

REPUBLIC OF RWANDA



**MINISTRY OF FINANCE AND ECONOMIC
PLANNING**

BUDGET EXECUTION REPORT FOR THE FISCAL YEAR 2005

May 2006

BUDGET EXECUTION REPORT FOR THE FISCAL YEAR 2005

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BUDGET EXECUTION REPORT FOR THE FISCAL YEAR 2005

1. INTRODUCTION:

This report is related to the execution of the revised budget for the financial year 2005, covering a period from 01/01/2005 to 31/12/2005. The report starts with a short outline of the economic environment context in which the budget was executed, followed by an outline of the budgetary achievements, as well as a short comment on the funding related to the poverty reduction priority programmes. The report ends with appendixes concerning national resources and expenditure for the year 2005.

2. DOMESTIC ECONOMY:

The year 2005 was another year of improved performance for the Rwandan economy. GDP growth was substantially higher than in 2004, underpinned by strong domestic demand. It was a year of recovery where strong rains enabled a strong Season B harvest; and the domestic electricity shortage lessened, with production almost regaining its 2003 level. The value of Rwanda's exports grew, although by substantially less than the value of Rwanda's imports. Both fiscal and monetary policies were sound during the year. Inflation fell from a peak of 13.6% in March to 5.6% by the end of the year.

The Real Sector (Production)

National accounts statistics indicate that Rwanda's GDP grew by almost 7%. This represents a substantial increase over the 2004 figure of 4% - and over the 0.9% rate of growth seen in 2003.

Thanks to strong rains in time for the Season B harvest, agricultural output was almost 6% above the 2004 level. Growth was also strong in the industrial sector, led by beverage manufacturing. The services sector experienced healthy growth in all sub-sectors.

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Table 1: Estimates of Real GDP (1995 prices)

Rwf billion, 1995 prices	Real Value			Growth Rate	
	2003	2004	2005	2004	2005
Agriculture of which:	285.49	289.36	306.25	1.4%	5.8%
<i>Food Crop</i>	243.42	241.79	259.43	-1%	7.3%
Industry	120.17	128.80	143.07	7%	11.1%
Mining	1.21	1.88	2.31	55%	23.2%
Manufacturing	51.79	55.32	65.34	7%	18.1%
<i>Construction</i>	65.13	70.02	73.52	8%	5.0%
Services	235.00	253.24	266.86	8%	5.4%
Wholesale and Retail	48.13	48.77	50.06	1%	2.7%
Transport & Communication	46.39	52.00	54.44	12%	4.7%
Finance	17.31	20.90	24.14	21%	15.5%
Adjustments	-0.70	-3.06	-5.51	336%	80.0%
GDP	639.95	668.35	710.67	4%	6.3%

Source: MINECOFIN

Agriculture:

Data from MINAGRI indicate that despite a poor harvest in Season A, strong growth in Season B meant that 2005 saw 5.8% growth in agricultural output overall.

The Export Crop

The main crops produced for export, tea and coffee, performed very differently. 2005 was a year of cyclical downturn in the coffee harvest, with a need for the plants to rest following the bumper harvest of 2004. The coffee harvest declined therefore, with volumes 32% less than those of the previous year. As a result, we can expect to see a substantial growth in coffee production in 2006, weather permitting.

The story of tea is quite dissimilar. The tea crop of 2005 was over 18% greater in volume terms than that of 2004, while the price we received for our tea declined by around 4%.

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The Food Crop

There was an impressive 7.3% growth in the food crop in 2005. Following a zero rate of growth in agriculture over 2004, this is heartening - particularly as around 90% of Rwanda's population is dependant on agriculture. Imports of fertilizers increased substantially over 2005, with 7,855 tonnes imported in 2005, an increase of around 70% when compared with in 2004 levels. Despite this, however, the year ended as it had begun, with pockets of food insecurity in several parts of the country.

Food Security

The high rate of food insecurity which marked the second half of 2004 persisted until March 2005, with close to 110,000 people affected by season 2005 A crop failures, mostly in Kigali Ngali, Kibungo and Umutara provinces, which needed food assistance. April to August was a period of improvement due to a good season B harvest which led to a cut in the need for food aid intervention, such as Food for Work. Food security, however, deteriorated in the subsequent period, with September to December characterized by hunger.

The Food Crop: Season A and B Harvests

Agriculture in Rwanda remains very vulnerable to the vagaries of climate, with a continued lack of adequate irrigation and water storage systems. This is illustrated by the substantial differences in growth rates seen in Season A, and Season B (tables 2 and 3 below.) The strong growth in aggregate food production in 2005 was due to the timely arrival of the rains prior to Season B, after the rains preceding Season A were poor. The Season B growth, however, was strong enough to reverse the decline in food output seen in Rwanda over the previous two years.

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Table 2: Crop Volumes 2003 - 2005, Season A

Season A	Volume (tonnes)			Annual change (%)		
	2004	2005	2006	2004	2005	2006
Total crops (Total des récoltes)	3,469,920	3,494,977	3,431,544	-1.1%	0.7%	-1.8%
Cereals (céréales)	115,614	121,504	115,766	19.7%	5.1%	-4.7%
Sorghum (sorgho)	12,823	14,878	13,195	-15.6%	16.0%	-11.3%
Maize (maïs)	69,264	72,643	65,531	14.3%	4.9%	-9.8%
Wheat (blé)	8,873	8,730	9,301	7.0%	-1.6%	6.5%
Paddy (riz)	24,653	25,253	27,739	96.9%	2.4%	9.8%
Pulses (légumineuses)	165,915	170,839	145,421	-9.5%	3.0%	-14.9%
Beans (haricot)	135,725	139,210	119,941	-12.3%	2.6%	-13.8%
Groundnuts (arachides)	6,846	11,431	5,558	9.0%	67.0%	-51.4%
Soya (soya)	11,631	6,425	12,048	14.3%	-44.8%	87.5%
Peas (petits poids)	11,713	13,773	7,874	-4.0%	17.6%	-42.8%
Roots & tubers	1,572,508	1,591,438	1,566,981	-10.1%	1.2%	-1.5%
Irish potatoes (pomme de terre)	682,598	750,256	759,352	7.0%	9.9%	1.2%
Sweet potatoes (potates douces)	327,921	319,446	316,848	-17.8%	-2.6%	-0.8%
Taro (colocase)	81,795	79,491	75,135	-5.7%	-2.8%	-5.5%
Cassava (manioc)	480,193	442,246	415,646	-23.2%	-7.9%	-6.0%
Bananas	1,208,372	1,203,988	1,186,684	-1.7%	-0.4%	-1.4%
Market garden produce and fruits Maraîchères and Frutiers	407,511	407,208	416,691	63.2%	-0.1%	2.3%

Season A of 2006 brought another disappointing harvest, after the rains in late 2004 were again significantly below their seasonal averages. Most crops failed to stay at their already-low 2005 levels, and the overall volume of crops reduced by almost 2%. MINAGRI calculate that 33,000 tonnes (cereal equivalent) of food aid will be required over the next six months (from January 2006). The largest need is in Gikongoro and Butare, but a number of districts across the country have been affected as well.

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Medium Term Measures in Agriculture

There are several projects in the pipeline that will have a positive impact on agricultural productivity in Rwanda. MINAGRI and MINITERE plan to conduct a large scale study into the potential for rolling out irrigation widely across Rwanda. As a lack of rain has been the major cause of failed harvests and food insecurity in Rwanda in recent years, widespread irrigation could be of major benefit in the country. Related to this, MINAGRI is working on hillside rainwater catchments and household level irrigation schemes.

Another plan in the agricultural sector is the reclamation of swampland, to facilitate the growing of rice. Rice was selected as a government priority crop in 2004, due to advantages such as limited vulnerability to rainfall failure, and its suitability for planting in marshlands. In 2004, rice was grown on 6000 hectares of land; this increased to 8000 hectares in 2005. MINAGRI plans eventually to reclaim 2,935 ha of marshland in order to plant rice on this land. (This marshland has been selected carefully to avoid environmental damage and is only a fraction of Rwanda's total marshlands of over 6,600 ha.)

