Ministry of Finance & Economic Planning

Debt Directorate General

Public Debt Procedure Manual

MAY 2024

Document Control

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1.0	MAY 2024	Debt Directorate General	This document establishes the procedures that MINECOFIN needs to follow in regard to the management of public debt including loan guarantees and lending/onlending.

Approval

Approved By (name / title / Org)	Signature	Date
Director General, Debt Directorate General		May, 2024
Debt Management Committee		May, 2024
Executive Management		May, 2024

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Acronyms and Abbreviations

BNR	National Bank of Rwanda
CGT	Comité de Gestion du Trésor
CSD	Central Securities Depository
DDG	Debt Directorate General
DeMPA	Debt Management Performance Assessment
DMC	Debt Management Committee
DMFAS	Debt Management and Financial Analysis System
DSA	Debt Sustainability Analysis
DSF	Debt Sustainability Framework
DvP	Delivery versus Payment
EFD	External Finance Directorate
FMD	Financial Markets Department
FRW	Rwandan Franc
FY	Fiscal Year
GBEs	Government Business Enterprises
GDP	Gross Domestic Product
GoR	Government of Rwanda
IFMS	Integrated Financial Management System
IPSAS	International Public Sector Accounting Standards
MINECOFIN	Ministry of Finance and Economic Planning
MTDS	Medium Term Debt Strategy
NST1	National Strategy for Transformation
OTR	Ordonnateur Tresorier du Rwanda
PFM	Public Financial Management
PFM-PR	Public Financial Management Performance Report
PIC	Public Investment Committee
PMMU	Project Management and Monitoring Unit
PV	Present Value
RIPPS	Rwanda Integrated Payments Processing System
RTGS	Real Time Gross Settlement
RwF	Rwandan Franc
TMC	Treasury Management Committee

Introduction

The objective of the Public Debt Procedures Manual (PDM) 2024 is to document the procedures that MINECOFIN will use to manage public debt in Rwanda. The PDM will guide the officers responsible for debt management in performing their day-to-day duties. These procedures cover all current and some future public debt management activities. As the Government of Rwanda continues 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 can be updated by MINECOFIN each year and/or sections updated if needed when new debt management activities are introduced, or existing procedures are amended.

PDM 2024 replaces the July 2012 version of Public Debt Management Manual, Volume 1: Policies and Volume 2: Procedures. It also incorporates the Loan Guarantee Process from October 2014. The PDM has been revised to reflect the revised Organic Law on State Finances and Property 2022, as well as the Ministerial Order on Financial Regulations 2016, and different practices adopted by the Debt Directorate General.

The Debt Directorate General (DDG) was established in January 2021, having been elevated from the Debt Management Unit, and placed together with Macro-Economic Policy Directorate General and Tax Policy Directorate General under the Office of the Chief Economist.

1. Governance & Institutional Arrangements

Governance

Legal Framework

The main legislation covering public debt management related to the Central Government is the Organic Law N° 50 of 12/12/2022 on Public Finance Management (popularly referred to as OBL), that was promulgated on 12/12/2022. The OBL is based on the requirements of Articles 79 and 184 of the Constitution of the Republic of Rwanda 2003, which was revised as Articles 163 and 166 in December 2015. Implementation of the OBL is supported by the Ministerial Order N° 001/16/10/TC of 26th January 2016 on Financial Regulations.

OBL Chapter V (Articles 56-70) covers Government borrowing, lending, debt management, investments, and banking mechanisms. Specifically, Article 56 stipulates that "The Minister shall be the sole person with the authority to borrow or to permit borrowing funds or to raise loans for Central Government entities."

Article 57 stipulates that "On the basis of the State Finance Law, the Minister may borrow money: (1) to finances budget deficits; (2) to refinance maturing debt or a loan paid before the redemption date; (3) to boost foreign currency reserves; (4) to maintain credit balances on a bank account of the consolidated Fund; (4) to regulate monetary conditions should the necessity arise; (6) to facilitate development of a domestic capital market; (7) for any other purpose necessary for sound fiscal policy and effective debt management."

Article 57 also stipulates that "The Minister shall have the powers to select, after consultations with the National Bank of Rwanda, the form, terms and conditions of borrowing, with the aim of maintaining and improving national sovereign debt ratings."

Article 58 establishes limits of borrowing by stipulating that "Subject to the approval of the Chamber of Deputies, the Minister may recommend different limits on: (1) total domestic borrowing, including short term overdrafts; and (2) total foreign borrowing.

Article 61 makes provision for "The Minister, under the general guidelines of Cabinet decisions on matters relating to the budget and macroeconomic policy, in consultation with the National Bank of Rwanda, and with the consent of the lender, may: (1) repay borrowing of Central Government entities before its maturity date; (2) modify contractual terms and conditions of any existing borrowing of Central Government entities; and (3) convert an instrument for borrowing of Central Government entities into any other instrument.

Article 61 stipulates that "The Minister shall be the sole authority:

1. to issue debt instruments that bind public funds to financial obligations in exchange for assets other than money or without any consideration, including to take over other person's liabilities;

2. to lend money from public funds;
3. to forgive and restructure interest, principal and other terms of a loan from public funds and convert the loan into shares and other assets;
4. to write-off other borrowing of Central Government and decentralized entities and State-owned companies;
5. to approve and provide to public and private sector entities guarantees, security, and any other transaction that may bind Central Government entities to future financial obligations."

"The Minister shall prescribe by an order on the financial regulations the procedures, conditions, and reporting requirements in relation to these transactions."

Article 64 stipulates that "The Minister shall, in consultation with the National Bank of Rwanda, maintain a detailed record of all public debt and Government securities or guarantees on third party debt, as well as the repayment plan under that debt. The Minister shall also maintain a detailed record of loans from public funds and repayment plan of such loans. Interest and principal payments to the Government shall be recorded in an appropriate register monitored and recognized as revenues in the State Finance Law."

Article 65 stipulates that "The Minister shall prepare and publish each year the public debt management strategy. He or she shall enact instructions on any borrowing and loans the Government may from time-to-time guarantee. In formulating debt management guidelines and implementing the debt management strategy, the Minister shall, each year, consult with the National Bank of Rwanda. 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."

Ministerial Order on Financial Regulations Chapter VI (Articles 49-72) covers loan, debt, investment, and banking arrangements. The articles most relevant for debt management are:

- Article 49: Purpose of and authority for public debt management covering the objectives of public debt management
- Article 50: Public debt management setting out the roles, responsibilities, and membership of the Debt Management Committee
- Article 51: Debt management function in the Ministry covering the dedicated function in the Ministry that is to be responsible for public debt management
- Article 52: Loans by a decentralised entity and Council resolutions on debt covering lending and onlending

- Article 58: Governance structures for Treasury Management Committee setting out the roles, duties and membership of the Treasury Management Committee

Ministerial Order on Financial Regulations Chapter VI (Article 110) Preparation and submission of consolidated financial statements stipulates that "the Minister shall prepare and submit to the Auditor General of State Finances, not later than 30 September of the following fiscal year, consolidated financial statements. Financial information relating to public institutions, Government investments, public debt, contingent liabilities, guarantees, and summarized information of subsidiary entities shall be disclosed as memorandum items to the consolidated financial statements."

Debt Management Committee

In accordance with Article 50 of the Ministerial Order on Financial Regulations 2016, the Head of the National Treasury shall constitute, subject to approval of the Minister, a Debt Management Committee.

The Debt Management Committee (DMC) shall meet quarterly to examine and advise on the following:

1. Debt issues
2. Debt restructuring
3. Government borrowing programmes

The DMC shall be responsible for the following:

1. to review liquidity position and funding requirements of Government, advise on financing by debt options
2. to propose debt policies and guidelines for the approval of the Minister
3. to develop debt policy and strategy for the short, medium and long term for the approval of the Minister
4. to develop debt management guidelines on the methodology and key considerations for undertaking debt sustainability analysis
5. to review, monitor and advise the Minister on the implementation of the debt
6. to review 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
    d. debt restructuring options and advise the Minister where necessary
7. to ensure a Debt Management Manual is in place which documents key procedures for securing development loan financing
8. to monitor and report to the Minister on all public debt held by public entities and public institutions
9. to advise the Minister on any external loan contracting and guaranteeing
10. to review institutional arrangements including management structures, job descriptions for debt managers in the Ministry in accordance with international best practice
11. to perform any functions relating to debt management upon requested by the Minister

Membership of the DMC shall comprise the following:

1. Chief Economist in the Ministry, Chairperson and in charge of the rapporteur
2. Head of Treasury Management Department in the Ministry
3. Head of National Development Planning& Research Department in the Ministry
4. Head of National Budget Department in the Ministry
5. Director General of Macro-Economic Policy Directorate in the Ministry
6. Head of Development Finance Department in the Ministry
7. Executive Director of Financial Markets in the National Bank of Rwanda, Vice-Chairperson
8. Any other suitable person as the Minister may consider

Treasury Management Committee

In accordance with Article 58 of the Ministerial Order on Financial Regulations 2016, "Upon approval by the Minister, The Head of the National Treasury shall constitute a Treasury Management Committee (TMC), (also known as Comité de Gestion du Trésor). The TMC shall ensure that the annual macroeconomic programme of Government is implemented and monitored diligently using all targets and benchmarks."

The macroeconomic programme shall contain necessary benchmarks, targets, modalities, and data reporting requirements for the monitoring of the programme.

The TMC shall perform the following duties:

1. to oversee, monitor, and advise the Head of the National Treasury on in-year budget execution on a periodic basis and on cash flow planning and expenditures in public entities
2. to approve and conduct regular review of consolidated revenue and expenditure plans
3. to ensure effective coordination between key stakeholders responsible for collecting and spending public money
4. to analyse and approve loan plans submitted by DMC
5. to advise on any related matters to ensure stable macroeconomic framework

Membership of the TMC shall comprise the following:

1. Head of the National Treasury, Chairperson
2. Chief Economist at National Bank of Rwanda, Deputy Chairperson

3. Director of Monetary Operations, at the National Bank of Rwanda
4. Director of Payments at the National Bank of Rwanda
5. Government Chief Cashier, at the National Bank of Rwanda
6. the Accountant General, at the Ministry
7. the Chief Economist, at the Ministry
8. Head of Cash Planning at the Ministry's Treasury Management Department – Secretary to the Committee
9. Director of Planning, at the Rwanda Revenue Authority
10. Director General of Macro-Economic Policy Directorate in the Ministry
11. Head of National Budget Department, at the Ministry
12. Head of Development Finance Department in the Ministry
13. Head of Treasury Management Department in the Ministry
14. Deputy Accountant General in charge of Public Accounts at the Ministry
15. any other public officer the Head of the National Treasury considers suitable

Institutional Arrangements

The institutional arrangements for public debt management functions across the Government including the Ministry of Finance and Economic Planning (MINECOFIN) and other government agencies are listed below.

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.

Cabinet

The Cabinet is composed of the Prime Minister, Ministers, Ministers of State and other members who may be determined by the President of the Republic where deemed necessary. The Cabinet implements national policies agreed upon by the President of the Republic and the Cabinet meeting. It is accountable to the President of the Republic and Parliament. The Cabinet is responsible for approving the MTDS, and external loans prior to ratification by Parliament.

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 agreements, government 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 (MINECOFIN)

MINECOFIN has 16 departments, the divisions within each department for public debt management activities are highlighted in **bold**:

1. National Development Planning& Research Department comprising of: (1) **National Planning Directorate General**; (2) National Research Directorate General
2. **National Programs and Projects Oversight Department** comprising of: (1) Economic Cluster Directorate General; (2) Social Cluster Directorate General; (3) Governance Cluster Directorate General
3. **National Projects Development & Quality Assurance Department**
4. **Office of the Chief Economist** comprising of: (1) Macroeconomic Policy Directorate General; (2) Tax Policy Directorate General; and (3) Debt Directorate General
5. Financial Sector Development Department comprising of: (1) Banking and Non-Banking Sector Directorate General; and (2) Capital Markets & Investment Schemes Directorate General
6. **Development Finance Department**
7. **Treasury Counsel Directorate General**
8. Corporate Services Department comprising of: (1) **Finance Directorate General**; (2) HR and Administration Unit; and (3) Digitalisation Directorate General
9. National Budget Department comprising of: (1) Fiscal Decentralisation Directorate General; and (**2) Budget Management and Reporting Directorate General**
10. Office of Accountant General comprising of: (1) Deputy AG/DG Public Account; (2) **IFMIS Unit**
11. **Treasury Management Department**
12. Office of Chief Internal Auditor comprising of (1) Local Government, projects, programs and special audits Directorate General; and (2) Central Government, quality assurance and audit Directorate General

13. Private Sector & Innovative Financing Department
14. **Climate Finance Department**
15. Privatisation Department
16. Investment Opportunities Department
17. **Portfolio Oversight Department**

The divisions within departments responsible for public debt management activities are:

National Planning Directorate General under the National Development Planning and Research Department

The National Planning Directorate General is responsible for the initial appraisal of all projects through a technical committee of the Public Investment Committee (PIC) to ensure that each project meets the necessary requirements, (i.e. ensure compliance with national policies and the project is on the priority list). As stipulated in NST1 (paragraph 101), "All public projects funded for implementation to be appraised by the Public Investment Committee as provided by the National Investment Policy to assure their quality and desired impact. Feasibility studies will be undertaken before implementing projects in line with the aforementioned policy."

Debt Directorate General under the Office of the Chief Economist

Debt is a potential financing option to meet the financial requirements of its national investment plans. It includes loans, debt securities, accounts payables and other debt instruments. Therefore, DDG intervenes in debt management operations through designing and updating a clear debt strategy and policies in line with the country's vision. The six key functions are:

1. Medium Term Debt Strategy (MTDS)
2. Debt Sustainability Analysis (DSA)
3. Design Annual Borrowing Plan consistent with approved MTDS
4. Evaluation and Negotiation of Contracting of New Loans
5. Compilation and Dissemination of Public Sector Debt Statistics
6. Recording of Public Debt and processing and recording of debt service transactions

Development Finance Department

The Development Finance Department (DFD) is the key Government entry point of external financing. DFD provides development partners with a centralized interface; and it offers guidance and leadership on how development partners can better align their support to Government priorities. Its responsibilities include mobilizing external financing from traditional partners and non-traditional partners to complement domestic revenues in the national budget including (1) Official Development Assistance (grants & concessional loans), and (2) commercial loans to finance government priorities (sovereign bonds).

Finance Directorate General under the Corporate Services Department

The Director of Finance within the Corporate Services Department is responsible for processing and signing payment orders for external and domestic loan debt service payments. All payment orders are checked against DDG's consolidated budget plan and commitment of funds in line with the approved budget, and then forwarded to the Deputy Accountant General for further processing and arranging payment through BNR.

Treasury Counsel Directorate General

The Treasury Counsel is responsible for providing legal services for all external and domestic loan contracting, loan guarantees, lending/onlending and external debt reoganisation including seeking a legal opinion from the Ministry of Justice when needed.

Treasury Management Department

The Treasury Management Department has the following functions and responsibilities in the control of government payments and transfers:

- Process all payments and transfers from the consolidated fund bank account and special bank accounts maintained at the National Bank of Rwanda
- Ensure all payments and transfers are within the adopted budget of the public entity, legitimate and adequately supported
- Ensure all payments and transfers are within the cash limits set by the Treasury Management Committee
- Process payments and transfers by direct payments, and any other means in the most efficient manner to bonafide payees without loss to the Government
- Keep timely, comprehensive and accurate records of outstanding public debt including information about principal and interest, guarantees and lending in an appropriate database
- Facilitate the recovery of any payments including interest and other costs incurred by Government due to the honouring of outstanding guarantees
- Prepare forecasts on Government debt servicing and disbursements as part of the yearly budget preparation

- Manage Treasury Single Account, its sub-accounts, special bank accounts and any other government accounts in the most efficient manner
- Prepare monthly bank reconciliations and take remedial action on outstanding items
- Prepare monthly, quarterly and annual Treasury Reports containing all transactions through the consolidated fund account and special bank accounts with the National Bank of Rwanda indicating all revenues, all payments and transfers, opening and closing balances and transfers any balances, excluding balances of decentralised entities and extra-budgetary entities, to the accounts of the consolidated fund
- Archive all transaction documents in accordance with government policies and regulations

Portfolio Oversight Department

The Portfolio Oversight Department is responsible for undertaking a credit risk assessment of the entity seeking a loan guarantee or lending/onlending. The assessment will include an (1) appraisal of the financial plan; (2) appraisal of the investment capital; and (3) appraisal of the audited financial reports for the past three years.

National Bank of Rwanda (BNR)

The National Bank of Rwanda is responsible for the issuance of government securities (i.e. Treasury bills by auction and Treasury bonds through a book-building process) and execution of payments upon instructions from MINECOFIN. It also serves as registrar of government domestic debt and regularly provides data and analysis to MINECOFIN. MINECOFIN should however ensure consistency between monetary and fiscal policy through formulation of the MTDS.

Financial Markets Department

The Financial Markets Department (FMD) oversees the issuance through auction of Treasury-bills and Treasury-bonds through a book-building process 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 in consultations and negotiations of all loan agreements for projects and programs 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 (MINIJUST) is responsible for providing legal opinions, on behalf of the Government, on any on any instrument that may commit the Government; it is 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 payments made by agencies.

Debt Directorate General

The Debt Directorate General (DDG) is the principal entity responsible for public debt management. DDG's main function is to focus on middle and back office functions, together with some front office functions, specifically when it comes to commercial loans, guarantees, letter of credits, and promissory notes. Regarding concessional loans, negotiations are led by the Development Finance Department with support of DDG on the financing terms.

International sound practice requires an efficient organizational structure where public debt management functions and activities are based on segregation of duties between the staff with the authority to (a) negotiate or contract the loan agreement and (b) enter the contract information in the debt management system (DMFAS) and those responsible for (a) initiating and processing payments, and (b) entering transactions into the accounting system.

For a number of the debt management functions, segregation is achieved through the functions being performed outside DDG such as (1) loan negotiation and contracting in EFD; (2) domestic debt issuance and settlement assigned to BNR; (3) debt service payments checked, authorised, and processed by Corporate Services Department and Treasury Management Department; (3) processing transactions in the accounting system by DDG, Corporate Services Department and Treasury in accordance with the rights assigned to each division; and (4) debt service payments made by BNR.

DDG has nine staffing positions:

1. Director General (1)
2. Debt Management Analysts (3)
3. Debt Statistician officer (1)
4. Debt Accounting Officer (1)
5. Payment and Reporting Officers (3)

With this structure in the DDG, the segregation of duties is organized as follow: some staff within DDG are responsible for entry/processing and checking/validation, and the Director of DDG checks the payment orders.

DDG operates with strong operational controls and well-articulated responsibilities for staff to reduce the risk of errors, policy breaches, and fraudulent behaviour. This includes a rigorous internal audit function and annual audits by the Office of the Auditor General. There is frequent validation of public debt with creditor notifications and through the annual audit process to ensure that there is an accurate and up-to-date public debt database.

The Public Debt Procedure Manual reflects this approach to the segregation of duties.

2. Budget Formulation, DSA and MTDS

General Description

Article 65 of the OBL stipulates that "The Minister shall prepare and publish each year the public debt management strategy. He shall enact instructions on any borrowing and loans the Government may from time-to-time guarantee. 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 among the objectives of fiscal, debt management, trade, monetary and exchange policies. 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."

Article 15 of the Ministerial Order on Financial Regulations requires the State Finance Bill to contain a debt strategy annex. Article 51 assigns the responsibility to prepare a medium-term debt strategy and borrowing plans to facilitate auction of Government debt securities to MINECOFIN.

As part of the formulation of the GoR Annual Budget and Finance Law for the fiscal year commencing on 1 July each year, DDG has a vital input through (1) undertaking a Debt Sustainability Analysis (DSA) either as part of the IMF Article IV mission DSA or solely within DDG; (2) formulating the Medium-Term Debt Strategy (MTDS); and (3) preparation of an annual borrowing plan for the fiscal year with an issuance calendar; and (4) preparation of debt service forecasts. As there is no separate write-up of the DSA, it is included in the MTDS.

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 objectives of Debt Management as set out in the MTDS "are to ensure that government's financing needs and settling of obligations meet the medium-term objectives and achieve the lowest-possible borrowing costs, while maintaining a prudent risk exposure, and promoting an active domestic debt market. The time horizon for this MTDS covers a three (3) year rolling period. Annual update of the strategy is required by the OBL to ensure that the strategy remains aligned and coherent with the medium-term fiscal framework. In addition, it also enables regular monitoring of the debt portfolio costs and risks and assess whether the implementation of the borrowing transactions is in line with strategy under implementation. The scope of the strategy includes both public and publicly-guaranteed domestic and external debt.

Workflow Summary

MINECOFIN undertakes a Debt Sustainability Analysis (DSA) on a calendar year basis and prepares the Medium-Term Debt Strategy (MTDS) on a fiscal year basis prior to the start of each fiscal year that is set within the context of the Government's medium term macroeconomic framework and fiscal strategy. Debt service forecasts are prepared by DDG as input to the DSA and MTDS, which are prepared by DDG and will involve coordinating with National Budget Department, External Finance Directorate, Macroeconomic Policy Directorate, Treasury Operations, Line Ministries and/or Project Agencies, and BNR (for consistency with monetary policy).

DDG will use the Debt Sustainability Framework (DSF) and MTDS toolkits developed by the World Bank and IMF to undertake the DSA and MTDS analysis and modeling. The domestic debt issuance calendar will be generated during the MTDS formulation. The DSA and MTDS are presented to the Chief Economist and reviewed by the DMC and ultimately approved by the Minister. The debt strategy is presented as an annex to the budget and the MTDS is posted to the MINECOFIN website. DDG has established a process which will include the following steps:

Step 1 – 3: Prepare debt data and inputs to the DSA and MTDS

1. Obtain the following information for input to the DSA and MTDS:
    - Debt Directorate: Public debt stock and debt service forecasts / projections from DMFAS
    - Macroeconomic Policy Directorate: Macro Framework projections covering (i) medium-term economic and fiscal projections and/or scenarios; (ii) debt issuance; and (iii) cash flow projections
    - External Finance Directorate: liaises with donors to align funding priorities, project utilization and expected schedule of loan disbursements, and pipeline for new project and budget loans
    - BNR: information on the current and future domestic market conditions covering interest rates, foreign exchange rate development, and private debt projections
2. Review the macro-market environment for debt management in Rwanda covering (1) policy and budget environment; (2) market environment covering exchange rate and interest rate developments; and (3) vulnerabilities, risks and structural constraints
3. Review the development of the debt portfolio covering (1) existing portfolio and trends; and (2) composition of debt portfolio

Step 4 – 11: Formulate scenarios and undertake debt sustainability and cost-risk analysis

4. Undertake the DSA using the IMF/WB DSF toolkit and prepare table of debt sustainability indicators:
    - PV Public Debt to GDP (threshold 74%)
    - PV External Debt to GDP (threshold 55%)
    - PV External Debt to Exports (threshold 240%)
    - PV External Debt Service to Exports (threshold 21%)
    - PV External Debt Service to Revenues (threshold 23%)
5. Draft DSA write-up for inclusion in the MTDS
6. Undertake the MTDS using the WB MTDS toolkit and prepare table of cost and risk indicators for existing debt portfolio and designed strategies
7. Analyze the cost and risk of the existing debt using the IMF/WB MTDS toolkit
8. Undertake analysis and strategy selection covering (1) analysis, assumptions, and forecasts; and (2) selected borrowing strategies
9. Prepare recommendations based on the costs and risks identified for the selected borrowing strategies
10. Draft the MTDS based on the following chapters:
    - objectives and scope of the MTDS
    - background and development of the debt portfolio covering (1) existing portfolio and trends; and (2) composition of debt portfolio
    - analysis of risks in the public debt portfolio with the cost-risk matrix and discussion of (1) sustainability with debt sustainability indicators; and (2) risks covering refinancing, interest rate and exchange rate risks
    - external sources of financing for future needs
    - macro-market environment for debt management in Rwanda covering (1) policy and budget environment; (2) market environment covering exchange rate and interest rate developments; and (3) vulnerabilities, risks and structural constraints
    - analysis and strategy selection covering (1) analysis, assumptions and forecasts; and (2) selected borrowing strategies (e.g. status quo, external concessional maximization and domestic market development, domestic debt market development, and external commercial)

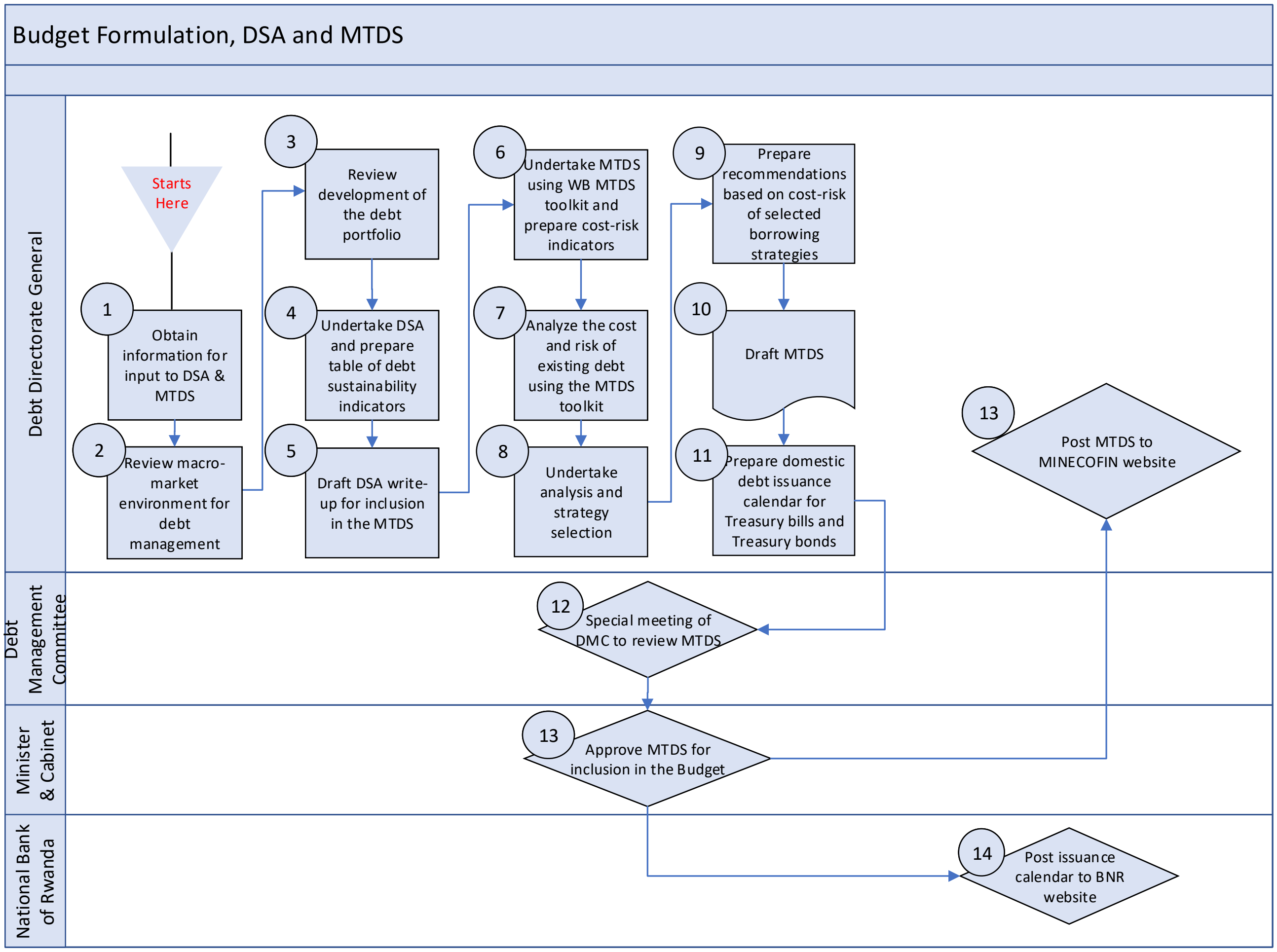
- recommendations based on the costs and risks identified for the four borrowing strategies
- portfolio benchmarks for each risk set out in the cost and risk matrix
- attach MTDS document Annexes derived from MTDS toolkit output

11. Prepare domestic debt issuance calendar for the fiscal year with weekly auction of Treasury bills (showing auction and settlement dates) and monthly issuance of Treasury bonds using a book-building process (showing tenor, along with announcement, open book, closing book, and settlement dates)

Step 12 – 14: Submit MTDS and issuance calendar for review and approval

12. Submit the MTDS for review by DMC in order to ensure consistency with budget framework paper and monetary policy
13. Submit the MTDS for approval by the Minister and Cabinet to be published as an annex to the budget, and posted to the MINECOFIN website
14. Post the Annual issuance calendar on the BNR website

Workflow Diagram



Activity Definitions

This section is a description of each step to be followed when developing, approving and publishing the MTDS This includes an input, an action, and an output. It also shows who has the responsibility to undertake the action, key indicators which show that the action was performed as per the best practices, and finally it shows if the action implies a report, or if any data is being produced as a result of the activity taking place.

