department	<p>Receive bids for Treasury bills or bonds from tender through electronic bidding system.</p> <p>Collate bids for Treasury bill or bond tender including non-competitive bids and prepare allocation report.</p>	<p>Inputs: Bids from tender Auction bidding system</p> <p>Outputs: Draft auction allocation report</p>
BNR Director, Financial Markets	Review and sign-off Treasury bill or bond	<p>Inputs: Draft auction allocation</p>

Department	tender allocation report.	report Outputs: Signed-off auction allocation report
BNR Dealer, Financial Markets Department	Publish Treasury bill or bond tender results and post to BNR website. Send auction results to MINECOFIN back office for input into DMFAS and Treasury for processing.	Inputs: Signed-off auction allocation report Outputs: Published auction results

Procedure Flow Diagram



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9.0 DOMESTIC SECURITIES SETTLEMENT

9.0 DOMESTIC SECURITIES SETTLEMENT

General Description

Following the conclusion of the tender of domestic government securities, the settlement of net proceeds is credited to the Treasury Single Account directly by BNR and the registry system records the holders of the securities in book entry format (physical certificates will be issued on request).

Environment/Context

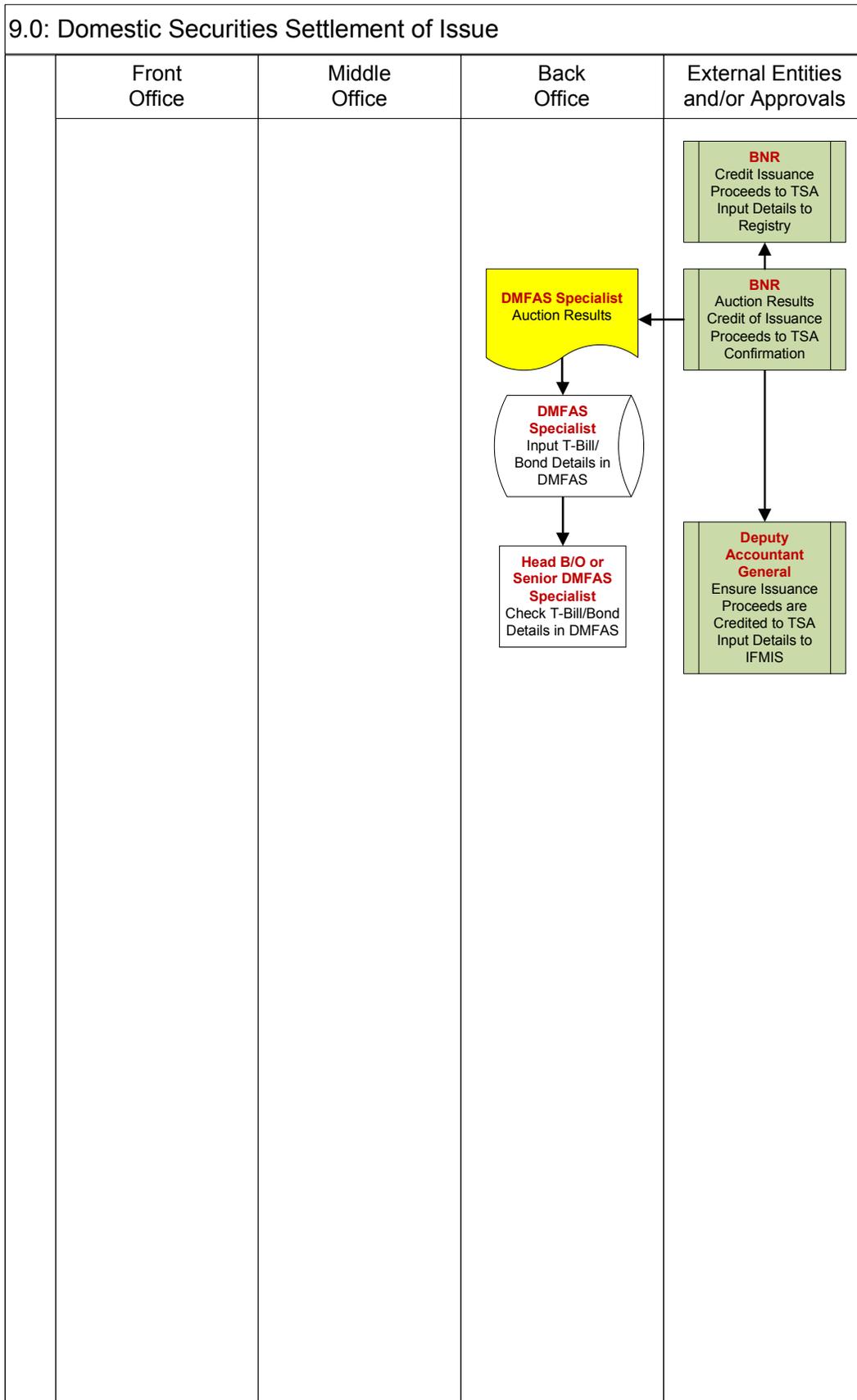
MINECOFIN will use BNR as the agent for issuance of Treasury bills and bonds. BNR will also be the clearing house and registry for these securities. Once a tender or issue activity has been completed, BNR will be responsible for ensuring that the net proceeds are paid into the Treasury Single Account and the registry system updated to capture these debt activities. BNR uses a direct debit authority to transfer funds from the bank accounts of the successful bidders at BNR to the Treasury Single Account. The back office will be responsible for ensuring that DMFAS also captures these transactions and the Deputy Accountant General is notified of these activities.

Procedure and Workflow

Settlement of Issue of Domestic Securities		
Back Office DMFAS Specialist	Obtain auction results from BNR. Input details of the issue of securities into DMFAS.	Inputs: Issuance results Outputs: Updated DMFAS
Head of Back Office or Senior DMFAS Specialist	Check securities data entered into DMFAS against issuance results.	Inputs: Issuance results Updated DMFAS Outputs: Check of updated DMFAS Issuance results
Deputy Accountant General	Obtain auction results from BNR. Ensure net proceeds of issuance are credited to the Treasury Single Account (TSA). Input issuance details to IFMIS.	Inputs: Issuance results Outputs: Credit net issuance to designated government bank account Updated IFMIS
BNR: Senior Officer Bank Transfers & Letters of Credit and Guarantees	Credit TSA with the net proceeds of issuance under standing authority. Arrangement for input details into the registry system.	Inputs: Standing authority Outputs: Credit TSA with the net proceeds

Management		Registry system updated
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Procedure Flow Diagram



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10.0 DOMESTIC SECURITIES SERVICING

10.0 DOMESTIC SECURITIES SERVICING

General Description

Debt servicing activities cover the payment of principal, interest and expenses associated with all the debt obligations of the GoR. The payment process is initiated by BNR which is responsible for the registry and servicing of domestic government security obligations. The Integrated Financial Management Information System (IFMIS) is used by all line ministries, including MINECOFIN, as the main tool for registering, monitoring and controlling their respective budget and financial execution transactions including all debt servicing activities.

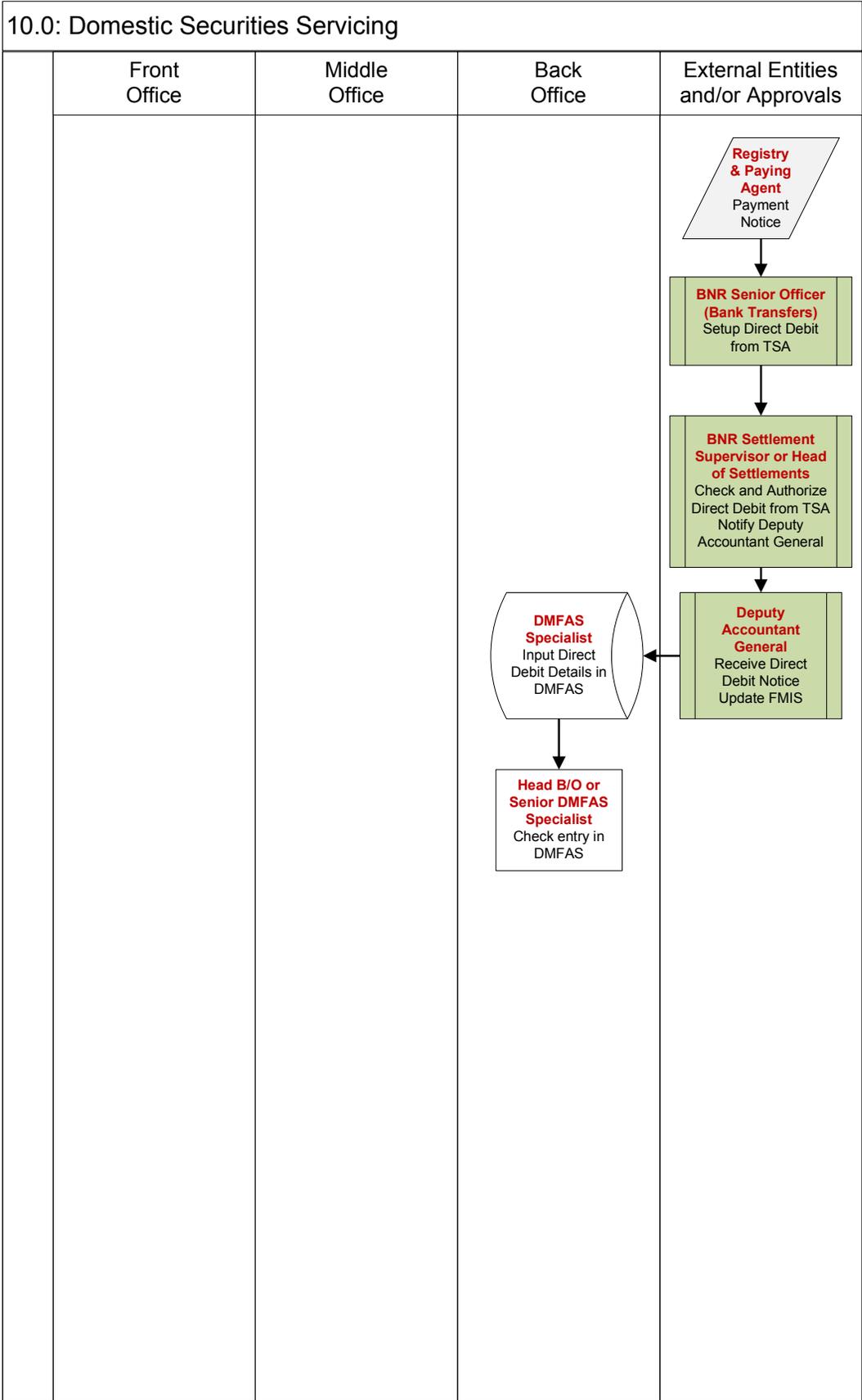
Environment/Context

The Deputy Accountant General is responsible for the processing and recording of public debt payments, which are processed by BNR through direct debit of the Treasury Single Account for payment to the security holders. BNR will send payment notifications to the Deputy Accountant General to record the payment in IFMIS and the back office for input to DMFAS.

Procedure and Workflow

Payment Authority – Direct Debit		
Senior Officer Bank Transfers & Letters of Credit and Guarantees Management	Set up direct debit from the Treasury Single Account to the Registry to pay holders of securities on the due date.	Inputs: Payment from Registry Outputs: Direct debit from TSA
Settlement Supervisor or Head of Settlements	Check and authorize direct debit of Treasury Single Account. Notify the Deputy Accountant General.	Inputs: Direct debit from TSA Outputs: Authorized direct debit from TSA
Deputy Accountant General	Receive direct debit notification from BNR. Monitor to ensure payment is processed through Treasury Single Account. Update IFMIS.	Inputs: Direct debt notification Outputs: Updated IFMIS
Back Office DMFAS Specialist	Receive direct debit notification from Deputy Accountant General. Update DMFAS.	Inputs: Direct debt notification Outputs: Updated DMFAS
Head of Back Office or Senior DMFAS Specialist	Check entry in DMFAS.	Inputs: Updated DMFAS Outputs: Checked DMFAS

Procedure Flow Diagram



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11.0 EXTERNAL SECURITIES PLANNING

11.0 EXTERNAL SECURITIES PLANNING

The GoR is planning at some point in the future when market conditions are attractive to issue securities in the international markets (i.e. sovereign bonds). These securities could be used to on-lend for infrastructure or other projects or used for budgetary support and/or target foreign investors to purchase domestic government securities. A key objective for MINECOFIN will be to broaden the investor base by encouraging foreign investors to purchase GoR securities.

General Description

Negotiations will be led by MINECOFIN and will involve extensive consultation with international financial institutions (primarily investment banks and commercial banks) either directly or through a competitive tender process to obtain the best terms and conditions for the issue. Pre-issue preparation may include a road show that includes meetings with the financial intermediaries that are expected to be involved in the bond issue, rating agencies and investors. The consultation process will identify demand for the securities and use a process referred to as “price discovery” to determine the expected cost or spread relative to the appropriate market benchmark. Negotiations will also include the selection and contracting of the fiscal and paying agent(s), legal agents, and printer of the notes (particularly important if bearer bonds are to be printed). The front office will be responsible for all planning activities, in consultation with the middle office.

Environment/Context

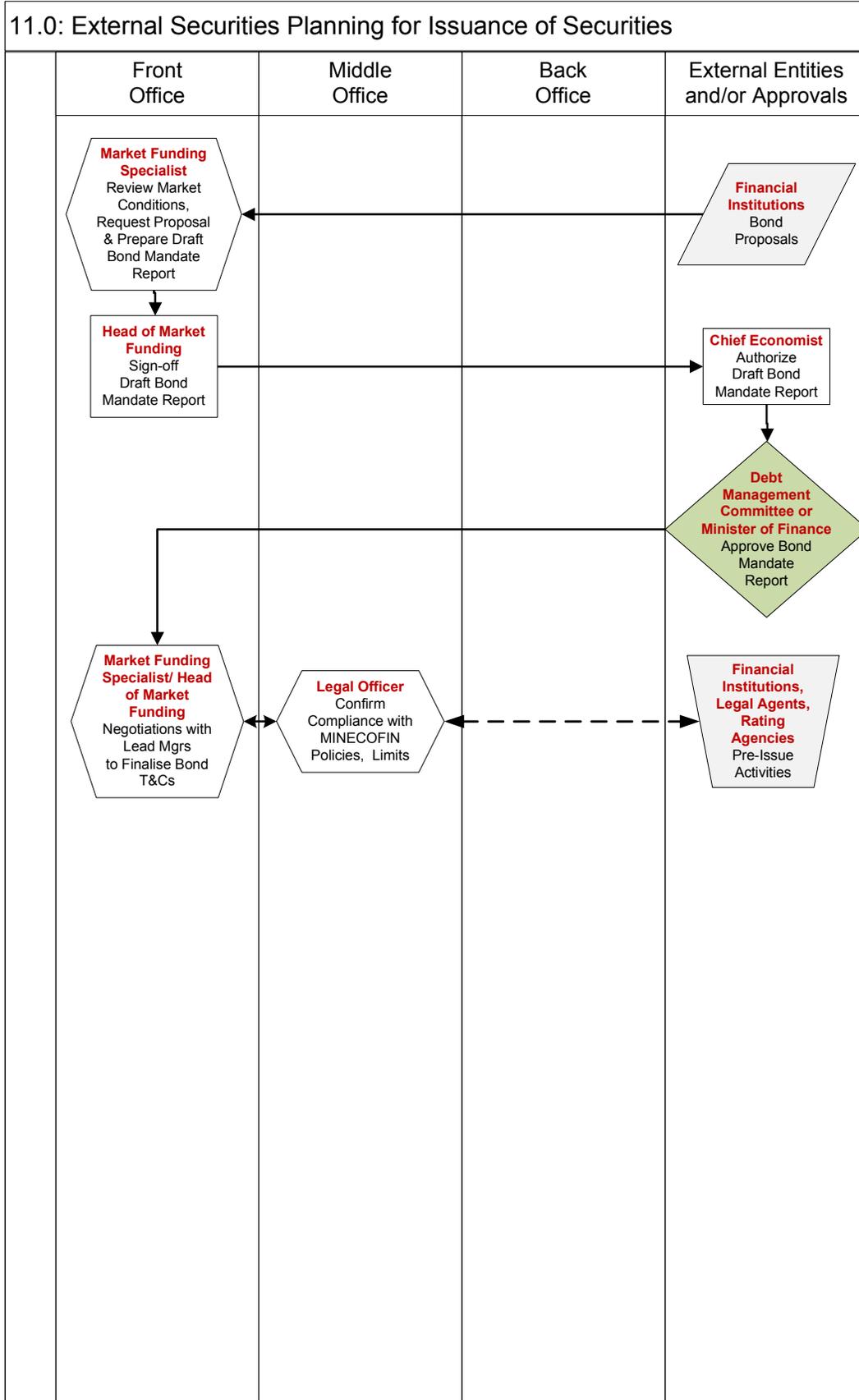
When market conditions are suitable, MINECOFIN will issue securities in the international markets. These securities will be either global, euro or bonds issued in domestic markets (such as Yankee bonds in the US, Samurai bonds in Japan or Bulldog bonds in the UK). MINECOFIN may issue these bonds directly or under a Euro-Medium Term Note (EMTN) program if this is established in the future. The bonds issued may be used for infrastructure or other development projects, budgetary support, or to increase the level of foreign exchange reserves.

Procedure and Workflow

Planning for Issuance of Securities		
Front Office Market Funding Specialist	<p>Review market conditions (interest rates, swap rates, spreads, other issuers in the market).</p> <p>Obtain and review proposals from financial institutions with indicative bond terms and conditions.</p> <p>Prepare draft bond mandate report with market and currency, size of issue, indicative pricing terms, lead manager(s), key syndicate members, legal agents, fiscal agent, and other relevant details.</p>	<p>Inputs: Market conditions Financial institution proposals</p> <p>Outputs: Draft bond mandate report</p>
Head of Market	Sign-off draft bond mandate report.	Inputs:

Funding		Draft bond mandate report Outputs: Signed-off draft bond mandate report
Chief Economist	Authorize bond mandate report. Submit to Debt Management Committee or Minister of Finance for approval.	Inputs: Signed-off draft bond mandate report Outputs: Authorized bond mandate report
Debt Management Committee or Minister of Finance	Approve bond mandate report.	Inputs: Bond mandate report Outputs: Approved bond mandate report
Head of Market Funding & Market Funding Specialist	Undertake pre-issue activities such as: <ul style="list-style-type: none"> organize and conduct road show finalize lead manager(s) and members of the syndicate consult with lead manager(s) to identify issue size, price/spread, and timing of issue consult with other government issuers and players in the market Negotiate with lead manager(s). Consult with middle office / legal officer to ensure compliance with MINECOFIN's policies, limits and other requirements. Finalize terms and conditions of the bonds and timing/arrangements for issue.	Inputs: Approved bond mandate report Outputs: Pre-issue marketing and consultation Finalized bond terms and conditions

Procedure Flow Diagram



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12.0 EXTERNAL SECURITIES ISSUANCE

12.0 EXTERNAL SECURITIES ISSUANCE

General Description

MINECOFIN will be responsible for setting the timing and price/spread for the launch of the bond issue in consultation with the lead manager(s). If the authority provides for an oversubscription, MINECOFIN may agree to increase the size of the issue. Once the bond issue is launched, the front office will monitor the success of the issue including investor placement (institutional and geographical). The middle office will ensure that all legal and security documentation is completed. The back office will be responsible for ensuring that the net proceeds from the bond issue which are the responsibility of the lead manager are credited to the designated government bank account held at BNR and the bond is recorded in DMFAS.

Environment/Context

After MINECOFIN has completed the issuance of securities in international markets, the back office will be responsible for ensuring that the net proceeds are paid into the designated government account at BNR. The back office will also be responsible for ensuring that DMFAS captures these transactions and the Deputy Accountant General is notified of the issuance. Settlement will be through the government foreign currency accounts at BNR. The middle office will be responsible for concluding all legal and security documentation in consultation with the Ministry of Justice.