MINAGRI has an ongoing programme to reduce soil erosion; in 2005, 37% of arable land was covered and they aim to cover over 50% in 2006. Amongst many other projects, MINAGRI is working on an ambitious livestock development programme, using NGO assistance. Fifteen thousand additional heads of cattle were distributed to farmers over 2005, with a plan to upscale this in future years.

Industry:

Estimates based on production data collected from industry suggest that overall growth in Rwanda's industrial sector reached over 10% in 2005. This encouraging rate of growth was supported by the recovery in domestic electricity production, which regained 2003 level for most of the second half of 2005. Performance was, however, not uniformly strong; the table below illustrates the mixed performance of some of Rwanda's large industries.

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Table 3: Rwandan Industrial Performance: 2004-2005

	Production(volumes)			% change	Period
	2004	2005			
Electricity (GWh)	90537	115858		28.0%	Whole year
Cement (tonnes)	89106	83273		-6.5%	Jan - Oct only
Beer (hl)	370.83	442.53		19.3%	Whole year
Soft Drinks (hl)	179.67	231.38		28.8%	Whole year
Textiles (yds)	2884603	2503481		-13.2%	Jan - Aug only
Cigarettes (sticks)	365712200	383072700		4.7%	Whole year
Sugar (tonnes)	7748	12500		61.3%	Whole year

Source: Industry

Manufacturing

Manufacturing was the leading sector in 2005, growing at around 18% over the year. The largest sub-sector within manufacturing – the manufacture of food beverages and tobacco – was also the fastest growing. The production of beer and soft drinks increased by over 19% and 22% respectively. Together, this accounted for around 70% of total manufacturing output. Associated with this strong production, inputs for the food industry grew by around 40% in volume terms over 2005.

Rwanda's producers of beer and soft drinks attribute this growth mainly to increased demand, owing in particular to greater liquidity in the population as a result of the expansion of microfinance. They also cite a supply-side factor: as the Rwandan Franc has been relatively stable over 2005, it has been easier to import raw materials from Europe with fewer price fluctuations. The manufacturers are predicting that 2006 will be another year of strong growth, in particular as they have recently been granted a license to brew an additional alcoholic beverage.

Other areas of manufacturing have seen a more variable performance. There was strong revenue growth in the chemicals, wood products and furniture sectors, however performance was weak in the non-metals sector.

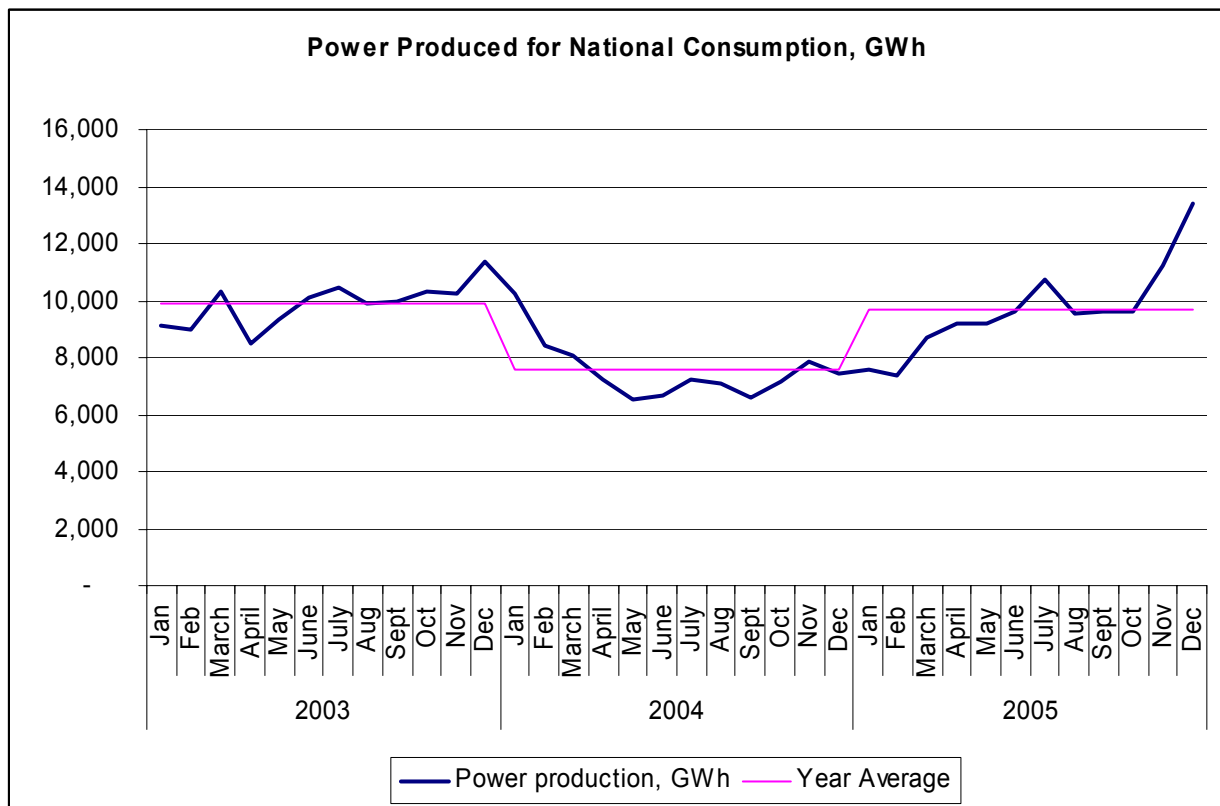
The non-metals sector includes the production of cement, which slowed over the third quarter to show a year on year decrease in production of almost 3%. In contrast, imports of cement and similar goods more than doubled between 2004 and 2005, increasing from 20,039 tonnes in 2004 to 43,093 tonnes in 2005. Considering the total amount of cement in Rwanda (domestic production plus imports), we find that there has been an increase of around 70% in volume terms. There was also substantial growth in the other two categories of construction-related imports recorded – metal construction materials, with growth of around

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25% in volume terms, and other construction materials, with volume growth of around 60%. This sends a positive signal about growth in the construction sector; indeed the upwards trend is expected to continue into 2006, as several major projects are planned for this year.

Electricity

A reliable supply of electricity is vital to the growth of the industrial sector in Rwanda. As can be seen from the chart below, electricity supply in Rwanda has been rather variable over the last couple of years, with average levels dropping by over 20% between 2003 and 2004.



Source: Electrogaz

While fuel prices and energy price inflation remain high, domestic production of electricity returned to 2003 levels in the second half of 2005. It is expected to exceed this level in 2006.

2004 and 2005 had seen the drying up of many lakes and rivers that had been used to generate electricity. To overcome this problem, the government imported new generators in 2004. These require imported fuel. As power shortages remained, the Government signed an agreement with a generating company to supply additional power to the Kigali network. These changes have necessitated increases to the electricity tariff, which had remained static in nominal terms –

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and was therefore decreasing in real terms – between 1997 and 2004. This tariff fell far short of covering infrastructural and operational costs.

Since April 2004, tariffs have been adjusted with the objective of passing on fuel costs to the consumer. A new rate of 81.26 RwF/kwH was effective from Jan 1st 2005 – almost doubling from the 2004 rate of 42.0 RwF/kwH. From the 1st of December 2005 the tariff again increased substantially, to a level of 112 RwF/kwH.