<table>
<tr><th>Step 1 to 3</th><th>Prepare debt data and inputs to the DSA and MTDS</th></tr>
<tr><td>Activity Description</td><td>Preparation of debt data along with macroeconomic and fiscal parameters required for the DSA and MTDS</td></tr>
<tr><td>Inputs:</td><td>List the inputs for this activity
<table>
<tr><th>Input Name</th><th>Description</th><th>Source</th><th>Format</th></tr>
<tr><td>Data required for DSA and MTDS</td><td>Data requirements include:
Public debt stock and debt service forecasts / projections from DMFAS
Macro Framework projections covering (i) medium-term economic and fiscal projections and/or scenarios; (ii) debt issuance; and (iii) cash flow projections
Donors to align funding priorities, project utilization and expected schedule of loan disbursements, and pipeline for new project and budget loans
Information on the current and future domestic market conditions covering interest rates, foreign exchange rate development, and private debt projections</td><td>DDG
Macroeconomic Policy Directorate
EFD
BNR</td><td>Excel</td></tr>
</table></td></tr>
</table>

Outputs:	List the outputs for this activity

Output Name	Description	Destination	Format
Macro-market environment	Review the macro-market environment for debt management in Rwanda covering (1) policy and budget environment; (2) market environment covering exchange rate and interest rate developments; and (3) vulnerabilities, risks and structural constraints	DDG	
Development of debt portfolio	Review the development of the debt portfolio covering (1) existing portfolio and trends; and (2) composition of debt portfolio	DDG	

Executed By:	Debt Directorate General (staff prepare and sign-off by the Director)
Documents	List the documents produced by or required for this activity

Document Name	Document Description	Document Format	Document Frequency
DSA Excel Spreadsheet MTDS Excel spreadsheet Debt service forecast Excel spreadsheet	IMF/WB DSA toolkit spreadsheet MTDS toolkit Excel spreadsheet set up for cost-risk analysis Excel spreadsheet linked to forecasts of existing debt from DMFAS	Excel	Annual

<table>
<tr><td>Step 4 to 11</td><td>DSA and preparation of MTDS, & Annual issuance calendar</td></tr>
<tr><td>Activity Description</td><td>Formulate borrowing strategies, undertake debt sustainability and cost-risk analysis, prepare annual domestic debt issuance calendar</td></tr>
<tr><td>Inputs:</td><td>List the inputs for this activity
<table>
<tr><th>Input Name</th><th>Description</th><th>Source</th><th>Format</th></tr>
<tr><td>DSA Excel Spreadsheet</td><td>IMF/WB DSA spreadsheet</td><td>DDG</td><td>Excel</td></tr>
<tr><td>MTDS Excel spreadsheet</td><td>MTDS Excel spreadsheet set up for cost-risk analysis</td><td></td><td>Excel</td></tr>
<tr><td>DMFAS</td><td>Public Debt stock and debt service forecasts / projections</td><td></td><td>Excel</td></tr>
<tr><td>Word template for Annual issuance calendar</td><td>Treasury bill and Treasury bond issuance calendar for the fiscal year</td><td></td><td>Word</td></tr>
</table>
</td></tr>
</table>

<table>
<tr><td rowspan="4">Outputs:</td><td colspan="3">List the outputs for this activity</td></tr>
<tr><td>Output Name</td><td>Description</td><td>Destination</td></tr>
<tr><td>DSA report</td><td>Undertake DSA, prepare table of debt sustainability indicators, and draft write-up for inclusion in MTDS</td><td>Chief Economist
DMC</td></tr>
<tr><td>Cost-risk analysis and draft MTDS</td><td>Analyze the cost and risk of the existing debt using the IMF/WB MTDS toolkit
Undertake analysis and strategy selection covering (1) analysis, assumptions and forecasts; and (2) selected borrowing strategies
Prepare recommendations based on the costs and risks identified for the four borrowing strategies
Draft MTDS</td><td>Chief Economist
DMC</td></tr>
<tr><td></td><td>Annual domestic debt issuance calendar</td><td>Prepare the weekly issuance calendar for Treasury bills with Announcement, Auction, and Settlement dates
Prepare the monthly issuance calendar for Treasury bonds with the Tenor, along with Announcement, Open Book, Closing Book, and Settlement dates
Prepare issuance calendar announcement</td><td>Chief Economist
DMC</td></tr>
<tr><td>Executed By:</td><td colspan="3">Debt Directorate General (staff prepare and sign-off by the Director General)</td></tr>
</table>

<table>
<tr><th>Step 12 to 14</th><th>Minister/Cabinet/Parliament approval</th></tr>
<tr><td>Activity Description</td><td>Submit MTDS for review and approval</td></tr>
<tr><td>Inputs:</td><td>List the inputs for this activity
<table>
<tr><th>Input Name</th><th>Description</th><th>Source</th><th>Format</th></tr>
<tr><td>Draft MTDS</td><td>Submit draft MTDS for review by DMC in order to ensure consistency with budget framework paper and monetary policy</td><td>BNR
DMC</td><td>Word</td></tr>
<tr><td>MTDS</td><td>Submit MTDS for approval by the Minister and Cabinet</td><td>Minister/ Cabinet</td><td>Word</td></tr>
<tr><td>Annual domestic debt issuance calendar</td><td>Prepare Annual issuance calendar announcement</td><td>DDG</td><td>Word/PDF</td></tr>
</table>
</td></tr>
<tr><td>Outputs:</td><td>List the outputs for this activity
<table>
<tr><th>Output Name</th><th>Description</th><th>Destination</th><th>Format</th></tr>
<tr><td>MTDS Approval</td><td>Approval of the MTDS by the Minister, Cabinet, and Parliament</td><td>Budget annex</td><td>Word</td></tr>
<tr><td>Annual issuance calendar</td><td>Annual issuance calendar announcement</td><td>BNR website</td><td>PDF</td></tr>
</table>
</td></tr>
<tr><td>Executed By:</td><td>Debt Directorate General (staff prepare and sign-off by the Director General)</td></tr>
</table>

<table>
<tr><th>After MTDS Approval</th><th>Publication of MTDS and Domestic Debt Issuance Calendar</th></tr>
<tr><td>Activity Description</td><td>The MTDS will be published as an annex to the Budget and on the MINECOFIN website; and the issuance calendar will be posted to the BNR website</td></tr>
<tr><td>Inputs:</td><td>List the inputs for this activity
<table>
<tr><th>Input Name</th><th>Description</th><th>Source</th></tr>
<tr><td>MTDS</td><td>MTDS approved by Minister and Cabinet</td><td>Budget annex</td></tr>
<tr><td>Annual issuance calendar</td><td>Treasury bill and Treasury bond issuance calendar for the fiscal year</td><td>BNR website</td></tr>
</table></td></tr>
<tr><td>Outputs:</td><td>List the outputs for this activity
<table>
<tr><th>Output Name</th><th>Description</th><th>Destination</th></tr>
<tr><td>MTDS</td><td>1. Objectives and scope of the MTDS
2. Background and development of the debt portfolio
3. Analysis of risks in the public debt portfolio with the cost-risk matrix
4. External sources of financing for future needs
5. Macro-market environment for debt management in Rwanda
6. Analysis and strategy selection
7. Recommendations based on the costs and risks identified for the four borrowing strategies
8. Portfolio benchmarks for each risk set out in the cost and risk matrix
9. Annexes derived from MTDS toolkit output</td><td>Executive Management and Budget Annex</td></tr>
<tr><td>Annual issuance calendar</td><td>1. Weekly issuance calendar for Treasury bills with Announcement, Auction, and Settlement dates
2. Monthly issuance calendar for Treasury bonds with the Tenor, along with Announcement, Open Book, Closing Book, and Settlement dates</td><td>DMC & BNR</td></tr>
</table></td></tr>
</table>

<table>
<tr><td>Executed By:</td><td>Debt Directorate General (staff prepare and sign-off by the Director General)</td></tr>
<tr><td>Reports</td><td>List the reports produced by or required for this activity
<table>
<tr><th>Report Name</th><th>Report Description</th><th>Report Frequency</th></tr>
<tr><td>MTDS</td><td>Medium Term Debt Strategy for three fiscal years</td><td>Annual</td></tr>
<tr><td>Annual issuance calendar</td><td>Treasury bill and Treasury bond issuance calendar for the fiscal year posted to BNR website</td><td>Annual</td></tr>
</table>
</td></tr>
</table>

3. Contracting External Loans

General Description

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 the National Strategy for Transformation (NST1) 2017-2024 and Vision 2050. The prerequisite for all projects to be included in the National Investment Policy (dated April 2017) is the approval by Public Investment Committee (PIC). As stipulated in NST1 (paragraph 101), "All public projects funded for implementation to be appraised by the Public investment Committee as provided by the National Investment Policy to assure their quality and desired impact. Feasibility studies will be undertaken before implementing projects in line with the aforementioned policy."

The 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 onlent to a government agency or public enterprise responsible for the project that will be contracted and documented in an onlending or subsidiary loan agreement.

After the signature of any financial agreement between the GoR represented most of the time by MINECOFIN and one of its Development Partners, 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.

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 consultation and contracting process. The process to be followed will be in accordance with the procurement policies and procedures of the relevant development partner (donor or lending agency).

Workflow Summary

The National Planning Directorate will undertake the initial appraisal through a technical committee of PIC to ensure that each project meets the necessary requirements, (i.e. ensure compliance with national policies and the project is on the priority list). Informal discussions are conducted with potential development partners (donors) to agree on the funding source. DDG will assess the cost-benefit for each loan using an in-house developed tool, which is used in the decision-making and negotiation processes. A letter is prepared for the Minister to formally notify the development partner along with a list of the negotiation team comprising the Minister, and representatives from National Planning Directorate, National Budget Department, Debt Directorate, Line Ministry and Legal (Treasury Counsel Directorate).

EFD will lead contract negotiations while informing the Minister when required. Once the negotiations are complete, EFD submits a report to the Minister including a letter to the development partner confirming agreement to the project (noting that some development partners may need to take it to their Board). DDG in consultation with the Treasury Counsel Directorate will ensure that all legal and loan documentation is completed. On the date of signing, the Minister of Finance or an appointed loan agent under a warrant or power of attorney will sign the agreement(s) and associated documents. This initiates the ratification process whereby the signed agreements are sent to the Office of the Prime Minister (PRIMATURE) and then discussed at Cabinet before submission to Parliament for approval and signing by the President under a Parliamentary Order. The Ministry of Justice (MINIJUST) prepares the legal opinion, which is then sent to MINECOFIN, line ministry and development partner for effectiveness. DDG has established a process which will include the following steps:

Step 1 – 4: External loan consultations

1. National Planning Directorate technical committee of PIC undertakes the initial appraisal to ensure compliance with national policies and that the project is on the priority list
2. Extensive pre-consultations led by the Public Investment Technical team to agree the structure and technical specifications of the project.
3. EFD reviews the development partner (funding agency) loan proposal submitted to MINECOFIN, line ministry or other government agency to agree:

- funding sources, including grant and loan components
- project financing terms
- conditions to apply for effectiveness of the loan

4. EFD prepares documents to submit to the Minister for approval:
   - concept paper with indicative loan terms and conditions
   - pre-negotiation minutes and approval to proceed with loan negotiations

<u>Step 5 – 6: External loan negotiations</u>

5. EFD leads negotiations with the development partner with a team from National Planning Directorate, National Budget Department, Debt Directorate, Line Ministry and Legal (Treasury Counsel Directorate), along with Ministry of Foreign Affairs, if necessary, to:
   - agree technical components of the project
   - agree loan terms and conditions and conclude the loan agreement
   - negotiate and agree legal documentation
   - prepare loan agent's warrant/power of attorney (if Minister of Finance cannot sign)
   - finalize all documentation and forward to the Chief Economist
6. Chief Economist signs off loan documents and submits to the Minister

<u>Step 7 – 14: Signing, ratification and effectiveness</u>

7. Minister of Finance or an appointed loan agent under a warrant or power of attorney signs the agreement(s) and associated documents
8. The Treasury Counsel in collaboration with EFD sends signed agreements and necessary documents to Office of the Prime Minister (PRIMATURE) for discussion and approval at Cabinet:
   - Transmission letter to PRIMATURE
   - Cabinet Paper
   - Draft Law
   - Copy of the signed Financing Agreement
9. The Treasury Counsel in collaboration with EFD prepares required documents for seeking adoption by Parliament:

- Transmission letter to PRIMATURE for the submission of the bill approved by Cabinet to Parliament
- Explanatory Note
- Draft Law
- Hon. Minister's speech for Parliament

10. The Treasury Counsel in collaboration with EFD prepares required documents for seeking the ratification by H.E. the President of the Republic of Rwanda:

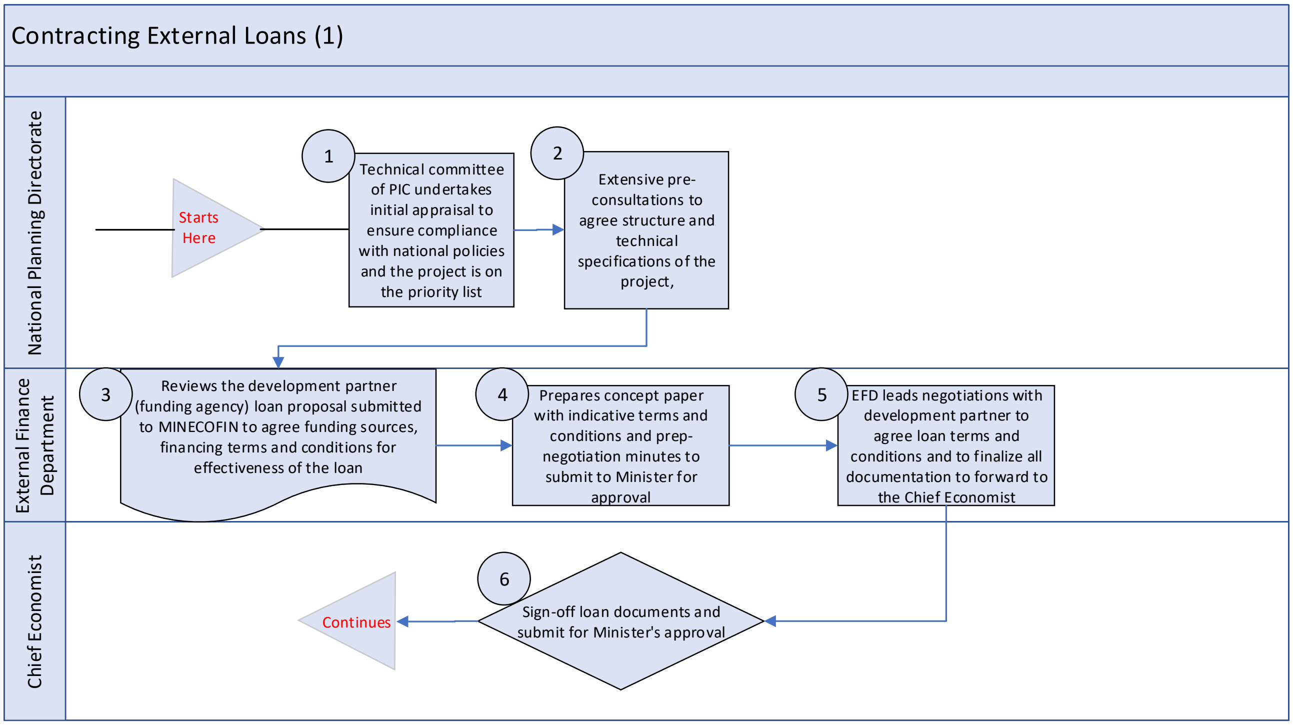
- Presidential Order
- Legal Opinion
- Transmission letter to MINIJUST of the above two legal instruments

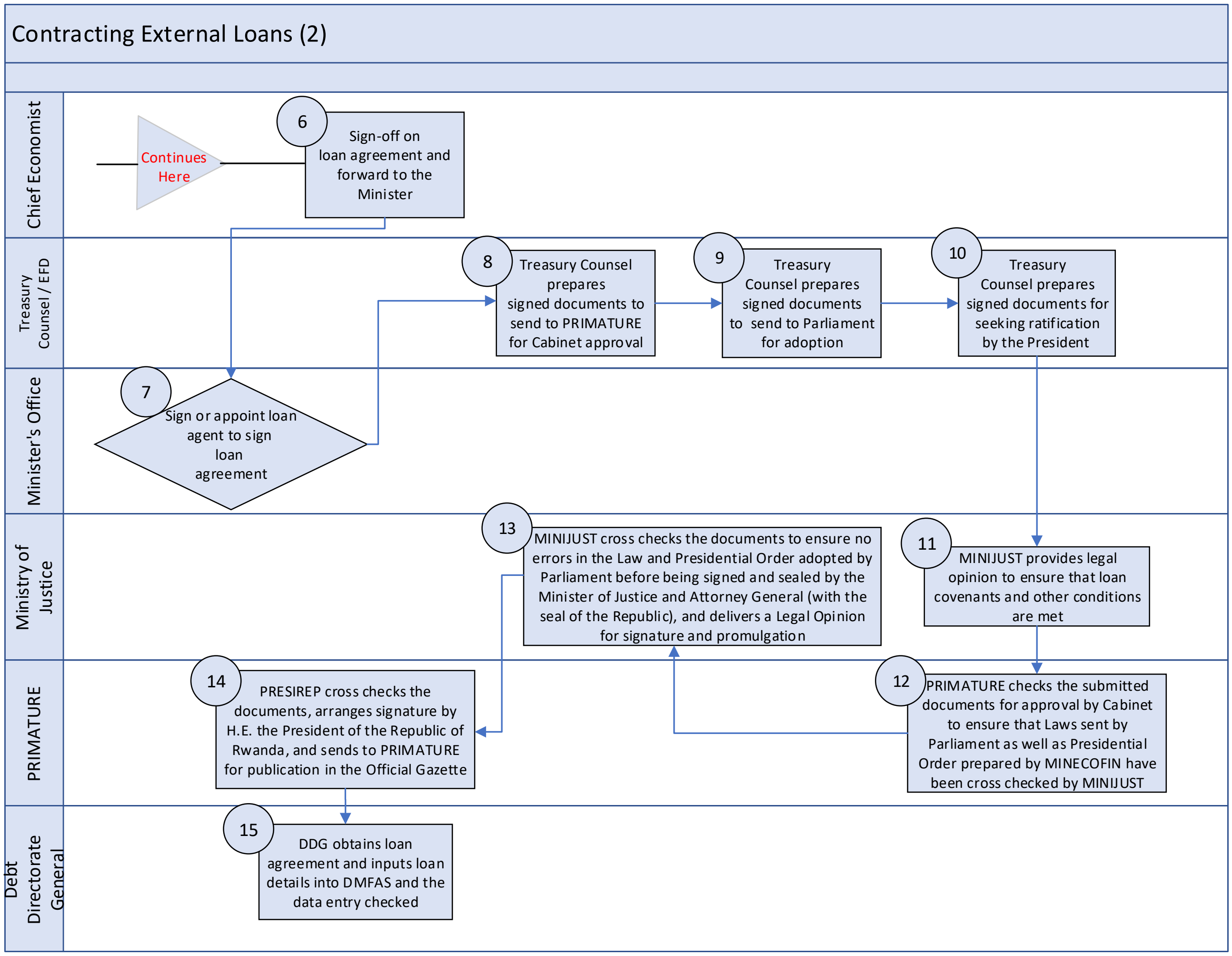
11. The Treasury Counsel in collaboration with EFD obtains legal opinion from Ministry of Justice (MINIJUST) to ensure that loan covenants and other conditions are met, which is sent to the line ministry and development partner for effectiveness
12. PRIMATURE checks the submitted documents for approval by Cabinet to 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 under the Presidential Order
13. MINIJUST cross checks the 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), and delivers a Legal Opinion (prepared by MINECOFIN) for signature and promulgation
14. Presidency Office (PRESIREP) cross checks the documents, arranges signature by H.E. the President of the Republic of Rwanda, and sends to PRIMATURE for publication in the Official Gazette

Step 15: Loan entry

15. DDG obtains loan agreement from EFD and inputs loan details into DMFAS (using the User Manual if needed), which are checked against the loan agreement by a second staff member

Workflow Diagram





Activity Definitions

This section is a description of each step to be followed when contracting external loans. This includes an input, an action, and an output. It also shows who has the responsibility to undertake the action, key indicators which show that the action was performed as per the best practices, and finally it shows if the action implies a report, or if any data is being produced as a result of the activity taking place.