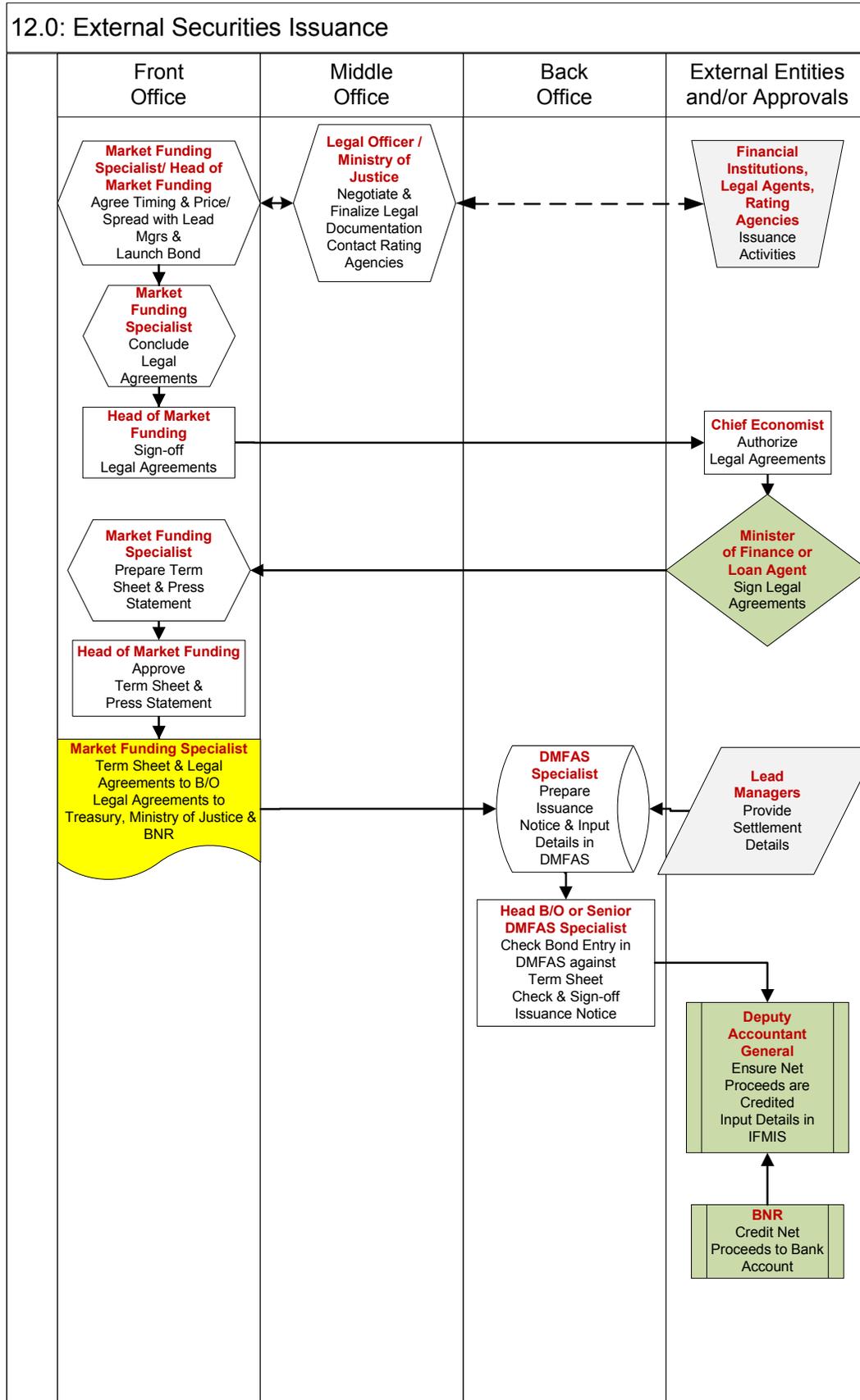
Procedure and Workflow

Issue of Securities in International Markets		
Head of Market Funding & Market Funding Specialist	Agree to timing and price/spread of bond to be issued and proceed with launch of bond issue.	Inputs: Pre-issue marketing and consultation Finalized bond terms and conditions Outputs: Bond issue
Middle Office Legal Officer and/or Ministry of Justice	Contact rating agencies to obtain a bond rating for the issue. Negotiate and finalize legal documentation covering: <ul style="list-style-type: none"> • Information memorandum, offering circular or loan agreement • Fiscal and paying agency agreement • Letter of service • Loan agent's warrant/power of attorney (if Minister of Finance cannot sign) • Printing of bearer/registered notes Obtain legal opinion on the bonds from legal counsel to ensure that covenants and other	Inputs: Finalized bond terms and conditions & bond issue Outputs: Legal documentation Legal opinion Loan agent's warrant/ power of attorney

	<p>conditions are met.</p> <p>Send legal agreements to front office for sign-off.</p>	
Front Office Market Funding Specialist	Review legal agreement from middle office.	<p>Inputs: Legal documentation Legal opinion Loan agent's warrant/ power of attorney</p> <p>Outputs: Reviewed legal documentation</p>
Head of Market Funding	Sign-off legal agreements.	<p>Inputs: Reviewed legal documentation</p> <p>Outputs: Signed-off legal documentation</p>
Chief Economist	<p>Authorized legal agreements.</p> <p>Submit to Minister of Finance for signing.</p>	<p>Inputs: Signed-off legal documentation</p> <p>Outputs: Authorized legal documentation</p>
Minister of Finance or Loan Agent	<p>Sign legal agreements or sign loan agent's warrant/power of attorney with the authority to sign on behalf of the Minister of Finance.</p> <p>Loan Agent to sign on behalf of Minister of Finance.</p>	<p>Inputs: Legal documentation Loan agent's warrant/ power of attorney</p> <p>Outputs: Signed legal documentation</p>
Front Office Market Funding Specialist	Prepare draft term sheet and press statement (if necessary).	<p>Inputs: Signed legal documentation</p> <p>Outputs: Draft term sheet Draft press statement</p>
Head of Market Funding	<p>Approve term sheet and press statement.</p> <p>Send copy of press statement to Minister of Finance's office for release.</p>	<p>Inputs: Draft term sheet Draft press statement</p> <p>Outputs: Term sheet Press statement released</p>
Front Office Market Funding Specialist	<p>Send term sheet to back office for input to DMFAS.</p> <p>Send copy of the legal agreements to the</p>	<p>Inputs: Term sheet Press statement</p>

	Deputy Accountant General, BNR and Ministry of Justice.	Outputs: Signed legal agreements and term sheet sent to back office, Deputy Accountant General, BNR and Ministry of Justice
Back Office DMFAS Specialist	Obtain term sheet from front office. Input details from term sheet of the issuance of securities into DMFAS using User Manual if needed. Prepare issuance notice either generated from DMFAS or using IFMIS setting out the receipt currency, amount, date and bank account.	Inputs: Term sheet Outputs: Updated DMFAS Issuance notice
Head of Back Office or Senior DMFAS Specialist	Check securities data entered into DMFAS against the term sheet provided by the front office. Check and sign-off issuance notice. Send copy of issuance notice to Deputy Accountant General and BNR.	Inputs: Term sheet Updated DMFAS Issuance notice Outputs: Check of updated DMFAS Signed off issuance notice
Deputy Accountant General	Ensure net proceeds of issuance are credited to the designated government foreign currency bank account at BNR. Input issuance details to IFMIS.	Inputs: Issuance notice Outputs: Credit of net issuance to designated government bank account Updated IFMIS
BNR	Credit designated government foreign currency bank account with the net proceeds of issuance. Notify Deputy Accountant General	Inputs: Issuance notice Outputs: Credit designated government bank account with the net proceeds

Procedure Flow Diagram



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13.0 EXTERNAL SECURITIES SERVICING

13.0 EXTERNAL SECURITIES SERVICING

General Description

Debt servicing activities cover the payment of principal, interest and expenses associated with all external loan obligations of the GoR. The payment process is initiated by the back office which is responsible for recording government debt obligations. The Integrated Financial Management Information System (IFMIS) is used by all line ministries, including MINECOFIN, as the main tool for registering, monitoring and controlling their respective budget and financial execution transactions including all debt servicing activities. The Deputy Accountant General is responsible for the execution of public debt payments, which are processed by BNR through the relevant government bank accounts using the S.W.I.F.T. payment system.

Payment advices are received from the fiscal and paying agent in the Permanent Secretary's office, which are delivered and checked by the back office. If there is any discrepancy with debt information in DMFAS, the DMFAS Specialist will contact the fiscal agent to reconcile the difference. A payment order is prepared using IFMIS, a copy printed and signed by a credit officer and the Director of Finance. It is then sent to the Chief Budget Officer for signing and finally to the Deputy Accountant General for final signature and authorization. The Deputy Accountant General sends the payment order to BNR (Financial Settlements in Financial Markets Department) in order that the payment can be made in the relevant currency and the local currency equivalent debited to the GoR treasury single account at BNR. BNR will make payment using S.W.I.F.T. in foreign currency to the designated bank account of the fiscal agent.

Environment/Context

MINECOFIN will be responsible for receiving the payment notice from the fiscal agent and checking this against DMFAS. Payment advices will be prepared by the back office for submission to the Treasury for signing and final approval by the Deputy Accountant General who is responsible for preparing and sending the payment order to BNR for making payment. BNR is responsible for making payment to the funding agency or fiscal agent out of the foreign exchange reserves, and for debiting the Treasury Single Account with the Rwandan Franc equivalent converted at the official mid-point exchange rate.

The Deputy Accountant General is responsible for the payment authority or instruction to be issued BNR for making payment. BNR is responsible for making payment to the Fiscal and Paying Agent. There may be a standing order whereby BNR can debit the designated government bank account and make payment in the settlement currency out of the foreign exchange reserves to the designated bank account.

Procedure and Workflow

Payment Notice		
Permanent Secretary's Office	Receive payment notice from the fiscal agent. Arrange for Back Office to pick up payment notice.	Inputs: Payment notice Outputs: Payment notice
Back Office	Receive payment notice from the Permanent	Inputs:

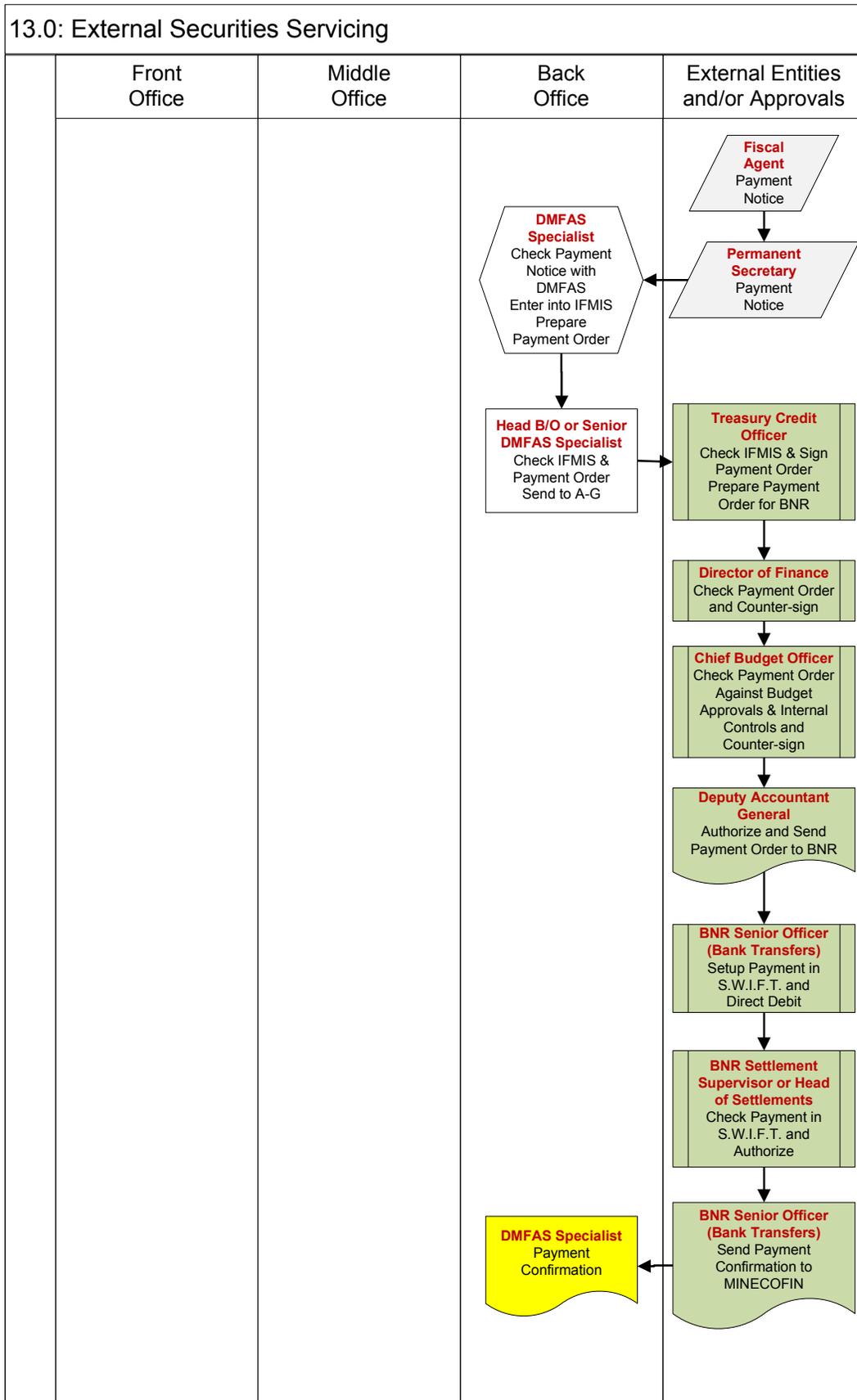
DMFAS Specialist	<p>Secretary's office.</p> <p>Check payment notice against data in DMFAS.</p> <p>If payment notice does not match DMFAS, contact funding agency to identify difference and make necessary amendments to DMFAS if data is incorrect.</p> <p>Enter payment into IFMIS and print payment order.</p>	<p>Payment notice</p> <p>Outputs: Payment order</p>
Head of Back Office or Senior DMFAS Specialist	<p>Check payment order and/or payment set up in IFMIS.</p> <p>Forward payment order to Treasury Credit Officer.</p>	<p>Inputs: Payment order</p> <p>Outputs: Payment order</p>

Payment Order – Treasury Deputy Accountant-General

Treasury Credit Officer	<p>Receive payment order from the Back Office.</p> <p>Sign payment order that has been set up in IFMIS.</p> <p>Forward payment order to Treasury Director of Finance.</p> <p>Prepare Payment Authority for BNR.</p>	<p>Inputs: Payment order</p> <p>Outputs: Payment order signed</p>
Treasury Director of Finance	<p>Check payment order and counter-sign.</p> <p>Forward payment order to Chief Budget Officer.</p>	<p>Inputs: Payment order</p> <p>Outputs: Payment order counter-signed</p>
Chief Budget Officer	<p>Check payment order against Budget approvals and internal controls.</p> <p>Sign payment order and forward to Deputy Accountant General.</p>	<p>Inputs: Payment order</p> <p>Outputs: Payment order checked against Budget approvals</p>
Deputy Accountant General	<p>Authorize payment order.</p> <p>Forward payment order to BNR for payment</p>	<p>Inputs: Payment order</p> <p>Outputs: Authorized payment order</p>

Payment Processing – BNR		
Senior Officer Bank Transfers & Letters of Credit and Guarantees Management	Receive payment order from Deputy Accountant General. Set up payment in S.W.I.F.T. Set up direct debit to the GoR Treasury Single Account.	Inputs: Payment order Outputs: S.W.I.F.T. transfer set up
Settlement Supervisor or Head of Settlements	Check payment in S.W.I.F.T. and authorize.	Inputs: S.W.I.F.T. transfer set up Outputs: S.W.I.F.T. transfer authorized
Senior Officer Bank Transfers & Letters of Credit and Guarantees Management	Send confirmation to MINECOFIN (Treasury and Back Office) of payment details.	Inputs: S.W.I.F.T. transfer processed Outputs: Confirmation to MINECOFIN

Procedure Flow Diagram



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14.0 DEBT REORGANIZATION LOANS

14.0 DEBT REORGANIZATION LOANS

General Description

MINECOFIN may undertake reorganization of loans that could be creditor or borrower driven. Creditor driven will include Paris and London Club restructuring. Borrower driven will include prepayment of high cost loans or restructuring of existing loans using different instruments such as the World Bank hedging products.

External loan reorganization negotiations are led by MINECOFIN in collaboration with other agencies if necessary (Ministry of Justice or Attorney-General, BNR, etc). MINECOFIN obtains a mandate from the government (Debt Management Committee or Minister of Finance) to negotiate the reorganization of the loans, whether these are initiated by the creditor (Paris Club, London Club or bilateral) or the borrower (pre-payment). The mandate will specify a set range for the key terms of the reorganization or prepayment. MINECOFIN negotiates the terms and conditions of the reorganization (prepayment will be set out in the loan agreement), and in the case of reorganization, a legal opinion on the new loan agreement is obtained from the government's legal team and from legal counsel and the new loan agreement is signed by the Minister of Finance. The front office will prepare a term sheet with the new loan details or prepayment details and forward this together with the signed loan agreement to the back office for recording and processing the loan.

Environment/Context

MINECOFIN will participate in negotiations with the lending agency to agree the reorganization loan terms and conditions with the creditor. After MINECOFIN has completed negotiations and the reorganization loan agreement has been signed, the back office and Deputy Accountant General will be responsible for ensuring that any financial transactions that are required are settled through the designated government account or to the nominated settlement account. The back office will also be responsible for ensuring that DMFAS captures these transactions (including prepayments) and the Deputy Accountant General is notified of the debt reorganization for input to IFMIS.

Procedure and Workflow

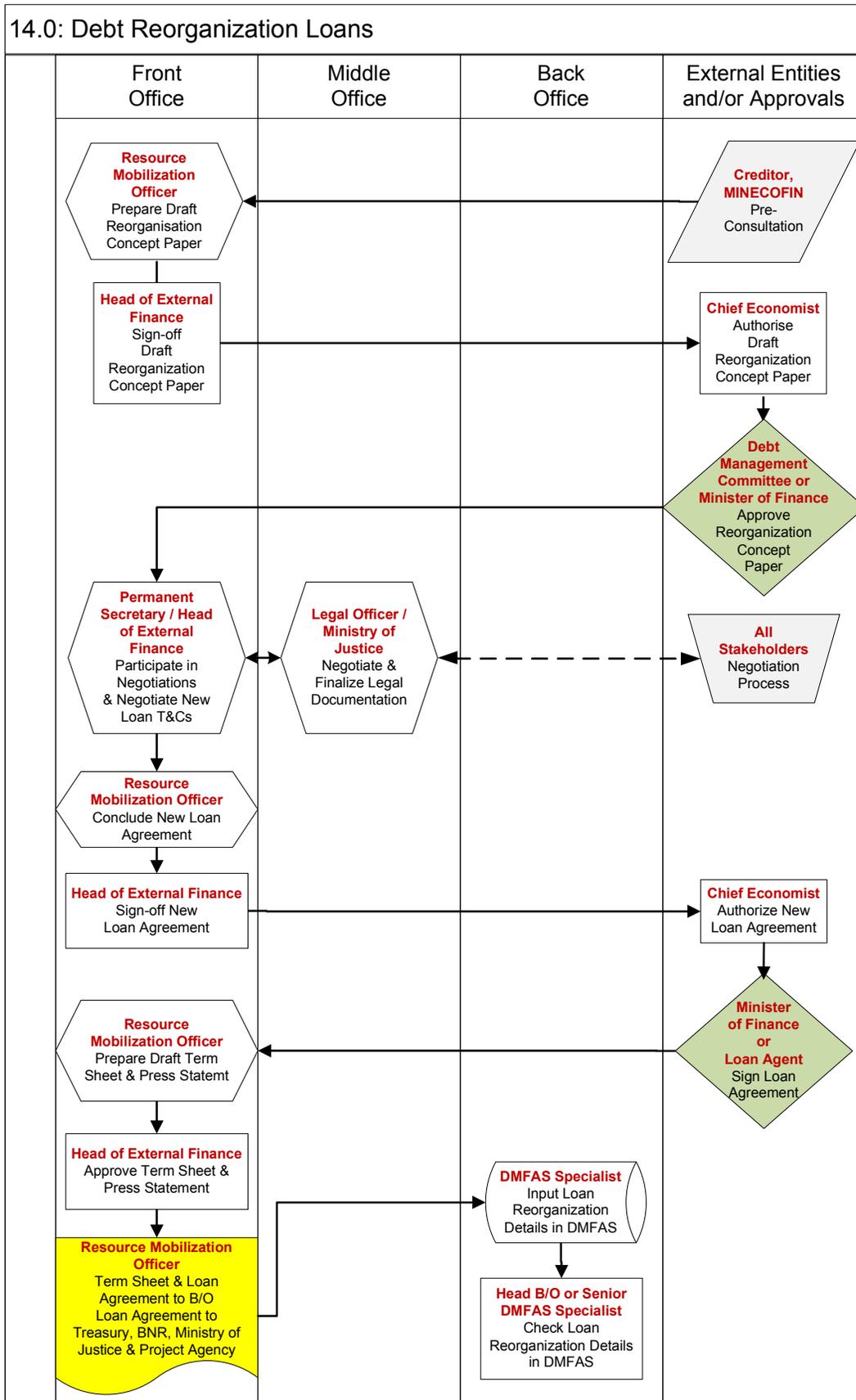
Debt Restructuring		
Creditor, MINECOFIN	Extensive pre-consultations to agree the reorganisation terms and conditions.	Inputs: Pre-consultation Outputs: Reorganization proposal
Front Office External Finance Resource Mobilization Officer	Prepare draft loan reorganisation concept paper with indicative reorganisation loan terms and conditions to send to Debt Management Committee or Minister of Finance for approval.	Inputs: Reorganization proposal Outputs: Draft reorganization concept paper
Head of External	Sign-off draft reorganization concept paper.	Inputs: Draft reorganization concept

Finance		paper Outputs: Signed-off reorganization concept paper
Chief Economist	Authorize reorganization concept paper. Submit to Debt Management Committee or Minister of Finance for approval.	Inputs: Signed-off reorganization concept paper Outputs: Authorized reorganization concept paper
Debt Management Committee or Minister of Finance	Approve reorganization concept paper.	Inputs: Reorganization concept paper Outputs: Approved reorganization concept paper
Head of External Finance and Permanent Secretary	Participate in negotiations with the line ministry, funding agency along with Ministry of Foreign Affairs where necessary, and other government agencies. Negotiate terms and conditions of the new loan.	Inputs: Approved reorganization concept paper Outputs: Negotiated new loan terms and conditions
Middle Office Legal Officer and/or Ministry of Justice	Negotiate and finalize legal documentation throughout the negotiation process. Obtain legal opinion on the loan from Ministry of Justice to ensure that covenants and other conditions are met. Prepare loan agent's warrant/power of attorney (if Minister of Finance cannot sign)	Inputs: Negotiated new loan terms and conditions Outputs: Legal documentation Legal opinion Loan agent's warrant/ power of attorney
Front Office External Finance Resource Mobilization Officer	Finalize loan terms and conditions and conclude the new loan agreement.	Inputs: Legal documentation Legal opinion Loan agent's warrant/ power of attorney Outputs: Draft new loan agreement Loan agent's warrant/ power of attorney
Head of External Finance	Sign-off new loan agreement.	Inputs: Draft new loan agreement Loan agent's warrant/ power of attorney Outputs:

		Signed-off new loan agreement Loan agent's warrant/ power of attorney
Chief Economist	Authorize new loan agreement. Submit to Minister of Finance for signing.	Inputs: Signed-off new loan agreement Loan agent's warrant/ power of attorney Outputs: Authorized new loan agreement Loan agent's warrant/ power of attorney
Minister of Finance or Loan Agent	Sign loan agreement or sign loan agent's warrant/power of attorney with the authority to sign on behalf of the Minister of Finance. Loan Agent to sign on behalf of the Minister of Finance	Inputs: Loan agreement Loan agent's warrant/ power of attorney Outputs: Signed loan agreement
Front Office External Finance Resource Mobilization Officer	Prepare press statement (if needed).	Inputs: Signed loan agreement Outputs: Draft press statement
Chief Economist	Approve press statement. Send copy of press statement to Minister of Finance's office for release.	Inputs: Draft press statement Outputs: Press statement released
Front Office External Finance Resource Mobilization Officer	Obtain copies of the loan agreement from the Minister of Finance or Permanent Secretary's office and send a copy to back office for input to debt recording system and processing. Send copy of the loan agreement to the Deputy Accountant General, BNR, Ministry of Justice and project agency.	Inputs: Signed loan agreement Outputs: Signed loan agreement sent to back office Signed loan agreement sent to Treasury, BNR, Ministry of Justice and project agency
Project Agency, Line Ministry and/or MINECOFIN	Ensure that the conditions precedent and effectiveness of the loan are met.	Inputs: Signed loan agreement Outputs: Effectiveness of the loan
Back Office DMFAS Specialist	Obtain loan agreement from front office or Permanent Secretary's office. Input loan details into DMFAS, using the	Inputs: Loan agreement Outputs:

	User Manual if needed	Updated DMFAS
Head of Back Office or Senior DMFAS Specialist	Check debt reorganisation data entered into DMFAS.	Inputs: Loan agreement Updated DMFAS Outputs: Check of updated DMFAS

Procedure Flow Diagram



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15.0 DEBT REORGANIZATION SECURITIES

15.0 DEBT REORGANIZATION SECURITIES

General Description

MINECOFIN may carry out operations involving buyback of domestic securities but may include buyback of external securities and/or exchange of existing securities for other securities (domestic and external). The major objective of these operations is liability and cash management, with the purpose of reducing the outstanding debt burden, by lengthening maturities or changing the maturity structure, adjusting the public debt profile, encouraging specific operations such as the development of benchmark bonds, or managing the aggregate cash position held across government bank accounts.