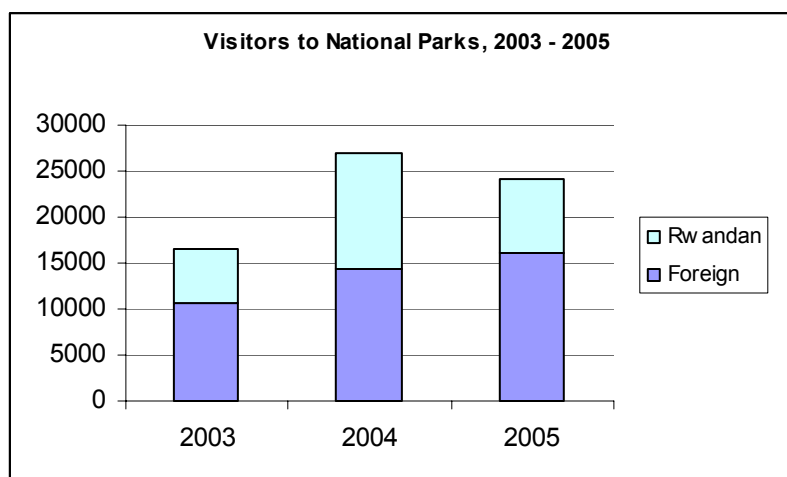
In the long term, the Government intends to harness the substantial reserves of gas under Lake Kivu to generate electricity. The government is to be the minority shareholder in a joint venture with an independent power producer, and the project is likely to be supported by the World Bank. The government is also planning studies on the construction of micro-hydro power plants and biomass fuels, among other things.

Services:

Considering a range of indicators, growth in the services sector is estimated to have been around 6%, driven by the ICT, finance and tourism sectors.

ORPTN data show that the number of non-resident foreign visitors has grown by around 23% compared with 2004. While the total number of visitors to national parks fell year-on-year, the fall was entirely due to a reduction in the number of visits from Rwandan nationals and the number of foreign visitors continued to increase. The park fees paid by foreigners are substantially higher than those paid by Rwandans, so the growth in foreign visitors is encouraging.

The chart below shows the total number of visits from nationals and non-nationals to all Rwanda's national parks from 2003 to 2005.



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Estimates from the Balance of Payments suggest that tourism revenues grew by around 12% to reach US\$48.8m by December 2005.

There was also encouraging news from the airlines, with passenger numbers growing by a total of 10% (comparing January - November 2005 with the same period in 2004.) Rwandair's market share has increased to reach over 40% of passengers to Kanombe airport over the period.

Table 4: Tourism Indicators

	2004	2005	% change
Visitors to National Parks			
Rwandan	12,599	8,023	-36%
Foreign	14,399	16,097	12%
Total	26,998	24,120	-11%
Visitors on Kigali City Tour			
Rwandan	n/a	138	
Foreign	n/a	452	
Total	n/a	590	
Air Passengers			
All Airlines	120,770	132,326	10%
Tourism Receipts (USD, millions)			
	43.5	48.76	12%

Growth in private sector credit has been over 20% during the year, an indication of the financial deepening that is taking place.

Based on data recorded at Rwanda Revenue Authority, we see a 17.3% rise in the revenues received in the post and telecommunications sector. Anecdotal evidence also suggests that internet penetration has increased substantially. There was also strong growth in the mobile telephony market, with the number of subscribers growing by around 60%.

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Table 5: Key Export Commodities 2004 and 2005

	2004	2005	% change
Coffee			
Value US\$, million	32.2	38.3	18.7
Volume, thousand tones	27	18.4	-32.1
Price US\$/kg	1.19	2.04	71.8
Tea			
Value US\$, million	21.6	24.4	13.1
Volume, thousand tons	13.1	15.5	18.5
Price US\$/kg	1.6	1.6	-4.2
Cassiterite			
Value US\$, million	15.9	17.9	12.5
Volume, thousand tons	3.6	4.5	27.5
Price US\$/kg	4.5	4.0	11.2
Coltan			
Value US\$, million	13.0	16.9	29.8
Volume, thousand tons	0.9	1.1	23.3
Price US\$/kg	15.1	16.1	6.5
Hides and Skins			
Value US\$, million	3.4	4.7	4.0
Volume, thousand tons	2.2	3.2	48.0
Price US\$/kg	1.6	1.5	-1.8

Source: BNR

Tea and coffee remain the most important export crops, accounting together for 50% of export receipts. Although the coffee harvest declined, as trees needed to regenerate following last year's bumper harvest, there was a substantial rise in the average price received for coffee, leading to a substantial rise in the export value of Rwanda's coffee. The price of tea remained more stable, with value growth generated by a larger harvest. Cassiterite and coltan together accounted for almost 30% of the value of exports, and also experienced robust prices in 2005. The US\$23m of exports not from the key exports above came from Wolfram (US\$2.56m), re-exports (US\$17.03m) and other products (US\$3.19).

Rwanda's exports are, therefore, very much focused on these four commodities. Historically, their prices have all been highly volatile, leaving Rwanda vulnerable to the vagaries of international commodity markets.

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This means that the export promotion activities of RIEPA and other agencies are key for Rwanda, as well as vital for the government's strategy to enhance the prospects for private-sector led growth (see Box below for details.)

Table 6: Imports in 2004 and 2005

Value in millions of USD Volume in thousand tons	Total, 2004		Total, 2005		% change	
	Value	Volume	Value	Volume	Value	Volume
Capital goods	79.98	12.49	109.88	17.51	37.4%	40.1%
Energy and lubricants	47.19	123.28	48.97	136.20	3.8%	10.5%
Intermediate goods	79.20	107.72	111.16	154.36	40.3%	43.3%
Construction materials	18.76	37.96	32.71	68.43	74.4%	80.3%
Industrial goods	46.40	58.66	60.36	72.06	30.1%	22.9%
Fertilizer	1.79	4.61	3.05	7.86	69.7%	70.3%
Other intermediate goods	12.25	6.49	15.04	6.02	22.8%	-7.2%
Final Consumption Goods	102.46	109.21	131.17	120.86	28.0%	10.7%
Food	33.16	75.74	35.26	79.85	6.3%	5.4%
Other consumption goods	69.30	33.47	95.91	41.00	38.4%	22.5%
Total	308.83	352.70	401.18	428.92	29.9%	21.6%

Source: BNR

The strong growth of capital good investments, in both value and volume terms, is indicative of increasing levels of investment in Rwanda. The main source of growth in this category of imports was machines and apparatus, the largest sub-category, which grew by 49%. Another fast-growing sub-category was that of buses and minibuses, which saw growth of 42% in volume, and over in 70% value.

Reflecting the diminishing severity of the energy crises in 2005, energy imports grew at a more modest 4% in value terms, compared with 2004's growth of 70%. Imports of generators fell over 2005, while fuel imports grew by around 4%, compared with the 9% seen over 2004.

The growth of industrial intermediate inputs imported was also strong, reaching around 40% in both value and volume terms. Associated with the strong production of beer and soft drinks, inputs for the food industry also grew by around 40% in volume and value terms. These made up around 15% of intermediate good imports in 2005. Imports of construction materials accounted for around 30% of imports of intermediate goods. They grew by 80% in volume terms (around 74% in value terms) reflecting a buoyant construction sector.

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Food imports grew by in value terms, compared with 53% growth over 2004. This reflects the superior season B harvest in 2005, with the fastest growing sub-categories being more luxury products, such as sugar and sweets, and meat.

3. BUDGETARY ACHIEVEMENTS BY END DECEMBER 2005:

Table 7 below presents a summary of the budgetary achievements in Rwandan Francs by the end of December 2005, compared with the revised budget.