Step 1 to 4	**External Loan Consultations**
Activity Description	Initial appraisal and pre-consultations with development partner or funding agency

<table>
<tr><td>Inputs:</td><td>List the inputs for this activity
<table>
<tr><th>Input Name</th><th>Description</th><th>Source</th><th>Format</th></tr>
<tr><td>Project proposal</td><td>Initial appraisal to ensure compliance with national policies and that the project is on the priority list

Pre-consultations with Development Partner(s) on the project proposal

Review of loan proposal

Preparation of concept paper and approval to proceed</td><td>PIC Technical Committee
EFD
MINECOFIN
Line Ministry
Development Partner(s)</td><td></td></tr>
</table></td></tr>
<tr><td>Outputs:</td><td>List the outputs for this activity
<table>
<tr><th>Output Name</th><th>Description</th><th>Destination</th><th>Format</th></tr>
<tr><td>Pre-negotiation minutes</td><td>Pre-negotiation minutes to provide approval to proceed with loan negotiations</td><td>Minister</td><td></td></tr>
<tr><td>Concept paper</td><td>Concept paper with:
the structure and technical specifications of the project
funding sources, including grant and loan components
project financing indicative loan terms and conditions
conditions to apply for effectiveness of the loan
letter for Minister to send to development partner</td><td>Minister</td><td></td></tr>
<tr><td>Cost benefit analysis</td><td>Cost-benefit for loan using the DDG in-house developed tool</td><td>Minister</td><td></td></tr>
</table></td></tr>
<tr><td>Executed By:</td><td>External Finance Directorate General</td></tr>
</table>

Step 5 to 6	External Loan Negotiations
Activity Description	Loan negotiations with development partner or funding agency and submission of loan agreement to the Minister for signature
Inputs:	List the inputs for this activity

Input Name	Description	Source	Format
Project proposal	EFD leads negotiations to: • agree technical components of the project • agree loan terms and conditions and conclude the loan agreement • negotiate and agree legal documentation • prepare loan agent's warrant / power of attorney (if Minister cannot sign)	PIC National Budget DDG Line Ministry Legal (Treasury Counsel Directorate) Ministry of Foreign Affairs (if necessary)	

Outputs:	List the outputs for this activity

Output Name	Description	Destination	Format
Loan documents	Loan documents forwarded to the Chief Economist	Chief Economist	
Loan agreement	Loan agreement and associated documents sent to the Minister for signing	Minister	

Executed By:	External Finance Directorate General

Step 7 to 14	**Signing, Ratification and Effectiveness**
Activity Description	Loan agreement signed by the Minister, legal opinion from MINIJUST, submission to PRIMATURE for discussion and approval at Cabinet, adoption by Parliament, and ratification by the President
Inputs:	List the inputs for this activity

Input Name	Description	Source	Format
Loan documents	EFD prepares: • signed loan agreement • documents for Cabinet, Parliament and the President	EFD Development Partner	
Legal opinion	MINIJUST: • prepares Legal Opinion for signature and promulgation to ensure that loan covenants and other conditions are met • cross checks 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)	MINECOFIN	
Cabinet papers	Treasury Counsel prepares Cabinet submission and sends signed documents to PRIMATURE and Cabinet	MINECOFIN	
Parliament submission	Treasury Counsel prepares documents for seeking adoption by Parliament	PRIMATURE	
Presidential order	Treasury Counsel prepares required documents for seeking the ratification by H.E. the President of the Republic of Rwanda	MINECOFIN PRIMATURE	

<table>
<tr><td>Outputs:</td><td>List the outputs for this activity
<table>
<tr><th>Output Name</th><th>Description</th><th>Destination</th><th>Format</th></tr>
<tr><td>Cabinet approval</td><td>Transmission letter
Cabinet Paper
Draft Law
Copy of the signed Financing Agreement</td><td>PRIMATURE
Cabinet</td><td></td></tr>
<tr><td>Adoption by Parliament</td><td>Explanatory Note
Draft Law
Hon. Minister's speech</td><td>Parliament</td><td></td></tr>
<tr><td>Signing by the President</td><td>Presidential Order
Legal Opinion
Transmission letter to MINIJUST of the above two legal instruments</td><td>PRESIREP</td><td></td></tr>
</table>
</td></tr>
<tr><td>Executed By:</td><td>Treasury Counsel Directorate General</td></tr>
</table>

<table>
<tr><td>Step 15</td><td>Loan Entry</td></tr>
<tr><td>Activity Description</td><td>Inputs of loan details into DMFAS</td></tr>
<tr><td>Inputs:</td><td>List the inputs for this activity
<table>
<tr><th>Input Name</th><th>Description</th><th>Source</th><th>Format</th></tr>
<tr><td>Loan agreement</td><td>DDG obtains loan agreement and inputs loan details into DMFAS, and checked by a second staff member</td><td>EFD</td><td></td></tr>
</table>
</td></tr>
<tr><td>Outputs:</td><td>List the outputs for this activity
<table>
<tr><th>Output Name</th><th>Description</th><th>Destination</th><th>Format</th></tr>
<tr><td>DMFAS</td><td>DMFAS updated with new loan</td><td>DMFAS</td><td></td></tr>
</table>
</td></tr>
<tr><td>Executed By:</td><td>Debt Directorate General</td></tr>
</table>

4. Recording External Loans

General Description

Once the contracting of loans has been concluded, DDG will need to record and process all external 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 development partner or lender to the borrowing government that constitutes disbursement; under the direct payment approach, it is the moment when the development partner or lender pays the supplier; and under the reimbursement approach, it is when reimbursements are made to the borrowing government. DDG will keep track of these transactions and reconcile its records at regular intervals with the creditor notices and 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 development partner or lender are set out in the disbursement profile during the disbursement period. This process of flow of funds from the development partners or lenders to the beneficiaries is known as "disbursement". All development partners or lenders 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
- **Direct Payment:** direct payment by the development partner or lender to suppliers of goods and services
- **Reimbursement:** on a reimbursement basis after the borrower has already paid the suppliers

In some cases, MINECOFIN is the authorized agency that is responsible for arranging disbursements from the development partner or lender following the prescribed policies and procedures in the respective loan agreements. This will involve DDG 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 development partner or lender. Also, all disbursement advices or notices from the development partner or lender to the beneficiary will be routed through MINECOFIN.

DDG needs to determine the date and amount of all disbursements by gathering this information through receipt of disbursement notices from the line ministry and/or project agency or the development partner (lender or funding agency), or by accessing development partner websites (e.g. World Bank and African Development Bank), contacting the development partner directly, and/or contacting the line ministry. The disbursements will be entered into DMFAS.

Workflow Summary

Following the signing of the loan agreement, DDG 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 one of the DDG team and checked by another team member. DDG will record disbursements according to one of the following methods:

- **Advances:** when the development partner or lender advances funds to the borrowing entity. DDG gathers this information through receipt of disbursement notices from the project agency and/or the development partner, or by accessing development partner websites (e.g. World Bank and African Development Bank), contacting creditors directly, and/or contacting line ministries.
- **Direct Payment:** when the development partner or lender pays the supplier of goods and services. DDG gathers this information through receipt of disbursement notices from the project agency and/or the development partner, or by accessing development partner websites (e.g. World Bank and African Development Bank), contacting creditors directly, and/or contacting line ministries.
- **Reimbursement:** when the development partner or lender makes reimbursements to the borrower for payments already made to suppliers. DDG may be required to prepare withdrawal or replenishment applications to send to the funding agency. DDG will check and process the application and gather the disbursement information through receipt of disbursement notices from the project agency and/or the development partner, or by accessing development partner websites (e.g. World Bank and African Development Bank,), contacting creditors directly, and/or contacting line ministries.

DDG has established a process which will include the following steps:

<u>Step 1 – 4: Recording disbursement advances and direct payments</u>

1. DDG receives loan disbursement advice from line ministry, project agency and/or the development partner, or by accessing the development partner website
2. A staff member in DDG:
    - checks disbursement for compliance with the loan agreement and funding agency policies and procedures
    - inputs details of the disbursement into DMFAS (using the User Manual if needed)

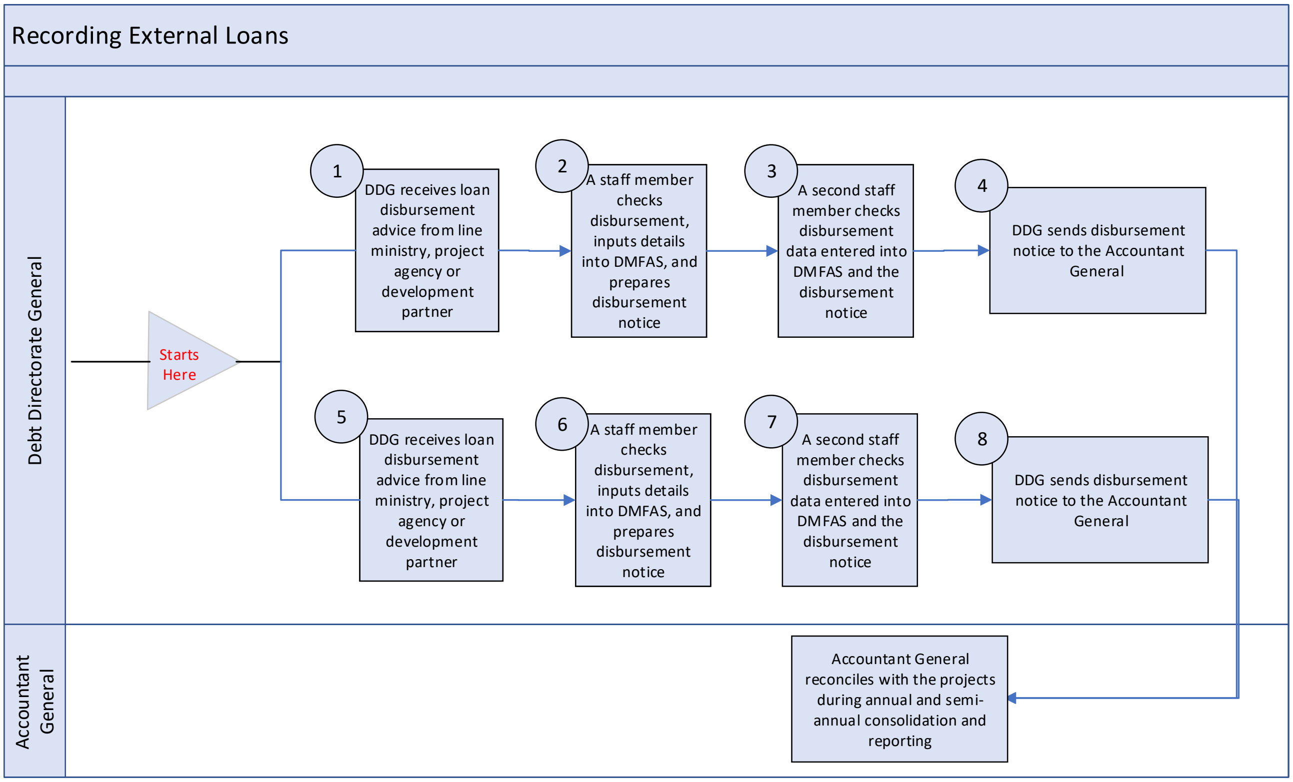
- prepares a disbursement notice either generated from DMFAS or manually setting out the receipt currency, amount, date and bank account

3. A second staff member in DDG checks disbursement data entered into DMFAS and the disbursement notice
4. DDG sends disbursement notice to the Accountant General for reconciliation with the projects during annual and semi-annual consolidation and reporting

<u>Step 5 – 8: Recording disbursement replenishments</u>

5. DDG receives loan disbursement advice from line ministry, project agency and/or the development partner, or by accessing development partner website
6. A staff member in DDG:
   - checks disbursement against withdrawal/replenishment application
   - inputs details of the disbursement into DMFAS (using the User Manual if needed)
   - prepares a disbursement notice either generated from DMFAS or manually setting out the receipt currency, amount, date and bank account
7. A second staff member in DDG checks disbursement data entered into DMFAS and the disbursement notice
8. DDG sends disbursement notice to the Accountant General for reconciliation with the projects during annual and semi-annual consolidation and reporting

Workflow Diagram



Activity Definitions

This section is a description of each step to be followed when recording external loans. This includes an input, an action, and an output. It also shows who has the responsibility to undertake the action, key indicators which show that the action was performed as per the best practices, and finally it shows if the action implies a report, or if any data is being produced as a result of the activity taking place.

<table>
<tr><th>Step 1 to 4</th><th>Recording Disbursement Advances and Direct Payments</th></tr>
<tr><td>Activity Description</td><td>Following the signing of the loan agreement, DDG will input the loan disbursements into DMFAS</td></tr>
<tr><td>Inputs:</td><td>List the inputs for this activity
<table>
<tr><th>Input Name</th><th>Description</th><th>Source</th><th>Format</th></tr>
<tr><td>Loan disbursement advice</td><td>Receive loan disbursement advice
A staff member in DDG:
• checks disbursement for compliance
• inputs details of the disbursement into DMFAS
• prepares a disbursement notice either generated from DMFAS or manually setting out the receipt currency, amount, date and bank account
A second staff member in DDG checks disbursement data entered into DMFAS and the disbursement notice
DDG sends disbursement notice to the the Accountant General for reconciliation with the projects during annual and semi-annual consolidation and reporting</td><td>Line Ministry
Project Agency
Development Partner (website)</td><td></td></tr>
</table></td></tr>
<tr><td>Outputs:</td><td>List the outputs for this activity
<table>
<tr><th>Output Name</th><th>Description</th><th>Destination</th><th>Format</th></tr>
<tr><td>Loan disbursement</td><td>Disbursement recorded in DMFAS</td><td>Accountant General</td><td></td></tr>
</table></td></tr>
<tr><td>Executed By:</td><td>Debt Directorate General</td></tr>
</table>

<table>
<tr><th>Step 5 to 8</th><th>Recording Disbursement Replenishments</th></tr>
<tr><td>Activity Description</td><td>DDG will record the loan withdrawal or replenishment payment into DMFAS</td></tr>
<tr><td>Inputs:</td><td>List the inputs for this activity
<table>
<tr><th>Input Name</th><th>Description</th><th>Source</th><th>Format</th></tr>
<tr><td>Loan disbursement</td><td>Receive loan disbursement advice
A staff member in DDG:
checks disbursement against withdrawal/replenishment application
inputs details of the disbursement into DMFAS
prepares a disbursement notice either generated from DMFAS or manually setting out the receipt currency, amount, date and bank account
A second staff member in DDG checks disbursement data entered into DMFAS and the disbursement notice</td><td>Line Ministry
Project Agency
Development Partner</td><td></td></tr>
</table></td></tr>
<tr><td>Outputs:</td><td>List the outputs for this activity
<table>
<tr><th>Output Name</th><th>Description</th><th>Destination</th><th>Format</th></tr>
<tr><td>Loan disbursement</td><td>Disbursement recorded in DMFAS</td><td>DMFAS</td><td></td></tr>
</table></td></tr>
<tr><td>Executed By:</td><td>Debt Directorate General</td></tr>
</table>

5. Servicing External Loans

General Description

Debt servicing activities cover the payment of principal, interest and other charges associated with all external loan obligations of the GoR. The payment process is initiated by DDG, which is responsible for recording government debt obligations. Where possible, one staff member will manage the process with another staff member checking. For payments, the Director of DDG checks the payment orders before they are submitted to the Director of Finance and Treasury Management Department. The Integrated Financial Management Information System (SmartIFMIS) 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 SWIFT payment system.

Workflow Summary

Payment advices are received from the development partner or lender by the Minister of State in Charge of National Treasury which are delivered and checked by DDG, or sent directly to DDG by email and then checked. If there is any discrepancy with debt information in DMFAS, DDG will contact the development partner or fiscal agent to reconcile the difference. A payment order is prepared using SmartIFMIS, a copy printed and signed by a credit officer and the Director of Finance in the Corporate Services Department. It is then sent to the Chief Budget Manager for signing and finally to the Deputy Accountant General in charge of Treasury Operations for final signature and authorization. The Deputy Accountant General in charge of Treasury Operations 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 Treasury Single Account at BNR. BNR will make payment using SWIFT in foreign currency to the designated bank account of the funding agency. BNR will make payment to the development partner or fiscal agent out of the foreign exchange reserves and debit the Treasury Single Account with the Rwandan Franc equivalent converted at the official BNR mid-point exchange rate.

DDG has established a process which will include the following steps:

<u>Step 1 – 4: Payment notice</u>

1. DDG receives payment notice from the Minister of State in Charge of National Treasury or directly by email as sent by the development partner or fiscal agent
2. A staff member in DDG:

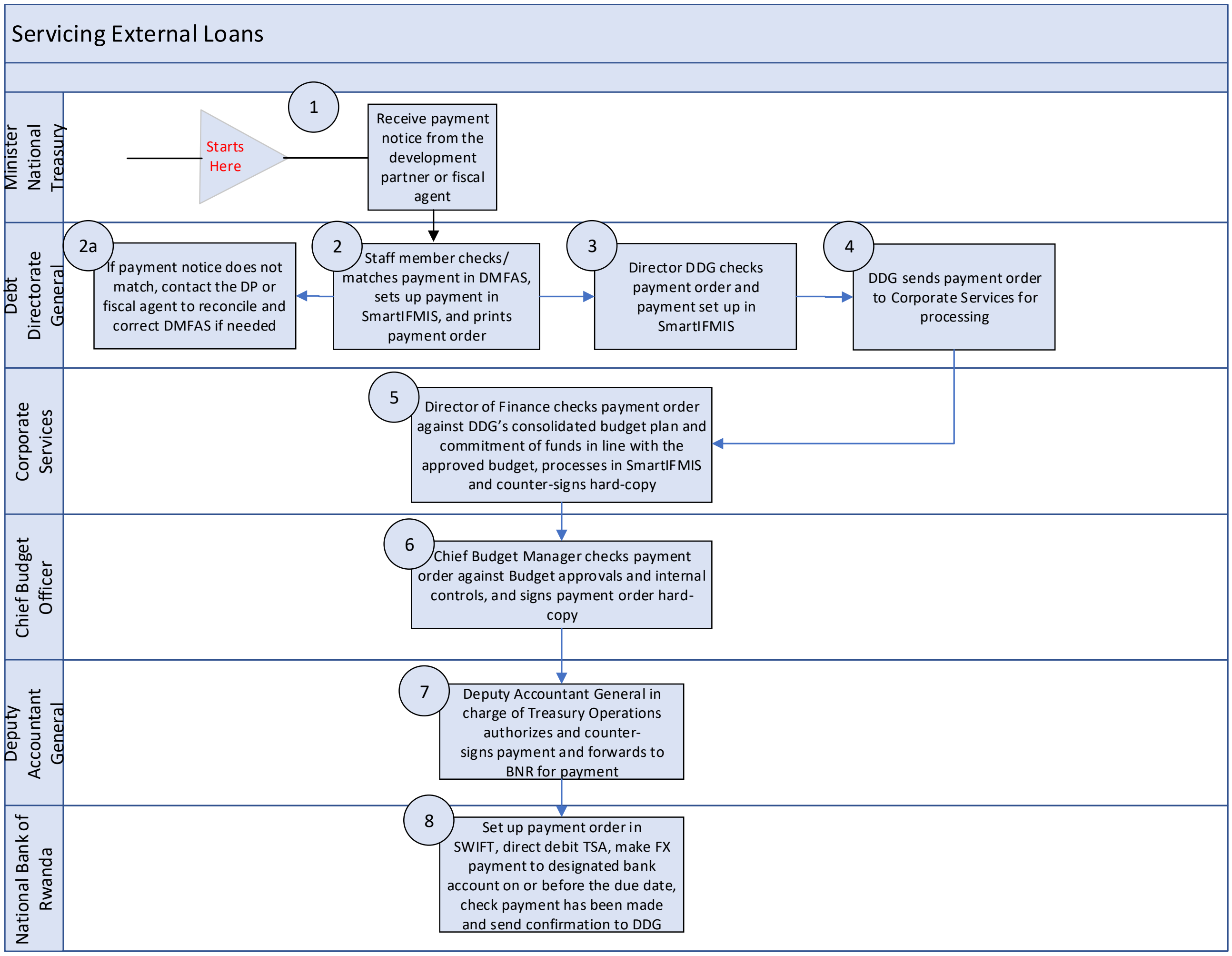
- checks payment notice against data in DMFAS
- if payment notice does not match DMFAS, contact the development partner or fiscal agent to identify difference and make necessary amendments to DMFAS if data is incorrect
- enter payment into SmartIFMIS and prints payment order

3. The Director DDG checks payment order and payment set up in SmartIFMIS
4. DDG notifies/sends payment order to Corporate Services Department for processing

Step 5 – 8: Payment order

5. Director of Finance in the Corporate Services Department checks payment order against DDG's consolidated budget plan and commitment of funds in line with the approved budget, processes in SmartIFMIS and counter-signs hard-copy, and forwards to the Chief Budget Manager
6. Chief Budget Manager checks payment order against Budget approvals and internal controls, signs payment order hard-copy and forwards to Deputy Accountant General in charge of Treasury Operations
7. Deputy Accountant General in charge of Treasury Operations authorizes and counter-signs payment order and forwards to BNR for payment
8. BNR:
   - receives and checks payment order from Deputy Accountant General in charge of Treasury Operations
   - sets up FX payment in SWIFT and direct debit from GoR Treasury Single Account
   - makes FX payment through SWIFT and direct debits the GoR Treasury Single Account on or before the due date with the Rwandan Franc equivalent converted at the official BNR mid-point exchange rate
   - checks FX payment has been made and sends confirmation to DDG

Workflow Diagram



Activity Definitions

This section is a description of each step to be followed when servicing external loans. This includes an input, an action, and an output. It also shows who has the responsibility to undertake the action, key indicators which show that the action was performed as per the best practices, and finally it shows if the action implies a report, or if any data is being produced as a result of the activity taking place.

Step 1 to 4	Payment Notice
Activity Description	DDG will process the payment advice received from the development partner or fiscal agent, check against the debt data in DMFAS, and prepare the payment order

<table>
<tr><td>Inputs:</td><td>List the inputs for this activity
<table>
<tr><th>Input Name</th><th>Description</th><th>Source</th><th>Format</th></tr>
<tr><td>Payment advice</td><td>Receive payment notice from the Minister of State in Charge of National Treasury or directly by email as sent by the development partner or fiscal agent

A staff member in DDG:
checks payment notice against data in DMFAS
if payment notice does not match DMFAS, contact the development partner or fiscal agent to identify difference and make necessary amendments to DMFAS if data is incorrect
enter payment into SmartIFMIS and prints payment order
The Director DDG checks payment order and payment set up in SmartIFMIS

DDG notifies/sends payment order to Corporate Services Department for processing</td><td>Development Partner or Fiscal Agent</td><td></td></tr>
</table></td></tr>
<tr><td>Outputs:</td><td>List the outputs for this activity
<table>
<tr><th>Output Name</th><th>Description</th><th>Destination</th><th>Format</th></tr>
<tr><td>Payment order</td><td>Payment order prepared for processing and payment

Submitted to the Director Finance</td><td>Director Finance</td><td></td></tr>
</table></td></tr>
<tr><td>Executed By:</td><td>Debt Directorate General</td></tr>
</table>

<table>
<tr><td>Step 5 to 8</td><td>Payment Order</td></tr>
<tr><td>Activity Description</td><td>DDG will submit the payment order to Director of Finance, Chief Budget Manager and Deputy Accountant General in charge of Treasury Operations for processing and arranging payment through BNR</td></tr>
<tr><td>Inputs:</td><td>List the inputs for this activity
<table>
<tr><th>Input Name</th><th>Description</th><th>Source</th><th>Format</th></tr>
<tr><td>Payment order</td><td>Director of Finance in the Corporate Services Department checks payment order against DDG’s consolidated budget plan and commitment of funds in line with the approved budget, processes in SmartIFMIS and counter-signs hard-copy, and forwards to the Chief Budget Manager

Chief Budget Manager checks payment order against Budget approvals and internal controls, signs payment order hard-copy and forwards to Deputy Accountant General in charge of Treasury Operations

Deputy Accountant General in charge of Treasury Operations authorizes and counter-signs payment order and forwards to BNR for payment</td><td>DDG</td><td></td></tr>
</table>
</td></tr>
</table>

<table>
<tr>
<td>Outputs:</td>
<td>List the outputs for this activity
<table>
<tr><th>Output Name</th><th>Description</th><th>Destination</th><th>Format</th></tr>
<tr><td>Payment order</td><td>Payment order processed, approved and submitted to BNR for effecting payment by the due date

BNR makes FX payment through SWIFT and direct debits GoR Treasury Single Account on or before the due date and sends confirmation to DDG</td><td>BNR</td><td></td></tr>
</table>
</td>
</tr>
<tr>
<td>Executed By:</td>
<td>Debt Directorate General</td>
</tr>
</table>

6. Issuance of Treasury Bills and Bonds

General Description

The Budget and Annual Appropriation from Parliament will set out the authority for MINECOFIN to issue securities in the domestic market. The issuance calendar is set by the Treasury Management Committee (TMC) for the fiscal year and published showing the announcement date, auction date, and settlement date for Treasury bills and tenor, announcement date, open book date, closing book date, and settlement date for Treasury bonds. DDG will announce details of the issuance calendar in media statements issued at the time of the GoR's Budget and periodically during the year (quarterly or monthly), which is published on the BNR website:

https://www.bnr.rw/browse-in/financial-market/money-market-instruments

BNR acts as the agent for MINECOFIN in running the weekly auction of Treasury bills and monthly issuance of Treasury bonds using a book building process. Treasury bonds can be reopened to build up benchmark sized issues. BNR will monitor market conditions (interest rates, spreads, other issuers in the market, etc), maintain an investor relations program to test demand with investors. The TMC will meet quarterly to confirm the issuance calendar based on the government's cash position which DDG through BNR will use in setting the level of Treasury bills for issuance. The TMC can change the amount to be raised from the market, but they do not change the tenor.

BNR acts as the settlement agent, clearing house and registry for government securities, which are registered in the CSD platform that records the holders of the securities in book entry format (physical certificates will be issued on request). The CSD includes an integrated primary trading (auction) module and an application (tightly linked with the Real Time Gross Settlement (RTGS) function of the Automated Transfer System (ATS) branded as "Rwanda Integrated Payment Processing System (RIPPS)) for the settlement of securities transactions, following the principle of Delivery versus Payment (DvP).

Workflow Summary

Details of individual Treasury bill auctions are released each Friday (in a public notice with the amount offered for maturities of 28-days, 91-days, 182-days and 364-days) the week prior to the auction that is held on Thursday with a cut-off of 3pm and announcement of results by 4pm. Settlement is on Friday (T+1). Treasury bill bids are sent to BNR electronically using the CSD platform. 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. Auction results will be announced via RIPPS and BNR website with confirmations sent to successful bidders.

Details of the Treasury bond(s) to be offered is announced in a prospectus (that sets out the terms and conditions of the bond) on the first business day of the month, and the book is opened on the third Monday and closes at 4pm on the subsequent Wednesday with results announced at 5pm. Settlement is on Friday (T+2). Treasury bond bids are sent to BNR electronically using the CSD platform. A unique bond price discovery using the book building system is used to allocate bids to successful bidders according to the EAC common market protocol. The order of priority is (1) retail investors (domestic); (2) institutional investors (domestic and regional); and (3) banks. BNR will be responsible for managing the process including agreeing the allocation and signing-off the results. A representative from DDG may attend and participate in this process. Issuance results will be announced on the BNR website with confirmations sent by email to successful bidders.