Environment/Context

MINECOFIN will use buyback or exchange to manage the aggregate cash position held in the Treasury Single Account or to consolidate debt issues in selected maturities. MINECOFIN will use tenders as the primary method for debt buyback, which may include a pre-released buyback calendar for domestic debt. The process to be followed by all market participants will be documented in the Operating Procedures published by BNR. MINECOFIN may use primary dealers and/or market makers to undertake the buybacks. After MINECOFIN has completed the transaction to buyback existing debt, the back office and Deputy Accountant General will be responsible for ensuring that the settlement amount is paid into the nominated settlement account. The back office will also be responsible for ensuring that DMFAS captures these transactions and the Deputy Accountant General is notified of the payment for input to IFMIS. Settlement will be through the government accounts at BNR.

Procedure and Workflow

Buyback of Government Securities		
Treasury Management Committee	<p>Meet monthly to review and update the aggregate cash position held across government bank accounts and cash flow forecasts for the next week/month/quarter.</p> <p>Prepare and send report on government's cash position and cash flow forecasts for the next week/month/quarter front office and BNR along with approved issuance calendar.</p>	<p>Inputs: Cash position in government bank accounts Cash flow forecasts</p> <p>Outputs: Cash flow report Issuance calendar</p>
BNR Dealer, Financial Markets Department	<p>Obtain government's cash position and cash flow forecasts from Treasury or Cash Management Committee.</p> <p>Monitor market conditions (interest rates, swap rates, spreads, other issuers in the market), maintain an investor relations program to test demand with investors, and consult with primary dealers and market makers.</p> <p>Prepare Treasury bill or bond buyback</p>	<p>Inputs: Government cash position and cash flow forecasts Market consultation: - primary dealers and/or market makers - investors</p> <p>Outputs: Draft Treasury bill or bond tender/buyback</p>

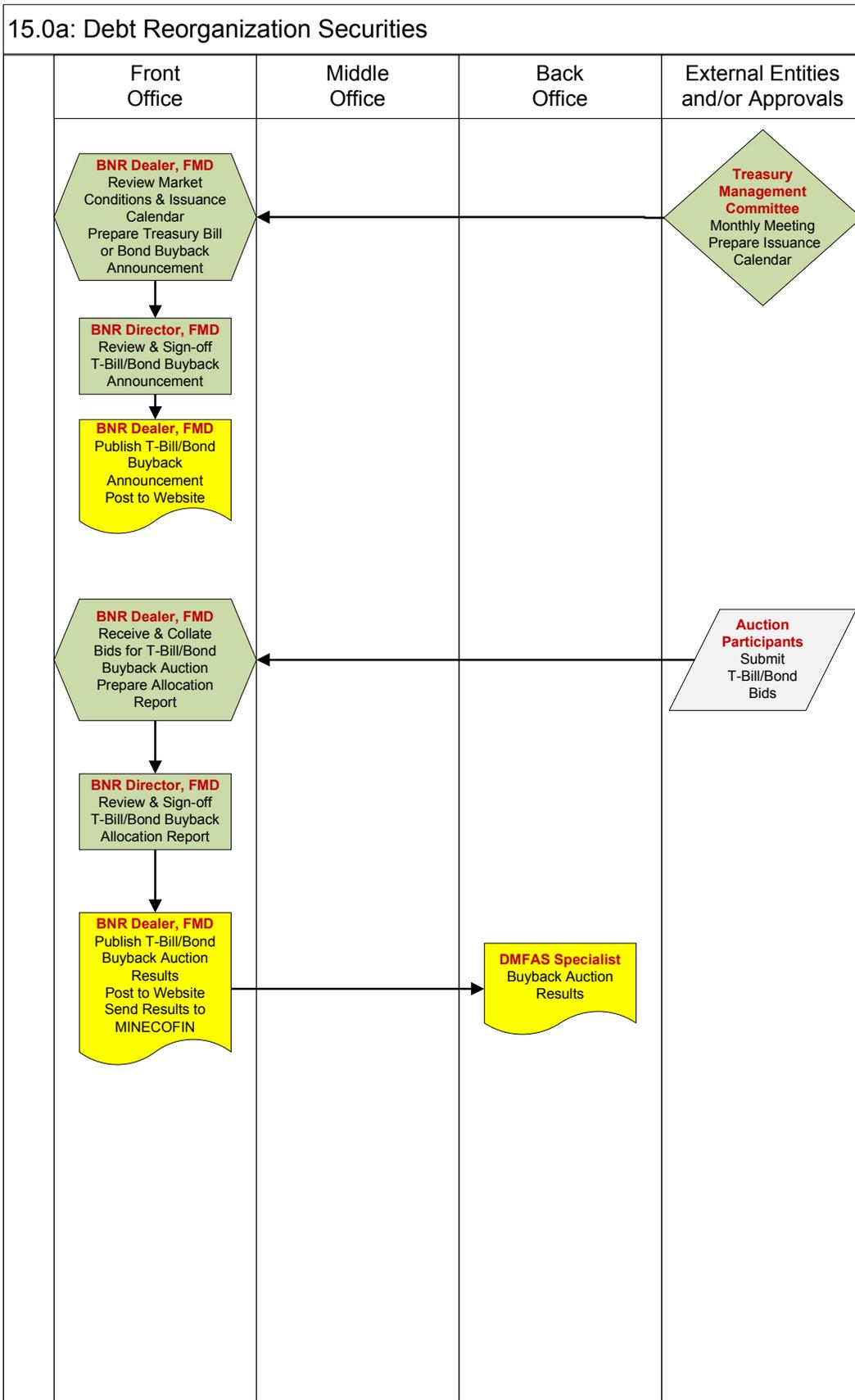
	announcement.	announcement
BNR Director, Financial Markets Department	Review and sign-off Treasury bill or bond buyback announcement.	Inputs: Draft Treasury bill or bond buyback announcement Outputs: Signed-off Treasury bill or bond buyback announcement
BNR Dealer, Financial Markets Department	Publish Treasury bill or bond buyback announcement and post to BNR website.	Inputs: Approved Treasury bill or bond buyback announcement Outputs: Published Treasury bill or bond buyback announcement
BNR Dealer, Financial Markets Department	Receive bids for Treasury bills or bonds from buyback through electronic bidding system. Collate bids for Treasury bill or bond buyback and prepare allocation report.	Inputs: Bids from tender Auction bidding system Outputs: Draft auction allocation report
BNR Director, Financial Markets Department	Review and sign-off Treasury bill or bond buyback allocation report.	Inputs: Draft auction allocation report Outputs: Signed-off draft auction allocation report
BNR Dealer, Financial Markets Department	Publish Treasury bill or bond buyback results and post to BNR website. Send debt buyback auction results to MINECOFIN back office for input into DMFAS and Treasury for processing.	Inputs: Approved debt buyback auction allocation report Outputs: Published debt buyback auction results

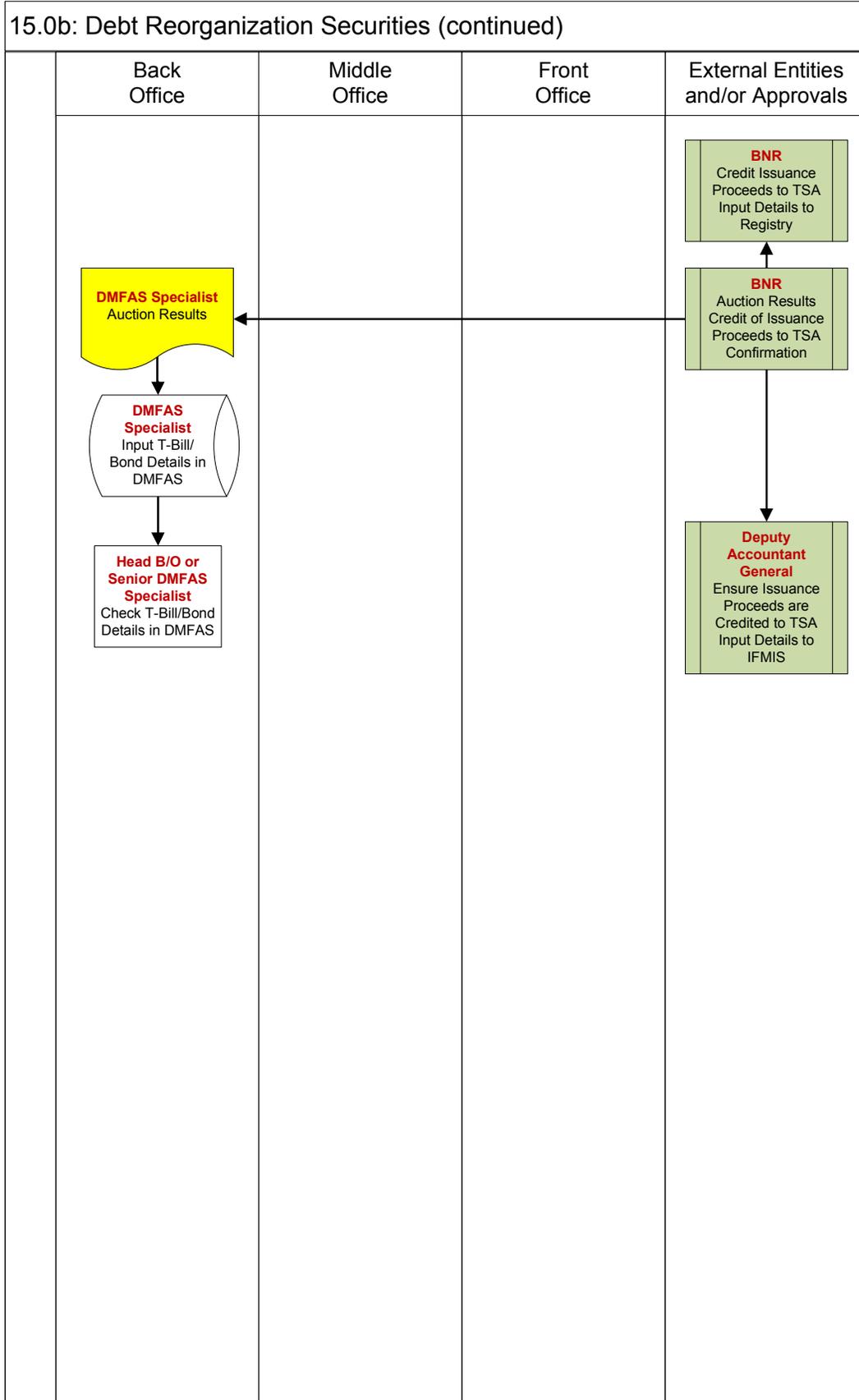
Settlement of Buyback of Domestic Securities

Back Office DMFAS Specialist	Obtain debt buyback auction results from BNR. Input details of the buyback of securities into DMFAS.	Inputs: Debt buyback results Outputs: Updated DMFAS
Head of Back Office or Senior DMFAS Specialist	Check buyback of securities data entered into debt recording system against the term sheet provided by the front office. Check buyback notice.	Inputs: Updated DMFAS Buyback notice Outputs:

		Check of updated DMFAS Buyback notice
Deputy Accountant General	Obtain buyback auction results from BNR. Ensure direct debt from the Treasury Single Account is processed. Input buyback details to IFMIS.	Inputs: Buyback notice Outputs: Debit of Treasury Single Account Updated IFMIS
BNR: Senior Officer Bank Transfers & Letters of Credit and Guarantees Management	Set up direct debt of Treasury Single Account for the net proceeds of buyback under standing orders or settlement instructions. Arrangement for input details into the registry system.	Inputs: Standing orders or settlement instructions Outputs: Debit of Treasury Single Account Registry system updated

Procedure Flow Diagram





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16.0 DEBT REORGANIZATION SWAPS

16.0 DEBT REORGANIZATION SWAPS

General Description

In future, MINECOFIN may enter into currency and/or interest rate swaps, normally at the time of issuance of securities to obtain lower cost of funds in the preferred currency. For example, it may be more cost effective to issue JPY debt swapped to USD than issuing USD debt directly. Approval to enter into the swap will be obtained as part of the approval provided for the issuance of the securities. In these cases, MINECOFIN will need to negotiate the swap deal, ensure that the swap documentation is completed and ensure that settlement instructions are issued to all the relevant parties in order that all payments are processed on the transaction settlement date.

Following the issuance of securities in the international market, MINECOFIN obtains bids from a selection of counterparties for the nominated currency and/or interest rate swap. MINECOFIN will select the most cost effective swap and negotiate the final terms and conditions, ensure that the swap documentation is completed, and ensure that settlement instructions are issued to all the relevant parties in order that all initial payments and receipts are processed on the settlement date for both the securities that have been issued and the swap.

Environment/Context

MINECOFIN obtains bids from a selection of counterparties for the nominated currency and/or interest rate swap and selects the most cost effective swap. The front office will negotiate the final terms and condition. The middle office will ensure that the swap documentation is completed. The back office and Deputy Accountant General will ensure that settlement instructions are issued to all the relevant parties in order that all initial payments are processed on the settlement date of the securities that have been issued. The back office will also be responsible for ensuring that DMFAS captures these swaps and the Deputy Accountant General is notified of all payments and receipts. Settlement will be through the designated government bank accounts held at BNR.

Procedure and Workflow

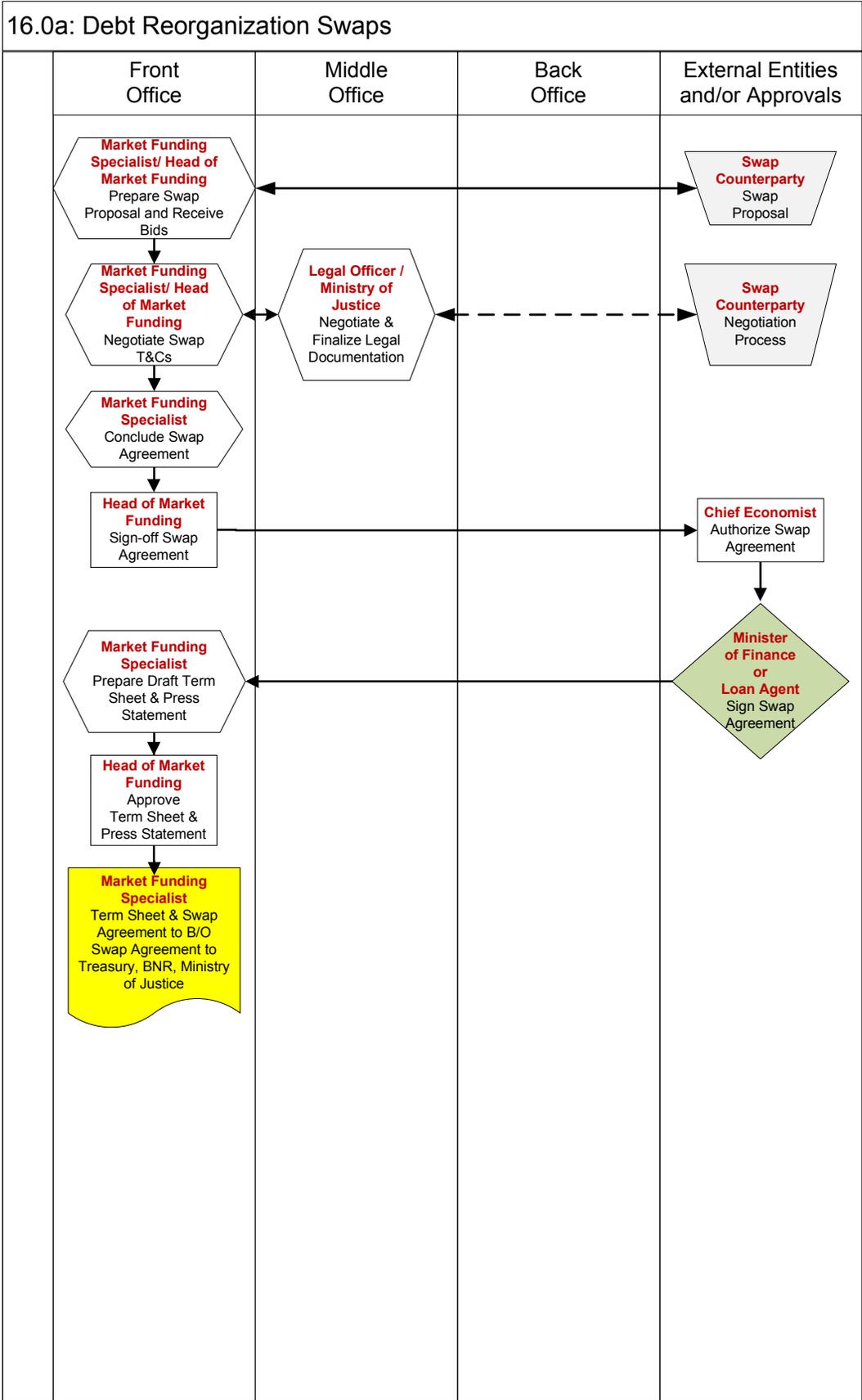
Swaps		
Head of Market Funding & Market Funding Specialist	<p>Prepare and send requests for proposal to swap counterparties.</p> <p>Review responses from swap counterparties and select most cost effective swap.</p> <p>Negotiate terms and conditions of the swap.</p>	<p>Inputs: Approved security mandate report (including swap)</p> <p>Outputs: Negotiated swap terms and conditions</p>
Middle Office Legal Officer and/or Ministry of Justice	<p>Negotiate and finalize legal documentation throughout the negotiation process.</p> <p>Obtain legal opinion on the swap from legal counsel to ensure that covenants and other conditions are met.</p> <p>Prepare loan agent's warrant/power of</p>	<p>Inputs: Negotiated swap terms and conditions</p> <p>Outputs: Legal documentation Legal opinion</p>

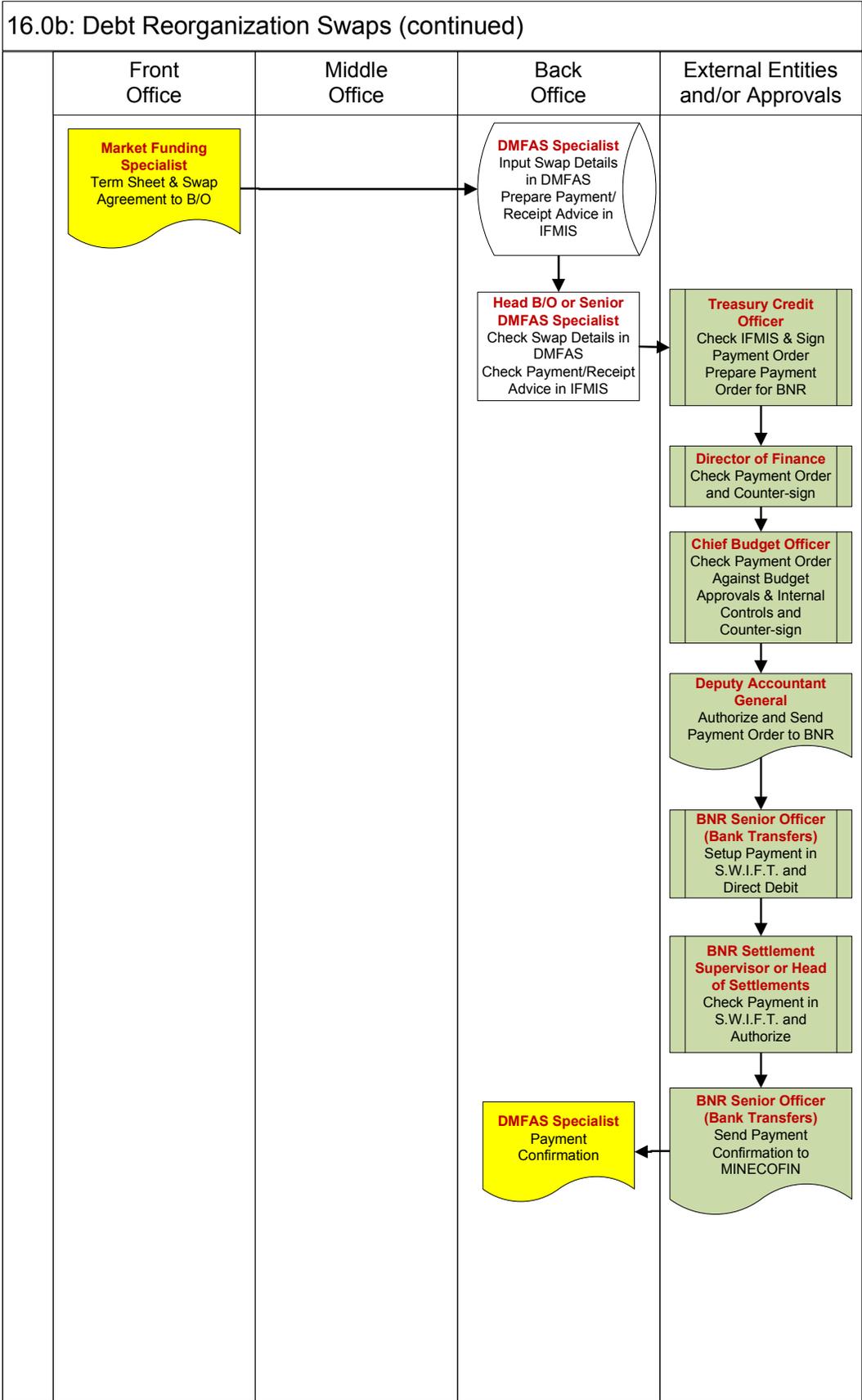
	attorney (if Minister of Finance cannot sign)	Loan agent's warrant/ power of attorney
Front Office Market Funding Specialist	Finalize swap terms and conditions and conclude the swap agreement.	<p>Inputs: Legal documentation Legal opinion Loan agent's warrant/ power of attorney</p> <p>Outputs: Draft swap agreement Loan agent's warrant/ power of attorney</p>
Head of Market Funding	Sign-off swap agreement.	<p>Inputs: Draft swap agreement Loan agent's warrant/ power of attorney</p> <p>Outputs: Signed-off swap agreement Loan agent's warrant/ power of attorney</p>
Chief Economist	Authorize swap agreement. Submit to Minister of Finance for signing.	<p>Inputs: Signed-off swap agreement Loan agent's warrant/ power of attorney</p> <p>Outputs: Authorized swap agreement Loan agent's warrant/ power of attorney</p>
Minister of Finance or Loan Agent	Sign swap agreement or sign loan agent's warrant/power of attorney with the authority to sign on behalf of the Minister of Finance. Loan Agent to sign on behalf of the Minister of Finance	<p>Inputs: Loan agreement Loan agent's warrant/ power of attorney</p> <p>Outputs: Signed swap agreement</p>
Front Office Market Funding Specialist	Prepare draft term sheet and press statement (if necessary).	<p>Inputs: Signed swap agreement</p> <p>Outputs: Draft term sheet Draft press statement</p>
Head of Market Funding	Approve term sheet and press statement. Send copy of press statement to Minister of Finance's office for release.	<p>Inputs: Draft term sheet Draft press statement</p> <p>Outputs: Term sheet Press statement released</p>