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Table 7: BUDGETARY PERFORMANCE BY 31/12/2005

I. INTERNAL RESOURCES	181 238 267 924	180 268 875 063
a. Tax Revenue	150 504 100 000	162 536 302 589
- Income tax	38 013 000 000	49 910 830 827
- Taxes on property	800 000 000	777 329 696
- Taxes on goods and services	80 018 000 000	79 327 397 366
- Taxes on foreign trade	31 673 100 000	32 520 744 700
b. Non-tax revenue	19 117 900 000	17 732 572 474
- Fines and non-tax seizures	762 800 000	581 696 296
- Public company Income	4 196 000 000	400 392 098
- Public domain Income	10 674 100 000	2 294 191 119
- Legal and administrative expenses	3 485 000 000	14 456 292 961
c. Domestic Financing	11 616 267 924	0
- Treasury bills	9 616 267 924	
- CHR bonds	2 000 000 000	
II. EXTERNAL RESOURCES	193 085 727 000	214 701 842 295
a. Foreign grants	152 935 125 000	164 477 253 297
- Current	100 795 000 000	110 886 688 297
- Capital	52 140 125 000	53 590 565 000
b. External Loans	40 150 602 000	50 224 588 998
- Project loans	25 947 502 000	32 489 290 000
- Budgetary loans	14 203 100 000	17 735 298 998
TOTAL RESOURCES	374 323 994 924	394 970 717 358
TOTAL EXPENDITURE	374 323 994 924	364 837 766 375
a. Recurrent Expenditure	249 019 553 055	228 287 696 236
- Salaries	55 042 600 000	51 149 930 690
- Other goods and services	64 849 855 224	63 920 458 287
- Interests payment	15 522 421 905	8 564 527 158
- Repayment of public debt principal	28 786 568 149	16 108 027 810
- Subventions to local governments	3 584 000 000	3 533 999 999
- Contribution to public companies	500 000 000	457 670 895
- Subsidies to semi-autonomous agencies	42 290 734 246	40 813 154 128
- Household subsidies (scholarships etc)	7 308 756 979	6 074 647 842
- Transfers and sectoral support	821 685 000	875 811 938
- Contributions to international organizations	1 388 935 886	1 442 441 378
- Exceptional Expenditures	28 923 995 666	35 347 026 111
b. Capital expenditure	109 942 641 869	120 862 568 495
c. Net Lending	8 361 800 000	7 340 133 852
d. Arrears	7 000 000 000	8 347 367 793
* <i>Balance at the beginning of the year</i>		-12 778 712 933
DEFICIT (-)/SURPLUS (+) BASE CAISSE		17 354 238 049

Source: BNR

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3.1 RESOURCES

In accordance with article one of the revised Finance Law of 2005, the total collected government resources, notably in tax and non-tax revenue as well as the domestic and external resources in terms of donations and loans, amounted to Three hundred ninety four billion nine hundred and Seventy million seven hundred seventeen thousand three hundred and fifty eight Rwanda Francs (394.970.717.358 Rwf). They account for 105% of the total resources voted in the revised budget. The detail of the resources is in appendix I of this report outlined in the previous table.

3.1.1. Domestic Resources

(a) Tax revenue

In the course of the year 2005, Rwandan Revenue Authority exceeded the targets assigned by the Government of Rwanda in tax and non-tax revenues. Indeed, at the end of the year 2005, the collected tax and customs receipts, excluding TCC and fuel imports by Electrogaz, reached an amount of 161,4 billion Rwf, compared to the forecast of 150,3 billion, that is to say an achievement rate of 110,9%.

The surplus as compared to the forecasts is primarily due to reforms undertaken since the beginning of the year 2004, in the improvement of the PAYE tax collection (intensification of pay lists audit and the decision of widening the tax base, in order to include more taxpayers; particularly those from International Organizations) as well as the reinforcement in recovery of tax arrears owed by large tax payers.

An analysis by tax category reveals that personal income tax, tax on profits and net incomes targets reached 107.9%. This good performance was first of all due to good PAYE collection; the domestic taxation of goods and services also exceeded projections; collection related to this tax reached 82.8 billion, compared to 80.0 billion as expected, that is to say a collection rate of 104%.

The good performance was mainly due to VAT collection, with a collection rate of 107.7%, as well as sales increase of some excisable products especially beer, petroleum products, cigarettes and lemonades. Lastly, taxes on international trade also showed a good performance with a collection rate of 101.5%, thanks to the imports of finished products and import duty on sugar.

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(b) Non-tax Revenue

The non-tax revenue collected during the year 2005 reached an amount of Rwf 17.8 billion compared to the projected amount of Rwf 12.9 billion, that is to say collection rate of 138.4%. This surplus is primarily due to sales of government vehicles (Rwf 6.3 billion), the sale of strategic petroleum stocks (Rwf 1.5 billion), the revenue of the demonetization process (replacement of old banknotes) of 0.2 billion Rwf, as well as the sales of the plot of land belonging to the National Police (Rwf 1.4 billion), the sales of new passports to replace the old ones (Rwf 0.9 billion).

(c) Domestic financing

During the year 2005, total domestic revenues were not sufficient to cover the total expenditures, the State had recourse to domestic financing through sell of Treasury Bills to the banking and non-banking sectors in order to finance the budget deficit. Though the banking system operations showed a net reimbursement of Rwf 31.4 billion, the non-banking sectors operations showed a net reimbursement of Rwf 8.0 billion.

3.1.2 External Resources

(a) Grants

(i) Current grants

In order to finance its ordinary budget during the year 2005, the country received foreign grants equivalent to Rwf 110.8 billion, compared to the forecast of Rwf 100.7 billion, which is an achievement rate of 110%.

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Table 8 here below shows the donors and their contributions.

Table 8: CURRENT DONATIONS ACHIEVEMENTS BY 31/12/2005

	Total (per annum)
Total current Donations	110 886 688 297
Current donations	92 990 393 850
UNITED KINGDOM	37 768 875 067
SWEDEN	9 007 572 054
MDTF DEM INCL, UNITED KINGDOM	1 410 331 298
EUROPEAN UNION	14 295 401 099
IDA PRSC	29 808 573 554
AU (PEACE KEEPING)	699 640 778
Service Regulated by Reductions (HIPC)	17 896 294 447
WORLD BANK IDA (HIPC)	9 371 982 961
IMF	3 728 374 467
FIDA	77 761 991
BEI- EEC	997 547 000
BEI- EEC/RDB	15 825 346
PARIS CLUB	3 704 802 682
TOTAL OF DONATIONS	110 886 688 297

(ii) Capital grants

The grants financing development projects (capital grants) disbursed during the year 2005 are valued at Rwf 53.5 billion, compared to a projected amount of Rwf 52.1 billion, that is to say a disbursement rate of 103%. The good performance is primarily due to big projects whose disbursements were higher compared to the forecasts. For example, the disbursements through the following projects were higher than projected: MAP financed by IDA (World Bank), the health support project for the Kabgayi district, financed by Belgium, the Kigali-Kayonza Road Rehabilitation Project, financed by the European Union.

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Table 9 below shows the amount paid by donors.

Table 9: DISBURSEMENT BY DONOR BY 31/12/2005(CAPITAL GRANTS)

Financial backers□	Budgeted for 2005	Paid in 2005	Implementation Rate
RFA/ FRG	1 589 000 000	117 425 000	7%
AUSTRIA	335 000 000		0%
BADEA	270 970 000		0%
BELGIUM	7 116 000 000	8 787 540 000	123%
CANADA	997 000 000	572 560 000	57%
ADB/FAD	434 000 000	289 190 000	67%
ADB/FAT	2 110 000 000		0%
CICR	150 000 000		0%
FAO	80 000 000		0%
FNUAP	597 500 000		0%
FRANCE	806 925 000		0%
GEF	315 000 000		0%
GOBAL FUND	7 300 000 000		0%
IDA	3 854 030 001	6 241 460 000	162%
JAPAN	406 700 000		0%
LUXEMBOURG	363 000 000		0%
Netherlands	1 991 000 000	812 360 000	41%
EU	20 386 799 999	33 427 050 000	164%
UK	628 800 000		0%
UNICEF	1 647 400 000	3 342 980 000	203%
USA	761 000 000		0%
Total	52 140 125 000	53 590 565 000	103%

(b) Loans

(i) Current loans

During the year 2005, Rwanda benefited from an ADB loan for an amount of Rwf 13.2 billion (previously budgeted for the year 2004), compared to an expected total of Rwf 10.7 billion projected for the year 2005, meaning a disbursement rate of 123% . This high rate is due to the fact that US\$ 23.8 million which was to be disbursed by the AfDB in 2004 was in fact disbursed in 2005. Also, the loan by the World Bank for demobilization was disbursed at a rate of 132% amounting to Rwf 4.4 billion compared the forecast of Rwf 3.4 billion.