Once an auction of Treasury bills or issue of Treasury bonds has been completed, BNR is responsible for ensuring that the net proceeds are paid into the Treasury Single Account and the registry (CSD platform) updated to capture the debt that has been issued. BNR uses a direct debit authority to transfer funds from the bank accounts of the successful bidders at BNR to the Treasury Single Account. DDG is responsible for ensuring that these transactions are recorded in DMFAS, and the Deputy Accountant General/National Treasury Management Department is notified of these activities. BNR and DDG have established a process which will include the following steps:

Step 1 – 3: Issuance of Treasury Bills

1. BNR will announce the Treasury bill auction each Friday in a public notice and on the BNR website with the amount offered for maturities of 28-days, 91-days, 182-days and 364-days
2. BNR will conduct the auction which is held on Thursday with bids sent electronically using the CSD platform by the cut-off time of 3pm (Kigali time)
3. BNR will collate the bids, agree the allocation and sign-off of the auction, with results announced at 4pm (Kigali time) via RIPPS and BNR website and confirmations sent to successful bidders by email

Step 4 – 6: Issuance of Treasury Bonds

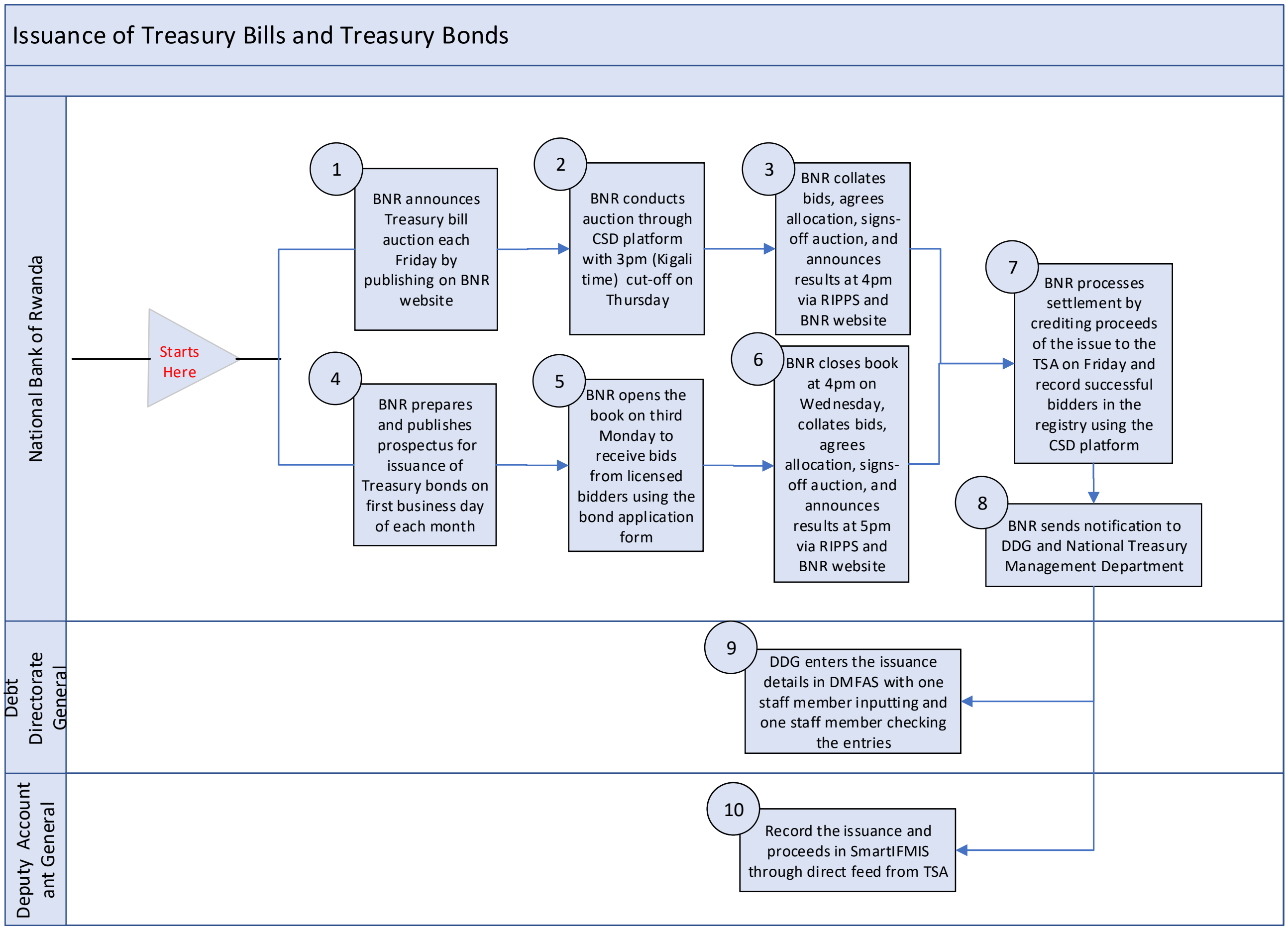
4. BNR will prepare and publish the prospectus that sets out all the details of issuance and the terms and conditions of the bond on the first business day of the month
5. BNR will open the book on the third Monday and receive bids using the bond application form available on the BNR website: www.bnr.rw to be submitted to BNR through any of the licensed commercial banks or Capital Market intermediaries

6. BNR will close the book at 4pm (Kigali time) on the subsequent Wednesday, collate and allot the bids according to the EAC common market protocol, notify successful bidders by email at 5pm (Kigali time), and publish results on the BNR website

Step 7 – 10: Settlement and Recording of Treasury Bills and Bonds

7. BNR will process the settlement by crediting the proceeds of the issue to the TSA and recording the successful bidders (holders) in the registry using the CSD platform on Friday (T+1 for Treasury bills and T+2 for Treasury bonds)
8. BNR will send notification to DDG and National Treasury Management Department
9. One staff member in DDG will enter the issuance details into DMFAS, which are checked by a second staff member
10. The Deputy Accountant General/National Treasury Management Department will record the issuance and proceeds credited to the TSA with a direct feed into SmartIFMIS

Workflow Diagram



Activity Definitions

This section is a description of each step to be followed when issuing Treasury bills and bonds. This includes an input, an action, and an output. It also shows who has the responsibility to undertake the action, key indicators which show that the action was performed as per the best practices, and finally it shows if the action implies a report, or if any data is being produced as a result of the activity taking place.

<table>
<tr><td>Step 1 to 3</td><td>Issuance of Treasury Bills</td></tr>
<tr><td>Activity Description</td><td>BNR as agent for DDG will conduct auction of Treasury bills each week</td></tr>
<tr><td>Inputs:</td><td>List the inputs for this activity
<table>
<tr><th>Input Name</th><th>Description</th><th>Source</th><th>Format</th></tr>
<tr><td>Treasury bill auction</td><td>BNR announces the Treasury bill auction each Friday in a public notice and on the BNR website with the amount offered for maturities of 28-days, 91-days, 182-days and 364-days

BNR conducts the auction on Thursday with bids sent electronically using the CSD platform by the cut-off time of 3pm (Kigali time)

BNR collates the bids, agrees the allocation and signs-off of the auction, with results announced at 4pm (Kigali time) via RIPPS and BNR website and confirmations sent to successful bidders by email</td><td>DMC
DDG</td><td></td></tr>
</table></td></tr>
<tr><td>Outputs:</td><td>List the outputs for this activity
<table>
<tr><th>Output Name</th><th>Description</th><th>Destination</th><th>Format</th></tr>
<tr><td>Treasury bill auction</td><td>Treasury bill auction completed</td><td>DDG</td><td></td></tr>
</table></td></tr>
<tr><td>Executed By:</td><td>BNR as agent for Debt Directorate General</td></tr>
</table>

<table>
<tr><th>Step 4 to 6</th><th>Issuance of Treasury Bonds</th></tr>
<tr><td>Activity Description</td><td>BNR as agent for DDG will issue Treasury bonds each month using a book building process</td></tr>
<tr><td>Inputs:</td><td>List the inputs for this activity
<table>
<tr><th>Input Name</th><th>Description</th><th>Source</th><th>Format</th></tr>
<tr><td>Treasury bond issue</td><td>BNR prepares and publishes the prospectus that sets out all the details of issuance and the terms and conditions of the bond on the first business day of the month
BNR opens the book on the third Monday and receives bids using the bond application form to be submitted through any of the licensed commercial banks or Capital Market intermediaries
BNR closes the book at 4pm (Kigali time) on the subsequent Wednesday, collates and allots the bids according to the EAC common market protocol, notifies successful bidders by email at 5pm (Kigali time), and publishes results on the BNR website</td><td>DMC
DDG</td><td></td></tr>
</table></td></tr>
<tr><td>Outputs:</td><td>List the outputs for this activity
<table>
<tr><th>Output Name</th><th>Description</th><th>Destination</th><th>Format</th></tr>
<tr><td>Treasury bond issuance</td><td>Treasury bond issue completed</td><td>DDG</td><td></td></tr>
</table></td></tr>
<tr><td>Executed By:</td><td>BNR as agent for Debt Directorate General</td></tr>
</table>

<table>
<tr><td>Step 7 to 10</td><td>Settlement and Recording of Treasury Bills and Bonds</td></tr>
<tr><td>Activity Description</td><td>BNR as agent for DDG will credit the proceeds of the issue of Treasury bills and bonds to the TSA and DDG will record the issuance in DMFAS</td></tr>
<tr><td>Inputs:</td><td>List the inputs for this activity
<table>
<tr><th>Input Name</th><th>Description</th><th>Source</th><th>Format</th></tr>
<tr><td>Treasury bill and bond issue</td><td>BNR processes the settlement by crediting the proceeds of the issue to the TSA and recording the successful bidders (holders) in the registry using the CSD platform on Friday (T+1 for Treasury Bills and T+2 for Treasury Bonds)

BNR sends notification to DDG and National Treasury Management Department

One staff member in DDG will enter the issuance details into DMFAS, which are checked by a second staff member

The Deputy Accountant General / National Treasury Management Department will record the issuance and proceeds credited to the TSA with a direct feed into SmartIFMIS</td><td>BNR</td><td></td></tr>
</table></td></tr>
<tr><td>Outputs:</td><td>List the outputs for this activity
<table>
<tr><th>Output Name</th><th>Description</th><th>Destination</th><th>Format</th></tr>
<tr><td>Treasury bill and bond settlement</td><td>Treasury bill and bond issuance settled</td><td>DMFAS

SMARTIFMIS</td><td></td></tr>
</table></td></tr>
<tr><td>Executed By:</td><td>BNR as agent for Debt Directorate General</td></tr>
</table>

7. Servicing Treasury Bills and Treasury Bonds

General Description

Debt servicing activities cover the payment of principal, interest and expenses associated with all the domestic debt obligations of GoR. The payment process is initiated by BNR which is responsible for the registry and paying agency services to meet the servicing of government domestic security obligations using the CSD platform. SmartIFMIS 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.

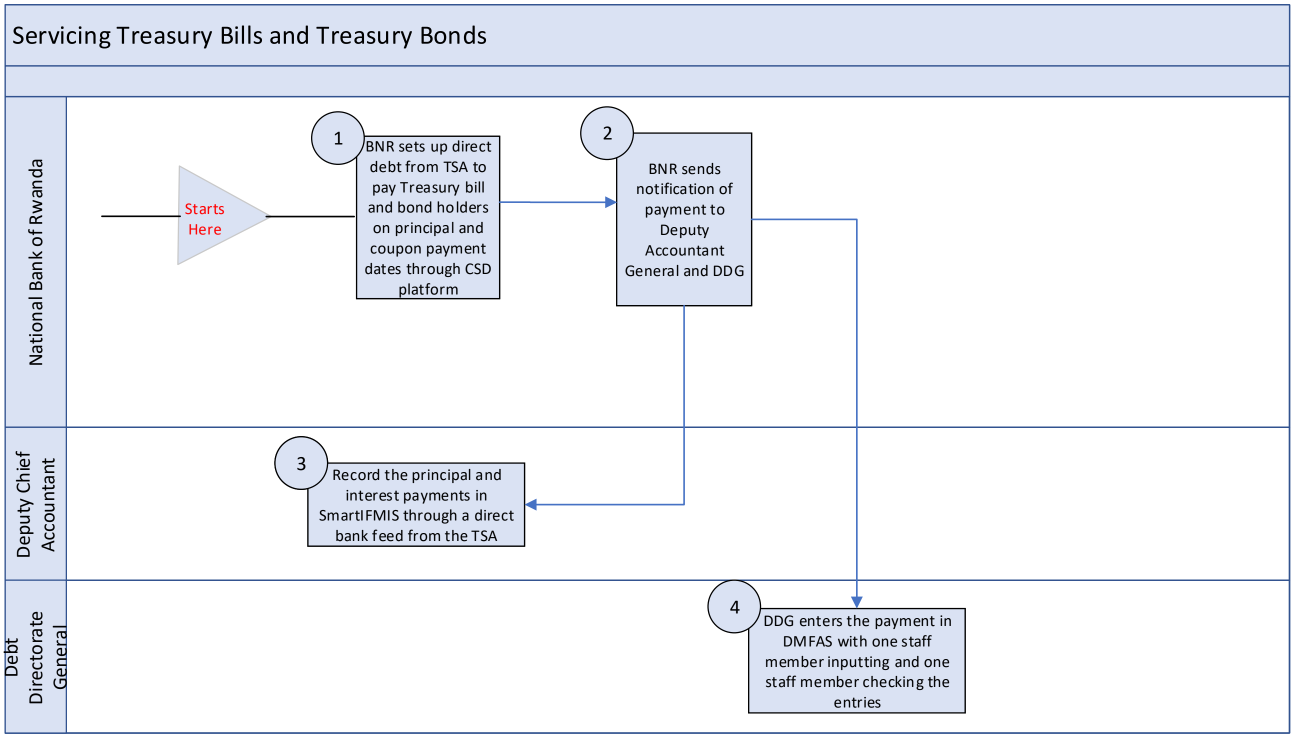
Workflow Summary

BNR as the registry and paying agent is responsible for the processing of Treasury bill and Treasury bond interest and principal payments, which are processed by a direct debit of the Treasury Single Account and payment to the Treasury bill and Treasury bond holders. BNR will send payment notifications to the Deputy Accountant General to record the payments in SmartIFMIS and to DDG for input to DMFAS. BNR and DDG have established a process which will include the following steps:

Step 1 – 4: Debt Service Payments

1. BNR sets up direct debit from the Treasury Single Account to the Registry and pay holders of (1) Treasury bills on the maturity due date; or (2) Treasury bonds on the coupon payment dates and on the maturity payment date through the CSD platform and RIPPS
2. BNR sends notification of the payment to the Deputy Accountant General and DDG
3. The Deputy Accountant General records the payments in SmartIFMIS through a direct bank feed from the TSA
4. DDG enters the payment in DMFAS and SmartIFMIS with one staff member inputting and one staff member checking the entries

Workflow Diagram



Activity Definitions

This section is a description of each step to be followed when servicing Treasury bills and bonds. This includes an input, an action, and an output. It also shows who has the responsibility to undertake the action, key indicators which show that the action was performed as per the best practices, and finally it shows if the action implies a report, or if any data is being produced as a result of the activity taking place.

<table>
<tr><th>Step 1 to 4</th><th>Domestic Debt Service Payments</th></tr>
<tr><td>Activity Description</td><td>BNR as paying agent will make principal and interest payments to holders of Treasury bills and bonds</td></tr>
<tr><td>Inputs:</td><td>List the inputs for this activity
<table>
<tr><th>Input Name</th><th>Description</th><th>Source</th><th>Format</th></tr>
<tr><td>Treasury bill and bond principal and interest payments</td><td>BNR sets up direct debit from the Treasury Single Account to the Registry and pay holders of (1) Treasury bills on the maturity due date; or (2) Treasury bonds on the coupon payment dates and on the maturity payment date through the CSD platform and RIPPS

BNR sends notification of the payment to the Deputy Accountant General and DDG

The Deputy Accountant General records the payments in SmartIFMIS

DDG enters the payment in DMFAS and SmartIFMIS with one staff member inputting and one staff member checking the entries</td><td>BNR</td><td></td></tr>
</table>
</td></tr>
<tr><td>Outputs:</td><td>List the outputs for this activity
<table>
<tr><th>Output Name</th><th>Description</th><th>Destination</th><th>Format</th></tr>
<tr><td>Treasury bill and bond payments</td><td>Treasury bill and bond debt service payments processed and recorded</td><td>DMFAS

SmartIFMIS</td><td></td></tr>
</table>
</td></tr>
<tr><td>Executed By:</td><td>BNR as paying agent and agent for Debt Directorate General</td></tr>
</table>

8. Planning and Issuance of a Sovereign Bond

General Description

When market conditions are suitable, MINECOFIN may issue a global or euro bond in the international markets (i.e. sovereign bond). The bond issued may be used for infrastructure or other development projects, budgetary support, or to increase the level of foreign exchange reserves. A key objective for the GoR is to broaden the investor base by encouraging foreign investors to purchase GoR securities.

External securities planning is led by DDG under the supervision of the Chief Economist in collaboration with BNR and other agencies (Directorates in MINECOFIN, Ministry of Justice, and the Rwanda Development Board). DDG obtains a mandate from the government (Minister of Finance or Cabinet) to plan for the issuance of a global or euro bond, which will involve extensive consultation with international financial institutions (primarily investment banks and commercial banks). Pre-issue preparation will include a road show that includes meetings with the financial intermediaries that are expected to be involved in the sovereign bond issue, rating agencies and investors. The consultation process will identify demand for a global or euro bond 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 appointment 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).

Workflow Summary

DDG and BNR will take the lead with all planning activities and prepare a report to submit to the Minister with details of the planned issuance for consideration. The process for issuing a global or other international bond will be the same as for a Eurobond.

MINECOFIN through DDG has established a process which will include the following steps:

Step 1 – 9: Eurobond issuance

1. Weighing the options under the Eurobond financing proposal to:
    - ensure Eurobond issuance proposal fits the fiscal framework
    - ensure it does not jeopardize debt sustainability, and strategy
2. Establish a Task-Force chaired by the Chief Economist with the following roles and responsibilities on behalf of GoR:
    - appointment of the lead-arrangers
    - appointment of legal counsels (foreign and local)

- prepare and coordinate documentation for the issue (to draft the prospectus)
- appoint the paying agent
- obtain a credit rating for the issue
- decide what type of bonds to issue and how to structure the issue in line with the MTDS and macro-related aspects (fiscal and monetary frameworks etc.)
- agree on the bond structure (to agree on the characteristics of the bond; currency, maturity, interest rate type and redemption, price guidance etc.) with decision made upon consultation with the arrangers/managers at later stage)
- monitor continuously the international financial markets, global currency and interest rate movements, issuance by peer countries (in consultations with the arrangers/banks)
- participate and coordinate the book-building process (process of collecting buy orders from investors), and attend conference calls during the execution phase together with the arrangers
- advise on listing procedures under London and Rwanda Stock Exchanges
- coordinate the entire issue process and recommend/seek guidance to the Executive Management of MINECOFIN

3. Appointments:

- **Lead arrangers/managers:** responsible for the execution of the bond issue. A financial institution usually arranges the entire transaction, including the sale of the bonds, legal documentation and settlement procedures. This is the lead manager. It then contacts other financial institutions (called managers) to form a syndicate that agrees to buy the bonds (to sell to investors).
- **Paying agent:** a bank that is responsible for receiving interest payments from the borrower and passing them on to the investors who buy the bonds.
- **International legal counsel:** an international law firm that has specialized knowledge of international securities laws and markets. The role is to make sure there are no legal barriers to the issue, conduct due diligence on the capacity of the issuer to issue the bonds, prepare the prospectus together with other legal counsels and, prepare the legal opinions. *Note: The lawyers for both the issuer and the lead manager carry out a due diligence exercise on the issuer. The issuer's lawyers need to do this as they give a legal opinion on the capacity of the issuer to issue the bonds. The lead manager's lawyers need to do the due diligence as the lead manager will be selling the bonds and will want to know whether the issuer is creditworthy, and any other risks associated with the issuer.*

- **Local legal counsel:** a local Law firm that works with the international legal counsel to ensure there are no legal barriers in the Rwandan jurisdiction and to provide legal opinions.
- **Rating agency:** for obtaining a credit rating of the issue by one or two of the recognized international rating agencies that is a pre-condition for international issuance. It is required to improve investor confidence by indicating the risk of investing in the bonds, hence impacting the cost of borrowing.
- **Listing agent:** that will advise on the procedure for listing, and submits the documents for listing to the relevant stock exchange.

4. Appointment process:
    - The process is done through a comparison of the proposed bond structure (maturity, size, currency, etc..), pricing, timing, expenses, investor base, and credentials of the arrangers.
    - The appointment should also depend on the fees charged by the arrangers, capacity to manage a bond issue under difficult market hedging conditions, post-transaction support, and reputation for ongoing secondary market support.
    - Other costs should include the fees charged by the rating agencies, the independent advisor, the legal counsels, roadshows, listing on the secondary market, etc.
5. Documentation: preparation of the prospectus including information about:
    - The issuer's history and government and politics; **(drafters: Task-Force/legal counsels)**
    - A detailed overview of the economy: GDP, balance of payments and foreign trade situation, the monetary and financial system and policies, the public finance situation and the country's indebtedness**; (drafter: Task-Force)**
    - The use of the proceeds from issuance; **(drafter: legal counsels)**
    - Risk factors, such as rating outlook, macro-fiscal risks and also political and security risks that might ultimately affect the capacity to service the debt; **(drafters: legal counsels)**
    - Other information related to the structure of the bond to be issued; **(drafters: legal counsels)**
    - Legal issues (i.e. restrictions to certain unauthorized investors); **(drafters: legal counsels)**

6. Investor communication and relations (to establish a relationship with investors): Launch and Roadshow
    - the lead arranger/manager announces the bond issue publicly and promotes the transaction to prospective investors, inviting them to buy the bonds once they are issued; and
    - organize roadshows where the GoR represented by the Minister of Finance, meet investors. *Note: It is good practice to keep a continuous relationship with investors, both during the issuance (roadshows), and after the issuance (non-deal roadshows).*
7. Execution: book-building, allocation, and pricing of the new issue: *Note: the issuer (Task-Force) should have a real-time access of the order book as it develops during the execution.*
    - initial price guidance (market circumstances)
    - launch of the bond on the market
    - book building (creating momentum)
    - allocation (investor quality is important as it will result in minimal selling pressure on the bond and good price performance in the after-market – such price performance is also relevant for future transactions but also for the image and reputation of the issuer in the international financial markets)
    - pricing (term-sheet to be sent by capital market contact)
    - settlement (prepared by the paying agent)
8. Signing and closing: All documents are signed by the Minister of Finance or an appointed loan agent under a warrant or power of attorney, and the bonds are transferred from the issuer to the bondholders and the payment for the bonds is transferred from the bondholders through the fiscal agent to the GoR designated bank account.
9. Post issuance: After closing, an ongoing monitoring of the Eurobond in the market will be required as an ongoing additional task for DDG.