<p>Front Office Market Funding Specialist</p>	<p>Send term sheet and copy of the swap agreement to back office for input to DMFAS.</p> <p>Send copy of the swap agreement to Deputy Accountant General, BNR and Ministry of Justice.</p>	<p>Inputs: Term sheet Signed loan agreement</p> <p>Outputs: Signed swap agreement and term sheet sent to back office</p> <p>Signed swap agreement sent to back office, Deputy Accountant General, BNR and Ministry of Justice</p>
<p>Back Office DMFAS Specialist</p>	<p>Obtain term sheet and swap agreement from front office.</p> <p>Input swap details DMFAS using User Manual if needed.</p> <p>Prepare settlement instructions/payment and receipt advice in IFMIS.</p>	<p>Inputs: Term sheet Swap agreement</p> <p>Outputs: Updated DMFAS Settlement instructions/ payment and receipt advice</p>
<p>Head of Back Office or Senior DMFAS Specialist</p>	<p>Check swap data entered into DMFAS.</p> <p>Check settlement instructions/ payment and receipt advice in IFMIS.</p> <p>Send copy of settlement instructions to Deputy Accountant General and BNR.</p>	<p>Inputs: Term sheet Swap agreement Settlement instructions/ payment and receipt advice</p> <p>Outputs: Check of updated DMFAS Settlement instructions/ payment and receipt advice</p>
<p>Treasury Credit Officer</p>	<p>Receive settlement instructions from the back office.</p> <p>Sign settlement instructions that have been set up in IFMIS.</p> <p>Forward payment order to Treasury Director of Finance.</p> <p>Prepare Payment Authority for BNR.</p>	<p>Inputs: Settlement instructions</p> <p>Outputs: Payment order signed</p>
<p>Treasury Director of Finance</p>	<p>Check payment order and counter-sign.</p> <p>Forward payment order to Chief Budget Officer.</p>	<p>Inputs: Payment order</p> <p>Outputs: Payment order counter- signed</p>
<p>Chief Budget Officer</p>	<p>Check payment order against Budget approvals and internal controls.</p> <p>Sign payment order and forward to Deputy Accountant General.</p>	<p>Inputs: Payment order</p> <p>Outputs: Payment order checked against Budget approvals</p>

Deputy Accountant General	<p>Authorize payment order.</p> <p>Forward payment order to BNR for payment along with receipt instruction.</p>	<p>Inputs: Payment order</p> <p>Outputs: Authorized payment order and receipt instruction</p>
Senior Officer Bank Transfers & Letters of Credit and Guarantees Management	<p>Receive payment order and receipt instruction from Deputy Accountant General.</p> <p>Set up payment in S.W.I.F.T.</p> <p>Set up direct debit to the GoR Treasury Single Account.</p>	<p>Inputs: Payment order and receipt instruction</p> <p>Outputs: S.W.I.F.T. transfer set up</p>
Settlement Supervisor or Head of Settlements	<p>Check payment in S.W.I.F.T. and authorize.</p>	<p>Inputs: S.W.I.F.T. transfer set up</p> <p>Outputs: S.W.I.F.T. transfer authorized</p>
Senior Officer Bank Transfers & Letters of Credit and Guarantees Management	<p>Send confirmation to MINECOFIN (Treasury and Back Office) of payment and receipt details.</p>	<p>Inputs: S.W.I.F.T. transfer processed</p> <p>Outputs: Confirmation to MINECOFIN</p>

Procedure Flow Diagram





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17.0 DEBT SUSTAINABILITY ANALYSIS

17.0 DEBT SUSTAINABILITY ANALYSIS

General Description

The MTDS sets the government's debt management objective and policy guidelines for debt management (refer Procedure 1.0). Macroeconomic Policy and Treasury Units will be responsible for the preparation of debt service forecasts for input to the annual Budget and appropriation by Parliament and for updates of debt service forecasts and comparisons of actual versus forecast. Debt sustainability analyses are undertaken to assist in maintaining the current sustainable debt portfolio consistent with economic growth and development and in line with the development agenda of the present GoR administration. MINECOFIN undertakes a cost-risk assessment as part of the MTDS. The Treasury Unit which is responsible for government cash management, it collates government cash flows and prepares forecasts of the aggregate cash balances across government bank accounts.

Debt Sustainability Analysis (DSA) is conducted annually to analyze the debt portfolio by multiple indicators and ratios and to construct different scenarios to project the government's future debt ratios. Under the Debt Sustainability Framework (DSF) developed by the World Bank and IMF, the DSA consists of:

- an analysis of a country's projected debt burden over the next 20 years and its vulnerability to external and policy shocks—baseline and shock scenarios are calculated;
- an assessment of the risk of debt distress in that time, based on indicative debt burden thresholds that depend on the quality of the country's policies and institutions; and
- recommendations for a borrowing (and lending) strategy that limits the risk of debt distress

The DSA feeds in to the MTDS. The responsibility for the DSA rests with the middle office (Macroeconomic Policy). More information is set out in Volume 1 of the Public Debt Management Manual.

Environment/Context

MINECOFIN will facilitate the DSA each year bringing together all stakeholders across government – Macroeconomic Policy Unit, External Finance Unit, Treasury Unit, National Development Planning Unit, and NBR. The middle office (Macroeconomic Policy) will be responsible for coordinating and facilitating the DSA. MINECOFIN will use the World Bank and IMF DSF toolkit to undertake the DSA. The steps to be followed in assessing debt sustainability using the World Bank and IMF templates are:

1. Link low income country (LIC) Templates to macroeconomic projections and debt data – the DSF template has to be updated for the current year as 1st year of projections
2. Calculate current and future debt burden indicators under the baseline
3. Design alternative scenarios and stress tests and identify the country specific factors to be included in the DSA
4. Produce relevant tables and charts as provided by the LIC Templates
5. Form a view regarding how debt burden indicators evolve over time and assess their vulnerability to exogenous shocks
6. Compare external debt burden indicators to appropriate indicative debt burden thresholds
7. Assess whether and how other factors, such as the evolution of domestic debt or contingent liabilities, affect a country's capacity of servicing future debt service payments
8. Classify a country according to its probability of debt distress in collaboration with the IMF

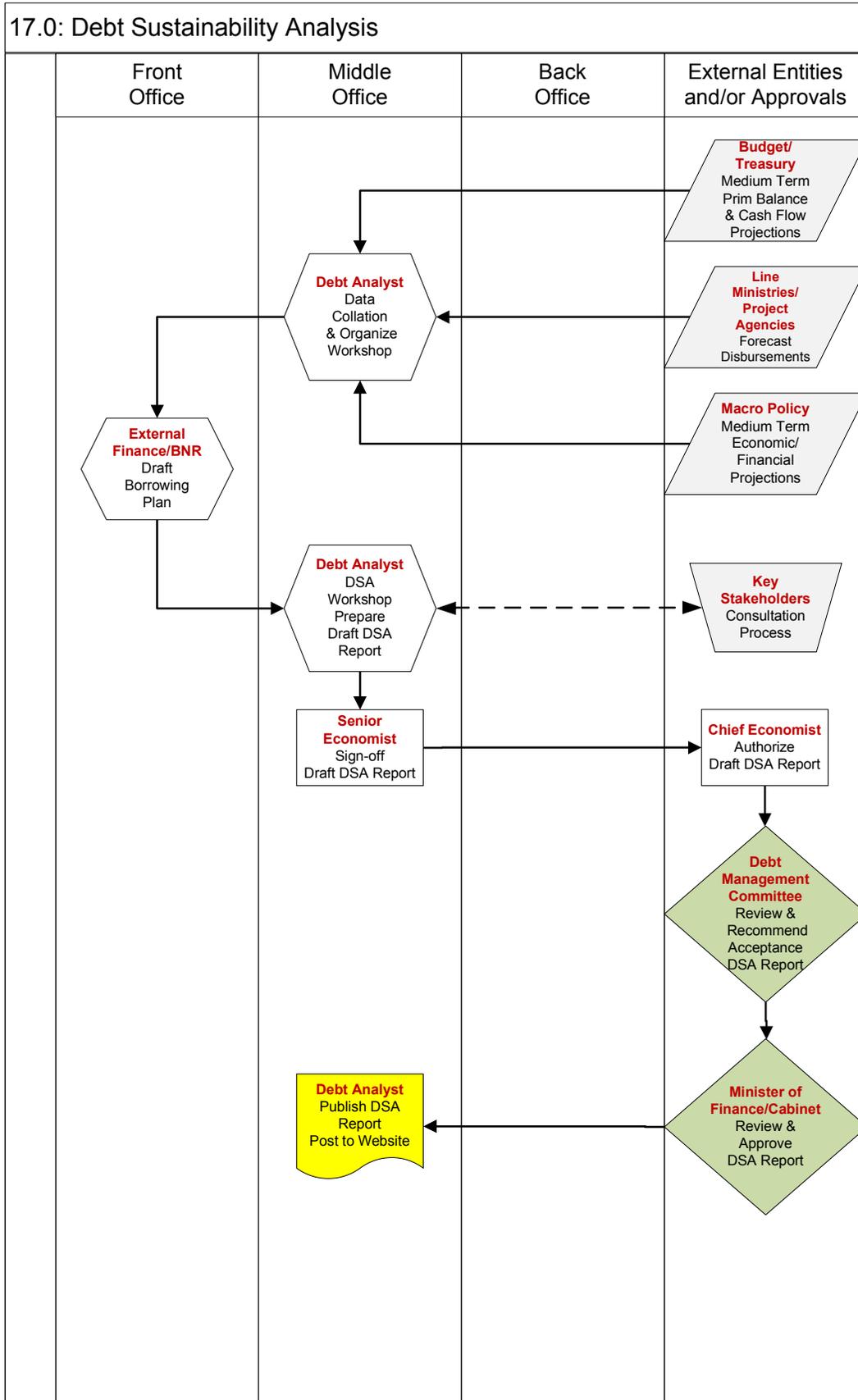
9. Determine a country's appropriate borrowing strategy and identify adequate policy responses

Procedure and Workflow

Debt Sustainability Analysis		
Middle Office Debt Analyst	<p>Organize workshop for all stakeholders across government to undertake DSA exercise.</p> <p>Collate information from all stakeholders required for DSA exercise:</p> <ul style="list-style-type: none"> • Existing debt • Projections: <ul style="list-style-type: none"> - primary balance - monthly cash flows - interest rates - exchange rates - inflation - GDP • Scenarios: <ul style="list-style-type: none"> - baseline - optimistic - pessimistic/stress 	<p>Inputs: Information from stakeholders</p> <p>Outputs: Existing debt Projections Scenarios</p>
Front Office: External Finance Resource Mobilization Officer National Bank of Rwanda	<p>Provide details of proposed new financing plan for the medium term (i.e., next 3 fiscal years):</p> <ul style="list-style-type: none"> • External financing: <ul style="list-style-type: none"> - multilateral - bilateral - commercial - market • Domestic financing: <ul style="list-style-type: none"> - Treasury bills - Treasury bonds - commercial banks and Central Bank 	<p>Inputs: Govt financing requirement Forecast disbursements</p> <p>Outputs: Draft borrowing plan with list of planned new borrowing</p>
Key Stakeholders	<p>Undertake DSA using the DSF toolkit and produce DSA analysis.</p> <p>Prepare draft DSA report.</p>	<p>Inputs: Existing debt Projections Scenarios</p> <p>Outputs: Draft DSA report</p>
Middle Office Senior Economist	<p>Check and sign-off draft DSA report.</p>	<p>Inputs: Draft DSA report</p> <p>Outputs: Draft DSA report sign-off</p>

Chief Economist	Authorize DSA Report.	Inputs: Draft DSA report Outputs: DSA report authorized
Debt Management Committee	Review draft DSA Report and recommend acceptance. Submit recommended DSA Report to Minister of Finance / Cabinet for approval.	Inputs: Authorized draft DSA Report Outputs: Recommended DSA Report
Minister of Finance / Cabinet	Review recommended DSA Report and approve.	Inputs: Recommended DSA Report Outputs: Approved DSA Report
Middle Office Debt Analyst	Publish DSA and post to MINECOFIN website (in pdf format).	Inputs: Approved DSA Report Outputs: Published DSA Report

Procedure Flow Diagram



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18.0 DEBT SERVICE MONITORING

18.0 DEBT SERVICE MONITORING

General Description

MINECOFIN prepares a schedule of debt service payments at the commencement of each financial year and updates periodically as required (semi-annually, quarterly or monthly). Forecasting of debt service payments on existing debt is undertaken by the back office (using DMFAS), with economic and financial parameters provided by the Macroeconomic Policy and Budget Units and a new borrowing program provided by the front office. The forecasts will be validated by the middle office that will also monitor debt service actual versus forecast throughout the fiscal year.

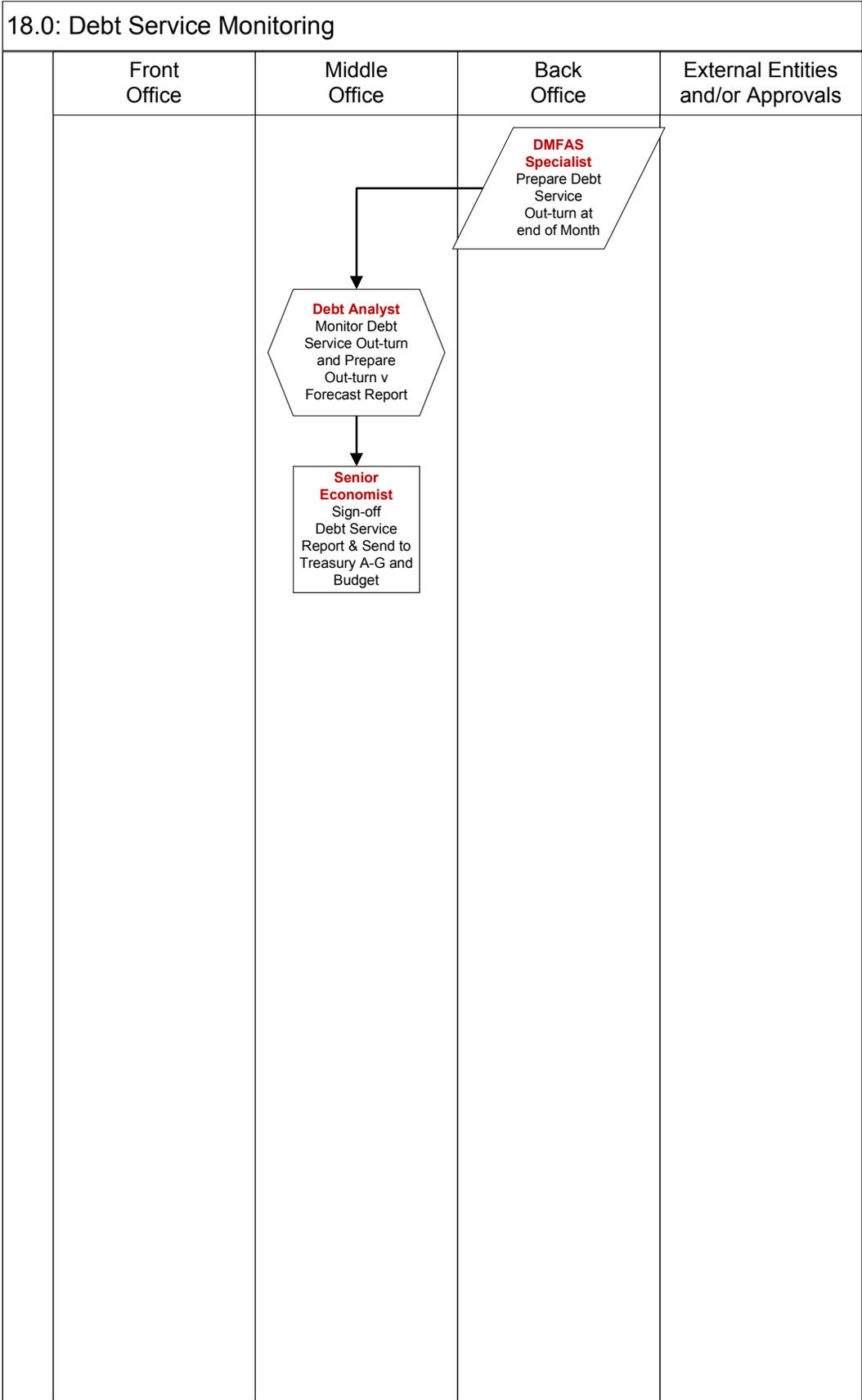
Environment/Context

As part of the government's budget monitoring, the middle office is required to monitor and report debt service out-turns compared to forecasts throughout the fiscal year. The back office will be responsible for preparing debt service out-turns. The middle office will be responsible for monitoring and reporting.

Procedure and Workflow

Debt Service Monitoring		
Back Office DMFAS Specialist	Prepare debt service out-turn at the end of each month.	Inputs: Updated DMFAS Outputs: Debt service out-turn
Middle Office Debt Analyst	Monitor debt service out-turn against forecast at the end of each month. Prepare out-turn v forecast debt service report.	Inputs: Debt service out-turn Outputs: Debt service report
Middle Office Senior Economist	Check and sign-off debt service report and send to Deputy Accountant General and Budget Unit.	Inputs: Debt service report Outputs: Debt service report sign-off

Procedure Flow Diagram



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19.0 ANNUAL REPORTING

19.0 ANNUAL REPORTING

General Description

MINECOFIN prepares and publishes the MTDS annually – this is documented under Activity 1.2. MINECOFIN will also begin to prepare and publish an Annual Public Debt Report that provides a review of debt management activities for the previous fiscal year with an evaluation of outcomes against stated objectives and compliance with the MTDS. The Annual Public Debt Report will include information on the costs and risks of the debt portfolio, performance (such as compliance with the MTDS), and performance relative to benchmarks or limits (or both) that may have been set in the MTDS.

The responsibility for the MTDS and Annual Public Debt Report rests with the middle office. These are submitted to the Debt Management Committee and Minister of Finance and in future may be tabled in Parliament.