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(ii) Capital Loans

By end December 2005, the loans financing the development projects amounted to Rwf 32.4 billion, compared to the Rwf 25.9 billion forecasted in the budget, that is a disbursement rate of 125%.

Table 10 below shows realization of loans in capital by 31/12/2005

Financial baker	Budgeted for 2005	Paid in 2005	Realization Rate
ADB /FAD	3 593 357 905	2 473 240 000	69%
BADEA	2 915 416 000	1 642 470 000	56%
FSN	467 642 094	0	0%
FIDA	3 266 000 000	4 690 740 000	144%
OPEP	1 631 165 999	648 950 000	40%
IDA	7 590 000 001	19 530 720 000	257%
NDF	358 000 000	50 730 000	14%
EU/BEI	2 300 000 001	0	0%
NORDIC FUNDS	766 920 000	0	0%
TOTAL	25 947 502 000	32 489 290 000	125%

3.2 TOTAL EXPENDITURE AND NET LENDING

In accordance with article one of the revised budget 2005, the total expenditure for the year, including recurrent and capital expenditures, net lending and payment of arrears amounted to Three hundred and sixty four billion eight hundred and thirty seven million seven hundred and sixty six thousand three hundred and seventy six Rwanda Francs (364.837.766.376 Rwf) which is 97.4% of the voted total expenditure.

However, by the end of the year 2005, the total authorized expenditure amounted to Rwf 365.9 billion ("Payment Order basis"), meaning that approximately Rwf 1,1 billion will have to be paid on the year 2006 budget, as arrears. Appendix II and III of this report shows the detail of the total expenditure by budget category (ordinary or development) for the Ministries, the Provinces, for the City of Kigali and the public service, according to their programmes, activities and their economic characteristics.

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3.2.1 Recurrent Expenditure

The ordinary budget expenditure paid during the year 2005 amounted to Rwf 228.2 billion, compared to the forecast of Rwf 249.0 billion, which is an execution rate of 92%. They are divided into (i) current expenditure (wages, goods and services, national debt, transfers and exceptional expenditure), (ii) net lending and (iii) arrears payments.

(i) Current Expenditure

(a) Salaries and Wages

By end of 2005, the paid total expenditure related to salaries and wages amounted to Rwf 51.1 billion compared to the forecast of Rwf 55 billion, that is a realization rate of 92.9%. The Rwf 3.8 billion difference is primarily due to the implementation delay of the public sector reform, which had been scheduled to start at the beginning of the year 2005.

The wages of the military personnel amounted to a total of Rwf 15 billion, compared to the expected Rwf 15.7 billion. The teachers' wages amounted to Rwf 11.9 billion; wages related to medical personnel amounted to Rwf 2.1 billion whereas the wages of the National Police force amounted to Rwf 3.4 billion; and the diplomats salaries amounted to Rwf 1 billion, those of the civil servants paid by the public service amounted to Rwf 4.8 billion; while the salaries of political appointees (ministers, deputies, senators and other high ranking authorities), together with those who are no longer in service, amounted to Rwf 0.6 billion.

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Table 11 shows respectively the wages and salaries bill paid by 31/12/ 2005

INSTITUTION	Allocated budget for 2005	PAYMENT By 31/12/2005	Execution %
01 PRESIREP	303 631 505	260 421 311	85,8%
010 NATIONAL SECURITY SERVICES	1 078 581 381	1 077 398 248	99,9%
02 PARLIAMENT	1 731 472 498	1 494 009 566	86,3%
04 PRIMATURE	354 895 664	238 858 311	67,3%
05 SUP COURT.	1 632 336 444	1 467 993 100	89,9%
06 MINADEF	16 747 210 559	16 490 604 032	98,5%
07 MININTER	456 687 506	445 732 525	97,6%
0701 NATIONAL POLICE	4 298 483 249	3 475 612 734	80,9%
08 MINAFFET	205 262 314	182 285 169	88,8%
080 EMBASSIES	2 100 058 325	1 953 539 347	93,0%
09 MINAGRI	240 571 761	135 510 213	56,3%
10 MINICOM	172 742 824	162 752 105	94,2%
12 MINECOFIN	254 211 157	184 606 152	72,6%
13 MINIJUST	773 096 477	904 177 333	117,0%
14 MINEDUC	376 534 312	295 011 987	78,3%
15 MIJESPOC	135 139 019	106 999 578	79,2%
16 MINISANTE	1 240 789 470	230 384 467	18,6%
18 MININFRA	248 128 265	167 835 176	67,6%
19 MIGEPROF	137 373 535	67 706 448	49,3%
20 MIFOTRA	690 678 504	500 937 287	72,5%
22 MINITERE	209 334 398	185 935 865	88,8%
23 MINALOC	160 289 024	109 269 454	68,2%
51 UMUTARA	1 068 248 204	1 237 420 053	115,8%
52 RUHENGERI	2 316 656 177	2 228 580 981	96,2%
53 GISENYI	2 430 219 258	2 404 228 985	98,9%
54 CYANGUGU	1 709 926 198	1 630 280 168	95,3%
55 GIKONGORO	1 467 326 846	1 333 214 054	90,9%
56 KIBUNGO	1 612 178 562	1 801 825 750	111,8%
57 KIGALI-NGALI	1 821 245 667	2 049 044 404	112,5%
58 BUTARE	1 788 160 034	1 991 680 670	111,4%
59 KIBUYE	1 376 966 320	1 373 417 931	99,7%
60 BYUMBA	1 784 744 966	1 593 931 626	89,3%
61 GITARAMA	2 655 725 327	2 087 446 588	78,6%
62 MVK	1 463 694 250	1 281 279 072	87,5%
GRAND TOTAL	55 042 600 000	51 149 930 690	92,9%

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Note: The wages of provinces and MVK also include those of the decentralized health institutions and primary and secondary schools.

(b) Purchases of Goods and Services

The expenditure on goods and services paid during the year 2005 amounted to Rwf 63. 9 compared to the forecast of Rw64. 8 Rwf, that is, an execution rate of 99 %. They are divided in chapters and articles according to table 14 below.

Table 12: Expenditure on goods and services paid by 31/12/ 2005

TABLE 11: Expenditure on goods and services paid Per Institution

	Revised Budget	Ordonnancements	Payment	%
01 PRESIREP	4 263 669 039	4 239 601 733	4 239 490 604	99%
02 PARLEMENT	1 835 039 592	1 620 090 371	1 605 416 067	87%
04 PRIMATURE	1 015 228 540	1 054 994 001	1 030 462 326	102%
05 COUR.SUP	843 679 895	807 635 209	803 888 589	95%
06 MINADEF	9 362 496 632	8 648 924 542	8 633 503 715	92%
07 MININTER	2 975 092 983	3 067 111 289	2 951 194 921	99%
08 MINAFFET	2 264 347 342	2 325 234 689	2 316 433 357	102%
09 MINAGRI	1 600 219 960	1 684 670 975	1 671 819 610	104%
10 MINICOM	711 027 298	670 239 467	665 641 619	94%
12 MINECOFIN	1 210 133 926	4 406 442 813	4 369 283 997	361%
13 MINIJUST	621 280 562	603 053 408	592 573 201	95%
14 MINEDUC	9 603 714 198	9 146 174 392	9 096 597 805	95%
15 MIJESPOC	608 084 663	633 142 481	624 049 238	103%
16 MINISANTE	5 164 667 135	4 888 586 971	4 858 373 672	94%
18 MININFRA	8 650 549 788	8 353 859 799	8 332 975 917	96%
19 MIGEPROF	688 904 385	438 221 423	424 964 213	62%
20 MIFOTRA	1 748 367 942	1 808 927 467	1 780 153 201	102%
22 MINITERE	2 403 997 235	2 159 864 697	2 118 332 646	88%
23 MINALOC	572 469 941	477 442 816	475 963 160	83%
51 UMUTARA	459 111 587	251 759 161	251 759 161	55%