Step 10 – 16: Post-signing and ratification

10. The Treasury Counsel sends signed agreements and necessary documents to Office of the Prime Minister (PRIMATURE) for discussion and approval at Cabinet:
    - Transmission letter to PRIMATURE
    - Cabinet Paper
    - Draft Law

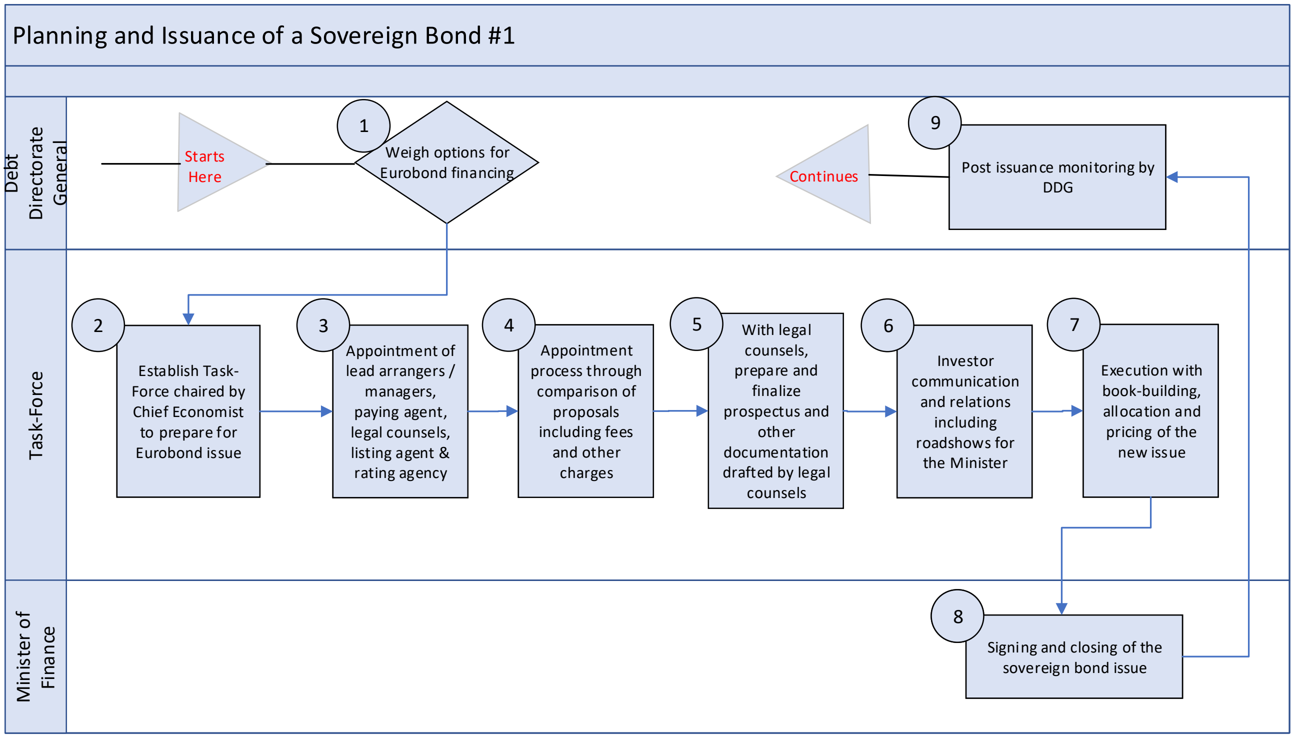
- Copy of the signed Financing Agreement

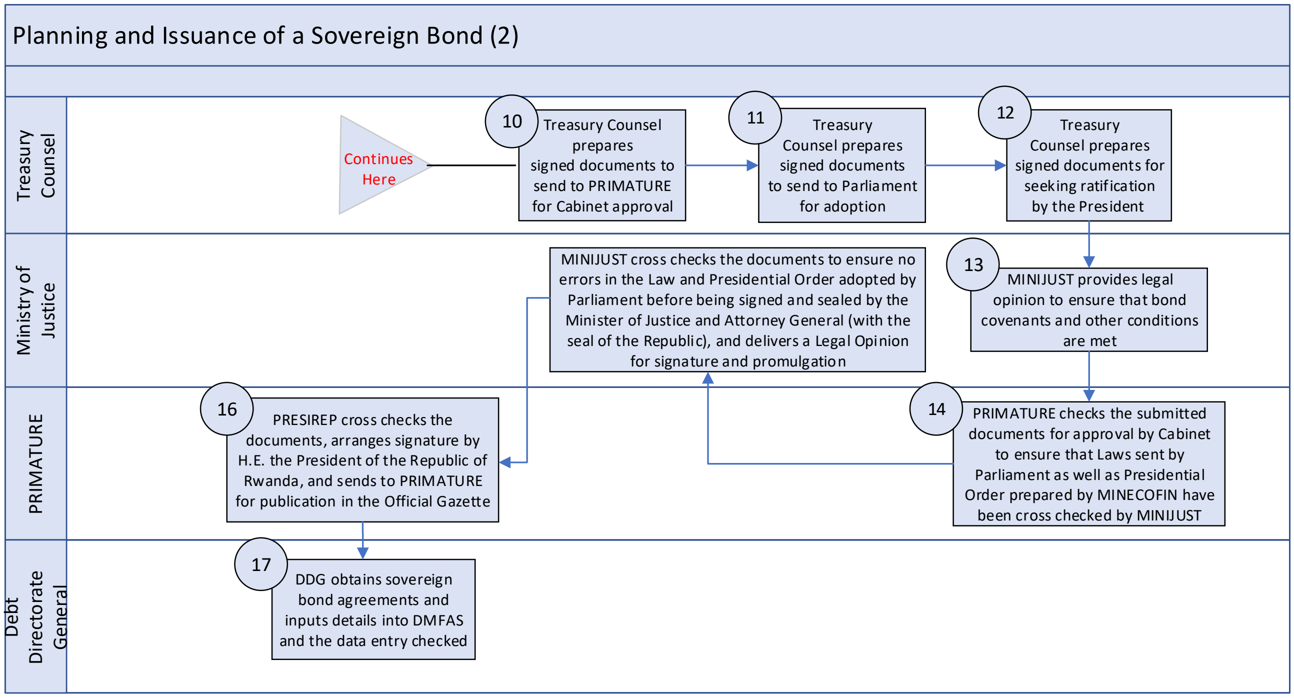
11. The Treasury Counsel prepares required documents for seeking adoption by Parliament:
    - Transmission letter to PRIMATURE for the submission of the bill approved by Cabinet to Parliament
    - Explanatory Note
    - Draft Law
    - Hon. Minister's speech for Parliament
12. The Treasury Counsel prepares required documents for seeking the ratification by H.E. the President of the Republic of Rwanda:
    - Presidential Order
    - Legal Opinion
    - Transmission letter to MINIJUST of the above two legal instruments
13. The Treasury Counsel EFD obtains legal opinion from Ministry of Justice (MINIJUST) to ensure that bond covenants and other conditions are met
14. PRIMATURE checks the submitted documents for approval by Cabinet to 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 under the Presidential Order
15. MINIJUST cross checks the 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), and delivers a Legal Opinion (prepared by MINECOFIN) for signature and promulgation
16. Presidency Office (PRESIREP) cross checks the documents, arranges signature by H.E. the President of the Republic of Rwanda, and sends to PRIMATURE for publication in the Official Gazette

Step 17: Bond entry

17. DDG obtains sovereign bond agreements from the Task-Force and inputs bond details into DMFAS (using the User Manual if needed), which are checked against the agreements by a second staff member

Workflow Diagram





Activity Definitions

This section is a description of each step to be followed when planning for the issuance of a Eurobond. This includes an input, an action, and an output. It also shows who has the responsibility to undertake the action, key indicators which show that the action was performed as per the best practices, and finally it shows if the action implies a report, or if any data is being produced as a result of the activity taking place.

<table>
<tr><th>Step 1 to 2</th><th>Eurobond Issuance #1</th></tr>
<tr><td>Activity Description</td><td>Planning and execution for the issuance of a Eurobond</td></tr>
<tr><td>Inputs:</td><td>List the inputs for this activity
<table>
<tr><th>Input Name</th><th>Description</th><th>Source</th><th>Format</th></tr>
<tr><td>Eurobond options</td><td>DDG will weigh the options for the Eurobond financing proposal to:
ensure Eurobond issuance proposal fits the fiscal framework
ensure it does not jeopardize debt sustainability, and strategy</td><td>DDG</td><td></td></tr>
<tr><td>Task-Force</td><td>Task-Force chaired by the Chief Economist established to:
appoint the lead-arrangers
appoint legal counsel
prepare and coordinate documentation
appoint the paying agent
obtain a credit rating for the issue
decide what type of bonds to issue
agree on the bond structure
monitor continuously the international financial markets, global currency and interest rate movements, issuance by peer countries
participate and coordinate the book-building process, and attend conference calls during the execution phase together with the arrangers
advise on listing procedures under London and Rwanda Stock Exchanges
coordinate the entire issue process and recommend/seek guidance to the Executive Management of MINECOFIN</td><td>Task-Force</td><td></td></tr>
</table>
</td></tr>
</table>

<table>
<tr><td>Step 3 to 5</td><td>Eurobond Issuance #2</td></tr>
<tr><td>Activity Description</td><td>Documentation for the issuance of a Eurobond</td></tr>
<tr><td>Inputs:</td><td>List the inputs for this activity
<table>
<tr><th>Input Name</th><th>Description</th><th>Source</th><th>Format</th></tr>
<tr><td>Appointments</td><td>Task-Force will appoint:
• Lead arrangers/managers
• Paying agent
• International legal counsel
• Local legal counsel
• Rating agency
• Listing agent
Appointment process:
Comparison of the proposed bond structure (maturity, size, currency), pricing, timing, expenses, investor base, credentials of the arrangers
Fees charged by the arrangers, capacity to manage a bond issuance under difficult market, hedging conditions, post-transaction support, and reputation for ongoing secondary market
Other costs including the fees charged by the rating agencies, the independent advisor, the legal counsels, roadshows, and listing on the secondary market</td><td>Task-Force
Lead arrangers</td><td></td></tr>
<tr><td>Documentation</td><td>Preparation of the Prospectus</td><td>Task-Force</td><td></td></tr>
</table>
</td></tr>
</table>

<table>
<tr><th>Step 6 to 9</th><th>Eurobond Issuance #3</th></tr>
<tr><td>Activity Description</td><td>Investor communication and relations, execution, and signing/closing for the issuance of a Eurobond</td></tr>
<tr><td>Inputs:</td><td>List the inputs for this activity
<table>
<tr><th>Input Name</th><th>Description</th><th>Source</th><th>Format</th></tr>
<tr><td>Investor relations</td><td>The lead arranger/manager:
announces the bond issue publicly and promotes the transaction to prospective investors, inviting them to buy the bonds once they are issued
organizes roadshows</td><td>Lead arrangers</td><td></td></tr>
<tr><td>Execution</td><td>The lead arranger/manager manages the process of book-building, allocation and pricing of the Eurobond issue</td><td>Lead arrangers</td><td></td></tr>
<tr><td>Signing and closing</td><td>DDG in coordination with the legal counsel prepares all the documentation including the prospectus, subscription agreement, fiscal and paying agency agreement, and other documents

All documents are signed, and the bonds are transferred from the issuer to the bondholders and the payment for the bonds is transferred from the bondholders through the fiscal agent to the GoR designated bank account</td><td>Lead arrangers</td><td></td></tr>
<tr><td>Post issuance</td><td>After closing, DDG will monitor the Eurobond issue in the market</td><td>MINECOFIN</td><td></td></tr>
</table></td></tr>
</table>

<table>
<tr><td>Outputs:</td><td>List the outputs for this activity
<table>
<tr><th>Output Name</th><th>Description</th><th>Destination</th><th>Format</th></tr>
<tr><td>Eurobond issue preparation</td><td>Task-Force will have mandate to proceed with Eurobond issue with appointment of lead arrangers/ managers, paying agent, international and local legal counsel, rating agency and listing agency</td><td>Task-Force</td><td></td></tr>
<tr><td>Eurobond issue execution</td><td>Task-Force will prepare prospectus and legal documentation

Lead arrangers/ managers will lead the execution with book-building, allocation and pricing of the issue</td><td>Task-Force</td><td></td></tr>
<tr><td>Eurobond issue signing and closing</td><td>Task-Force will arrange signing, closing and post issuance monitoring

Lead arranger/manager will arrange settlement of the net proceeds to the GoR designated bank account</td><td>Task-Force</td><td></td></tr>
</table>
</td></tr>
<tr><td>Executed By:</td><td>Debt Directorate General and BNR</td></tr>
</table>

Step 10 to 16	**Post-signing and Ratification**
Activity Description	Bond documents signed by the Minister submitted to PRIMATURE for discussion and approval at Cabinet, adoption by Parliament, and ratification by the President with legal opinion from MINIJUST

<table>
<tr><td rowspan="2">Inputs:</td><td>List the inputs for this activity</td></tr>
<tr><td>
<table>
<tr><th>Input Name</th><th>Description</th><th>Source</th><th>Format</th></tr>
<tr><td>Bond documents</td><td>Task-Force prepares:
signed bond agreements
documents for Cabinet, Parliament and the President</td><td>Task-Force
Legal Counsels</td><td></td></tr>
<tr><td>Legal opinion</td><td>MINIJUST:
prepares Legal Opinion for signature and promulgation to ensure that loan covenants and other conditions are met
cross checks 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)</td><td>Task-Force
Legal Counsels</td><td></td></tr>
<tr><td>Cabinet papers</td><td>Treasury Counsel prepares Cabinet submission and sends signed documents to PRIMATURE and Cabinet</td><td>MINECOFIN</td><td></td></tr>
<tr><td>Parliament submission</td><td>Treasury Counsel prepares documents for seeking adoption by Parliament</td><td>PRIMATURE</td><td></td></tr>
<tr><td>Presidential order</td><td>Treasury Counsel prepares required documents for seeking the ratification by H.E. the President of the Republic of Rwanda</td><td>MINECOFIN
PRIMATURE</td><td></td></tr>
</table>
</td></tr>
</table>

Outputs:	List the outputs for this activity <table><tr><th>Output Name</th><th>Description</th><th>Destination</th><th>Format</th></tr><tr><td>Cabinet approval</td><td>Transmission letter Cabinet Paper Draft Law Copy of the signed Financing Agreement</td><td>PRIMATURE Cabinet</td><td></td></tr><tr><td>Adoption by Parliament</td><td>Explanatory Note Draft Law Hon. Minister's speech</td><td>Parliament</td><td></td></tr><tr><td>Signing by the President</td><td>Presidential Order Legal Opinion Transmission letter to MINIJUST of the above two legal instruments</td><td>PRESIREP</td><td></td></tr></table>
Executed By:	Treasury Counsel Directorate General

Step 17	**Bond Entry**
Activity Description	Inputs of bond details into DMFAS
Inputs:	List the inputs for this activity <table><tr><th>Input Name</th><th>Description</th><th>Source</th><th>Format</th></tr><tr><td>Bond agreements</td><td>DDG obtains bond agreements and inputs loan details into DMFAS, and checked by a second staff member</td><td>Task-Force</td><td></td></tr></table>
Outputs:	List the outputs for this activity <table><tr><th>Output Name</th><th>Description</th><th>Destination</th><th>Format</th></tr><tr><td>DMFAS</td><td>DMFAS updated with new bond</td><td>DMFAS</td><td></td></tr></table>
Executed By:	Debt Directorate General

9. Servicing Sovereign Bonds

General Description

Debt servicing activities cover the payment of principal, interest and expenses associated with all external security obligations of the GoR. The payment process is initiated by DDG, which is responsible for recording government debt obligations. The Integrated Financial Management Information System (SmartIFMIS) is used by MINECOFIN as the main tool for registering, monitoring and controlling budget and financial execution transactions including all debt servicing activities. The Deputy Accountant General in charge of Treasury Operations is responsible for recording of public debt payments, which are processed by BNR through the relevant government bank accounts using the SWIFT payment system.

Workflow Summary

Payment advices are received from the paying agent by the Minister of State in Charge of National Treasury, which are delivered and checked by DDG. If there is any discrepancy with debt information in DMFAS, DDG will contact the paying agent to reconcile the difference. A payment order is prepared using SmartIFMIS, a copy printed and signed by a credit officer and the Director of Finance in the Corporate Services Department. It is then sent to the Chief Budget Manager for signing and finally to the Deputy Accountant General in charge of Treasury Operations for final signature and authorization. The Deputy Accountant General in charge of Treasury Operations 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 Treasury Single Account at BNR. BNR will make payment using SWIFT in foreign currency to the designated bank account of the paying agent. BNR will make the foreign currency payment out of the foreign exchange reserves and debit the Treasury Single Account with the Rwandan Franc equivalent converted at the official BNR mid-point exchange rate.

DDG has established a process which will include the following steps:

Step 1 – 4: Payment notice

1. DDG receives payment notice from the Minister of State in Charge of National Treasury or directly by email as sent by the paying agent
2. A staff member in DDG:
    - checks payment notice against data in DMFAS

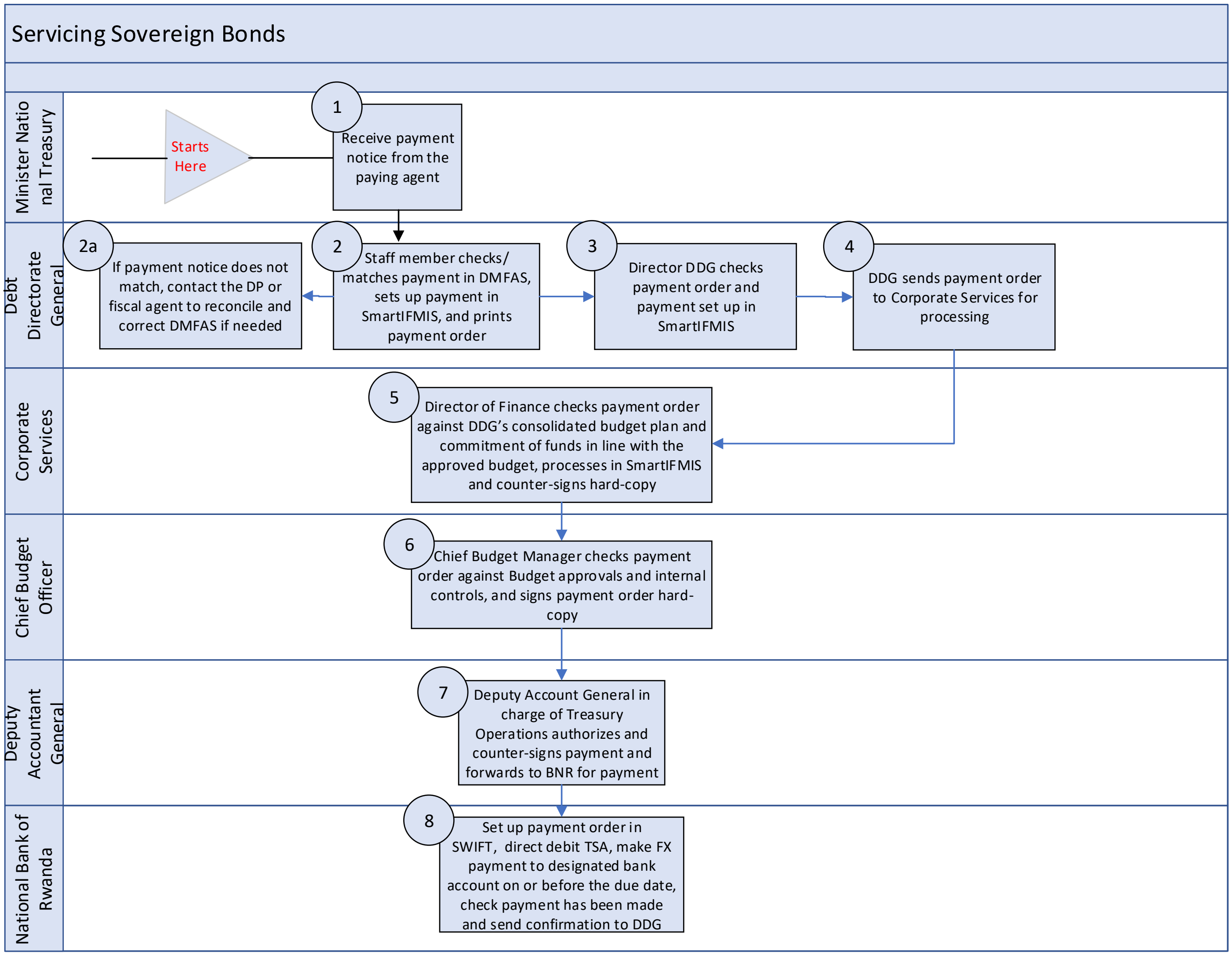
- if payment notice does not match DMFAS, contact the paying agent to identify difference and make necessary amendments to DMFAS if data is incorrect
- enter payment into SmartIFMIS and prints payment order

3. The Director DDG checks payment order and payment set up in SmartIFMIS
4. DDG notifies/sends payment order to Corporate Services Department for processing

Step 5 – 8: Payment order

5. Director of Finance in the Corporate Services Department checks payment order against DDG's consolidated budget plan and commitment of funds in line with the approved budget, processes in SmartIFMIS and counter-signs hard-copy, and forwards to the Chief Budget Manager
6. Chief Budget Manager checks payment order against Budget approvals and internal controls, signs payment order hard-copy and forwards to Deputy Accountant General in charge of Treasury Operations
7. Deputy Accountant General in charge of Treasury Operations authorizes and counter-signs payment order and forwards to BNR for payment
8. BNR:
    - receives and checks payment order from Deputy Accountant General in charge of Treasury Operations
    - sets up FX payment in SWIFT and direct debit from GoR Treasury Single Account
    - makes FX payment to the designated account of the paying agent through SWIFT and direct debits the GoR Treasury Single Account on or before the due date with the Rwandan Franc equivalent converted at the official BNR mid-point exchange rate
    - checks FX payment has been made and sends confirmation to DDG

Workflow Diagram



Activity Definitions

This section is a description of each step to be followed when servicing a Eurobond. This includes an input, an action, and an output. It also shows who has the responsibility to undertake the action, key indicators which show that the action was performed as per the best practices, and finally it shows if the action implies a report, or if any data is being produced as a result of the activity taking place.

<table>
<tr><td>Step 1 to 4</td><td>Payment Notice</td></tr>
<tr><td>Activity Description</td><td>DDG will process the payment advice received from the paying agent, check against the debt data in DMFAS, and prepare the payment order</td></tr>
<tr><td>Inputs:</td><td>List the inputs for this activity
<table>
<tr><th>Input Name</th><th>Description</th><th>Source</th><th>Format</th></tr>
<tr><td>Payment advice</td><td>Receive payment notice from the Minister of State in Charge of National Treasury as sent by the paying agent
A staff member in DDG:
checks payment notice against data in DMFAS
if payment notice does not match DMFAS, contact the paying agent to identify difference and make necessary amendments to DMFAS if data is incorrect
enter payment into SmartIFMIS and prints payment order
The Director DDG checks payment order and payment set up in SmartIFMIS
DDG notifies/sends payment order to Corporate Services Department for processing</td><td>Paying Agent</td><td></td></tr>
</table></td></tr>
<tr><td>Outputs:</td><td>List the outputs for this activity
<table>
<tr><th>Output Name</th><th>Description</th><th>Destination</th><th>Format</th></tr>
<tr><td>Payment order</td><td>Payment order prepared for processing and payment
Submitted to the Director Finance</td><td>Director Finance</td><td></td></tr>
</table></td></tr>
<tr><td>Executed By:</td><td>Debt Directorate General</td></tr>
</table>

<table>
<tr><td>Step 5 to 8</td><td>Payment Order</td></tr>
<tr><td>Activity Description</td><td>DDG will submit the payment order to Director of Finance, Chief Budget Officer and Deputy Accountant General in charge of Treasury Operations for processing and arranging payment through BNR</td></tr>
<tr><td>Inputs:</td><td>List the inputs for this activity
<table>
<tr><th>Input Name</th><th>Description</th><th>Source</th><th>Format</th></tr>
<tr><td>Payment order</td><td>Director of Finance in the Corporate Services Department checks payment order against DDG’s consolidated budget plan and commitment of funds in line with the approved budget, processes in SmartIFMIS and counter-signs hard-copy, and forwards to the Chief Budget Officer

Chief Budget Manager checks payment order against Budget approvals and internal controls, signs payment order hard-copy and forwards to Deputy Accountant General in charge of Treasury Operations

Deputy Accountant General in charge of Treasury Operations authorizes and counter-signs payment order and forwards to BNR for payment</td><td>DDG</td><td></td></tr>
</table></td></tr>
</table>

<table>
<tr><td>Outputs:</td><td>List the outputs for this activity
<table>
<tr><th>Output Name</th><th>Description</th><th>Destination</th><th>Format</th></tr>
<tr><td>Payment order</td><td>Payment order processed, approved and submitted to BNR for effecting payment by the due date

BNR makes FX payment through SWIFT and direct debits from GoR Treasury Single Account on or before the due date and sends confirmation to DDG</td><td>BNR</td><td></td></tr>
</table></td></tr>
<tr><td>Executed By:</td><td>Debt Directorate General</td></tr>
</table>

10. Reorganization of External Loans

General Description

Article 61 of the OBL 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, and with the consent of the lender, may: (1) repay a loan before its maturity date; (2) modify contractual terms and conditions of any existing loan; and (3) convert a loan into any other loan or shares.

Therefore, DDG may initiate reorganization of loans to meet liability management objectives. This may 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 DDG in collaboration with other agencies if necessary (other Directorates in MINECOFIN, Ministry of Justice, and BNR). DDG obtains a mandate from the government (Minister of Finance or Cabinet) to negotiate the reorganization of the loans, or the borrower (pre-payment). The mandate will specify a set range for the key terms of the reorganization or prepayment. DDG 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 or an appointed loan agent under a warrant or power of attorney. DDG will prepare a term sheet with the new loan details or prepayment details for entry to DMFAS.

Workflow Summary

DDG will lead negotiations while informing the Minister when required. Once the negotiations are complete, DDG submits a report to the Minister including a letter to the development partner confirming agreement to the reorganization or prepayment (noting that some development partners may need to take it to their Board). DDG in consultation with the Treasury Counsel Directorate will ensure that all legal and loan documentation is completed. On the date of signing, the Minister of Finance or an appointed loan agent under a warrant or power of attorney will sign the agreement(s) and associated documents. This initiates the ratification process whereby the signed agreements are sent to the Office of the Prime Minister (PRIMATURE) and then discussed at Cabinet before submission to Parliament for approval and signing by the President under a Parliamentary Order. The Ministry of Justice (MINIJUST) prepares the legal opinion, which is then sent to MINECOFIN, line ministry and development partner for effectiveness.