The content of the Annual Public Debt Report will include:

1. Public debt stocks (historical for past 10 years & projections for next 3 years)
 - by borrower classification (central government, sub-national government, and state entity)
 - by creditor classification (multilateral, bilateral, export credit, commercial, and domestic – resident/non-resident)
 - by creditor, residency classification, instrument, currency, interest-rate basis, original maturity, and residual maturity
2. Public debt flows (historical for past 10 years & projections for next 3 years)
 - by borrower classification (central government, sub-national government, and state entity)
 - by disbursements and principal, interest and expense payments
3. Debt ratios/indicators (current & projections for next 3 years)

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. Risk measures of the debt portfolio (current, with some historical comparisons)
 - fixed-rate/floating-rate debt
 - short-term/long-term debt
 - average time to interest rate re-fixing
 - foreign currency/local currency
 - currency composition
 - average maturity of the debt
 - maturity profile of the debt
 - duration
 - other risks measures used by MINECOFIN
 5. Annual review of debt management activities
 - Review of debt management activities for the previous fiscal year
 - Evaluation of outcomes against stated objectives (financing and debt management)
 - Performance relative to benchmarks or limits (or both)
 - Compliance with the MTDS

Environment/Context

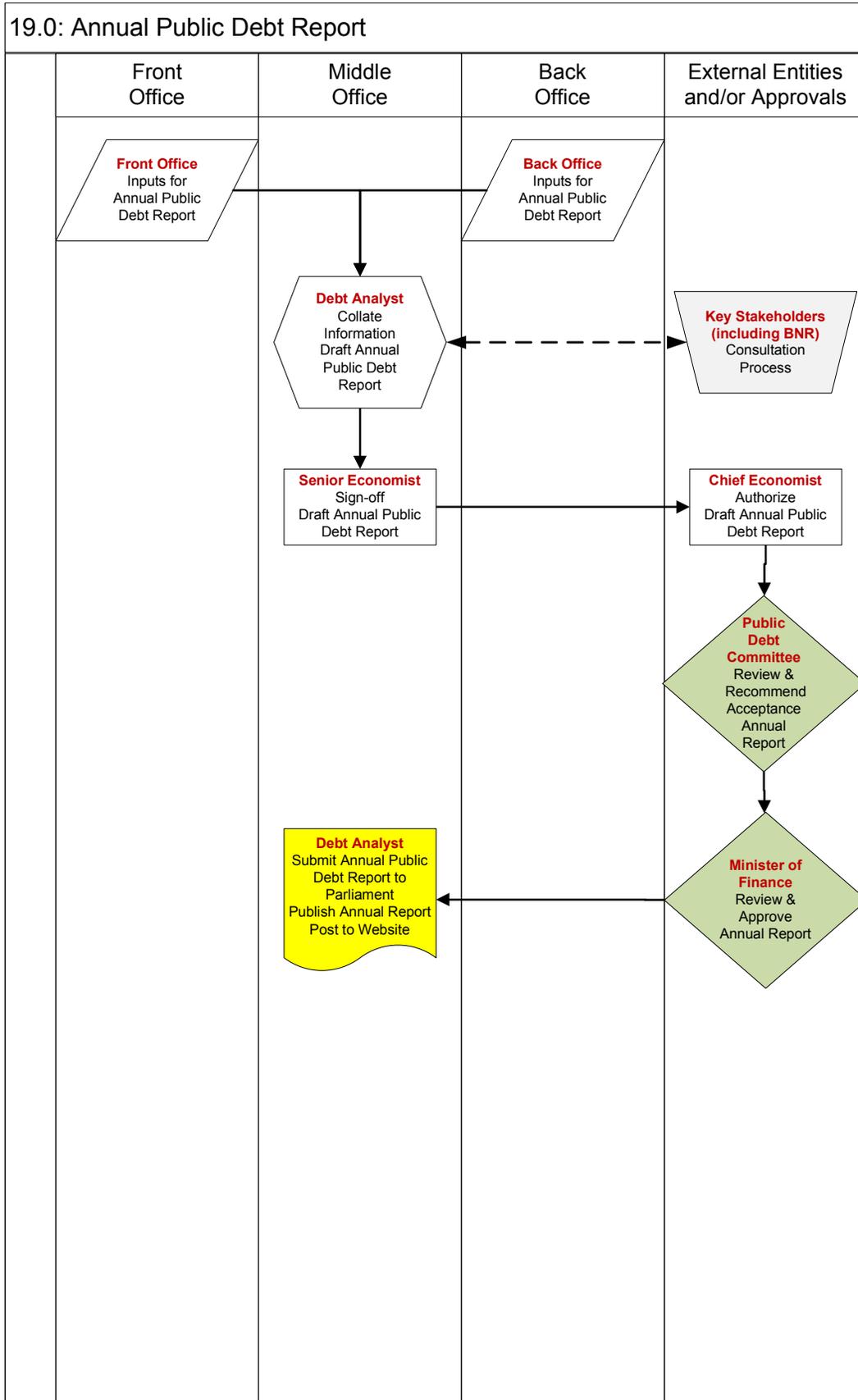
MINECOFIN will produce an Annual Public Debt Report that provides a review of debt management activities for the previous fiscal year with an evaluation of outcomes against stated objectives and compliance with the MTDS. The middle office is responsible for producing and publishing the Annual Public Debt Report.

Procedure and Workflow

Annual Public Debt Report		
Middle Office Debt Analyst	Consult with front and back office together with key stakeholders across government including NBR to obtain input to the annual report. Draft Annual Public Debt Report: <ul style="list-style-type: none"> • Economic environment • Total public debt • External debt management • Domestic debt management • Sub-national debt • Risk management • Borrowing plan • Institutional issues • Financial statement and accounts 	Inputs: Contribution from all key stakeholders Outputs: Draft Annual Public Debt Report
Middle Office Senior Economist	Check and sign-off draft Annual Public Debt Report.	Inputs: Draft Annual Public Debt

		Report Outputs: Signed-off draft Annual Public Debt Report
Chief Economist	Authorize draft Annual Public Debt Report.	Inputs: Draft Annual Public Debt Report Outputs: Authorized draft Annual Public Debt Report
Debt Management Committee	Review draft Annual Public Debt Report and recommend acceptance. Submit recommended Annual Public Debt Report to Minister of Finance for approval	Inputs: Draft Annual Public Debt Report Outputs: Recommended Annual Public Debt Report
Minister of Finance	Review recommended Annual Public Debt Report and approve.	Inputs: Recommended Annual Public Debt Report Outputs: Approved Annual Public Debt Report
Middle Office Debt Analyst	Submit Annual Public Debt Report to Parliament. Publish Annual Public Debt Report and post to MINECOFIN website.	Inputs: Approved Annual Public Debt Report Outputs: Published Annual Public Debt Report

Procedure Flow Diagram



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20.0 REPORTING TO THE RATING AGENCIES

20.0 REPORTING TO THE RATING AGENCIES

General Description

MINECOFIN is required to report to the rating agencies (Fitch Ratings, Moody's Investors Service, Standard and Poor's) when a rating assessment is undertaken on when the Government of Rwanda issues securities in international markets.

The responsibility for Rating Agency Report rests with the middle office. These are submitted to the Debt Management Committee and Minister of Finance for approval before submission to the rating agency(s).

The content of the report will be in accordance with the US Securities and Exchange Commission (SEC) Form 18K and include:

1. In respect of each issue of Government of Rwanda securities, a brief statement as to:
 - a) The general effect of any material modifications, not previously reported, of the rights of the holders of such securities.
 - b) The title and the material provisions of any law, decree or administrative action, not previously reported, by reason of which the security is not being serviced in accordance with the terms thereof.
 - c) The circumstances of any other failure, not previously reported, to pay principal, interest, or any sinking fund or amortization installment.
2. A statement as of the close of the last fiscal year of the Government of Rwanda giving the total outstanding of:
 - a) Internal funded debt of the Government of Rwanda. (Total to be stated in the currency of Rwanda. If any internal funded debt is payable in foreign currency it should not be included under this paragraph (a), but under paragraph (b) of this item.
 - b) External funded debt of the Government of Rwanda. (Totals to be stated in the respective currencies in which payable. No statement need be furnished as to intergovernmental debt.)
3. A statement giving the title, date of issue, date of maturity, interest rate and amount outstanding, together with the currency or currencies in which payable, of each issue of funded debt of the Government of Rwanda outstanding as of the close of the last fiscal year of the Government of Rwanda.
4. a) As to each issue of securities of the Government of Rwanda which is registered, there should be furnished a break-down of the total amount outstanding, as shown in Item 3, into the following:
 - (i) Total amount held by or for the account of the Government of Rwanda.
 - (ii) Total estimated amount held by nationals of the Government of Rwanda; this estimate need be furnished only if it is practicable to do so.
 - (iii) Total amount otherwise outstanding.b) If a substantial amount is set forth in answer to paragraph (a)(1) above, describe briefly the method employed by the Government of Rwanda to reacquire such securities.
5. A statement as of the close of the last fiscal year of the Government of Rwanda giving the estimated total of:
 - a) Internal floating indebtedness of the Government of Rwanda. (Total to be stated in the currency of Rwanda.)
 - b) External floating indebtedness of the Government of Rwanda. (Total to be stated in the respective currencies in which payable.)

6. Statements of the receipts, classified by source, and of the expenditures, classified by purpose, of the Government of Rwanda for each fiscal year of the Government of Rwanda ended since the close of the latest fiscal year for which such information was previously reported. These statements should be so itemized as to be reasonably informative and should cover both ordinary and extraordinary receipts and expenditures; there should be indicated separately, if practicable, the amount of receipts pledged or otherwise specifically allocated to any issue registered, indicating the issue.
7.
 - a) If any foreign exchange control, not previously reported, has been established by the Government of Rwanda, briefly describe the effect of any such action, not previously reported.
 - b) If any foreign exchange control previously reported has been discontinued or materially modified, briefly describe the effect on any such action, not previously reported.
8. Brief statements as of a date reasonably close to the date of the filing of this report, indicating such date in respect of the note issue and gold reserves of the central bank of issue of the Government of Rwanda, and of any further gold stocks held by the Government of Rwanda.
9. Statements of imports and exports of merchandise for each year ended since the close of the latest year for which such information was previously reported. The statements should be reasonably itemized so far as practicable as to commodities and as to countries. They should be set forth in items of value and of weight or quantity; if statistics have been established in terms of value, such will suffice.
10. The balances of international payments of the Government of Rwanda for each year ended since the close of the latest year for which such information was previously reported. The statements of such balances should conform, if possible, to the nomenclature form used in the “Statistical Handbook of the League of Nations.” (These statements need to be furnished only if the Government of Rwanda has published balances of international payments.)
11. The following information should also be presented as part of the report:
 - a) Copies of any amendments or modifications, other than such have been previously filed, to all exhibits previously filed other than annual budgets. If such amendments or modifications are not in the English language, there should be furnished in addition a translation into English if the original exhibit was translated into English.
 - b) A copy of any law, decree, or administrative document outlined in answer to Item 1(b). If such law, decree or document is not in the English language, there should be furnished in addition thereto a translation thereof into English.
 - c) A copy of the latest annual budget of the Government of Rwanda, if not previously filed, as presented to its legislative body. This document need not be translated into English.
12. The Government of Rwanda may submit such other information as it may desire, marking them so as to indicate clearly the items to which they refer.

Environment/Context

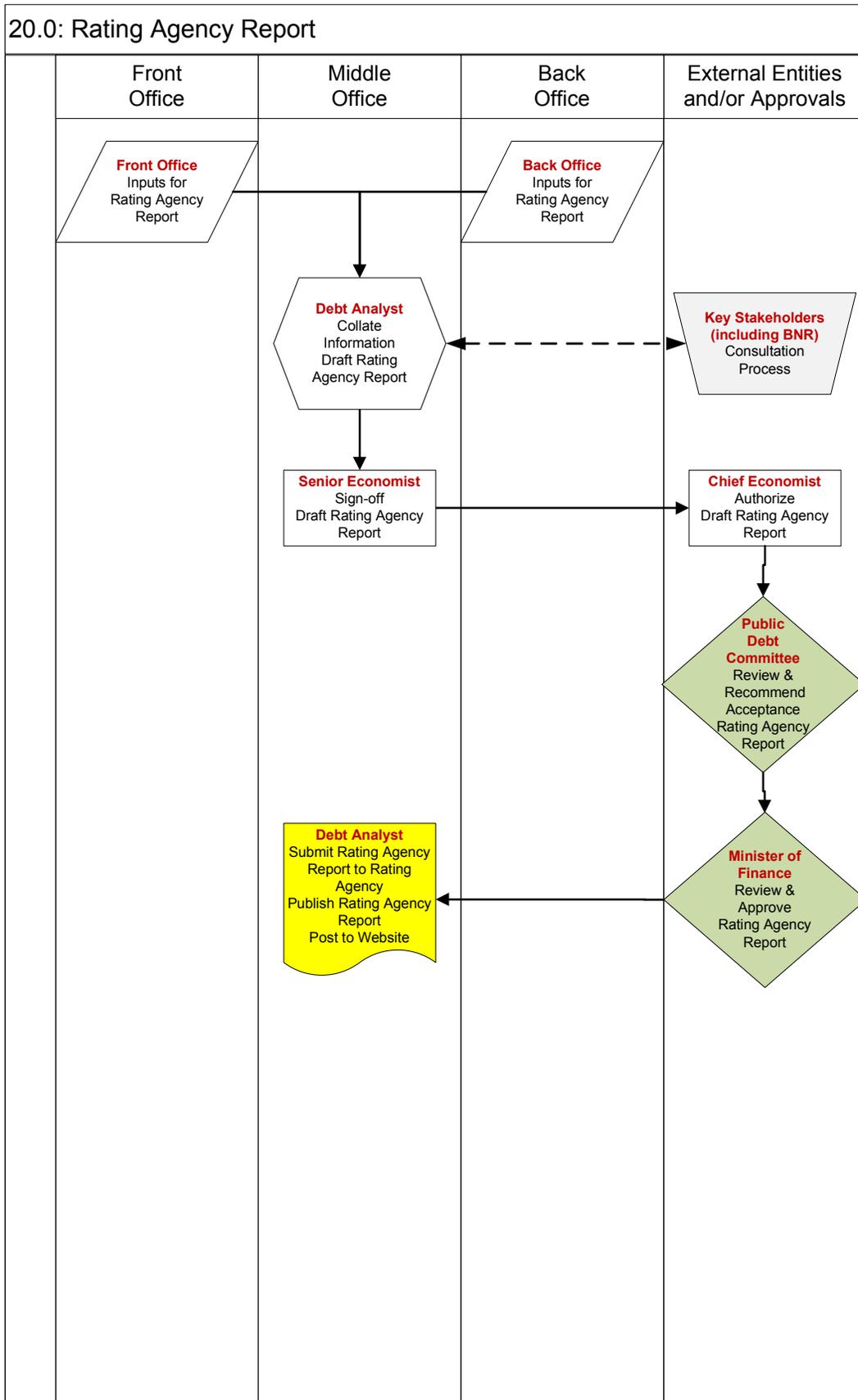
MINECOFIN will produce a Rating Agency Report that provides economic and financial information including public debt in accordance with SEC Form 18K.

Procedure and Workflow

Rating Agency Report		
Middle Office Debt Analyst	Consult with front and back office together with key stakeholders across government including NBR to obtain input to the report	Inputs: Contribution from all key stakeholders

	<p>for the rating agency(s).</p> <p>Draft Rating Agency Report:</p> <ul style="list-style-type: none"> • Economic environment • Total public debt • External debt management • Domestic debt management • Sub-national debt • Risk management • Borrowing plan • Institutional issues • Financial statement and accounts 	<p>Outputs: Draft Rating Agency Report</p>
Middle Office Senior Economist	Check and sign-off draft Rating Agency Report.	<p>Inputs: Draft Rating Agency Report</p> <p>Outputs: Signed-off draft Rating Agency Report</p>
Chief Economist	Authorize draft Rating Agency Report.	<p>Inputs: Draft Rating Agency Report</p> <p>Outputs: Authorized draft Rating Agency Report</p>
Debt Management Committee	<p>Review draft Rating Agency Report and recommend acceptance.</p> <p>Submit recommended Rating Agency Report to Minister of Finance for approval</p>	<p>Inputs: Draft Rating Agency Report</p> <p>Outputs: Recommended Rating Agency Report</p>
Minister of Finance	Review recommended Rating Agency Report and approve.	<p>Inputs: Recommended Rating Agency Report</p> <p>Outputs: Approved Rating Agency Report</p>
Middle Office Debt Analyst	<p>Submit Rating Agency Report to the Rating Agency(s).</p> <p>Publish Rating Agency Report and post to MINECOFIN website.</p>	<p>Inputs: Approved Rating Agency Report</p> <p>Outputs: Published Rating Agency Report</p>

Procedure Flow Diagram



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21.0 WORLD BANK DEBTOR REPORTING SYSTEM

21.0 WORLD BANK DEBTOR REPORTING SYSTEM

General Description

MINECOFIN is required to complete reports for the World Bank Debtor Reporting System. The World Bank requires Reports 1, 1A and 2 on a quarterly basis and Report 4 on an annual basis by 31st March each year.

Environment/Context

The back office will generate reports 1, 1A and 2 from DMFAS each quarter and send to the World Bank in accordance with the Debtor Reporting System requirements. BNR will be responsible for preparing and sending Report 4 on an annual basis.

Procedure and Workflow

World Bank Debtor Reporting System		
Back Office DMFAS Specialist	Produce reports 1, 1A and 2 on a quarterly basis and Produce reports 1, 1A, 2 and 4 on an annual basis.	Inputs: Existing public debt data Outputs: DRS reports
Head of Back Office or Senior DMFAS Specialist	Check and sign-off reports to be submitted to World Bank DRS.	Inputs: DRS reports Outputs: DRS reports checked
Back Office DMFAS Specialist	Send reports to World Bank DRS.	Inputs: DRS reports Outputs: DRS reports submitted to the World Bank

Procedure Flow Diagram

21.0: World Bank Debtor Reporting System				
	Front Office	Middle Office	Back Office	External Entities and/or Approvals
			<pre> graph TD A[DMFAS Specialist Prepare Reports 1, 1A & 2 Quarterly (4 Annually)] --> B[Head of B/O or Senior DMFAS Specialist Sign-off Reports to be Sent to World Bank DRS] B --> C[DMFAS Specialist Send Reports to World Bank DRS] </pre>	

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22.0 ACCOUNTING GENERAL LEDGER

22.0 ACCOUNTING GENERAL LEDGER

General Description

MINECOFIN is required to either provide general ledger entries for all debt transactions for input to IFMIS or check the general ledger entries against the debt records held by the back office.

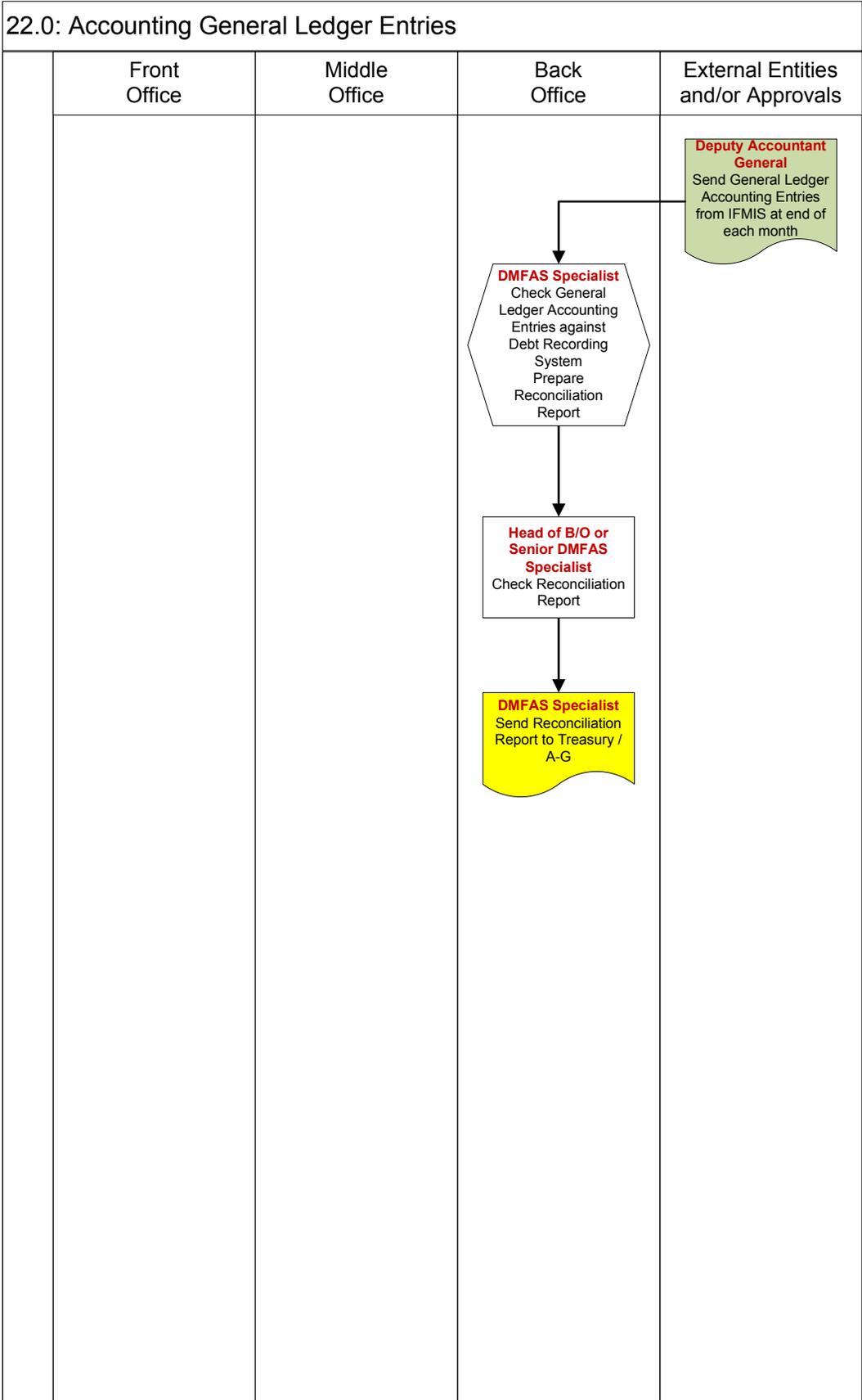
Environment/Context

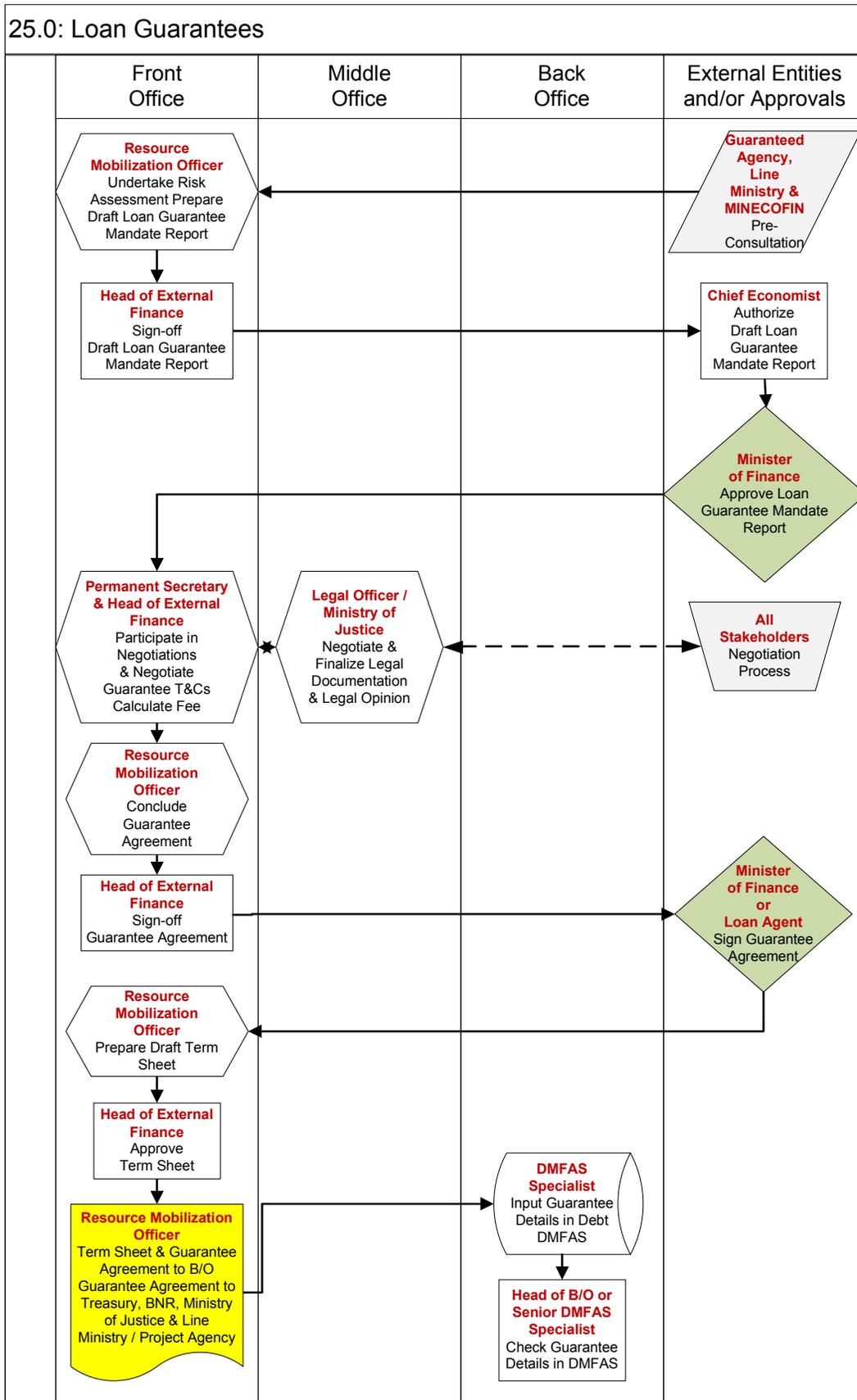
The back office will be required to check the general ledger accounting entries prepared by the Deputy Accountant General for inclusion in IFMIS against the debt transaction data in DMFAS. This will be the responsibility of the back office and undertaken at the end of each month.