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52 RUHENGERI	771 685 815	648 072 469	648 072 469	84%
53 GISENYI	672 300 269	574 236 988	574 236 988	85%
54 CYANGUGU	504 324 084	421 600 108	421 600 108	84%
55 GIKONGORO	628 066 029	569 101 599	535 534 033	85%
56 KIBUNGO	892 440 138	746 523 434	746 523 434	84%
57 KIGALI-NGALI	624 233 789	485 902 242	485 902 242	78%
58 BUTARE	704 202 308	688 894 794	620 186 613	88%
59 KIBUYE	710 957 230	571 170 738	571 170 738	80%
60 BYUMBA	739 979 705	591 467 520	591 467 520	80%
61 GITARAMA	737 366 662	627 145 689	627 145 689	85%
62 MVK	699 635 852	699 635 545	699 635 545	100%
TOTAL GENERAL	64 287 274 524	63 909 728 830	63 364 352 398	99%

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(c) Exceptional Expenditures

Exceptional Expenditures of the year 2005 are summarized in Table 13 below; they are labeled so because of their circumstantial nature relating to specific needs arising in the aftermath of the 1994 genocide.

During the year 2005, the total amount of expenditure related to exceptional expenditures amounted to Rwf 35.3 billion compared to the forecast of 28.9 billion in the revised budget, which is an execution rate of 122%. This high execution rate concerning these expenditures was mainly due to the expenditure related to peace keeping operations (PKO). Indeed the expenditure related to this program amounted to Rwf 9.2 billion compared to Rwf 5.2 billion as forecasted that is a execution rate of 176%, preparatory work for the local elections (Rwf 2.3billion) compared to the forecast of Rwf 0.9 billion; the expenditures related to the installation of the vulnerable groups in Gishwati (Rwf 333 million compared to 300 million forecasted), as well as the overall expenditure related to the Gacaca program implementation as (Rwf 3.6 billion compared to 1.7 billion). It should also be noted that the "FARG" (Support Funds for the Genocide Survivors) received 100% of the allocated funds in the 2005 budget, which was Rwf 7.7 billion.

Table 13: Exceptional Expenditure paid by 31/12/ 2005

	ALLOCATED BUDGET	Authorized expenditure	Payment	Execution rate
COMMISSIONS AND OTHER INSTITUTIONS	8 261 248 163	15 796 534 639	15 762 435 029	191%
ELECTORAL COMMISSION	900 000 000	2 364 067 547	2 340 107 547	260%
GACACA JURIDICTIONS	1 830 745 854	3 998 232 540	3 988 092 930	218%
PEACE KEEPING OPERATIONS	5 230 546 727	9 185 962 303	9 185 962 303	176%
TIG GENERAL SECRETARIAT	299 955 582	248 272 249	248 272 249	83%
OTHER SPECIAL EXPENDITURE	20 662 747 503	19 584 591 082	19 584 591 082	95%
SOLDIERS DEMOBILISATION	7 000 000 000	5 990 979 141	5 990 979 141	86%
OPERATION CFJM	12 000 000	12 000 000	12 000 000	100%
LEGAL ASSISTANCE FUNDS	20 000 000			0%
SUPPORT FUNDS FOR	7 769 155 000	7 769 154 996	7 769 154 996	100%

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THE GENOCIDE SURVIVORS (FARG) ASSISTANCE FOR THE DESTITUTE	15 516 916	15 516 916	15 516 916	100%
HIGH INTENSITY OF WORKFORCE (HIMO) SOLDIERS	300 000 000	300 000 000	300 000 000	100%
REHABITATION VULNERABLE PEOPLE	1 741 950 000	1 548 041 560	1 548 041 560	89%
REHABILITATION DEVELOPMENT OF GENOCIDE SITES	300 000 000	333 079 212	333 079 212	111%
FOOD FOR PRISONERS	4 836 207	3 761 494	3 761 494	78%
GRAND TOTAL	28 923 995 666	35 381 125 721	35 347 026 111	122%

(d) Public Debt

As shown in table 14 below, during the year 2005, the expenditure related to debt payments on the account of the Treasury, amounted to Rwf 24.7 billion compared to the forecasted Rwf 28.7 billion in the revised budget. They are divided into payment of interests and commissions for an amount of Rwf 4.3 billion compared to the projected of Rwf 7.6 billion; and in reimbursement of the principal sum for an amount of Rwf 8.4 billion compared to the forecast of Rwf 19.1 billion. The data on the public debt from the BNR includes commissions collected by the BNR. It is worth noting that the payment of foreign debts is supported by the debt relief through the HIPC.

The data presented here relate to payments made through the account of the Treasury.

Table 14: NATIONAL DEBT PAID BY 31/12/2005

INTERNAL DEBT		PRINCIPAL	
INTEREST		AMORTIZATION	
INTERESTS ON TREASURY BILLS	484 110 162	TREASURY REIMBURSEMENT BILLS	4 585 912 323
INTERESTS ON TREASURY BILLS (Old areas)	149 707 948	TREASURY REIMBURSEMENT BILLS (Old areas)	1 150 800 000
INTERESTS ON DEVELOPMENT BONS (BCR& BACAR Recap)		REIMBURSEMENT TO OCIR THE	3 127 200 000
		REIMBURSEMENT TO CSS	307 912 323
		REIMBURSEMENT TO CSR	995 200 000
		REIMBURSEMENT DEVELOPMENT BONDS	1 095 840 413
		REIMBURSEMENT ON PRINCIPAL (BCR& BACAR RESTRUCTURING)	100 680 000
EXTERNAL DEBT			
DONORS		AMORTIZATION	
IDA	1 793 176 280		1 441 337 406
FAD	1 231 896 319		2 729 590 854
ADB	75 511 031		122 510 889
FIDA	194 531 846		393 058 543
BEI/EEC	39 618 426		
BADEA	398 538 976		1 970 755 937
OPEC	206 130 664		1 265 821 968
FSD	145 886 886		501 199 476
FKWD	270 543 091		
<i>Total</i>	4 355 833 518		8 424 275 074

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(e) Subsidies and transfers

The subsidies and transfers expenditure include the subsidy to districts operations and the Common Development Fund (CDF), administrative costs for public institutions, scholarships and contributions to international organizations. During the year 2005, subsidies and transfers expenditure amounted to Rwf 53.1 billion, compared to Rwf 55.8 billion projected in the revised budget that is an execution rate of 95%. It is important to note that subsidies to public institutions amounted to Rwf 40.8 billion, whereas those related to the wages payment rose to Rwf 19 billion. The details of subsidies and transfers are included in Table 17 below.

(ii) Net Lending

The total loans less the collected debt (net lending) carried out during the year 2005 represents an amount of Rwf 7 billion compared to Rwf 8.3 billion as forecasted by the finance law. Collected amounts amount to Rwf 0.3 billion; this relates to the privatization receipts for an amount of Rwf 0.163 billion as well as recovery of the other loans, for an amount of Rwf 0.14 billion; the loans are valued at Rwf 7.3 billion, with main recipients being Rwandatel, Rwandan Development Bank (BRD), repayment of bank loans related to the Premium Holdings and MINICOM for the strategic oil stocks.

(iii) Arrears

Arrears paid during the year 2005 amounted to Rwf 8.3 billion, compared to the Rwf 7 billion forecasted by the finance law, which is a rate of 119.2%. They relate to the expenditure of the year 2005 which were unpaid by 31/12/2004 and other arrears prior to the year 2004, some of which are even prior to the year 1994. These arrears arose out of the commitment to clear all pre-1994 obligations as well as wages and salaries arrears for personnel formerly working for regional organizations.