DDG has established a process which will include the following steps:

Step 1 – 11: External loan renegotiation

1. DDG determines that need to renegotiate an external loan(s) as determined from the MTDS and prepares documents to submit to the Minister for approval:
    - concept paper with indicative new loan terms and conditions
    - pre-negotiation minutes and approval to proceed with negotiations
2. DDG leads negotiations with the development partner with a team from External Finance Department, National Planning Directorate, National Budget Department, and Legal (Treasury Counsel Directorate), along with the BNR, the Line Ministry and Ministry of Foreign Affairs, if necessary, to:
    - agree new loan terms and conditions and conclude the loan agreement
    - negotiate and agree legal documentation
    - prepare loan agent's warrant/power of attorney (if Minister of Finance cannot sign)
    - finalize all documentation and forward to the Chief Economist
3. Chief Economist signs off loan documents and submits to the Minister
4. Minister of Finance or an appointed loan agent under a warrant or power of attorney signs the agreement(s) and associated documents
5. The Treasury Counsel sends signed agreements and necessary documents to Office of the Prime Minister (PRIMATURE) for discussion and approval at Cabinet:
    - Transmission letter to PRIMATURE
    - Cabinet Paper
    - Draft Law
    - Copy of the signed Financing Agreement
6. The Treasury Counsel prepares required documents for seeking adoption by Parliament:
    - Transmission letter to PRIMATURE for the submission of the bill approved by Cabinet to Parliament
    - Explanatory Note
    - Draft Law
    - Hon. Minister's speech for Parliament

7. The Treasury Counsel prepares required documents for seeking the ratification by H.E. the President of the Republic of Rwanda:
   - Presidential Order
   - Legal Opinion
   - Transmission letter to MINIJUST of the above two legal instruments
8. The Treasury Counsel obtains legal opinion from Ministry of Justice (MINIJUST) to ensure that loan covenants and other conditions are met, which is sent to the line ministry and development partner for effectiveness
9. PRIMATURE checks the submitted documents for approval by Cabinet to 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 under the Presidential Order
10. MINIJUST cross checks the 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), and delivers a Legal Opinion (prepared by MINECOFIN) for signature and promulgation
11. Presidency Office (PRESIREP) cross checks the documents, arranges signature by H.E. the President of the Republic of Rwanda, and sends to PRIMATURE for publication in the Official Gazette

Step 12 – 19: Prepayment

12. DDG determines that need to prepay an external loan(s) as determined from the MTDS and prepares documents to submit to the Minister for approval:
    - concept paper with prepayment terms
    - pre-negotiation minutes and approval to proceed with prepayment
    - formal letter from the Minister to sign for sending to the development partner
13. DDG initiates prepayment by sending formal letter to the development partner, and setting up prepayment order in SmartIFMIS
14. The Director DDG checks prepayment order set up in SmartIFMIS
15. DDG notifies/sends prepayment order to Corporate Services Department for processing

16. Director of Finance in the Corporate Services Department checks prepayment order against DDG's consolidated budget plan and commitment of funds in line with the approved budget, processes in SmartIFMIS and counter-signs hard-copy, and forwards to the Chief Budget Manager

17. Chief Budget Manager checks prepayment order against Budget approvals and internal controls, signs payment order hard-copy and forwards to Deputy Accountant General in charge of Treasury Operations

18. Deputy Accountant General in charge of Treasury Operations authorizes and counter-signs prepayment order and forwards to BNR for payment

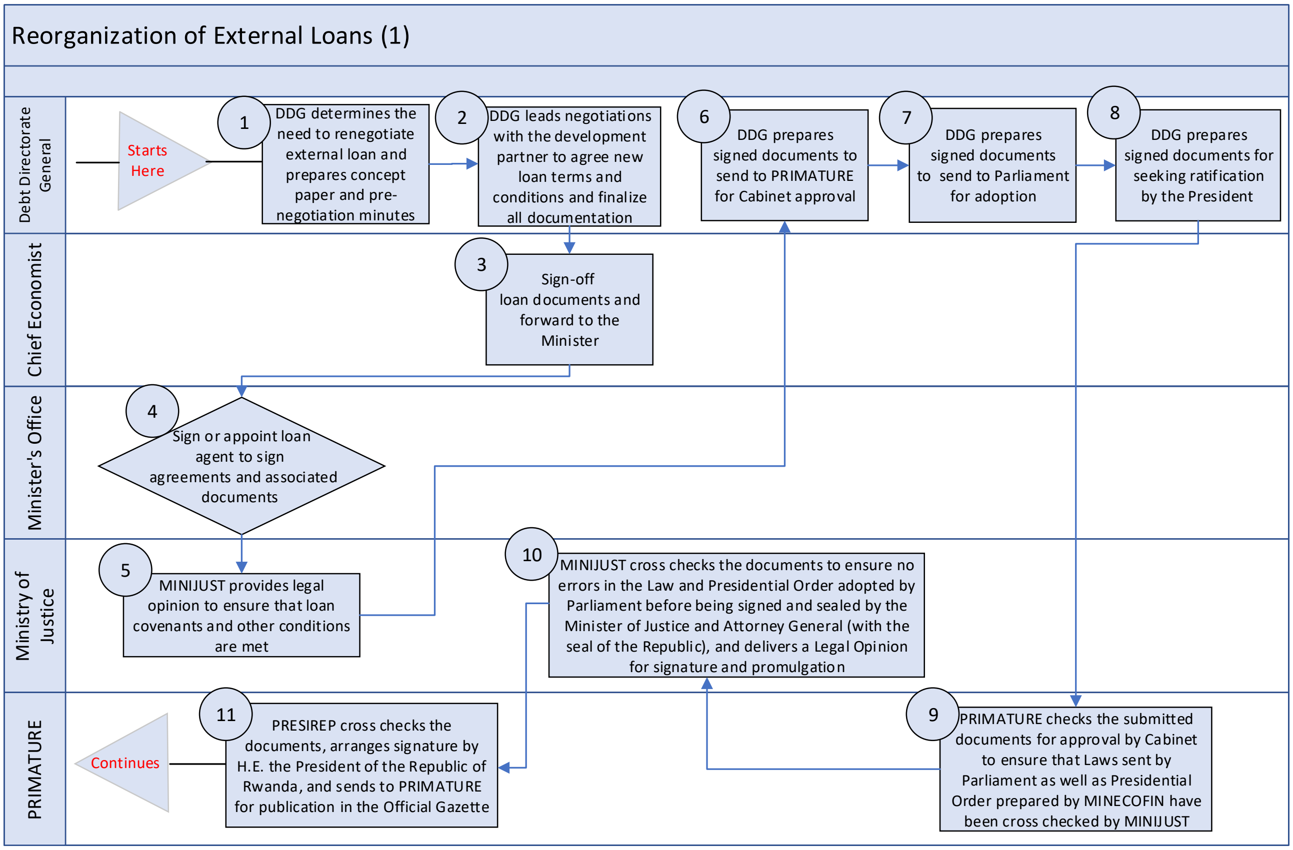
19. BNR:

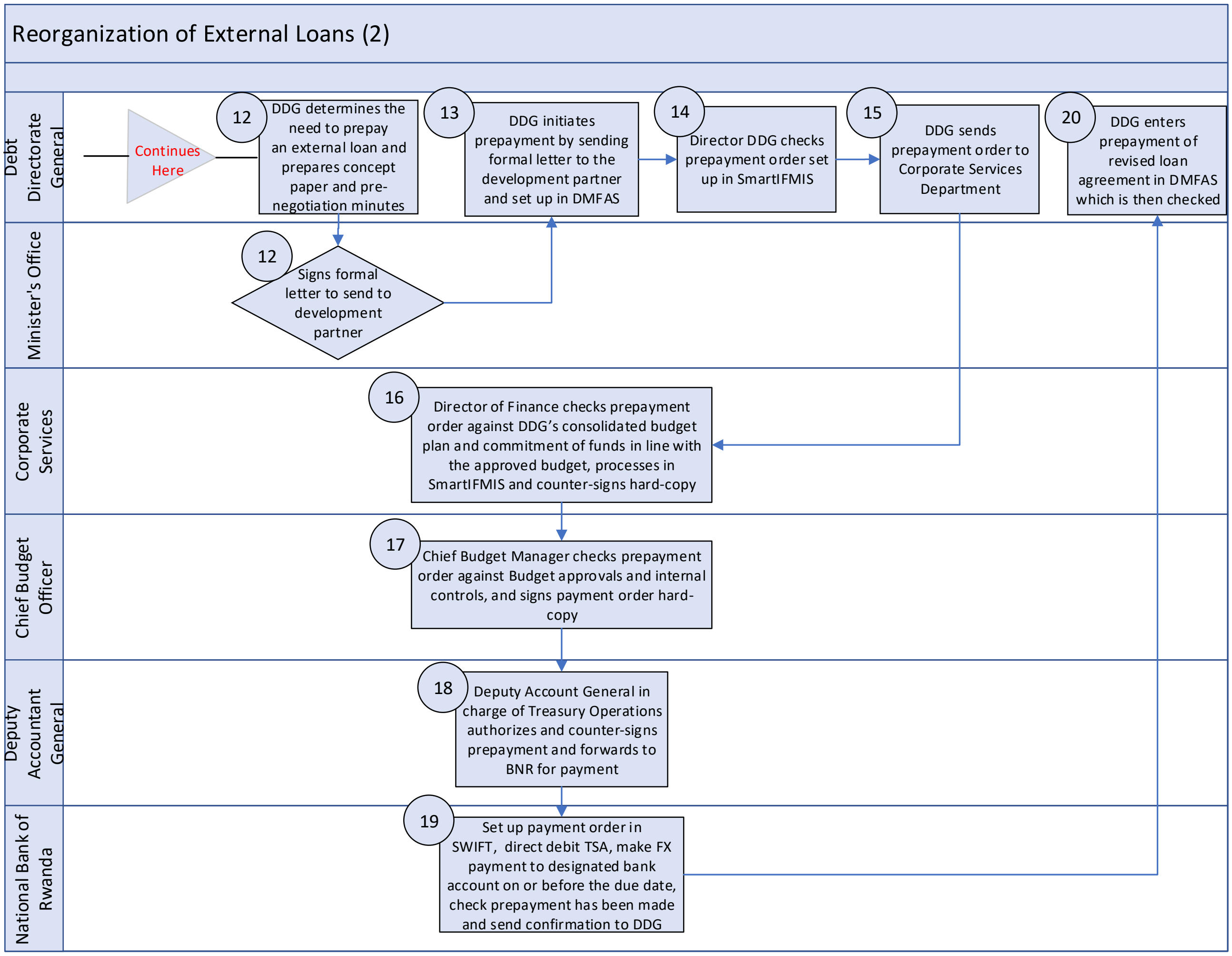
    - receives and checks prepayment order from Deputy Accountant General in charge of Treasury Operations
    - sets up FX payment in SWIFT and direct debit from GoR Treasury Single Account
    - makes FX payment to the designated account of the development partner or paying agent through SWIFT and direct debits the GoR Treasury Single Account on or before the due date with the Rwandan Franc equivalent converted at the official BNR mid-point exchange rate
    - checks FX payment has been made and sends confirmation to DDG

Step 20: Recording of reorganization or prepayment

20. DDG obtains revised loan agreement from the Minister of State in Charge of National Treasury and inputs loan details into DMFAS (using the User Manual if needed), which are checked against the revised loan agreement by a second staff member OR DDG enters prepayment in DMFAS

Workflow Diagram





Activity Definitions

This section is a description of each step to be followed when reorganizing external loans. This includes an input, an action, and an output. It also shows who has the responsibility to undertake the action, key indicators which show that the action was performed as per the best practices, and finally it shows if the action implies a report, or if any data is being produced as a result of the activity taking place.

Step 1 to 4	**External Loan Renegotiation**
Activity Description	Loan renegotiation with development partner or funding agency and submission of loan agreement to the Minister for signature

Inputs:

List the inputs for this activity

Input Name	Description	Source	Format
Renegotiation proposal	DDG determines that need to renegotiate an external loan(s) as determined from the MTDS and prepares concept paper and approval to proceed	DDG	
Negotiations	DDG leads negotiations to: • agree loan terms and conditions and conclude the loan agreement • negotiate and agree legal documentation • prepare loan agent's warrant / power of attorney (if Minister cannot sign) DDG forwards documentation to the Chief Economist who signs off loan documents and submits to the Minister	DDG	

Outputs:

List the outputs for this activity

Output Name	Description	Destination	Format
Loan documents	Loan documents forwarded to the Chief Economist	Chief Economist	
Revised loan agreement	Revised loan agreement and associated documents sent to the Minister for signing	Minister	

Executed By: Debt Directorate General

<table>
<tr><td>Step 5 to 11</td><td>Signing and Ratification</td></tr>
<tr><td>Activity Description</td><td>Revised loan agreement signed by the Minister, legal opinion from MINIJUST, submission to PRIMATURE for discussion and approval at Cabinet, adoption by Parliament, and ratification by the President</td></tr>
<tr><td>Inputs:</td><td>List the inputs for this activity
<table>
<tr><th>Input Name</th><th>Description</th><th>Source</th><th>Format</th></tr>
<tr><td>Loan documents</td><td>The Treasury Counsel prepares:
signed loan agreement
documents for Cabinet, Parliament and the President</td><td>DDG
Development Partner</td><td></td></tr>
<tr><td>Legal opinion</td><td>MINIJUST:
prepares Legal Opinion for signature and promulgation to ensure that loan covenants and other conditions are met
cross checks 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)</td><td>MINECOFIN</td><td></td></tr>
<tr><td>Cabinet papers</td><td>The Treasury Counsel prepares Cabinet submission and sends signed documents to PRIMATURE and Cabinet</td><td>MINECOFIN</td><td></td></tr>
<tr><td>Parliament submission</td><td>The Treasury Counsel prepares documents for seeking adoption by Parliament</td><td>PRIMATURE</td><td></td></tr>
<tr><td>Presidential order</td><td>The Treasury Counsel prepares required documents for seeking the ratification by H.E. the President of the Republic of Rwanda</td><td>MINECOFIN
PRIMATURE</td><td></td></tr>
</table></td></tr>
</table>

Outputs:	List the outputs for this activity

Output Name	Description	Destination	Format
Cabinet approval	Transmission letter Cabinet Paper Draft Law Copy of the signed Financing Agreement	PRIMATURE Cabinet	
Adoption by Parliament	Explanatory Note Draft Law Hon. Minister's speech	Parliament	
Signing by the President	Presidential Order Legal Opinion Transmission letter to MINIJUST of the above two legal instruments	PRESIREP	

Executed By:	The Treasury Counsel

Step 12 to 14	**Prepayment**
Activity Description	Prepayment of an existing loan as determined from the MTDS

Inputs:	List the inputs for this activity

Input Name	Description	Source	Format
Prepayment proposal	DDG determines that need to prepay an external loan(s) as determined from the MTDS and prepares concept paper and approval to proceed	DDG	
Prepayment	DDG initiates prepayment by sending formal letter to the development partner DDG sets up prepayment order in SmartIFMIS Director DDG checks prepayment order set up in SmartIFMIS	DDG	
Prepayment order	Director of Finance in the Corporate Services Department checks payment order against DDG's consolidated budget plan and commitment of funds in line with the approved budget, processes in SmartIFMIS and counter-signs hard-copy, and forwards to the Chief Budget Manager Chief Budget Manager checks payment order against Budget approvals and internal controls, signs payment order hard-copy and forwards to Deputy Accountant General in charge of Treasury Operations Deputy Accountant General in charge of Treasury Operations authorizes and counter-signs payment order and forwards to BNR for payment	DDG	

<table>
<tr><td>Outputs:</td><td>List the outputs for this activity
<table>
<tr><th>Output Name</th><th>Description</th><th>Destination</th><th>Format</th></tr>
<tr><td>Prepayment order</td><td>Payment order processed, approved and submitted to BNR for effecting payment by the due date

BNR makes FX payment through SWIFT and direct debits from GoR Treasury Single Account on or before the due date and sends confirmation to DDG</td><td>BNR</td><td></td></tr>
</table></td></tr>
<tr><td>Executed By:</td><td>Debt Directorate General</td></tr>
</table>

<table>
<tr><td>Step 15 to 16</td><td>Recording of Reorganization or Prepayment</td></tr>
<tr><td>Activity Description</td><td>Input of revised loan details into DMFAS or recording the prepayment</td></tr>
<tr><td>Inputs:</td><td>List the inputs for this activity
<table>
<tr><th>Input Name</th><th>Description</th><th>Source</th><th>Format</th></tr>
<tr><td>Loan records</td><td>DDG obtains revised loan agreement and inputs loan details into DMFAS, and checked by a second staff member

OR

DDG enters prepayment into DMFAS</td><td>Minister of State in Charge of National Treasury</td><td></td></tr>
</table></td></tr>
<tr><td>Outputs:</td><td>List the outputs for this activity
<table>
<tr><th>Output Name</th><th>Description</th><th>Destination</th><th>Format</th></tr>
<tr><td>DMFAS</td><td>DMFAS updated</td><td>DMFAS</td><td></td></tr>
</table></td></tr>
<tr><td>Executed By:</td><td>Debt Directorate General</td></tr>
</table>

11. 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 DDG using DMFAS, which are complemented by the debt service costs for new borrowings in MS Excel. Debt service forecasts are based on the economic and financial parameters provided by the Macroeconomic Policy Directorate and National Budget Department for the MTDS.

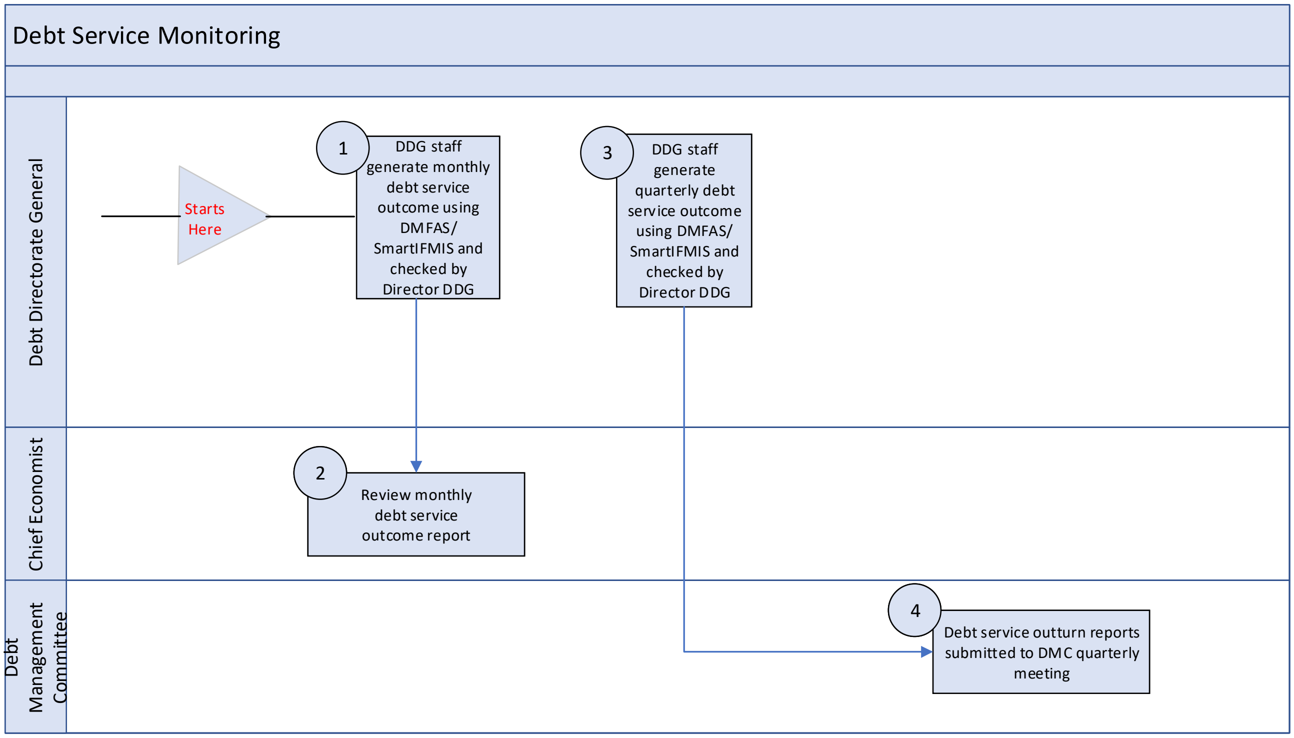
Workflow Summary

DDG will track actual debt service costs against the budget allocation (forecast) on a monthly basis, noting the reasons for any variances. DDG will liaise with line ministries and/or project agencies to obtain information on project utilization, expected disbursements, and the pipeline for new project loans needed for updating the forecasts. DDG will provide a monthly report for the Chief Economist and quarterly report for the DMC. DDG has established a process which will include the following steps:

Step 1 – 4: Debt Service Monitoring

1. DDG staff will prepare debt service out-turn compared to budget forecast at the end of each month using SmartIFMIS and DMFAS, along with a revised forecast for the fiscal year, which is checked by the Director DDG
2. DDG will send the monthly report to the Chief Economist within 2-weeks of the following month
3. DDG staff will prepare debt service out-turn compared to budget forecast at the end of each quarter using SmartIFMIS and DMFAS, along with a revised forecast for the fiscal year, which is checked by the Director DDG
4. DDG will send the quarterly report to the DMC for their quarterly meeting

Workflow Diagram



Activity Definitions

This section is a description of each step to be followed when monitoring debt service outcomes. This includes an input, an action, and an output. It also shows who has the responsibility to undertake the action, key indicators which show that the action was performed as per the best practices, and finally it shows if the action implies a report, or if any data is being produced as a result of the activity taking place.

Step 1 to 4	Debt Service Monitoring
Activity Description	DDG will track actual debt service costs against the budget allocation (forecast) on a monthly basis, noting the reasons for any variances
Inputs:	List the inputs for this activity
Outputs:	List the outputs for this activity
Executed By:	Debt Directorate General

Inputs:

Input Name	Description	Source	Format
Debt service monitoring	DDG staff will prepare debt service out-turn compared to budget forecast at the end of each month using SmartIFMIS and DMFAS, along with a revised forecast for the fiscal year, which is checked by the Director DDG DDG will send the monthly report to the Chief Economist within 2-weeks of the following month DDG staff will prepare debt service out-turn compared to budget forecast at the end of each quarter using SmartIFMIS and DMFAS, along with a revised forecast for the fiscal year, which is checked by the Director DDG DDG will send the quarterly report to the DMC for their quarterly meeting	DDG Line Ministries / Project Agencies	

Outputs:

Output Name	Description	Destination	Format
Debt service outturn	Debt service outturn report	Chief Economist DMC	

12. Debt Reporting

General Description

DDG is required to prepare debt reports for the:

- rating agencies (Fitch Ratings, Moody's Investors Service, Standard and Poor's) when a rating assessment is undertaken or when the Government of Rwanda issues a Eurobond in international markets.
- World Bank Debtor Reporting System (DRS): Forms 1, 1A and 2 on a quarterly basis and Form 4 on an annual basis by 31st March each year. DDG 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.
- International Monetary Fund (IMF) and other international financial institutions.
- Minister, Cabinet and Parliament on request.

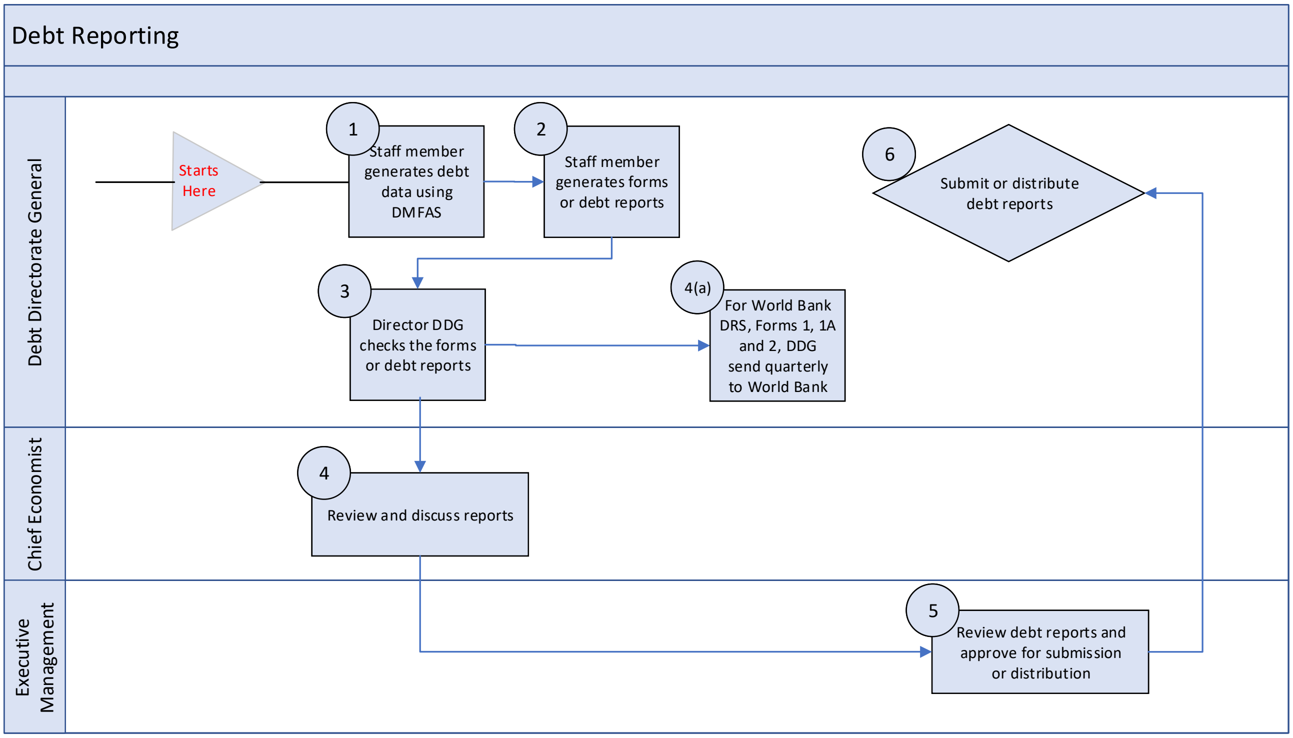
Workflow Summary

DDG is responsible for preparing debt reports, which are submitted and discussed with the Chief Economist, reviewed by the DMC if it conveniently coincides with the quarterly meeting, and ultimately approved by Executive Management. DDG has established a process that includes the following steps:

Step 1 – 6: Debt reporting

1. A staff member from DDG (effectively the back office) generates the debt data using DMFAS, reconciling with creditors if needed
2. A second staff member from DDG (effectively the middle office) generates the forms or debt reports drawing on the debt data and, if needed, information obtained from other directorates and agencies across government
3. The Director of DDG checks the debt reports which are submitted to the Chief Economist
4. The debt reports are discussed with the Chief Economist. 4(a) In the case of the World Bank DRS, the Director of DDG checks Forms 1, 1A and 2 and arranges for them to be sent to the World Bank (Form 4 is sent annually by BNR)
5. DDG submits the reports to Executive Management for review and approval
6. DDG arranges for submission or distribution of the reports

Workflow Diagram



Activity Definitions

This section is a description of each step to be followed when preparing debt reports including reporting to the World Bank Debtor Reporting System. This includes an input, an action, and an output. It also shows who has the responsibility to undertake the action, key indicators which show that the action was performed as per the best practices, and finally it shows if the action implies a report, or if any data is being produced as a result of the activity taking place.