Procedure and Workflow

Accounting General Ledger Entries		
Deputy Accountant General	Produce general ledger accounting entries from IFMIS at the end of each month.	Outputs: General ledger accounting entries
Back Office DMFAS Specialist	Check general ledger accounting entries against the data from the debt recording system and report any variances.	Inputs: General ledger accounting entries Existing debt data Outputs: Reconciliation report
Head of Back Office or Senior DMFAS Specialist	Check reconciliation report.	Inputs: Reconciliation report Outputs: Reconciliation report checked
Back Office DMFAS Specialist	Send reconciliation report to the Deputy Accountant General.	Inputs: Reconciliation report Outputs: Reconciliation report submitted to the Deputy Accountant General

Procedure Flow Diagram





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23.0 DEBT STATISTICAL BULLETIN

23.0 DEBT STATISTICAL BULLETIN

General Description

MINECOFIN produces and publishes a Debt Statistical Bulletin that covers external public debt. The bulletin is published annually and provides information on public debt stocks (by creditor, residency classification, instrument, currency, interest-rate basis, and residual maturity), and debt flows (principal and interest payments). The content of the debt statistical bulletin will include:

1. Public debt stocks (historical for past 10 years & projections for next 3 years)
 - by borrower classification (central government, sub-national government, and state entity)
 - by creditor classification (multilateral, bilateral, export credit, commercial, and domestic – resident/non-resident)
 - by creditor, residency classification, instrument, currency, interest-rate basis, original maturity, and residual maturity
2. Public debt flows (historical for past 10 years & projections for next 3 years)
 - by borrower classification (central government, sub-national government, and state entity)
 - by disbursements and principal, interest and expense payments
3. Debt ratios/indicators (current & projections for next 3 years)
 - 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

Environment/Context

The Debt Statistical Bulletin will be expanded to cover domestic debt and loan guarantees and further developed to include debt ratios/indicators, and basic risk measures of the public debt portfolio such as:

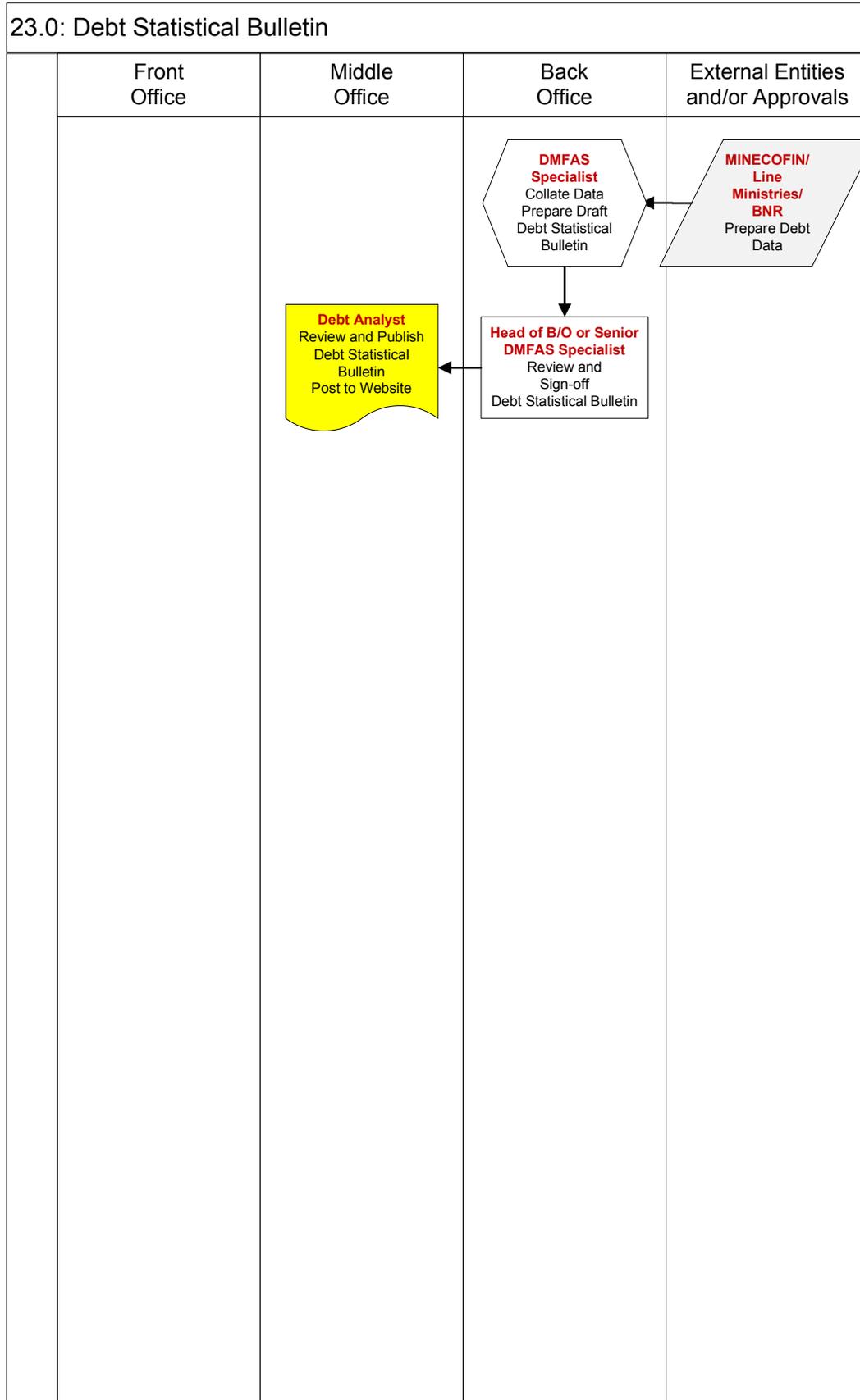
- share of fixed-rate to floating-rate debt
- share of short-term to long-term debt
- average time to interest rate re-fixing
- share of foreign currency to domestic debt
- currency composition of foreign currency debt
- average maturity of the debt
- maturity profile of the debt

The responsibility for the Debt Statistical Bulletin rests with the back office and is checked and signed off for publication by the middle office. It will be posted to the MINECOFIN website.

Procedure and Workflow

Debt Statistical Bulletin		
Back Office DMFAS Specialist	Collate debt data required for Debt Statistical Bulletin using debt recording system and data requests from the necessary public entities. Produce draft Debt Statistical Bulletin.	Inputs: Current and historical public debt data Outputs: Draft Debt Statistical Bulletin
Head of Back Office or Senior DMFAS Specialist	Review and sign-off Debt Statistical Bulletin.	Inputs: Draft Debt Statistical Bulletin Outputs: Debt Statistical Bulletin signed-off
Middle Office Debt Analyst	Review and publish Debt Statistical Bulletin and post to the MINECOFIN website.	Inputs: Debt Statistical Bulletin Outputs: Published Debt Statistical Bulletin

Procedure Flow Diagram



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24.0 QUARTERLY/MONTHLY DEBT REPORTS

24.0 QUARTERLY/MONTHLY DEBT REPORTS

General Description

MINECOFIN will also produce and publish Monthly and/or Quarterly Reports on domestic debt market activities covering:

1. Funding activities
 - domestic borrowing: description of recent borrowing (e.g. results of recent tender(s)) and planned borrowing over the next month
 - external borrowing: description of recent borrowing (e.g. loans negotiated and/or signed) and planned borrowing over the next month
 - government on-lending: description of recent on-lending (e.g. on-lent loans negotiated and/or signed) and planned on-lending over the next month
2. Debt servicing activities
 - payment of principle/interest/expenses: schedule of payments for the next month by business day
 - disbursements/draw-downs/proceeds: schedule of cash flows for the next month by business day
 - debt restructuring: description of recent activities (e.g. pre-payment, rescheduling, bilateral re-negotiation) and planned activities over the next month
 - government on-lending: schedule of cash flows for the next month by day
 - defaults and/or late payments: list of recent defaults and late payments together with action plan
3. Cash management
 - cash flow forecasts: schedule of cash flows for the next month by business day
 - cash management activities: schedule of cash management activities (e.g. short-term liquidity management using treasury bills and/or repos, short-term deposits, FX transactions) for the next month by business day
4. Debt management strategy
 - progress for year-to-date: description of debt management activities as required under the strategy and progress for the year-to-date on achieving the strategy objectives (e.g., borrowing program, debt restructuring, major debt management activities)
 - activities for rest-of-year: description of debt management activities as required under the strategy for the rest of the fiscal year and planned timing
5. Debt operations
 - progress reports on key issues/projects: status report on all projects and other issues that MINECOFIN wish to track
 - performance relative to benchmarks: report on actual versus benchmark for the year-to-date (e.g. covering financial benchmark(s) or descriptive benchmark(s)), and actual portfolio or positions relative to the limits set (e.g. currency, interest rate, short-term debt, credit, liquidity, and borrowing costs)

Environment/Context

MINECOFIN produces and publishes a Monthly and/or Quarterly Reports on domestic debt market activities, using DMFAS and market data sources (Thompson-Reuters and Bloomberg). Information on

market activity is provided by BNR. The responsibility for the Monthly and/or Quarterly Reports rests with the front and middle office.

Procedure and Workflow

Domestic Market Monthly/Quarterly Reports		
Front Office Market Funding Specialist Middle Office Debt Analyst	Collate debt data required for Monthly/Quarterly Reports using debt recording systems, Registry system, market data sources and data from BNR. Analyse the debt/market data and generate tables and graphs required for the reports (in MS Excel). Produce draft Monthly/Quarterly Reports.	Inputs: Existing public debt data Reuters & Bloomberg Market data from BNR Outputs: Draft Monthly/Quarterly Reports
Middle Office Senior Economist	Review and sign-off draft Monthly/Quarterly Reports.	Inputs: Draft Monthly/Quarterly Reports Outputs: Draft Monthly/Quarterly Reports signed-off
Middle Office Debt Analyst	Publish Monthly/Quarterly Reports and post to MINECOFIN website.	Inputs: Monthly/Quarterly Reports Outputs: Published Monthly/Quarterly Reports

Examples of Reports

The following provides suggested templates for each of the debt reports to be produced. The reports will effectively provide a debt summary in graphical format, where possible, with the level of detail structured to meet the requirements of DMC.

Annual / Quarterly Reports (Note: examples are indicative and are taken from different sources to illustrate the content and/or format)

Report 1: Debt Stock and Flows: External and Domestic

Text to provide a summary of major activities during the quarter/year and effect on debt stocks and flows.

Table 1: OUTSTANDING, DISBURSEMENTS, DEBT SERVICE, PAYMENTS AND DEBT RELIEF (Millions USD)

2005 - 6/2010

	2005	2006	2007	2008	2009	06/2010
TOTAL OUTSTANDING ¹	1486.80	479.55	569.85	665.73	736.56	718.76
TOTAL DISBURSEMENTS ²	105.81	109.53	88.45	112.27	75.87	25.38

TOTAL DEBT SERVICE ²	29.79	20.51	8.60	8.72	9.85	6.53
PRINCIPAL PAID	22.33	12.93	4.96	4.27	4.46	3.64
INTEREST PAID	6.79	5.65	3.55	4.39	5.06	2.90
CHARGES PAID	0.68	1.93	0.09	0.07	0.33	0,00
TOTAL DEBT RELIEF²	149.20	1 139.75	14.50	5.43	5.19	2.10
PRINCIPAL RELIEF	147.19	1 136.92	13.66	4.39	4.22	1.67
INTEREST RELIEF	2.02	2.84	0.84	1.04	0.97	0.43
CHARGES RELIEF	0.00	0.00	0.00	0.00	0.00	0.00

1. Exchange rate at the end of period
2. Exchange rate at day of transaction

Table 2: OUTSTANDING DEBT BY CREDITOR (Millions USD)
2005 - 06/2010

CREDITOR	2005	2006	2007	2008	2009	06/2010
1. MULTILATERAL	1 402.82	390.02	485.66	580.53	628.26	605.43
ADB	3.13	2.49	2.25	3.59	4.21	5.17
BADEA	18.46	21.47	25.44	25.77	26.49	26.24
EIB	16.56	15.30	14.48	11.39	8.90	5.93
EU	18.54	19.54	20.67	18.78	17.82	14.67
ADF	291.47	66.84	99.91	131.9	153.67	150.93
IFAD	58.86	73.61	85.96	92.61	99.74	97.42
IMF	4.90	4.29	8.10	11.47	15.19	14.34
IDA	975.53	168.43	205.3	240.38	253.3	242.89
NDF	0.00	0.56	2.08	12.71	16.54	14.64
OPEC	15.37	17.49	21.47	31.92	32.4	33.21
2. BILATERAL	83.99	89.52	84.19	85.2	108.34	113.33
AFD	3.96	4.40	4.92	4.74	4.79	4.08
CHINA	16.01	16.54	0,00	0,00	0,00	0,00
EXIMCHINA	0.00	0.00	0.00	0.00	6.17	10.09
EXIMINDIA	0.00	0.00	0.00	0.00	16,00	17.67
ADFD	1.84	1.85	1.85	1.85	1.85	1.85
KFAED	32.21	32.66	34.49	34.22	34.63	34.35
SFD	29.63	33.74	42.58	44.04	44.54	44.95
LIBYA	0.33	0.34	0.36	0.35	0.36	0.34
TOTAL¹	1 486.80	479.55	569.85	665.73	736.60	718.76

Table 3: OUTSTANDING DOMESTIC DEBT BY INSTRUMENT (Millions LC)

DOMESTIC DEBT OUTSTANDING BY INSTRUMENT TYPE/HOLDRES

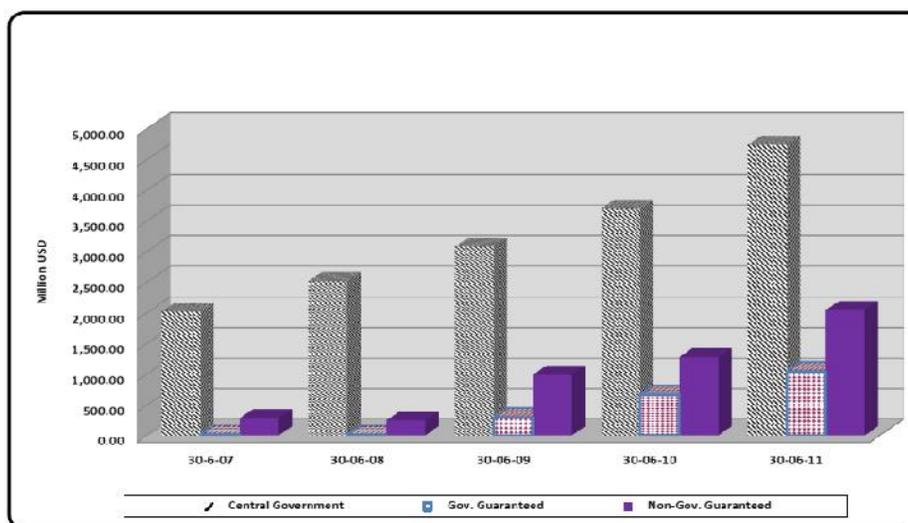
MILLION ETB
2006/07 - 2010/11

	2006/07 ^R		2007/08 ^R		2008/09 ^R		2009/10 ^R		2010/11 ^P	
	ETB	%								
TOTAL	49,766.03	100.00	54,166.34	100.00	56,695.16	100.00	60,637.30	100.00	69,249.46	100.00
Government Bonds	14,658.03	29.45	14,408.83	26.60	14,020.98	24.73	13,391.44	22.08	12,511.90	18.07
NBE	9,951.37	20.00	9,745.08	17.99	9,607.73	16.95	9,478.68	15.63	9,349.64	13.50
Interest Bearing	534.30	1.07	474.20	0.88	414.10	0.73	354.00	0.58	293.90	0.42
Non-Interest Bearing	9,417.07	18.92	9,270.88	17.12	9,193.63	16.22	9,124.68	15.05	9,055.74	13.08
CBE	4,415.74	8.87	4,226.15	7.80	4,036.57	7.12	3,597.00	5.93	2,907.42	4.20
Interest Bearing	1,498.77	3.01	1,370.67	2.53	1,242.57	2.19	1,114.47	1.84	986.37	1.42
Non-Interest Bearing	2,916.97	5.86	2,855.48	5.27	2,794.00	4.93	2,482.53	4.09	1,921.05	2.77
DBE	80.84	0.16	253.93	0.47	219.43	0.39	184.92	0.30	150.41	0.22
Interest Bearing	-	-	-	-	-	-	-	-	-	-
Non-Interest Bearing	80.84	0.16	253.93	0.47	219.43	0.39	184.92	0.30	150.41	0.22
CBB	8.49	0.02	7.28	0.01	6.06	0.01	4.85	0.01	3.64	0.01
Interest Bearing	-	-	-	-	-	-	-	-	-	-
Non-Interest Bearing	8.49	0.02	7.28	0.01	6.06	0.01	4.85	0.01	3.64	0.01
SSA	201.59	0.41	176.39	0.33	151.19	0.27	125.99	0.21	100.79	0.15
Interest Bearing	201.59	0.41	176.39	0.33	151.19	0.27	125.99	0.21	100.79	0.15
Non-Interest Bearing	-	-	-	-	-	-	-	-	-	-
Treasury Bills	11,546.00	23.20	7,939.51	14.66	7,783.18	13.73	11,201.76	18.47	10,862.62	15.69
28 Days	1,800.00	3.62	492.51	0.91	130.00	0.23	3,410.00	5.62	2,710.00	3.91
Banks	1,400.00	2.81	-	-	-	-	3,100.00	5.11	900.00	1.30
Non-Banks	400.00	0.80	492.51	0.91	130.00	0.23	310.00	0.51	1,810.00	2.61
91 Days	5,924.00	11.90	3,075.00	5.68	4,584.76	8.09	6,365.36	10.50	6,725.36	9.71
Banks	5,129.00	10.31	130.00	0.24	-	-	1,350.00	2.23	1,600.00	2.31
Non-Banks	795.00	1.60	2,945.00	5.44	4,584.76	8.09	5,015.36	8.27	5,125.36	7.40
182 Days	3,822.00	7.68	4,372.00	8.07	3,068.42	5.41	1,426.40	2.35	1,427.26	2.06
Banks	2,627.00	5.28	2,609.00	4.82	1,672.00	2.95	-	-	0.00	0.00
Non-Banks	1,195.00	2.40	1,763.00	3.25	1,396.42	2.46	1,426.40	2.35	1,427.26	2.06
Direct Advance	23,562.00	47.35	31,818.00	58.74	34,891.00	61.54	36,044.10	59.44	45,874.94	66.25