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**Table 15: EXPENDITURE ON SUBSIDIES AND STANDARD TRANSFERS PAID BY
31/12/2005**

TRANSFERS AND SUBSIDIES	ALLOCATED BUDGET	AUTHORIZED	PAYMENT	Execution rate
LOCAL COMMUNITIES SUBSIDIES	3 559 000 000	3 533 999 999	3 533 999 999	99%
DISTRICTS SUBSIDIES	3 559 000 000	3 533 999 999	3 533 999 999	99%
PUBLIC COMPANIES SUBSIDIES	500 000 000	457 670 895	457 522 175	92%
PUBLIC COMPANIES	500 000 000	457 670 895	457 522 175	92%
PUBLIC INSTITUTIONS SUBSIDIES	42 290 734 246	41 142 549 229	40 813 154 128	97%
AUDITOR GENERAL OF THE STATE'S FINANCES	845 944 796	835 760 230	835 760 230	99%
UNITY AND RECONCILIATION NATIONAL COMMISSION	667 086 847	959 653 669	959 398 309	144%
ORINFOR	905 190 756	808 050 647	800 244 540	88%
NATIONAL VETERINARY LABORATORY OF RUBIRIZI	130 340 059	117 569 143	115 376 536	89%
AGRONOMIC SCIENCES INSTITUTE OF RWANDA	1 003 681 041	981 215 470	981 215 470	98%
NATIONAL SEED SERVICE	222 512 798	154 715 905	148 594 506	67%
RWANDAN BUREAU OF STANDARDIZATION	424 956 403	407 253 870	330 006 193	78%
RWANDAN OFFICE FOR TOURISM AND THE NATIONAL PARKS PROTECTION	389 881 650	227 430 707	64 980 202	17%
RIEPA	536 105 105	459 424 118	459 424 118	86%
RWANDAN BUREAU OF THE STATISTICS	900 818 042	535 955 396	535 955 396	59%
SÉCRÉTARIAT OF PRIVATIZATION	152 781 424	152 207 174	152 207 174	100%
NATIONAL TENDER BOARD	401 415 270	341 518 646	341 518 646	85%
CEPEX	421 392 949	395 626 572	395 626 572	94%
SCHOOL OF FINANCE AND BANKING (S.F.B)	495 718 171	467 649 746	465 882 501	94%
RWANDA REVENUE AUTHORITY	3 735 547 952	4 371 294 237	4 371 294 237	117%
NATIONAL COMMISSION OF HUMANS RIGHTS	678 110 779	650 969 748	650 969 748	96%
NATIONAL UNIVERSITY OF RWANDA	2 916 087 016	3 670 220 659	3 670 220 659	126%
KIST	2 304 084 651	2 560 460 707	2 560 460 707	111%
KHI	519 955 412	615 180 022	615 180 022	118%
KIE	950 234 190	1 165 392 252	1 165 392 252	123%
ISAE	523 316 901	748 165 150	748 165 150	143%
IRST	536 285 888	536 135 885	511 599 553	95%
ADMINISTRATION OF THE NATIONAL MUSEUM E OF RWANDA	192 514 405	177 740 627	177 740 627	92%
HOSPITAL COMPLEX OF KIGALI (CHK)	814 026 480	795 565 365	795 565 365	98%
NEUROPSYCHIATRIC HOSPITAL OF NDERA	58 559 972	108 937 081	108 937 081	186%
RWANDAN RED CROSS	53 602 177	53 602 171	53 602 171	100%
KING FAYÇAL HOSPITAL	1 511 868 152	1 948 432 122	1 948 432 122	129%
UNIVERSITY HÔPISTAL	653 650 709	829 443 373	829 443 373	127%
NATIONAL COMMISSION FOR THE	296 170 563	292 017 060	289 274 132	98%

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FIGHT AGAINST AIDS				
RWANDA INFORMATION TECHNOLOGY AUTHORITY (RITA)	446 660 739	327 529 418	324 525 976	73%
OTHER TRANSFERS NEPAD, TRAC, CNIA, REMA, UNESCO....	8 800 232 949	5 455 437 603	5 439 706 834	62%
CSS SUPPORT FUNDS	1 000 000 000	1 000 000 000	1 000 000 000	100%
AGRICULTURAL PRODUCTIVITY FUNDS	500 000 000	498 475 359	498 475 359	100%
EXPORIS PROMOTION (COFFEE, TEA, AGRICULTURE, TOURISM, SMALL AND MEDIUM SIZE COMPANIES, MINES)+ ICT	5 723 000 000	5 938 688 518	5 913 147 788	103%
TRAVEL FACILITATION	2 579 000 000	2 554 830 579	2 554 830 579	99%
TRANSFERS TO THE NON-PROFIT-MAKING PRIVATE INSTITUTIONS	821 685 000	883 811 938	875 811 938	107%
WAGES AND OPERATION	821 685 000	883 811 938	875 811 938	107%
TRANSFERS TO THE HOUSEHOLDS	7 308 756 979	6 078 131 806	6 074 647 842	83%
TRANSFERS FOR RETIRED AGENTS	6 500 000	6 380 590	6 380 590	98%
SCHOOL FEES AND SCHOLARSHIPS WITHIN THE COUNTRY	3 434 249 500	3 000 025 000	3 000 025 000	87%
SCHOOL FEES AND SCHOLARSHIPS ABROAD	2 755 687 838	2 063 297 063	2 061 799 763	75%
ACTIONS AND SOCIAL ASSISTANCE	1 110 819 641	1 007 304 153	1 005 317 489	91%
MÉDICAL ASSISTANCE	1 500 000	1 125 000	1 125 000	75%
TRANSFERS ABROAD	1 388 935 886	1 442 441 378	1 442 441 378	104%
SUB-REGIONAL ORGANIZATIONS	59 200 000	43 076 954	43 076 954	73%
REGIONAL ORGANISATIONS	407 524 000	488 197 805	488 197 805	120%
INTERNATIONAL ORGANISATIONS	891 385 236	872 862 680	872 862 680	98%
INTERNATIONAL PARLIAMENTARY ORGANISATIONS	30 826 650	38 303 939	38 303 939	124%
Total	55 869 112 111	53 538 605 245	53 197 577 460	95%

3.2.2 CAPITAL EXPENDITURE AND NET LOANS

According to the data collected at the end of the year 2005 from the public investments performance projects, the capital expenditure paid amounted to Rwf 120.8 billion, compared to the forecast of Rwf 109.9 billion, that is, an execution rate of 110%. This is a considerable improvement compared to the rate of 93% recorded in 2004. The recorded surplus is due to the fact that the donors disbursement for the year 2005 did not take into consideration the forecasts in the national budget, but rather focused on their own forecasts as contained in their Annual Action Plans and Annual Budgetary Plans.

Capital expenditure is divided into expenditure from national resources and from external funds (loans and grants), for an amount of Rwf 34.8 billion and Rwf 86 billion respectively. Capital expenditure on national resources paid in 2005 amounted to Rwf 34.8 billion compared to the forecast of Rwf 31.9 billion. This overrun is primarily due to the construction work related to some buildings (for example the RRA building), as well as to energy related works.

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The expenditure related to the Common Development Funds (CDF) reached an amount of Rwf 3.5 billion and the remainder of the capital expenditure on national resources includes the counterpart funds for an amount of Rwf 4.8 billion. As for the capital expenditure on foreign funds, it amounted to Rwf 86 billion including Rwf 53.6 billion of grants and Rwf 32.4 billion of loans at the end of the year 2005. The capital expenditure is distributed by category of financing sources and sector of activity as shown in tables 16 and 17 below.