Step 1 to 6	Debt Reporting
Activity Description	DDG will prepare debt reports for the Minister, Cabinet and Parliament on request, rating agencies, World Bank, International Monetary Fund (IMF) and other international financial institutions
Inputs:	List the inputs for this activity

Input Name	Description	Source	Format
Debt reports	A staff member from DDG (effectively the back office) generates the debt data using DMFAS, reconciling with creditors if needed A second staff member from DDG (effectively the middle office) generates the forms or reports drawing on the debt data and, if needed, information obtained from other directorates and agencies across government The Director of DDG checks the reports which are submitted and discussed with the Chief Economist In the case of the World Bank DRS, the Director of DDG checks Forms 1, 1A and 2 and arranges for them to be sent to the World Bank (Form 4 is sent annually by BNR) DDG submits the reports to Executive Management for review and approval DDG arranges for submission or distribution of the reports	DDG Line Ministries / Project Agencies	

<table>
<tr><td>Outputs:</td><td>List the outputs for this activity
<table>
<tr><th>Output Name</th><th>Description</th><th>Destination</th><th>Format</th></tr>
<tr><td>Debt reports</td><td>Debt reports for the rating agencies, World Bank DRS, International Monetary Fund, other international financial institutions, Minister, Cabinet and Parliament</td><td>Chief Economist
DMC
Executive Management</td><td></td></tr>
</table></td></tr>
<tr><td>Executed By:</td><td>Debt Directorate General</td></tr>
</table>

13. Debt Statistical Bulletin

General Description

MINECOFIN began producing and publishing a Debt Statistical Bulletin in September 2020. Bulletin No. 1 that covers total (domestic and external) public debt. The bulletin will be published annually and provide 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 the following sections:

- Part I: General Information
- Part II: Debt Statistics of External Public Debt
- Part III: Domestic Debt
- Part IV: Ratios
- Annex: Definitions

The Debt Statistical Bulletin presents the main developments on the external and domestic debt of the central Government during the preceding 5-year period, and estimates for both disbursements and projected debt service for the next 5-year period. It is made publicly available through the MINECOFIN's website for potential users that include national institutions (such as the National Institute of Statistics), international organizations, and other interest partners. In order to facilitate the interpretation of the data presented in this bulletin, it contains a section on the scope of the data presented, a second on the methodology and an appendix with definitions of the main terms used.

Workflow Summary

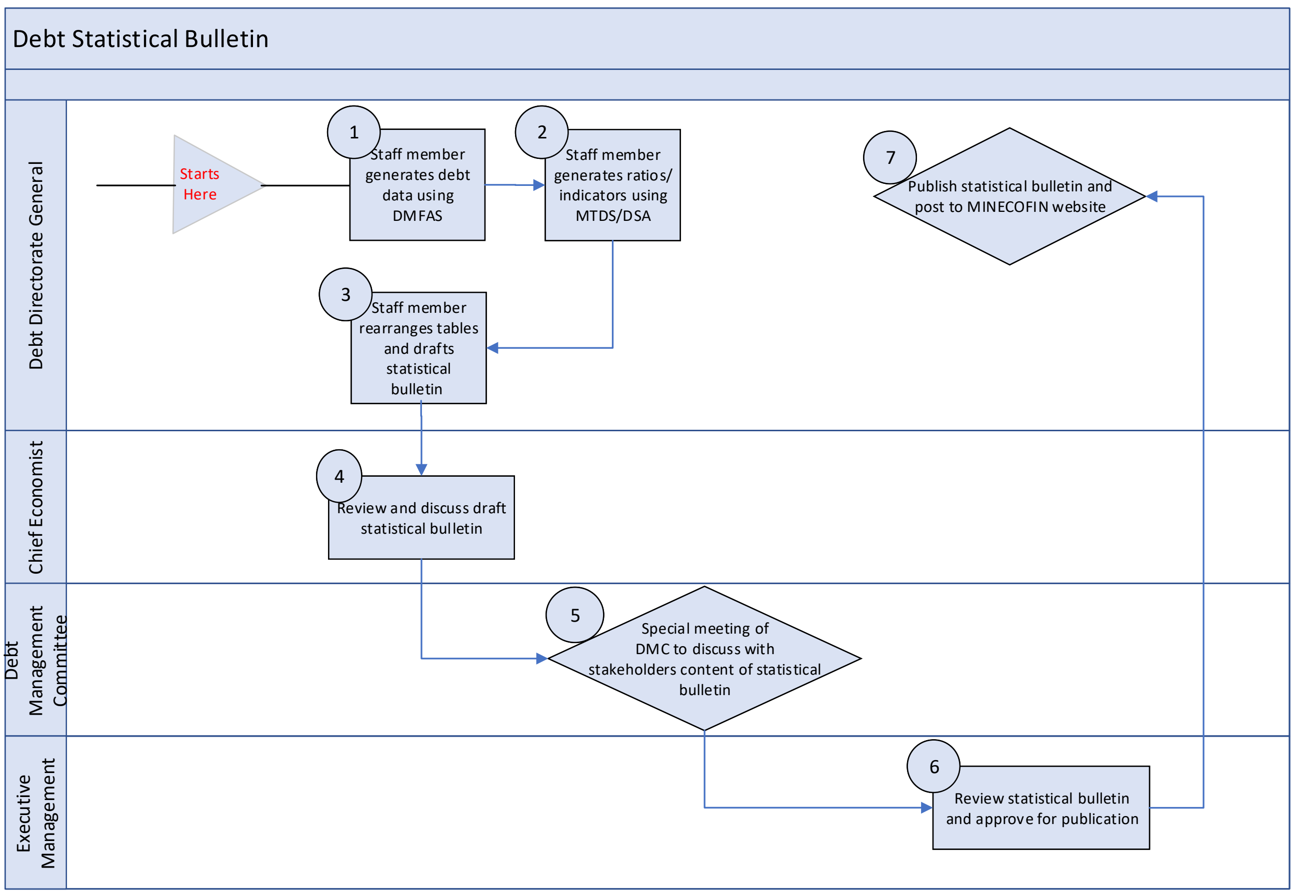
DDG is responsible for preparing and posting to the MINECOFIN website the Debt Statistical Bulletin, coordinating with National Budget, External Finance, Macroeconomic Policy and Treasury Directorates, line ministries and/or project agencies, and BNR. It is reviewed by the DMC and ultimately approved by Executive Management. DDG has established a process that includes the following steps:

Step 1 – 7: Debt statistical bulletin

1. A staff member from DDG (effectively the back office) generates the debt data using DMFAS, reconciling with creditors if needed
2. A staff member from DDG (effectively the middle office) generates the ratios/indicators using the MTDS and DSA toolkits

3. A staff member from DDG (effectively the back office) rearranges tables generated from DMFAS to fit the format for the statistical bulletin, and drafts the statistical bulletin
4. DDG submits the draft statistical bulletin to the Chief Economist for discussion
5. A special meeting of the DMC is convened to discuss with stakeholders the content of the statistical bulletin to be produced
6. DDG submits the statistical bulletin to Executive Management for review and approval
7. DDG coordinates the publishing of the statistical bulletin and posts to the MINECOFIN website

Workflow Diagram



Activity Definitions

This section is a description of each step to be followed when preparing and publishing the debt statistical bulletin. This includes an input, an action, and an output. It also shows who has the responsibility to undertake the action, key indicators which show that the action was performed as per the best practices, and finally it shows if the action implies a report, or if any data is being produced as a result of the activity taking place.

Step 1 to 7	**Debt Statistical Bulletin**
Activity Description	DDG will prepare and post to the MINECOFIN website the Debt Statistical Bulletin, coordinating with National Budget, External Finance, Macroeconomic Policy and Treasury Directorates, line ministries and/or project agencies, and BNR

Inputs:	List the inputs for this activity

Input Name	Description	Source	Format
Debt statistical bulletin	A staff member from DDG (effectively the back office) generates the debt data using DMFAS, reconciling with creditors if needed A second staff member from DDG (effectively the middle office) generates the ratios/indicators using the MTDS and DSA toolkits A staff member from DDG (effectively the back office) rearranges tables generated from DMFAS to fit the format for the statistical bulletin, and drafts the statistical bulletin DDG submits the statistical bulletin to the Chief Economist for discussion A special meeting of the DMC is convened to discuss with stakeholders the content of the statistical bulletin to be produced DDG submits the reports to Executive Management for review and approval DDG coordinates the publishing of the statistical bulletin and posts to the MINECOFIN website	DDG Line Ministries / Project Agencies	

Outputs:	List the outputs for this activity

Output Name	Description	Destination	Format
Debt statistical bulletin	Debt statistical bulletin produced and posted to the MINECOFIN website	Chief Economist DMC Executive Management	

Executed By:	Debt Directorate General

14. Accounting General Ledger

General Description

Current Accounting Policies

The Account General's Office is required to keep timely, comprehensive and accurate records of outstanding public debt including information about principal and interest, guarantees and lending in SmartIFMIS. The Treasury Management Department prepares monthly, quarterly and annual Treasury Reports containing all transactions through the consolidated fund account and special bank accounts with NBR including all debt service transactions.

Public debt (domestic and external) and associated interest is recognized on a cash basis. GoR has adopted a policy of recognizing proceeds from domestic market debt, such as Treasury bills and bonds, and external borrowing as income or revenue in the year of receipt while the repayments are recognised as expenditure in the year of repayment. Moreover, accounting for debt is on a net basis where revenue from issuance is netted against debt service payments. Accordingly, public debt is not included in the statement of financial assets and liabilities. A detailed report on the Statement of Public Debt is produced separately.

Transactions denominated in foreign currencies are initially translated to the Rwandan Franc at the foreign exchange rate at the date of transaction. BNR provides exchange rates for major foreign currencies on a daily basis. These are presented for selling rate (rate BNR will sell foreign currency to its clients), buying rate (rate BNR will buy foreign currency from its clients) and average rate (average between the selling and buying rate). During the year, revenue items are translated using the selling rate (this equals the buying rate presented on the BNR website) on the transaction day whereas the expenditure items are translated using the buying rate (this equals the selling rate presented on the BNR website) on the transaction day. The associated exchange rate losses are recorded as other expenditure while exchange rate gains are recorded as other revenue.

Therefore, the current and non-current portion of long-term borrowings are not reported, and other short-term borrowings are also not captured on the statement of financial position. Long-term borrowings should be measured at amortised cost using the effective interest rate method. DMFAS maintains information on GoR loans, debt securities and other external borrowings. Information from DMFAS is reconciled by instrument with accounting records held in SmartIFMIS by the Deputy Accountant General in charge of Treasury Operations. Unfortunately, DMFAS does not compute the effective interest for amortizing debt as required by the International Public Sector Accounting Standards (IPSAS).

IPSAS cash-based accounting standards are set out in *Financial Reporting under the Cash Basis of Accounting (Final Pronouncement November 2017)*.

Transition to IPSAS Accrual Accounting Policies

The GoR is currently planning to transition to IPSAS accrual accounting. The GoR will then account for public debt based on the provisions of *IPSAS 41: Financial Instruments* which has updated *IPSAS 29: Financial Instruments: Recognition and Measurement.* Based on the provisions of IPSAS 29, borrowings currently recognised as revenue will move to the Statement of Financial Position. The full loan amount will be recognised as a non-current liability and the proceeds received recorded in the cash or bank account. For domestic debt, when Treasury bills are issued, the face value of the Treasury bill will be accounted as a receipt to the government while the discount will be treated as debt service interest expenditure. Similarly, when a Treasury bond is issued at a premium the face value of the Treasury bond will be accounted as a receipt and the premium will be treated as income. When the Treasury bond is issued at a discount, the face value of the Treasury bond will be accounted as a receipt and the discount will be treated as debt service expenditure. For Treasury bonds, the accrued coupon interest received on issuance will be credited against debt service interest expenditure.

Under IPSAS cash accounting, the premium or discount will be accounted on the maturity of the instrument. With IPSAS accrual accounting, the premium or discount will be accounted by amortizing the amount on a monthly basis over the life (or remaining life) of the instrument.

The effect of the transition to IPSAS accrual can be illustrated with a five-year Treasury bond. The proceeds have been recognised in full at the time of contracting the debt under the modified cash basis accounting will now have the initial proceeds spread over five years and all proceeds relating to prior years totalled and posted accordingly to the net assets account because they relate to prior years. On the regular payments (comprising principal repayments and interest) a re-computation will be done, and the annual interest computed matched against the actual interest paid in the prior years. Any excess or deficit between the two amounts will be posted to the net assets account and to the finance cost account. If it is discovered that the GoR had overpaid interest in prior years, the amount of the overpayment will be recorded as income in the statement of financial performance (i.e. by crediting the statement of financial performance and a debit entry of the same amount posted to the net assets account). If it is discovered that the GoR had underpaid the interest, the opposite entries are passed to recognize the paid amount.

Workflow Summary

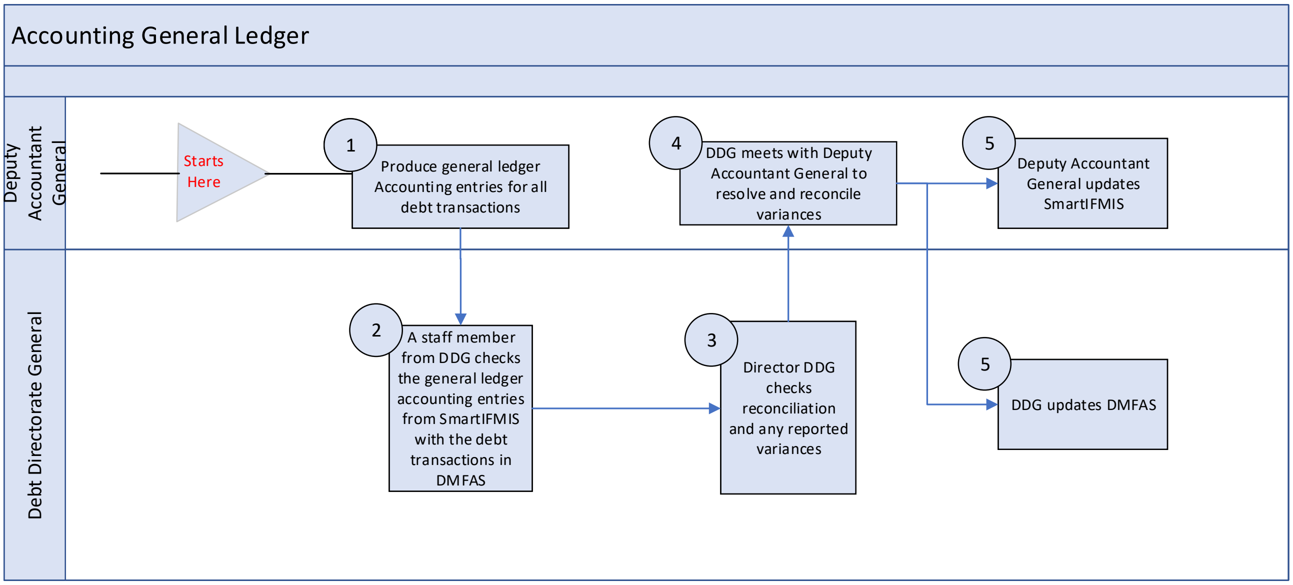
DDG is required to reconcile the general ledger entries for all debt transactions as recorded in SmartIFMIS against the debt transactions as recorded in DMFAS. DDG will check general ledger entries as provided by the Deputy Accountant General at the end of each month.

DDG has established a process that includes the following steps:

Step 1 – 5: Accounting general ledger

1. The Deputy Accountant General will produce general ledger accounting entries for all debt transactions from SmartIFMIS and send to DDG
2. A staff member from DDG (effectively the back office) checks the general ledger accounting entries from SmartIFMIS with the debt transactions in DMFAS, and compile any variances for discussion with the Deputy Accountant General
3. The Director DDG will check the reconciliation and any reported variances
4. DDG will meet with the Deputy Accountant General to resolve and reconcile variances
5. DDG will update DMFAS and the Deputy Accountant General will update SmartIFMIS for any changes needed to reconcile the accounting general ledger

Workflow Diagram



Activity Definitions

This section is a description of each step to be followed when preparing and reconciling accounting general ledger entries. This includes an input, an action, and an output. It also shows who has the responsibility to undertake the action, key indicators which show that the action was performed as per the best practices, and finally it shows if the action implies a report, or if any data is being produced as a result of the activity taking place.

<table>
<tr><th>Step 1 to 5</th><th>Accounting General Ledger</th></tr>
<tr><td>Activity Description</td><td>DDG will reconcile the general ledger entries for all debt transactions as recorded in SmartIFMIS against the debt transactions as recorded in DMFAS</td></tr>
<tr><td>Inputs:</td><td>List the inputs for this activity
<table>
<tr><th>Input Name</th><th>Description</th><th>Source</th><th>Format</th></tr>
<tr><td>Debt accounting</td><td>The Deputy Accountant General will produce general ledger accounting entries for all debt transactions from SmartIFMIS and send to DDG

A staff member from DDG (effectively the back office) checks the general ledger accounting entries from SmartIFMIS with the debt transactions in DMFAS, and compile any variances for discussion with the Deputy Accountant General

The Director DDG will check the reconciliation and any reported variances

DDG will meet with the Deputy Accountant General to resolve and reconcile variances

DDG will update DMFAS and the Deputy Accountant General will update SmartIFMIS for any changes needed to reconcile the accounting general ledger</td><td>DDG

Deputy Accountant General</td><td></td></tr>
</table>
</td></tr>
</table>

Outputs:	List the outputs for this activity **Output Name**: General ledger entries for public debt transactions **Description**: Public debt accounting records reconciled between DMFAS and SmartIFMIS **Destination**: Deputy Accountant General **Format**:
Executed By:	Debt Directorate General

15. Loan Guarantees

General Description

MINECOFIN is responsible or participates in a process for assessing, approving and monitoring loan guarantees. This process will include:

1. Selection of the public or private enterprises that will be eligible to receive a loan guarantee and obtaining approval from the Minister of Finance for each eligible enterprise.
2. Reviewing a request for provision of a loan guarantee submitted by the guaranteed agency, undertaking a risk assessment, calculating the guarantee fee (if applicable), submitting a proposal to the Minister of Finance seeking approval of the guarantee, completing the guarantee agreement and having it signed by the Minister of Finance or an appointed loan agent under a warrant or power of attorney, and recording the details of the loan guarantee in DMFAS.
3. Managing the government guarantee in the case where a public or private enterprise falls into an insolvency situation, thereby invoking the guarantee.

MINECOFIN will assess and agree to the loan guarantee and obtain the necessary approval and signing of the loan guarantee agreement. If a guarantee fee is applicable, the back office will notify the Deputy Accountant General and BNR of the fee due in order that the fee paid by the guaranteed enterprise is credited to the designated GoR bank account.

The government will grant a guarantee only if the guarantee satisfies the following criteria:

1. The guarantee complies with the law.
2. The project benefiting from the guarantee has been chosen in the normal planning process, and the firm undertaking the project has been chosen in a fair competition.
3. The GoR has acted to limit the cost and risk of the guarantee and, if appropriate, will charge a fee for it.
4. The guarantee does not breach any budget limits.
5. The guarantee has greater net benefits for the country than alternative uses of the government's money, including other kinds of subsidy.
6. The guarantee is as transparent as is consistent with good targeting, and the guarantee contract will be made public, along with a description of its possible fiscal implications as set out in the box below.

Workflow Summary

The government normally issues financial guarantees in order to financially promote projects in specific sectors that are deemed to be in the public interest. These include sectors like energy, transport, construction, agriculture, etc...

However, it is important to note that the guarantor (MINECOFIN on behalf of the Government) always undertakes a credit risk assessment in issuing a financial guarantee as it commits to honour the payment obligations of the borrower (the Beneficiary) under the terms of the loan agreement in the event of its default.

It is in this regard that MINECOFIN is responsible of assessing, approving and monitoring loan guarantees, and has establish a process which will include the following:

Step 1 – 2: Submission of proposal of loan guarantee by the public/private entity

1. The process is initiated when a public/private entity submits a request for provision of a loan guarantee to the Minister's office, which will hand over the file to the Government Portfolio Unit
2. The later will proceed to a checklist exercise and will ensure that all the required documents are submitted along with the request for a loan guarantee, before a credit risk assessment is undertaken

Step 3 – 4: Credit risk assessment by the Government Portfolio Unit

3. The Government Portfolio Unit will perform a number of actions when assessing the granting of guarantees. These include:
   a) an appraisal of the financial plan for the investment project/program to ensure that all the necessary requirements are met:
      - Analysis of cash inflows (net revenue) and outflows (operational expenses, depreciation, taxes, interest costs, and other payables)
      - Analysis of capacity to service debt obligations (principal, interest and fees/expenses)
      - Analysis of economic internal rate of return against GoR criteria
      - Sensitivity analysis for fluctuations in (1) exchange and interest rates; (2) revenue; and (3) production/operational costs

   b) An appraisal of investment capital which specifies (i) sources of investment capital (including owner capital, borrow capital); and (ii) capacity to repay the obligations of the project

   c) An appraisal of the audited financial reports for the last three years – in case a public or private enterprise is newly establish or has been in operation for less than three years, there shall be written commitment of the shareholder or representative of the shareholder ensuring capability to repay the principal of the loan

d) Obtain a legal opinion from the Legal Counsel Directorate General and arrange for a credit risk assessment from DDG

4. If requirements are not fulfilled, the Government Portfolio Unit will request further information to be provided by the public/private entity. If all requirements are fulfilled, the Government Portfolio Unit will prepare a credit risk assessment note with recommendations and submit to DDG.

Step 5: Credit risk assessment by DDG

5. DDG will also undertake a credit risk assessment while ensuring the following is met:
   a) The guarantee does not breach any budget limits
   b) The guarantee has greater net benefits for the country than alternative uses of the government's money, including other kinds of subsidy
   c) The government's gross financial exposure and, where feasible, an estimate of the likely fiscal cost if the guarantee were to be called

Step 6 – 10: Review credit assessment report by DDG and Government Portfolio Unit, and Approval by Minister

6. The DMC will review the credit risk assessment report and approve recommendations
7. DDG will submit the credit risk assessment report to the Chief Economist for consideration and submission to Executive Management
8. Executive Management will review the DMC's recommendations before submission to the Minister's Office for approval
9. After the request for loan guarantee has been assessed by all technical teams and reviewed by the DMC and Executive Management, it may be approved or rejected by the Minister
10. The loan guarantee will be provided or rejected by the Minister

What shall be done after the Guarantee is provided?

If the request for loan guarantee is approved, the public/private entity shall on a regular basis report details of the guarantee provided. The report shall indicate:

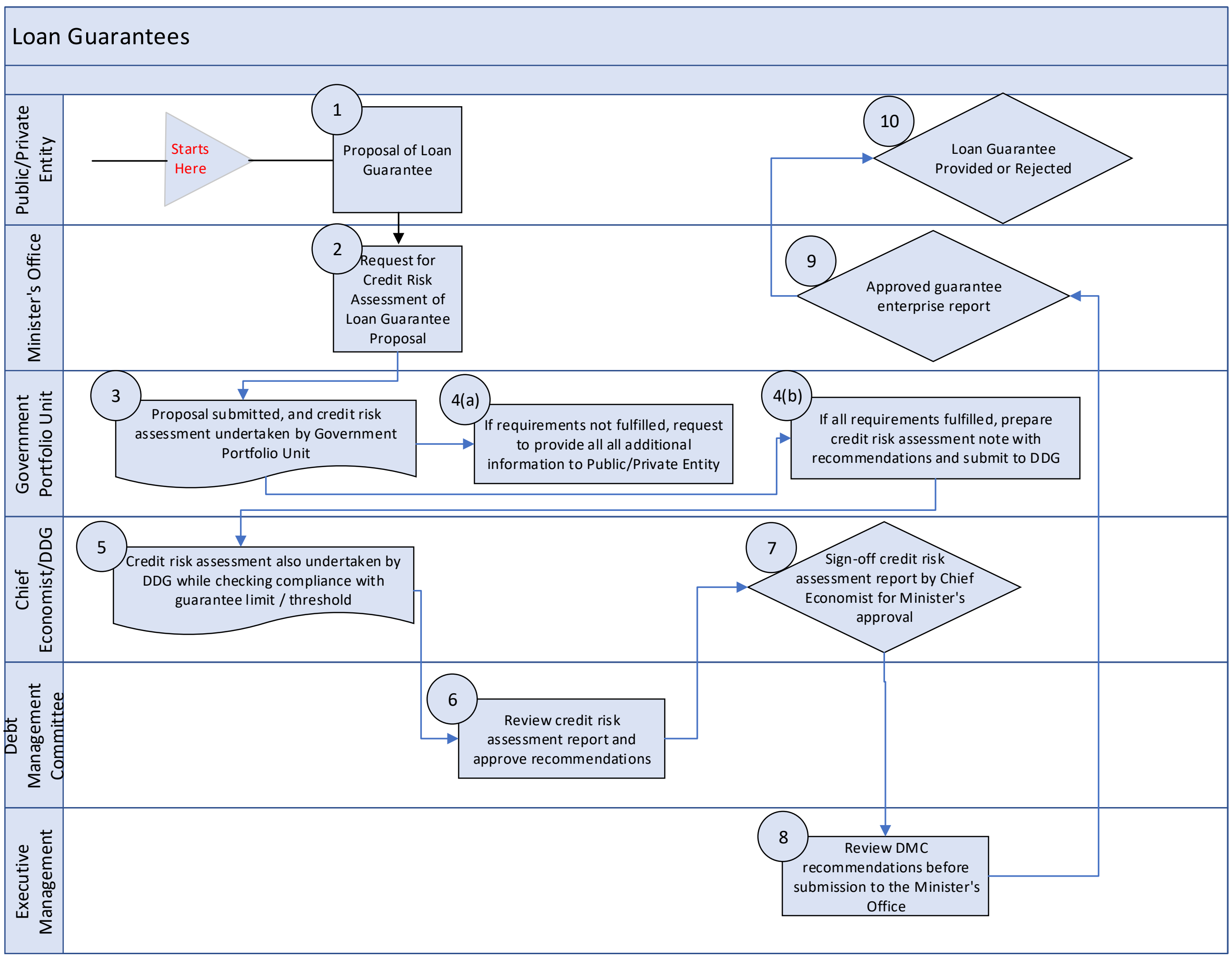
1. The outstanding amount of the new guarantee issued during the period
2. The disbursed amount
3. The repayment profile

DDG will therefore produce a report which includes:

1. The government's gross financial exposure and, where feasible, an estimate of the likely fiscal cost of called guarantees

2. Payments made, reimbursements, recoveries, financial claims established against beneficiaries, and any waivers of such claims
3. Guarantee fees or other revenue received. Payments made by MINECOFIN on the guarantee (if any), and the status of claims on beneficiaries, and update the forecast of new guarantees to be issued in the budget year and the estimate of the likely fiscal cost of called guarantees

Workflow Diagram



Activity Definitions

This section is a description of each step to be followed when assessing, approving and monitoring loan guarantees. This includes an input, an action, and an output. It also shows who has the responsibility to undertake the action, key indicators which show that the action was performed as per the best practices, and finally it shows if the action implies a report, or if any data is being produced as a result of the activity taking place.

