

**AfDB's Lines of Credit (LOCs) to Banque de Kigali and  
Banque Rwandaise de Developpement  
U.S. Position  
November 19, 2010**

The United States strongly support the objective of increasing credit available to private enterprises supporting growth of Rwanda's agriculture and tourism sectors and contributing to improved infrastructure. The steps that Banque Rwandaise de Developpement (BRD) and Banque de Kigali (BK) have taken to modernize their management and improve their financial performance to support these lines of credit are positive.

However, these LOCs should not be brought to the Board before the IMF and the authorities have reached agreement on the exclusion of the debt from these state-owned banks from the debt sustainability analysis and non-concessional debt ceiling. Further, the language in the proposal indicating this as a condition for loan signature in the appraisal reports is not sufficiently binding. In the future, Management should give more priority to debt sustainability concerns in situations like these. Otherwise, Board discussion on such projects should be postponed until after the IMF has provided its conclusions.

The United States is also concerned about environmental issues. While AfDB's assistance to the banks on developing environmental and social management systems is welcomed, these systems are very rudimentary. Moreover, the LOCs will be supporting projects with significant negative environmental impacts (category 1 projects).

Therefore, the United States abstains on these two LOCs since: (i) they will support category 1 projects for which the disclosure period for environmental and social impact assessments is not adequate (less than 120 days) and (ii) because of the process and IFI coordination issues cited above.