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**Table 16: CAPITAL EXPENDITURE BY TYPE OF FINANCING SOURCE
AND BY DONOR (in million of Rwf)**

TYPE	BACKER	Allocated in 2005	Spent in 2005
CP (Counterpart)	RWANDA	4 658,48	4 822,77
Total CP		4 658,48	4 822,77
GRANTS	AUSTRIA	335,00	-
	BAD/FAD	434,00	289,19
	BAD/FAT	2 110,00	-
	BADEA	270,97	-
	BELGIUM	7 116,00	8 787,54
	Canada	997,00	572,56
	CICR	150,00	-
	FAO	80,00	-
	FNUAP	597,50	-
	FRANCE	806,93	-
	GEF	315,00	-
	GOBAL FUND	8 061,00	-
	IDA	3 854,03	6 241,46
	JAPAN	406,70	-
	LUXEMBOURG	363,00	-
	THE NETHERLANDS	1 991,00	812,36
	RFA	1 589,00	117,43
	EU	20 386,80	33 427,05
	UK	628,80	-
	UNICEF	1 647,40	3 342,98
Total grants		52 140,12	53 590,57
Domestic funded capital	RWANDA	27 196,53	29 959,94
Total FI		27 196,53	29 959,94
LOANS	ADB	3 059,00	3 452,44
	ADB/FAD	3 593,36	2 473,24
	BADEA	2 915,42	1 642,47
	FIDA	3 266,00	4 690,74
	NORDIC FONDS	766,92	-
	FSN	467,64	-
	IDA	7 590,00	19 530,72
	NDF	358,00	50,73
	OPEP	1 631,17	648,95
	EU/BEI	2 300,00	-
Total loans		25 947,50	32 489,29
Total		109 942,64	120 862,57

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Table 17: CAPITAL EXPENDITURE BY SECTOR (in million of Rwf)

SECTOR	INSTITUTION	ALLOCATED IN 2005	SPENT 2005	RATES
Agriculture	MINAGRI	7 959,10	11 395,41	143%
	MINITERE	433,00	759,63	175%
Total related to Agriculture		8 392,10	12 155,04	145%
Fuel & Energy	MININFRA	13 370,92	10 666,02	80%
Total related to Fuel & Energy		13 370,92	10 666,02	80%
Defense	MINADEF	593,00	632,49	107%
Total related to Defense		593,00	632,49	107%
Water & Sanitation	MINITERE	7 632,37	10 306,62	135%
Total related to Water & Sanitation		7 632,37	10 306,62	135%
Education	MIFOTRA	140,00	109,15	78%
	MINEDUC	8 272,79	9 966,04	120%
	MINISANTE	188,00	112,28	60%
Total related to education		8 600,79	10 187,47	118%
Industry & Commerce	MINICOM	2 653,00	7 401,44	279%
	MINITERE	203,41	619,30	304%
Total related to Industry & Commerce		2 856,41	8 020,74	281%
Youth, Culture and Sport	MIJESPOC	548,50	84,65	15%
Total related to Youth, culture and Sport		548,50	84,65	15%
Justice, Order and Public Security	COURS.SUP	1 243,00	1 901,68	153%
	MINIJUST	2 522,00	1 892,40	75%
	MININTER	2 021,90	1 219,16	60%
Total related to Justice, Order and Public security		5 786,90	5 013,24	87%
Environmental protection	MINITERE	591,20	198,27	34%
Total related to Environmental protection		591,20	198,27	34%
Social benefits	MIGEPROF	1 606,00	3 471,26	216%
Total related to Social Benefits		1 606,00	3 471,26	216%
Health	MIGEPROF	400,00	-	0%
	MIJESPOC	98,50	-	0%
	MINISANTE	17 721,73	15 040,23	85%
Total related to Health		18 220,23	15 040,23	83%
Public administration General Services	MINECOFIN	4 367,24	3 048,93	70%
	MININFRA	2 705,39	3 391,17	125%
	PARLEMENT	1 286,00	22,26	2%
Total related to the Public administration General Services		8 358,63	6 462,36	77%
Ground, Housing conditions & Rural Development	MINALOC	9 335,90	12 085,60	129%
	MININFRA	2 426,93	725,82	30%
Total related to Ground, Housing conditions & Rural Development		11 762,83	12 811,42	109%
Transfers to the Districts (CDF)	MINALOC	3 500,00	3 499,96	100%
Total related to Districts Transfers (CDF)		3 500,00	3 499,96	100%
Transport & Communication	MININFRA	17 926,77	22 312,80	124%
	PRIMATURE	196,00	-	0%
Total related to Transport & Communication		18 122,77	22 312,80	123%
Grand Total		109 942,64	120 862,57	110%

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As shown in table 17 above, over performances were recorded in the following sectors: agriculture, water and sanitation, education, industry and trade, transport and communication, and also in social protection. This is mainly due to the fact that during the budget preparation, forecasts were underestimated (limited by the macroeconomic framework) for some projects of the agricultural sector, for instance the RSSP, which disbursed 384%, the cash crop project (culture de rente et d'exportation) which disbursed 206%, the PDBL project (with 205%); in the water and sanitation sector, some projects disbursed up to 596%; in the education sector, there is the Human Resources Development Project which disbursed up to 238%; in the industry and trade sector, the Competitiveness and Enterprise Development Project disbursed up to 515%; in the transport and communication sector, the Rehabilitation of the Kigali Kayonza road project disbursed up to 512%, the Airport of Kanombe Rehabilitation project, phase II, which disbursed up to 268%. In the social protection sector, the Survival and Child Development project which paid 294%, as well as Social Planning and plea project, which paid 286% and the PREPAF project disbursed up to 223 %.

3.2.3 Priority programmes expenditure

During the financial year 2005, the Government continued to support the six priority sectors, identified in the PRSP, 2002, namely (1) Rural and Agricultural Development, (2) Human Resource Development: Education and Health (3) Economic Infrastructure (4) Good Governance (5) Private Sector Development (6) Institutional Capacity and Human Resources Reinforcement. These sectors were financed with an amount up to Rwf 120.8 billion, whereas they were forecasted to reach Rwf 119.2 billion, that is to say an implementation rate of 101%. Table 18 below shows the outlays in these priority programs during the years 2003-2005.

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Table 18: THE PRIORITY PROGRAMS FINANCING PROCESS 2003- 2005 (in millions of Rwf)

	2003 Realizations	2004 Initial	2004 Review ed	2004 Realizations	2005 Review ed	2005 Realization
Ordinary						
Internal Affairs	4.739	5.552	5.552	5.648	7 558	6 848
Police	4.103			5.254		
Prisons	636					
Agriculture	2.142	2.238	2.238	1.409	3 628	2 954
Commerce	768	803	803	912	1 435	1 232
Education	12.879	20.579	17.379	22.188	25 484	25 979
Youth and Sport	420	439	439	381	298	250
Health	4.601	7.464	7.214	8.026	10 536	9 709
Transport and Communications	3.318	3.625	3.625	3.991	1 678	4 205
Road Department	3.000	3.293	3.293	2.677	5 873	5 866
Gender	286	299	299	147	277	95
Public Service	501	524	524	221	2 176	2 089
Ground and Natural Resources	684	715	715	415	1 109	842
Local Administration	2.448	4.546	3.766	3.081	784	944
Districts	1.526	3.582	2.832	2.528	3 584	3 228
Provinces	23.416	24.361	24.361	27.340	31 604	29 299
TIG (MINIJUST)		230	110	70	300	248
HIMO (MINALOC)		580	290	218	300	300
<u>Exports Promotion</u>				2.190	5 723	5 939
S/TOTAL 1	56.202	74.944	69.315	76.238	102 347	100 027
Development						
CDF	4.000	5.500	2.750	2.063	3 500	3 500
Generators	-	-	14.000	11.756	6 929	10 347
Education	-	-	-	-	450	474
Health (Equipment)	-	-	-	-	2 000	2 476
<u>Export Promotion</u>						
Development	-	7.473	2.002	1.688	1 074	1 041
Agriculture	-	-	-	-	1 677	1 702
Agricultural Guarantee Fund	-	300	200	200	300	300
Water	-	-	-	-	1000	986
S/TOTAL 2	4.000	13.273	18.952	15.706	16 930	20 827
TOTAL	60.202	88.217	88.267	91.944	119 277	120 855

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