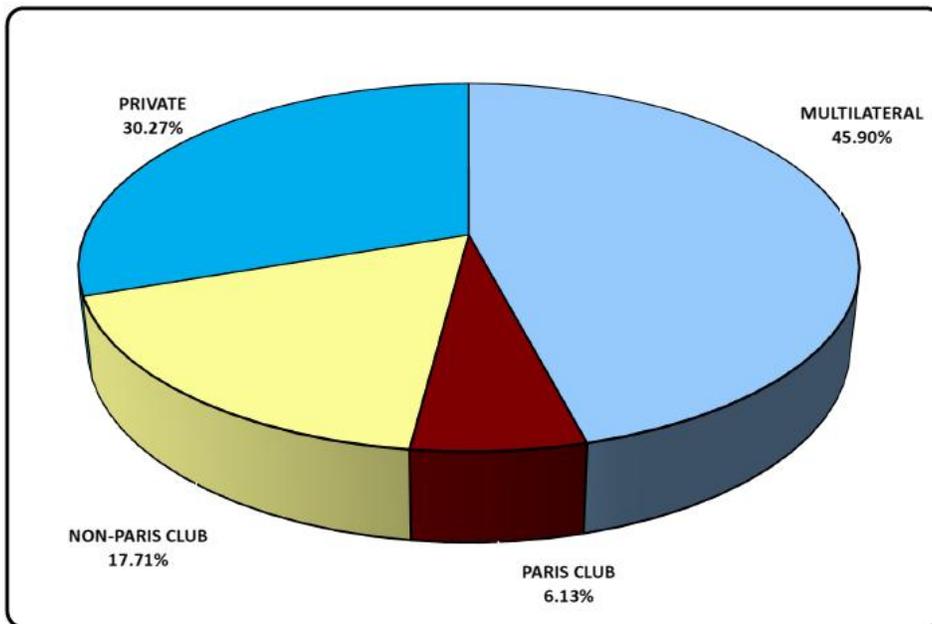
R^{*} : RevisedP^{*} : Provisional

GRAPHS

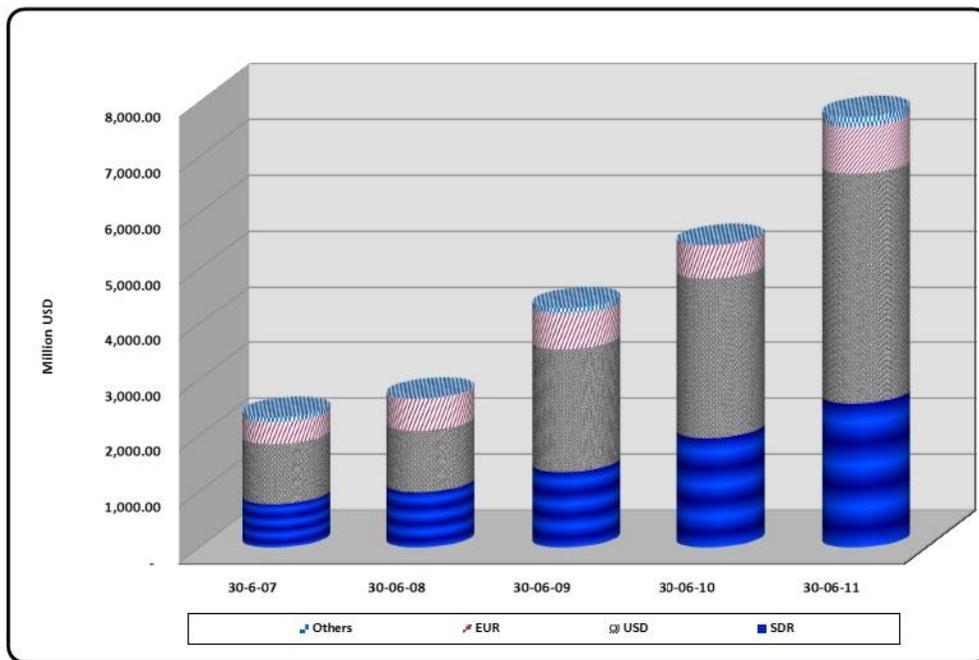
PUBLIC SECTOR EXTERNAL DEBT OUTSTANDING



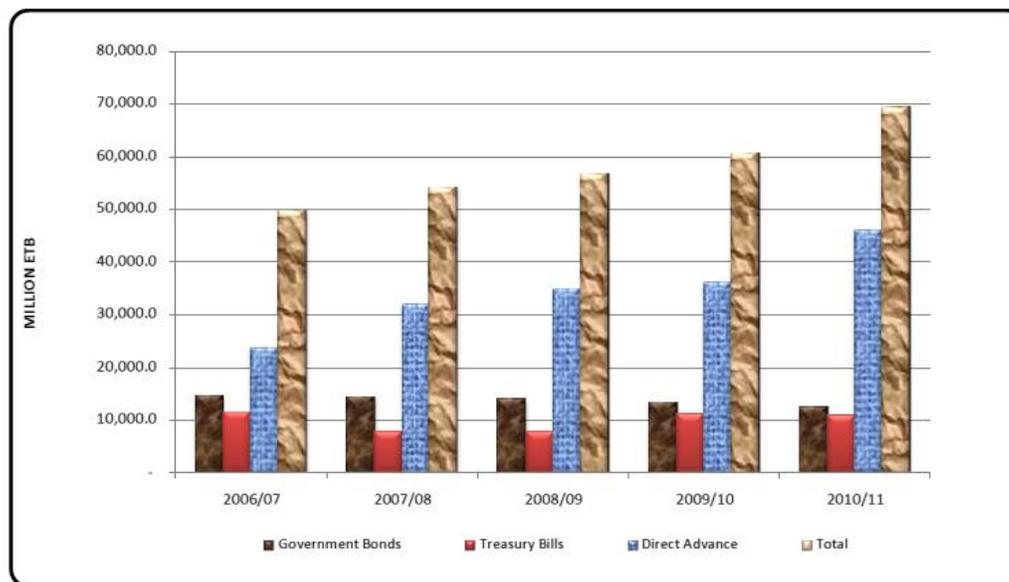
PUBLIC SECTOR EXTERNAL DEBT OUTSTANDING BY MAJOR CREDITORS
AS AT JUNE 30, 2011



PUBLIC SECTOR EXTERNAL DEBT OUTSTANDING BY MAJOR CURRENCIES



DOMESTIC DEBT OUTSTANDING BY INSTRUMENTS



Report 2: Outcome against Forecast and Performance against Strategy

First, text to provide a summary of major variations in forecast for the quarter/year and effect on the outturn for the end of fiscal year. Second, comment on performance/compliance against the strategy and limits or targets that were set. Third, comment on risks to the end of year expected outturn.

Table 1: GROSS BORROWING REQUIREMENT (Millions LC)

Table 3: Gross borrowing requirement and instruments for funding of the central government

	2009	2010	31.12.2011
CZK billion			
Net borrowing requirement	178.2	168.2	150.6
Redemptions on state debt inc. buy-backs within a budgetary year	98.0	83.0	102.1
Redemptions on loans from EIB	0.8	1.1	1.1
Buy-backs and switches of bonds due in following years ¹	2.0	0.0	2.0
Re-evaluation of financial reserve ²	0.0	0.2	0.4
Gross borrowing requirement	279.0	252.6	256.2
% on GDP	(7.5)	(6.7)	(6.6)
Net money market issuance ³	9.4	25.1	49.3
Gross government bonds issuance ⁴	257.7	217.1	181.2
Gross savings government bonds issuance	-	-	20.4
Loans from EIB	11.9	10.4	5.3
Net loans from the State Treasury	0.0	0.0	0.0
Funding of borrowing requirement	279.0	252.6	256.2

¹ excl. operations with government bonds due within a budgetary year

² re-evaluation due to exchange rate changes

³ excl. re-financing of redemption instrument due within a year

⁴ nominal amount. ie. premiums and discounts are included in net costs on state debt, i.e. entering into net borrowing requirement.

Source: MoF

Table 2: NET BORROWING REQUIREMENT (Millions LC)

Table 2: The net borrowing requirement of the central government and change in the state debt

	2009	2010	31. 12. 2011
CZK billion			
Gross state debt at the beginning of the period	999.8	1 178.2	1 344.1
Primary balance of state budget excluding on-lending	147.9	120.6	97.6
Net expenditures on state debt ¹	44.5	35.8	45.1
Extra-budgetary borrowing requirement	0.0	0.0	0.0
Net borrowing requirement exc. net of assets operations	192.4	156.4	142.8
State financial assets operations ²	5.4	3.0	2.5
On-lending (net change) ³	0.0	1.7	0.0
Financial reserve (net change) ⁴	-19.6	7.1	5.3
Net borrowing requirement	178.2	168.2	150.6
Changes in nominal state debt and financial reserves ⁵	0.2	-2.4	4.7
Gross state debt change	178.4	165.8	155.3
Gross state debt at the end of the period	1 178.2	1 344.1	1 499.4
(% on GDP)	(31.5)	(35.6)	(38.9)

¹ balance of budgetary chapter 396 – State debt excl. expenditures – Transfers on projects financed by loans from EIB² balance of budgetary chapter 397 – State Financial Assets Operations³ on-lending to other states and enterprises with full state-backed guarantee on their core business⁴ cash reserve generated by bonds issues according to the Act No. 218/2000 and from prior-financing of projects by EIB loans⁵ exchange rate changes due to re-evaluation of foreign currencies denominated debt and state debt amortization within budgetary chapter 396.

Source: MoF

Table 3: DEBT FORECASTS AGAINST OUTTURNS (Millions LC)

	Apr 2010	Jun 2010	Autumn Forecast	Budget 2011	Outturn
DGNCR	188.4	146.1	144.2	141.2	139.7
Redemptions	38.6	38.6	38.6	38.6	38.6
Financing for reserves	4.0	4.0	6.0	6.0	6.0
Buy backs	0.0	0.1	0.2	0.2	0.2
Planned short term financing adjustment ¹	26.3	26.3	26.3	26.3	26.3
Gross Financing requirement	182.6	162.6	162.7	169.7	168.1
Less					
NS&I	0.0	0.0	0.0	0.3	0.1
Net Financing requirement	182.6	162.6	162.7	169.4	168.1
Financed by					
1. Debt issuance by the DMO					
a) T bills	2.5	2.5	2.5	0.8	0.3
b) Gilt sales	185.2	165.0	165.2	168.4	166.4
Short conventional	59.0	52.6	52.7	53.2	53.2
Medium conventional	42.9	38.2	38.2	38.1	38.1
Long conventional	45.3	40.4	40.5	41.1	41.1
Index linked	38.0	33.8	33.8	34.0	34.0
2. Other planned change in short term debt²					
Ways and Means	0.0	0.0	0.0	0.0	0.0
3. Change in short term cash position³	0.0	0.0	0.0	6.0	6.6
Total financing	182.7	162.6	162.7	166.6	166.7
Short-term debt levels at end of financial year					
T bill stock (in market hands)	60.8	60.8	60.8	62.5	63.6
Ways and Means	0.4	0.4	0.4	0.4	0.4
DMO net cash position	0.5	0.5	0.5	6.5	6.1

Table 3. Federal Public Debt Targets in 2011

Indicators	2010	Limits for 2011	
		Minimum	Maximum
Stock of FPD (R\$ bilhões)			
	1,694.0	1,800.0	1,930.0
Profile (%)			
Fixed Rate	36.6	36.0	40.0
Inflation-Linked	26.6	26.0	29.0
Floating Rate	31.6	28.0	33.0
Exchange Rate	5.1	4.0	6.0
Maturity Structure			
Average maturity (years)	3.5	3.5	3.7
% Maturing in 12 months	23.9	21.0	25.0

Table 4. Indicative Intervals of the Desired Long-Term FPD Composition

	Lower Limit	Upper Limit
Fixed Rate	40%	50%
Inflation Linked	30%	35%
Floating Rate	10%	20%
Exchange Rate	5%	10%

Report 3: External Loan Mobilization and Undisbursed Amount

Text to provide a summary of major activities in loan mobilization during the quarter/year and balance of the undisbursed amount (which is available to the government to fund projects covered by the loans contracted or are outstanding and not fully drawn).

Table 1: NET FLOWS AND NET TRANSFERS ON DEBT (Millions USD)

CREDITOR	DRAWINGS	PRINCIPAL PAID	NET FLOW ON DEBT	INTEREST & PRINCIPAL PAID INCLUDING ARREARS	NET TRANSFER ON DEBT
	A	B	C= A-B	D	E= C-D
1.BILATERAL	6.24	0.13	6.11	0.80	5.31
EXIMCHINA	3.87	0.00	3.87	0.03	3.84
EXIMINDIA	1.67	0.00	1.67	0.14	1.53
KFAED	0.16	0.00	0.16	0.26	-0.10
SFD	0.54	0.13	0.41	0.36	0.05
2.MULTILATERAL	18.51	4.61	13.90	2.46	11.44
ADB	0.00	0.27	-0.27	0.06	-0.34
BADEA	1.23	0.44	0.79	0.00	0.79
EIB	0.20	1.16	-0.96	0.07	-1.03
EU	0.00	0.08	-0.08	0.01	-0.09
ADF	7.22	0.19	7.03	0.56	6.47
IFAD	3.98	0.68	3.30	0.41	2.89
IMF	0.00	0.00	0.00	0.04	-0.04
IDA	3.02	0.01	3.01	0.93	2.09
NDF	0.64	0.00	0.64	0.06	0.58
OPEC	2.22	1.78	0.44	0.33	0.11
Total¹	24.75	4.74	20.02	3.26	16.75

1. Exchange rate at the end of period

Table 2: YEARLY PROJECTED DISBURSEMENTS (Millions USD)
2010 – 2013

	2010	2011	2012	2013
1. BILATERAL	17.17	15.57	8.05	0.67
EXIMCHINA	4.92	9.84	7.38	0.00
EXIMINDIA	0.33	0.67	0.67	0.67
KFAED	3.38	5.07	0.00	0.00
SFD	8.54	0.00	0.00	0.00
2. MULTILATERAL	52.14	38.98	1.69	0.45
ADB	4.96	0.00	0.00	0.00
ADF	21.10	16.00	0.00	0.00
BADEA	5.76	4.95	1.24	0.00
IDA	4.05	6.68	0.00	0.00
IFAD	6.47	3.33	0.45	0.45
NDF	0.20	0.00	0.00	0.00
OPEC	9.60	8.02	0.00	0.00
Total¹	69.31	54.55	9.74	1.12

1. Exchange rate as of 30/06/2010

Report 4: Domestic Debt Issuance, Maturities and Net Funding

Text to list all domestic debt issued, including auction results, plus maturities and net funding for the quarter/year.

Table 1: AUCTION RESULTS

OLO auction and syndication results in 2010 (EUR million)														
Issue type	Issue date	Final maturity date	ISIN BE0000	Amount in circulation before issue	Amount bid	Amount accepted (Comp)	Exerc. non comp	Total accepted	Bid to cover	Weighted average price	Weighted average rate	Min/max bid	Stop price	Successful bidders
SYNDICATION	19-01-2010	28-09-2020	318270			5 000.0		5 000.0		99.032	3.864			
								5 000.0						
AUCTION	22-02-2010	28-03-2015	316258	8 601.0	3 085.0	925.0	259.0	1 184.0	3.34	104.473	2.550	104.00/104.54	104.44	10
		28-09-2020	318270	5 000.0	2 780.0	1 540.0	411.0	1 951.0	1.81	99.943	3.758	99.60/100.08	99.90	16
		28-03-2022	308172	10 355.0	1 770.0	1 030.0	280.0	1 310.0	1.72	101.364	3.856	100.70/101.51	101.29	12
					7 635.0	3 495.0	950.0	4 445.0						
SYNDICATION	16-03-2010	28-03-2016	319286			4 000.0		4 000.0		99.840	2.778			
								4 000.0						
SYNDICATION	21-04-2010	28-03-2041	320292			4 000.0		4 000.0		99.615	4.272			
						4 000.0		4 000.0						
AUCTION	07-06-2010	28-03-2012	317264	6 457.0	2 690.0	857.0	129.0	986.0	3.14	101.900	0.928	101.51/101.96	101.85	12
		28-03-2016	319286	4 000.0	1 360.0	950.0	217.0	1 167.0	1.43	99.545	2.835	99.09/99.87	99.40	13
		28-09-2020	318270	6 951.0	1 900.0	1 360.0	436.0	1 796.0	1.40	101.930	3.523	101.22/102.13	101.80	14
					5.950.0	3 167.0	782.0	3 949.0						
AUCTION	28-06-2010	28-03-2013	310194	11 057.0	2 275.0	708.0	240.0	948.0	3.21	106.892	1.416	106.50/106.92	106.85	5
		28-03-2016	319286	5 167.0	2 275.0	1 105.0	312.0	1 417.0	2.06	99.820	2.786	99.40/99.91	99.80	6
		28-09-2020	318270	8 747.0	2 450.0	1 400.0	420.0	1 820.0	1.75	101.509	3.571	100.75/101.58	101.35	10
		28-03-2028	291972	13 439.9	1 248.0	468.0	224.0	692.0	2.67	118.051	4.052	117.29/118.11	118.0	5
					8 248.0	3 681.0	1 196.0	4 877.0						
AUCTION	26-07-2010	28-03-2016	319286	6 584.0	1 980.0	1 006.0	327.0	1 333.0	1.97	100.851	2.585	100.50/100.98	100.80	13
		28-09-2020	318270	10 567.0	2 430.0	1 310.0	356.0	1 660.0	1.85	103.587	3.328	103.20/103.79	103.51	13
					4 410.0	2 316.0	683.0	2 999.0						
AUCTION	23-08-2010	28-03-2013	310194	12 005.0	2 410.0	710.0	3.0	713.0	3.39	107.798	0.933	107.43/107.88	107.79	6
		28-09-2020	318270	1 233.0	2 020.0	1 095.0	365.0	1 460.0	1.84	107.081	2.929	106.75/107.16	107.02	13
		28-03-2022	308172	11 665.0	1 735.0	945.0	217.0	1 162.0	1.84	109.181	3.046	108.50/109.30	109.06	14
					6 165.0	2 750.0	585.0	3 335.0						
AUCTION	27-09-2010	28-03-2016	319286	7 917.0	2 060.0	765.0	107.0	872.0	2.69	102.171	2.322	101.70/102.26	102.10	10
		28-09-2020	318270	13 693.0	2 392.0	937.0	792.0	1 729.0	2.55	105.192	3.137	104.68/105.30	105.12	10
		28-03-2041	320292	4 000.0	1 055.0	590.0	233.0	823.0	1.79	108.091	3.797	107.23/108.21	108.01	14
					5 507.0	2 292.0	1 132.0	3 242.0						
AUCTION	25-10-2010	28-09-2013	301102	12 975.2	2 350.0	752.0	0.0	752.0	3.09	107.496	1.599	107.15/107.57	107.47	11
		28-03-2016	319286	8 789.0	2 250.0	805.0	0.0	805.0	2.80	101.227	2.503	100.75/101.32	101.46	11
		28-09-2020	318270	15 422.0	2 850.0	1 190.0	17.0	1 207.0	2.39	104.090	3.260	103.50/104.23	104.02	13
					7 425.0	2 747.0	17.0	2 764.0						
AUCTION	29-11-2010	28-09-2014	303124	12 208.9	1 110.0	620.0	0.0	620.0	1.79	107.096	2.288	106.75/107.23	107.00	11
		28-09-2020	318270	16 629.0	1 660.0	945.0	60.0	1 005.0	1.76	100.251	3.718	99.73/100.40	100.10	12
		28-03-2035	304130	13 583.6	780.0	435.0	0.0	435.0	1.79	112.729	4.157	112.00/113.07	112.50	10
					3 550.0	2 000.0	60.0	2 060.0						

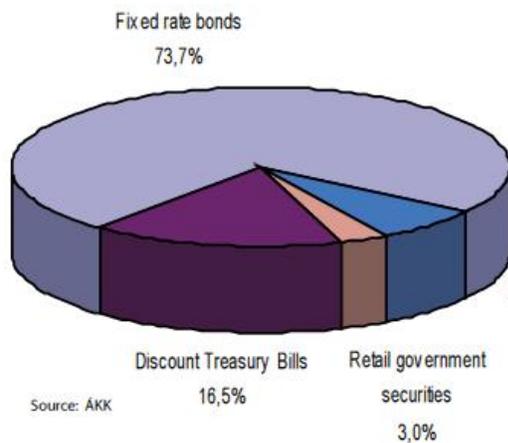
Gilt market flows (£mn)

	Gross gilt issuance (cash)	Redemptions	Coupons*	Net financing from gilts after redemptions and coupons
Apr-10	19,327	0	-220	19,107
May-10	12,425	0	-701	11,724
Jun-10	25,687	-15,617	-6,998	3,072
Jul-10	18,189	0	-1,653	16,536
Aug-10	10,758	0	-883	9,875
Sep-10	13,188	0	-9,474	3,714
Oct-10	16,834	0	-223	16,611
Nov-10	11,761	-4,480	-783	6,498
Dec-10	6,791	0	-6,846	-55
Jan-11	11,080	0	-1,769	9,311
Feb-11	9,983	0	-895	9,088
Mar-11	10,330	-18,489	-10,073	-18,232
Apr-11	12,849	0	-228	12,621
May-11	16,125	0	-650	15,475
Jun-11	17,429	0	-7,103	10,326
Jul-11	16,592	-5,190	-2,104	9,298
Aug-11	9,476	-7,991	-903	582
Sep-11	15,043	-	-9,959	5,084
Oct-11	-	-	-235	-
Nov-11	-	-	-712	-
Dec-11	-	-14,970	-7,409	-

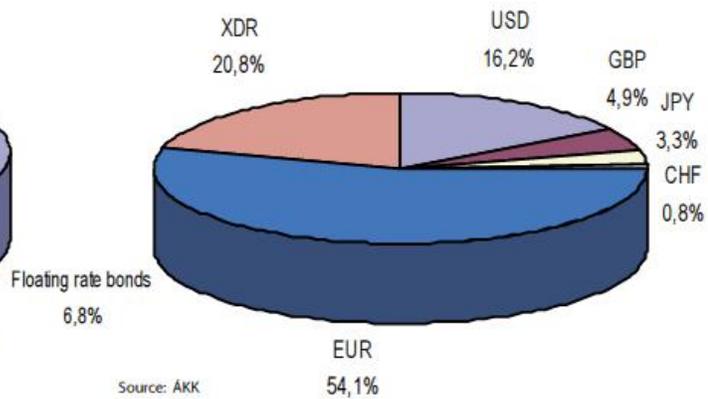
Figures may not sum due to rounding.
*Coupon flow numbers are for the stock of debt outstanding at end-quarter.

