



HIGH-LEVEL SUMMARY TECHNICAL ASSISTANCE REPORT

RWANDA

Technical Assistance on Public Debt Projections
and Analysis with the Public Debt Dynamics Tool
(DDT)

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The *High-Level Summary Technical Assistance Report* series provides high-level summaries of the assistance provided to IMF capacity development recipients, describing the high-level objectives, findings, and recommendations.

ABSTRACT: This Technical Assistance followed a request by the Debt Management Directorate of the Ministry of Finance and Economic Planning (MINECOFIN) of Rwanda to develop the capacity in public debt projections and analysis. The development and discussion of DDT scenarios by officials contributed to a better understanding of debt projections across the MINECOFIN.

JEL Classification Numbers E60, E62

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High-Level Strategic Summary: Rwanda

The IMF Institute for Capacity Development (ICD) delivered Technical Assistance to help the Ministry of Finance and Economic Planning (MINECOFIN) of Rwanda develop the capacity in public debt projections and analysis. This Technical Assistance followed a request by the Debt Management Directorate of MINECOFIN and took place during September-December 2023.

Pre-scoping and pre-mission virtual meetings during September-October 2023 revealed a low level of capacity in public debt projections and analysis at the MINECOFIN. Public debt projections and analysis at the MINECOFIN were done by two economists at the Debt Management Directorate using the Bank/Fund Debt Sustainability Framework for Low-Income Countries. Lack of capacity in other units of the MINECOFIN to produce their own debt projections and analysis and to understand the analysis done by Debt Management Directorate staff was identified as a key impediment for the public debt projections process and effective policy discussions. The MINECOFIN also suffers from frequent staff turnovers. Building sustainable capacity would require facilitating the training of new staff. Because of severe time constraints faced by MINECOFIN staff, the Debt Management Directorate emphasized their need for a focused and pointed capacity development to be concluded before end-2023.

Against this background, it was agreed with the Debt Management Directorate to develop capacity on public debt projections and analysis across the MINECOFIN using ICD's Public Debt Dynamics Tool (DDT). The simplicity of the DDT and the consistency between DDT and Debt Sustainability Framework projections could allow to quickly develop sustainable capacity across the MINECOFIN, while respecting the time constraints of MINECOFIN officials.

It was agreed to have a single in-person mission in Kigali on December 11-14, 2023, supported by extensive asynchronous pre-mission work. This timeline aimed at maximizing the effectiveness of this Technical Assistance while respecting the time constraint of MINECOFIN officials.

- Pre-mission work included: (i) preparing a tool that allows the Debt Management Directorate officials to link Rwanda's Debt Sustainability Framework with the DDT and DDT with Gross Financing Needs while ensuring consistency in the baseline scenario; (ii) updating the DDT to present Debt Sustainability Framework debt-burden indicators; and (iii) guiding officials to complete the online edX course on the DDT (DDTx) while reviewing Rwanda's DDT (populated using the Debt Management Directorate's Debt Sustainability Framework) to improve their readiness for producing a public debt report during the in-person mission.
- During the in-person mission, the IMF mission team worked with officials from MINECOFIN and the National Bank of Rwanda to make debt projections and produce a debt report. The mission also introduced the Natural Disasters for the DDT, as well as the Gross Financing Needs DDT templates, which are not presented in the DDTx. After officials gained understanding of the DDT, they identified different ways in which the DDT will contribute to the policymaking process.

The TA was successful in attaining its objectives. The discussion of DDT scenarios by officials demonstrated increased capacity and contributed to a better understanding of debt projections across the MINECOFIN. For example, the analysis of historical debt drivers revealed a significant residual in the baseline scenario, which MINECOFIN officials conjectured is due to a discrepancy between the public sector coverage used for measuring the stock of debt and the fiscal balance. MINECOFIN officials agreed on the importance of correcting this discrepancy.

The simplicity and extensive documentation of the DDT can facilitate the training of new staff and thus sustain capacity development. The participation in online DDTx and LIC DSFx courses can be a useful introduction to the DDT.

The mission team wishes to thank Ms. Stella Nteziryayo and Mr. Gerard Gakunzi, who coordinated this project from MINECOFIN. The team also would like to thank the officials who actively participated in the in-person workshop discussions and presentations.

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