<table>
<tr><th>Step 1 – 4</th><th>Proposal for Loan Guarantee</th></tr>
<tr><td>Activity Description</td><td>Submission of request for loan guarantee by the Public/Private Enterprise to Minister’s Office</td></tr>
<tr><td>Inputs:</td><td>List the inputs for this activity
<table>
<tr><th>Input Name</th><th>Description</th><th>Source</th><th>Format</th></tr>
<tr><td>Request for Loan Guarantee</td><td>Request includes:
Revenues
Expenses
Debt service profile (with principal, interest and fees/expenses)
Economic internal rate of return against GoR criteria
Assumed exchange, interest rates, revenue, production/operational costs</td><td>Public/Private Enterprise</td><td></td></tr>
</table></td></tr>
<tr><td>Outputs:</td><td>List the outputs for this activity
<table>
<tr><th>Output Name</th><th>Description</th><th>Destination</th><th>Format</th></tr>
<tr><td>Notification to prepare Credit Risk Assessment if all requirements are fulfilled</td><td></td><td>Government Portfolio Unit</td><td></td></tr>
<tr><td>If requirements not fulfilled, request to Public/Private Entity to submit further information and additional documents</td><td></td><td>Public/
Private Entity</td><td></td></tr>
</table></td></tr>
<tr><td>Executed By:</td><td>Government Portfolio Unit</td></tr>
</table>

<table>
<tr><td>Reports</td><td>List the reports produced by or required for this activity
<table>
<tr><th>Report Name</th><th>Report Description</th><th>Report Format</th><th>Report Frequency</th></tr>
<tr><td>Credit Risk Assessment Report</td><td>Includes assessment of the granting of loan guarantee and recommendations</td><td></td><td>Project by project</td></tr>
</table></td></tr>
</table>

<table>
<tr><td>Step 5</td><td>Credit Risk Assessment by DDG</td></tr>
<tr><td>Activity Description</td><td>Assessment of loan guarantee by DDG with regards to established strategy / benchmarks</td></tr>
<tr><td>Inputs:</td><td>List the inputs for this activity
<table>
<tr><th>Input Name</th><th>Description</th><th>Source</th><th>Format</th></tr>
<tr><td>Credit risk assessment report from Government Portfolio Unit</td><td>Report includes the assessment and recommendations by the Government Portfolio Unit</td><td>Government Portfolio Unit</td><td></td></tr>
</table></td></tr>
<tr><td>Outputs:</td><td>List the outputs for this activity
<table>
<tr><th>Output Name</th><th>Description</th><th>Destination</th></tr>
<tr><td>Credit risk assessment report and recommendations executed by DDG</td><td>Report will:

Assess that the guarantee does not breach any budget limits
The guarantee has greater net benefits for the country
The government’s gross financial exposure and, where feasible, an estimate of the likely fiscal cost if the guarantee were to be called
</td><td>DMC</td></tr>
</table></td></tr>
</table>

Step 6 – 10	Review of Credit Risk Assessment and Minister's Approval
Activity Description	Detailed financing terms of the project and the guarantee along with a credit risk assessment
Inputs:	List the inputs for this activity

Input Name	Description	Source	Format
Credit risk assessment report and loan guarantee recommendations	Report includes assessment and recommendations from both DDG and Government Portfolio Unit, but also DMC's approval	Chief Economist Office	

Outputs:	List the outputs for this activity

Output Name	Description	Destination	Format
Minister's Approval/Denial	Approval of the Minister on the basis of the credit risk assessment report	Public/Private Entity	

After Guarantee is Provided	Monitoring of Loan Guarantee
Activity Description	The guarantee provided shall be monitored until it is fully repaid
Inputs:	List the inputs for this activity

Input Name	Description	Source
Information on Guarantee	Outstanding amount of the new guarantee issued during the period Disbursed amount Repayment profile	Public/Private Entity

<table>
<tr><td>Outputs:</td><td>List the outputs for this activity
<table>
<tr><th>Output Name</th><th>Description</th><th>Destination</th></tr>
<tr><td>Guarantee Report</td><td>1. The government’s gross financial exposure and fiscal cost of called guarantees
2. Payments made by MINECOFN on the guarantee
3. Guarantee fees or other revenue received
4. Forecast of new guarantees to be issued in the budget year and the estimate of the likely fiscal cost of called guarantees</td><td>Executive Management</td></tr>
</table></td></tr>
<tr><td>Executed By:</td><td>Debt Directorate General</td></tr>
<tr><td>Reports</td><td>List the reports produced by or required for this activity
<table>
<tr><th>Report Name</th><th>Report Description</th><th>Report Frequency</th></tr>
<tr><td>Guarantee Report</td><td>Includes assessment, status and forecast of loan guarantee</td><td>Annual</td></tr>
</table></td></tr>
</table>

16. Government Lending or Onlending

General Description

MINECOFIN is responsible or participates in a process for assessing, approving and monitoring government lending or onlending. This process will include:

1. Selection of the public or private enterprises that will be eligible to receive a lending or onlending and obtaining approval from the Minister of Finance for each eligible enterprise.
2. Reviewing a request for provision of a lending or onlending submitted by the government agency or public enterprise, undertaking a risk assessment, calculating the interest rate, submitting a proposal to the Minister of Finance seeking approval of the lending or onlending, completing the lending or subsidiary loan agreement and having it signed by the Minister of Finance or an appointed loan agent under a warrant or power of attorney, and recording the details of the lending or onlending in DMFAS.
3. Managing the government lending or onlending in the case where a public or private enterprise falls into an insolvency situation, thereby failing to meet the loan interest and/or principal payments.

MINECOFIN will assess and agree to the lending or onlending and obtain the necessary approval and signing of the lending or subsidiary loan agreement.

The government will provide a lending or onlending only if it satisfies the following criteria:

1. The lending or onlending complies with the law.
2. The project benefiting from the lending or onlending has been chosen in the normal planning process, and the firm undertaking the project has been chosen in a fair competition.
3. The GoR has acted to limit the cost and risk of the lending or onlending and, if appropriate, will set the interest rate to cover the credit risk.
4. The lending or onlending does not breach any budget limits.
5. The lending or onlending has greater net benefits for the country than alternative uses of the government's money, including other kinds of subsidy.
6. The lending or onlending is as transparent as is consistent with good targeting, and the lending or onlending contract will be made public, along with a description of its possible fiscal implications as set out in the box below.

Workflow Summary

The government normally provide lending or onlending in order to financially promote projects in specific sectors that are deemed to be in the public interest. These include sectors like energy, transport, construction, agriculture, etc...

However, it is important to note that the provider (MINECOFIN on behalf of the Government) always undertakes a credit risk assessment in providing lending or onlending as it commits to honour the payment obligations of the borrower (the Beneficiary) under the terms of the loan or subsidiary loan agreement in the event of its default.

It is in this regard that MINECOFIN is responsible of assessing, approving and monitoring lending or onlending, and has establish a process which will include the following:

Step 1 – 2: Submission of proposal for lending or onlending by the public/private entity

1. The process is initiated when a public/private entity submits a request for provision of lending or onlending to the Minister's office, which will hand over the file to the Government Portfolio Unit
2. The later will proceed to a checklist exercise and will ensure that all the required documents are submitted along with the request for a lending or onlending, before a credit risk assessment is undertaken

Step 3 – 4: Credit risk assessment by the Government Portfolio Unit

3. The Government Portfolio Unit will perform a number of actions when assessing the provision of lending or onlending. This includes:
   a) an appraisal of the financial plan for the investment project/program to ensure that all the necessary requirements are met:
      - Analysis of cash inflows (net revenue) and outflows (operational expenses, depreciation, taxes, interest costs, and other payables)
      - Analysis of capacity to service debt obligations (principal, interest and fees/expenses)
      - Analysis of economic internal rate of return against GoR criteria
      - Sensitivity analysis for fluctuations in (1) exchange and interest rates; (2) revenue; and (3) production/operational costs

   b) An appraisal of investment capital which specifies (i) sources of investment capital (including owner capital, borrow capital); and (ii) capacity to repay the obligations of the project

   c) An appraisal of the audited financial reports for the last three years – in case a public or private enterprise is newly establish or has been in operation for less than three years, there shall be written commitment of the shareholder or representative of the shareholder ensuring capability to repay the principal of the lending or onlending

d) Obtain a legal opinion from the Legal Counsel Directorate General and arrange for a credit risk assessment from DDG

4. If requirements are not fulfilled, the Government Portfolio Unit will request further information to be provided by the public/private entity. If all requirements are fulfilled, the Government Portfolio Unit will prepare a credit risk assessment note with recommendations and submit to DDG.

Step 5: Credit risk assessment by DDG

5. DDG will also undertake a credit risk assessment while ensuring the following is met:
   a) The lending or onlending does not breach any budget limits
   b) The lending or onlending has greater net benefits for the country than alternative uses of the government's money, including other kinds of subsidy
   c) The government's gross financial exposure and, where feasible, an estimate of the likely fiscal cost if the lending or onlending was defaulted

Step 6 to 10: Review credit assessment report by DDG and Government Portfolio Unit, and Approval by Minister

6. The DMC will review the credit risk assessment report and approve recommendations
7. DDG will submit the credit risk assessment report to the Chief Economist for consideration and submission to Executive Management
8. Executive Management will review the DMC's recommendations before submission to the Minister's Office for approval
9. After the request for lending or onlending has been assessed by all technical teams and reviewed by the DMC and Executive Management, it may be approved or rejected by the Minister
10. The lending or onlending will be provided or rejected by the Minister

Step 11 – 13: Lending or subsidiary loan

11. As part of the negotiation of the primary loan, EFD leads negotiations with the development partner with a team from National Planning Directorate General, National Budget Department, Debt Directorate General, Line Ministry and Legal (Treasury Counsel Directorate General), along with Ministry of Foreign Affairs, if necessary, to:
    - agree technical components of the project and the primary loan agreement
    - agree subsidiary loan terms and conditions and conclude the subsidiary loan agreement
    - negotiate and agree legal documentation
    - prepare loan agent's warrant/power of attorney (if Minister of Finance cannot sign)
    - finalize all documentation and forward to the Chief Economist

12. Chief Economist signs off subsidiary loan documents and submits to the Minister – in the case of direct lending, there will only be a lending agreement equivalent to the subsidiary loan agreement
13. Minister of Finance or an appointed loan agent under a warrant or power of attorney signs the subsidiary loan agreement and associated documents

Step 14: Loan entry

14. DDG obtains subsidiary loan or lending agreement from the Minister of State in Charge of National Treasury and inputs loan details into DMFAS (using the User Manual if needed), which are checked against the subsidiary loan or lending agreement by a second staff member

What shall be done after the lending or onlending is provided?

If the request for lending or onlending is approved, the public/private entity shall on a regular basis report details of the lending or onlending provided. The report shall indicate:

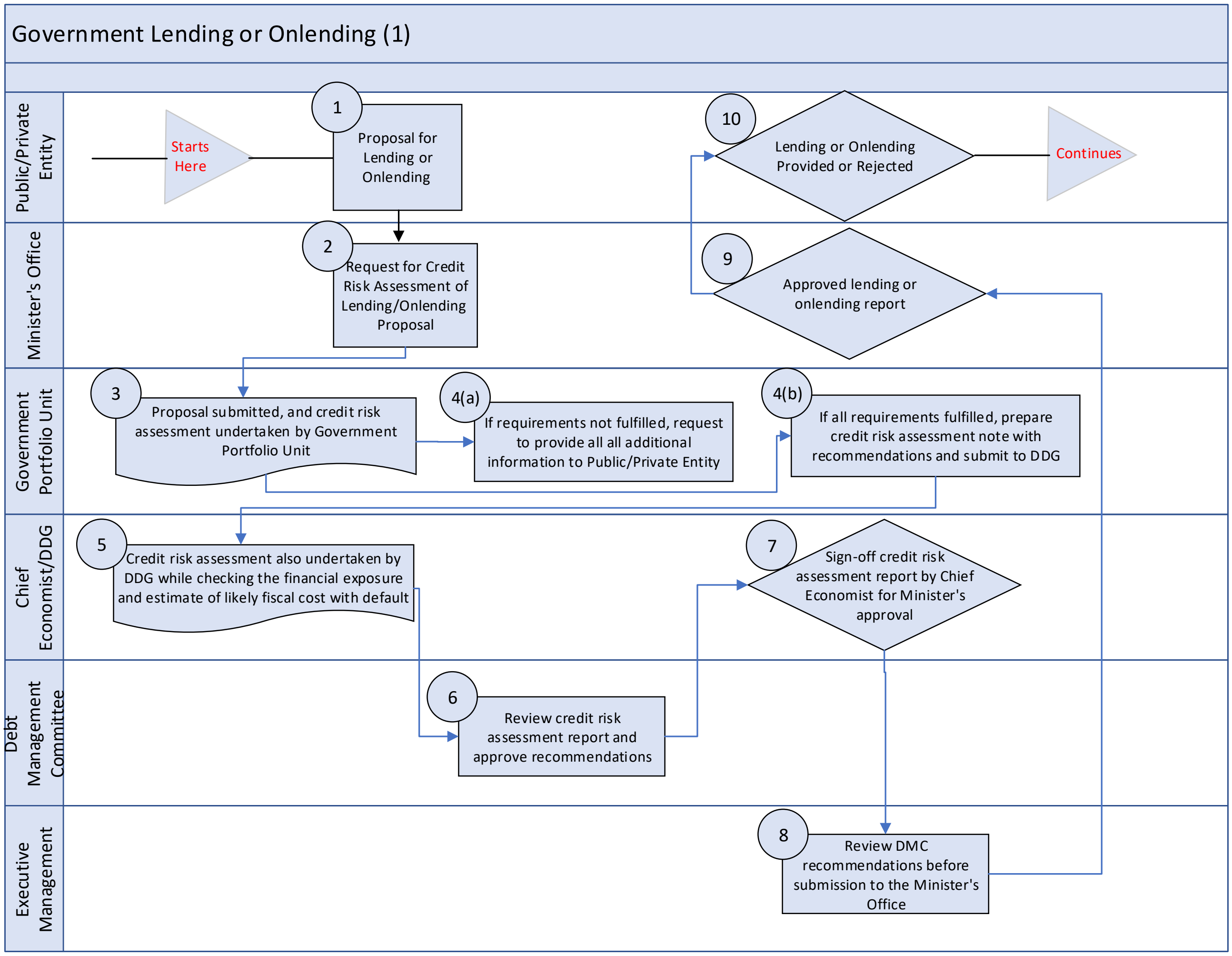
1. The outstanding amount of the new lending or onlending issued during the period.
2. The disbursed amount.
3. The repayment profile.

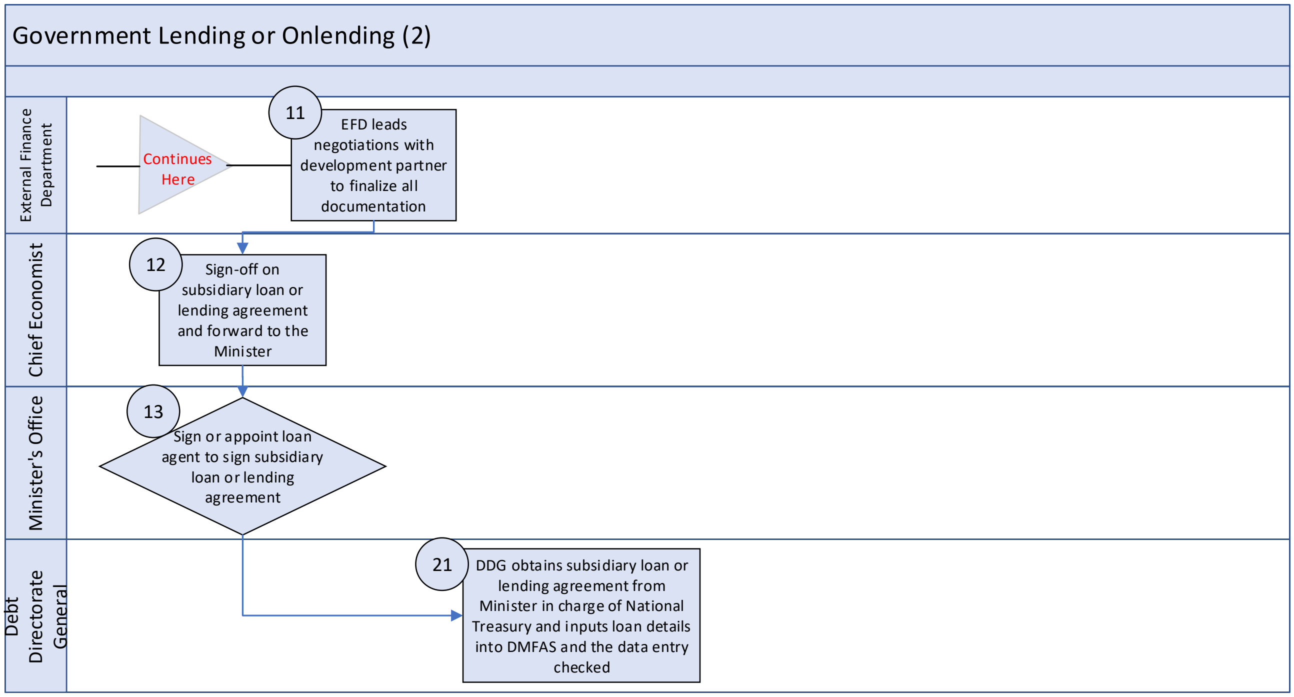
DDG will therefore produce a report which includes:

1. The government's gross financial exposure and, where feasible, an estimate of the likely fiscal cost of default.
2. Payments made, reimbursements, recoveries, financial claims established against beneficiaries, and any waivers of such claims.
3. Update the forecast of new lending or onlending to be issued in the budget year and the estimate of the likely fiscal cost of lending or onlending defaults.

In addition, DDG will prepare and send payment invoice for each principal and interest payment to the Private/Private Entity in accordance with the subsidiary loan agreement. Invoices will be sent one month prior to the due date.

Workflow Diagram





Activity Definitions

This section is a description of each step to be followed when assessing, approving and monitoring lending or onlending. This includes an input, an action, and an output. It also shows who has the responsibility to undertake the action, key indicators which show that the action was performed as per the best practices, and finally it shows if the action implies a report, or if any data is being produced as a result of the activity taking place.

<table>
<tr><td>Step 1 – 4</td><td>Proposal for Lending or Onlending</td></tr>
<tr><td>Activity Description</td><td>Submission of request for lending or onlending by the Public/Private Enterprise to the Minister’s Office</td></tr>
<tr><td>Inputs:</td><td>List the inputs for this activity
<table>
<tr><th>Input Name</th><th>Description</th><th>Source</th><th>Format</th></tr>
<tr><td>Request for Lending or Onlending</td><td>Includes:
Revenues
Expenses
Debt service profile (with principal, interest and fees/expenses)
Economic internal rate of return against GoR criteria
Assumed exchange, interest rates, revenue, production/operational costs</td><td>Public/Private Enterprise</td><td></td></tr>
</table></td></tr>
<tr><td>Outputs:</td><td>List the outputs for this activity
<table>
<tr><th>Output Name</th><th>Description</th><th>Destination</th><th>Format</th></tr>
<tr><td>Notification to prepare Credit Risk Assessment if all requirements are fulfilled</td><td></td><td>Government Portfolio Unit</td><td></td></tr>
<tr><td>If requirements not fulfilled, request to Public/Private Entity to submit further information and additional documents</td><td></td><td>Public/
Private Entity</td><td></td></tr>
</table></td></tr>
<tr><td>Executed By:</td><td>Government Portfolio Unit</td></tr>
<tr><td>Reports</td><td>List the reports produced by or required for this activity
<table>
<tr><th>Report Name</th><th>Report Description</th><th>Report Format</th><th>Report Frequency</th></tr>
<tr><td>Credit Risk Assessment Report</td><td>Includes assessment of the provision of lending or onlending and recommendations</td><td>Word</td><td>Project by project</td></tr>
</table></td></tr>
</table>

Step 5	Credit Risk Assessment by DDG
Activity Description	Assessment of lending or onlending by DDG with regards to established strategy / benchmarks
Inputs:	List the inputs for this activity **Input Name:** Credit risk assessment report from Government Portfolio Unit **Description:** Includes the assessment and recommendations by the Government Portfolio Unit **Source:** Government Portfolio Unit **Format:**
Outputs:	List the outputs for this activity **Output Name:** Credit risk assessment report and recommendations executed by DDG **Description:** Report will: • Assess that the lending or onlending does not breach any budget limits • The lending or onlending has greater net benefits for the country • The government's gross financial exposure and, where feasible, an estimate of the likely fiscal cost if the lending or onlending were to be defaulted **Destination:** DMC

Step 6 – 10	Review of Credit Risk Assessment and Minister's Approval
Activity Description	Detailed financing terms of the project and the lending or onlending along with a credit risk assessment
Inputs:	List the inputs for this activity **Input Name:** Credit risk assessment report and lending or onlending recommendations **Description:** Includes assessment and recommendations from both DDG and Government Portfolio Unit, but also DMC's approval **Source:** Chief Economist Office **Format:**

Outputs:	List the outputs for this activity <table><tr><th>Output Name</th><th>Description</th><th>Destination</th><th>Format</th></tr><tr><td>Minister's Approval/Denial</td><td>Approval of the Minister on the basis of credit risk assessment report</td><td>Public/Private Entity</td><td></td></tr></table>

Step 11 – 13	**Lending or Subsidiary Loan**
Activity Description	Lending or subsidiary loan negotiations with government agency and for onlending with the development partner or funding agency and submission of subsidiary loan agreement to the Minister for signature
Inputs:	List the inputs for this activity <table><tr><th>Input Name</th><th>Description</th><th>Source</th><th>Format</th></tr><tr><td>Lending or onlending proposal</td><td>EFD leads negotiations to: - agree technical components of the project and the primary loan agreement - agree subsidiary loan terms and conditions and conclude the subsidiary loan agreement - negotiate and agree legal documentation - prepare loan agent's warrant / power of attorney (if Minister cannot sign) - finalize all documentation and forward to the Chief Economist Chief Economist signs off subsidiary loan documents and submits to the Minister – in the case of direct lending, there will be a lending agreement</td><td>PIC National Budget DDG Line Ministry Legal (Treasury Counsel Directorate) Ministry of Foreign Affairs (if necessary)</td><td></td></tr></table>

Outputs:	List the outputs for this activity <table><tr><th>Output Name</th><th>Description</th><th>Destination</th><th>Format</th></tr><tr><td>Subsidiary loan documents</td><td>Subsidiary loan documents forwarded to the Chief Economist</td><td>Chief Economist</td><td></td></tr><tr><td>Subsidiary loan agreement</td><td>Subsidiary loan agreement and associated documents sent to the Minister for signing</td><td>Minister</td><td></td></tr></table>
Executed By:	External Finance Department

Step 14	**Loan Entry**
Activity Description	Inputs of loan details into DMFAS
Inputs:	List the inputs for this activity <table><tr><th>Input Name</th><th>Description</th><th>Source</th><th>Format</th></tr><tr><td>Subsidiary loan agreement</td><td>DDG obtains subsidiary loan agreement and inputs details into DMFAS, which is checked</td><td>Minister of State in Charge of National Treasury</td><td></td></tr></table>
Outputs:	List the outputs for this activity <table><tr><th>Output Name</th><th>Description</th><th>Destination</th><th>Format</th></tr><tr><td>DMFAS</td><td>DMFAS updated with new loan</td><td>DMFAS</td><td></td></tr></table>
Executed By:	Debt Directorate General

After Lending or Onlending is Provided	**Monitoring of Lending or Onlending and Issuing Payment Notices**
Activity Description	Payment invoices are issued to the Public/Private entity, and the lending or onlending shall be monitored until it is fully repaid

<table>
<tr><td>Inputs:</td><td>List the inputs for this activity
<table>
<tr><th>Input Name</th><th>Description</th><th>Source</th></tr>
<tr><td>Payment invoice</td><td>DDG prepares and sends payment invoice for each principal and interest payment in accordance with the subsidiary loan agreement one month prior to the due date</td><td>DDG</td></tr>
<tr><td>Information on Lending or Onlending</td><td>Outstanding amount of the lending or onlending issued during the period
Disbursed amount
Repayment profile</td><td>Public/Private Entity</td></tr>
</table></td></tr>
<tr><td>Outputs:</td><td>List the outputs for this activity
<table>
<tr><th>Output Name</th><th>Description</th><th>Destination</th></tr>
<tr><td>Payment invoice</td><td>Principal and interest payment invoice</td><td>Public/Private Entity</td></tr>
<tr><td>Lending or Onlending Report</td><td>1. The government’s gross financial exposure and fiscal cost of lending or onlending default
2. Forecast of new lending or onlending to be issued in the budget year and the estimate of the likely fiscal cost of lending or onlending default</td><td>Executive Management</td></tr>
</table></td></tr>
<tr><td>Executed By:</td><td>Debt Directorate General</td></tr>
<tr><td>Reports</td><td>List the reports produced by or required for this activity
<table>
<tr><th>Report Name</th><th>Report Description</th><th>Report Frequency</th></tr>
<tr><td>Lending or Onlending Report</td><td>Includes assessment, status and forecast of lending or onlending</td><td>Annual</td></tr>
</table></td></tr>
</table>