GRAPHS

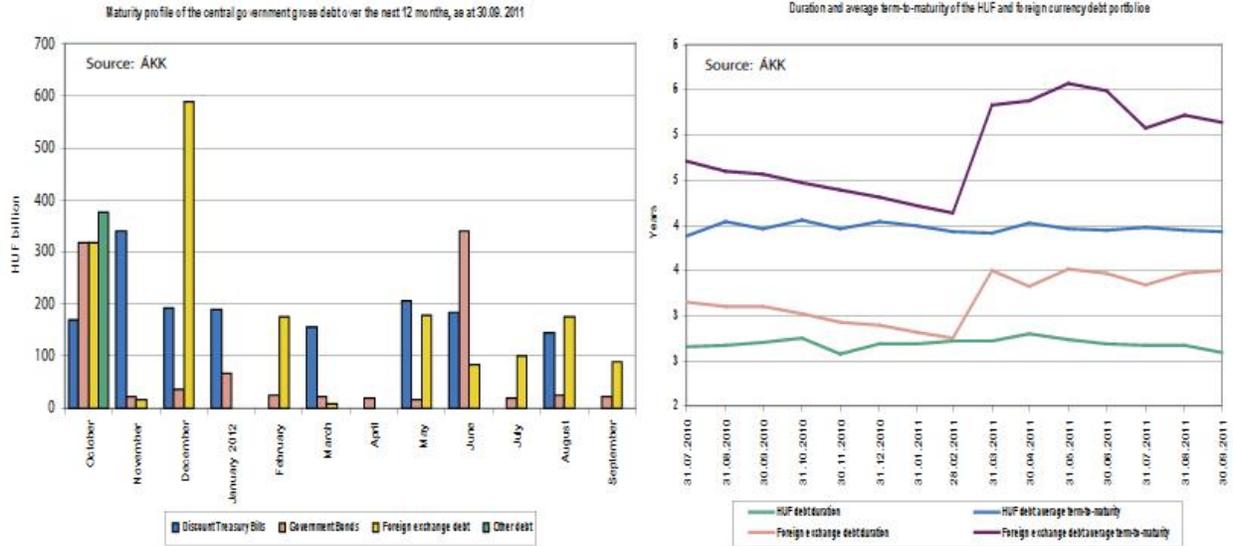
Composition of HUF government securities as at 30.09.2011



Currency composition of the foreign exchange debt portfolio as at 30.09.2011 *



*Composition before swaps.



PERCENTAGE OF DOMESTIC DEBT MATURING WITHIN 12 MONTHS (1)



(1) Provisional.

Monthly Reports

Report 5: Domestic Debt Issuance

Format for the report will be similar to Report no 4 but focused on the previous month and issuance calendar for the next month. In addition, section with market commentary covering interest rates, market demand and assessment of investor participation.

Table 1: Auction Calendar

Frequency of auctions to be held in 2011 by the National Treasury*

Bond	Type of Auction		
	Traditional	Switch	Early Redemption
LTN	Weekly	Quarterly	
NTN-F	Fortnightly	Occasionally	Monthly
LFT	Fortnightly	Quarterly	
NTN-B	Fortnightly	Monthly	Monthly

* The official schedule for each month is released at the end of the previous month on the following electronic address: http://www.tesouro.fazenda.gov.br/divida_publica/leiloes.asp

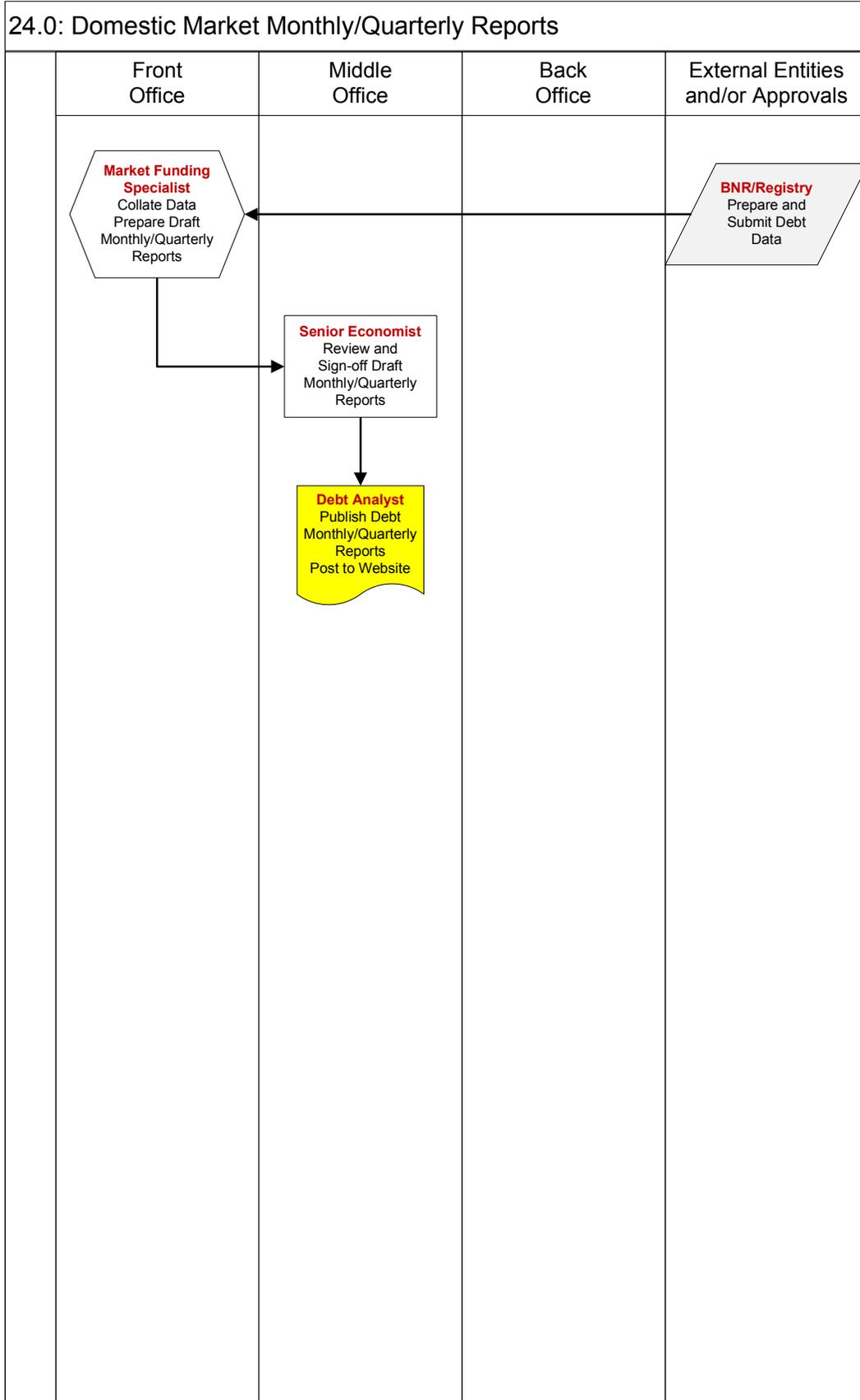
Report 6: Debt Activities for the Month

The format will be similar to Report 2, namely, text to provide a summary of major variations in forecast for the month and effect on the outturn for the end of fiscal year. Second, comment on performance/compliance against the strategy and limits or targets that were set. Third, comment on risks to the end of year expected outturn.

Report 7: International Markets

Summary of international conditions and sovereign bond issuance in international markets that can be obtained from publications such as the International Financial Review (IFR), from services such as Bloomberg or Thomson-Reuters, and/or from the weekly Emerging Sovereign Bond Markets News distributed by the Public Debt Management group. Refer to the website: <http://www.publicdebt.net.org>.

Procedure Flow Diagram



	Ministry of Finance and Economic Planning Public Debt Management Manual Volume 2: Procedures	Date: 13/07/2012 Version: 4.0 Prepared: _____ Authorized: _____
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25.0 ONLENDING CONTRACTING

25.0 ONLENDING CONTRACTING

General Description

Multilateral, bilateral and commercial loans such as bank loans, supplier's credits and officially supported export credits are contracted with the government, which will put in place an on-lending agreement if necessary to a public enterprise responsible for the project. A project agency will be established to manage the project including administration of on-lending disbursements and loan repayments.

Negotiations are led by the Ministry of Finance in collaboration with other agencies if necessary (line ministries, Ministry of Justice, BNR, etc). MINECOFIN negotiate the terms and conditions of the onlending, a legal opinion on the onlending agreement is obtained from the government's legal team and from legal counsel and the onlending agreement is signed by the Minister of Finance. The front office of will prepare a term sheet with the onlending details and forward this together with the signed onlending agreement to the back office for recording in DMFAS and processing the on-lent loan.

Environment/Context

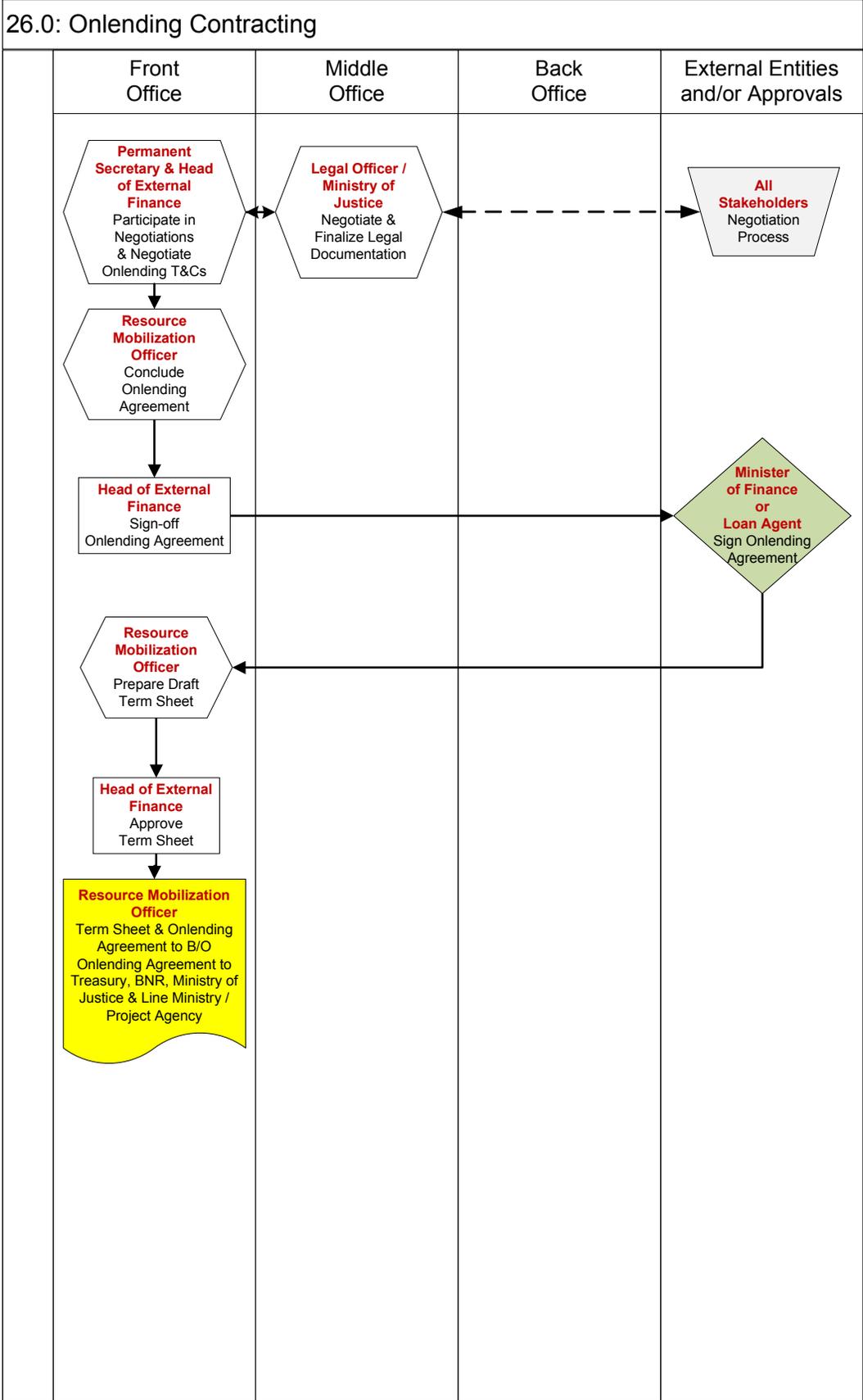
The terms and conditions of the onlending agreement will be negotiated with the government agency or public enterprise in consultation with MINECOFIN and the relevant line ministry. The structure of the onlending may match the primary loan or have a completely different structure in terms of currency, maturity and interest rate.

Procedure and Workflow

Onlending Contracting		
Lending agency, MINECOFIN, and Line Ministry	Pre-consultations to undertake a project appraisal and prepare the terms and conditions of the onlending loan agreement.	Inputs: Pre-consultation Outputs: Onlending loan proposal
Head of Front Office External Finance and Permanent Secretary	Lead negotiations with government agency and/or public enterprise along with line ministry. Negotiate terms and conditions of the onlending loan agreement.	Inputs: Approved/signed underlying onlending loan agreement Outputs: Negotiated onlending loan agreement
Middle Office Legal Officer or Ministry of Justice	Negotiate and finalize legal requirements on onlending loan agreement. Obtain legal opinion on the onlending agreement from legal counsel to ensure that covenants and other conditions are met. Prepare loan agent's warrant/power of attorney (if Minister of Finance cannot sign)	Inputs: Negotiated onlending loan agreement Outputs: Legal requirements Legal opinion Loan agent's warrant/ power of attorney

Front Office External Finance Resource Mobilization Officer	Finalize onlending loan agreement terms and conditions and conclude the onlending loan agreement.	Inputs: Negotiated onlending loan agreement Legal opinion Loan agent's warrant/ power of attorney Outputs: Draft onlending loan agreement Loan agent's warrant/ power of attorney
Head of Front Office External Finance	Sign-off onlending loan agreement. Send to Minister of Finance for signing.	Inputs: Draft onlending loan agreement Loan agent's warrant/ power of attorney Outputs: Signed-off onlending loan agreement Loan agent's warrant/ power of attorney
Minister of Finance or Loan Agent	Sign onlending loan agreement or sign loan agent's warrant/power of attorney with the authority to sign on behalf of the Minister of Finance. Loan Agent to sign on behalf of Minister of Finance.	Inputs: Onlending loan agreement Loan agent's warrant/ power of attorney Outputs: Signed onlending agreement
Front Office External Finance Resource Mobilization Officer	Obtain copy of onlending loan agreement from Minister of Finance office or Permanent Secretary's office. Send onlending loan agreement to back office for input to DMFAS. Send copy of the onlending loan agreement to the Deputy Accountant General, BNR, Ministry of Justice and Line Ministry/Project Agency.	Inputs: Signed onlending loan agreement Outputs: Signed onlending loan guarantee agreement sent to back office, Deputy Accountant General, BNR, Ministry of Justice & Line Ministry/ Project Agency

Procedure Flow Diagram



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26.0 ONLENDING MOBILIZATION

26.0 ONLENDING MOBILIZATION

General Description

MINECOFIN needs to determine the date and amount of all disbursements from the lending agency to the onlending agency whether this is paid direct or through the government accounts at BNR. The back office gathers this information through receipt of disbursement notices from the project agency or by accessing creditor websites (World Bank and African Development Bank,), contacting creditors directly, and/or line ministries. The back office will gather the information on the actual transactions and enter the data into DMFAS.

Environment/Context

Following the signing of the onlending loan agreement, the back office will be responsible for inputting the onlending details into DMFAS. The onlending details will be set out in the onlending agreement and the term sheet prepared by the front office. The onlending will be entered by the DMFAS specialist and checked by the senior DMFAS specialist.

MINECOFIN will record disbursements when the lender remits funds to the onlending agency. The back office gathers this information through receipt of disbursement notices from the project agency and/or the onlending agency, or by accessing creditor websites (World Bank and African Development Bank, contacting creditors directly, and/or contacting line ministries.

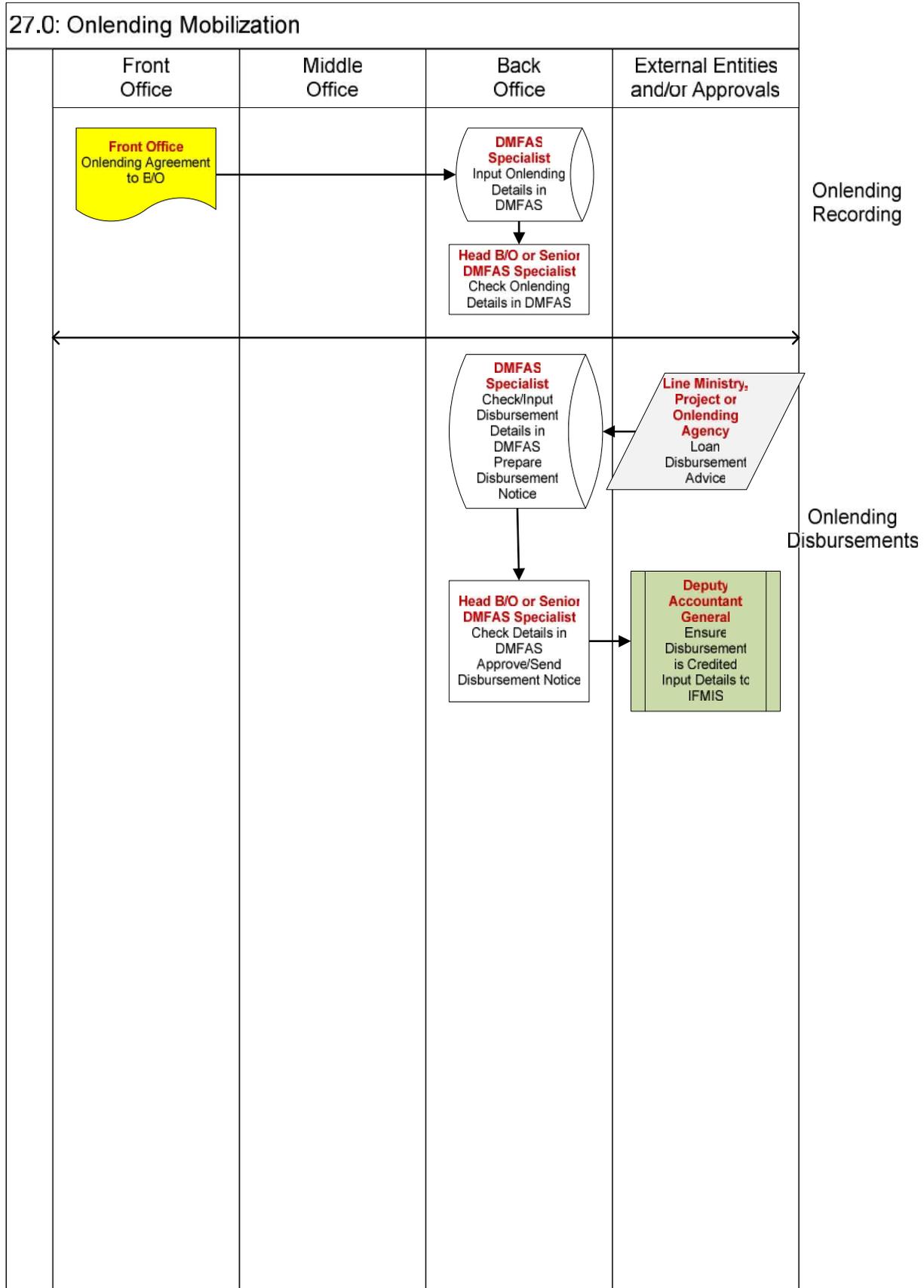
Procedure and Workflow

Onlending Recording		
Back Office DMFAS Specialist	Obtain onlending agreement from front office. Input onlending details into DMFAS using the User Manual if required.	Inputs: Onlending loan agreement Outputs: Updated DMFAS
Head of Back Office or Senior DMFAS Specialist	Check onlending data entered into debt recording system from term sheet and onlending agreement.	Inputs: Onlending loan agreement Updated DMFAS Outputs: Check of updated DMFAS

Onlending Disbursements		
Back Office DMFAS Specialist	Receive onlending disbursement advice from project agency, line ministry and/or the onlending agency, or by accessing creditor websites. Check disbursement for compliance with the	Inputs: Onlending disbursement advice Outputs: Updated DMFAS

	<p>onlending agreement.</p> <p>Input details of the disbursement into DMFAS.</p> <p>Prepare disbursement notice either generated from DMFAS or using IFMIS setting out the receipt currency, amount, date and bank account.</p>	Disbursement notice
Head of Back Office or Senior DMFAS Specialist	<p>Check disbursement data entered DMFAS against the loan disbursement advice.</p> <p>Check disbursement notice.</p>	<p>Inputs:</p> <p>Onlending disbursement advice</p> <p>Disbursement notice</p> <p>Outputs:</p> <p>Check of updated DMFAS</p> <p>Disbursement notice</p>
Deputy Accountant General	<p>Ensure disbursements have been paid to the onlending agency.</p> <p>Input disbursement details to the government financial reporting system (IFMIS).</p>	<p>Inputs:</p> <p>Disbursement notice</p> <p>Outputs:</p> <p>Updated IFMIS</p>

Procedure Flow Diagram



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27.0 ONLENDING SERVICING

27.0 ONLENDING SERVICING

General Description

The back office will be responsible for issuing instructions to the project or onlending agency to make loan payments (principal, interest and expenses) to the designated bank account according to the onlending agreement.

Environment/Context

The back office will prepare the payment notice using DMFAS and/or IFMIS and then send them to the project or onlending agency for payment.

The project agency or onlending agency is responsible for making payment in accordance with the payment advice sent by MINECOFIN. The back office will check that payment has been made accordingly and input the payment to DMFAS.

Procedure and Workflow

Payment Notice		
Back Office DMFAS Specialist	Prepare payment notice in accordance with the debt recording system records and onlending agreement. This will set out the payment calculation, payment currency, amount, date and bank account.	Outputs: Payment notice
Head of Back Office or Senior DMFAS Specialist	Check payment notice.	Inputs: Payment notice Outputs: Payment notice
Chief Economist	Approve payment notice.	Inputs: Payment notice Outputs: Approved payment notice
Back Office DMFAS Specialist	Send payment notice to the project or onlending agency.	Inputs: Approved payment notice Outputs: Approved payment advice sent to project or onlending agency

Payment Processing		
Back Office DMFAS Specialist	Check that payment has been made by the project implementing agency and/or onlending agency through access of the government bank accounts and/or advice from BNR. Input payment to DMFAS.	Inputs: Bank statement Advice from project agency, line ministry and/or onlending agency Outputs: Updated DMFAS
Head of Back Office or Senior DMFAS Specialist	Check payment in DMFAS.	Inputs: Updated DMFAS Outputs: Updated DMFAS checked

Procedure Flow Diagram

