REPUBLIC OF RWANDA

MINISTRY OF FINANCE AND ECONOMIC PLANNING

BUDGET EXECUTION REPORT FOR THE FY 2012/2013

September 2013

TABLE OF CONTENTS

I. INTRODUCTION

Implementation of sound fiscal policy remains the main objective of Government and it is also the primary instrument to achieving growth, economic development and prosperity in Rwanda. Consistent with this policy and objective, the budget for fiscal year 2012/2013, which represented the last year of the EDPRS 1 aimed at building on past economic and social achievements to accelerate growth and poverty reduction. This in summary meant continuing the impressive record in economic growth and translating this performance into improvements in living conditions and poverty reduction.

The original budget for fiscal year 2012/2013 was prepared under serious downside risks in the international outlook for 2012 and beyond, causing weak global demand, lower commodity prices but high oil prices and uncertainties in ODA flows. These changing conditions were expected to affect budget implementation in fiscal year 2012/2013.

Against this backdrop, the original total budget approved by Parliament for fiscal year 2012/2013 in June 2013 amounted to RWF 1385.3 billion. In economic classification terms, total revenue and grants were projected at RWF 1220.4 billion, whilst total outlays comprising total expenditure, net lending, arrears and other below the line payments were estimated at RWF 1357.5 billion. These projections were expected to result in an overall cash deficit of RWF 137.1 billion to be financed with net external loan receipts of RWF 128.4 billion and net domestic finance of RWF 8.7 billion.

Implementation of the 2012/2013 budget especially in the July-December 2012 period proved difficult due to the suspension of aid as well as delays in disbursements. This policy change by some donors reduced the flow of resources-both domestic and external to the budget- and led to a cut and in some cases a postponement of some spending in order to safeguard economic stability.

Taking into account the performance in the July-December period, the Government revised the 2012/2013 budget in December to reflect the expected reduction in official donor resources on account of the suspension of aid and projected shortfalls in domestic revenue collections on account of a possible slow-down in economic activity resulting from the aid suspension. The revision also allowed the inclusion of the expected proceeds from the issuance of the EURO bonds receipts in the early part of 2013 and the utilization of these funds.

As a result of the changes, the total original budget of RWF 1385.3 billion was increased to RWF1550 billion, showing a net increase of RWF 164.7 billion. This revised figure was the net result of reducing the original budget by RWF78 billion to reflect the decrease in total resources(comprising suspension of aid of RWF54.2 billion and shortfalls in domestic tax and non-tax revenue as well as privatization receipts of RWF 23.8 billion) and the inclusion of RWF 259.4 billion of the EURO bonds receipts and the utilization of part of the receipts under Net Lending. The budget revision affected both the resources and spending portions of the budget. In economic classification terms, total revenue and grants were reduced from RWF 1220.4 billion in the original budget to RWF 1149.5 billion, showing a decrease of RWF 70.9billion, whilst total outlays were raised from RWF 1357.5 billion to RWF 1433.1 billion, showing a net increase of RWF 75.6 billion.These revised projections raised the overall cash deficit in the revised budget to RWF 283.6billion compared to RWF 137.1 billion in the original budget. Regarding financing, the expected accrual of the proceeds from the issuance of the EURO bonds amounting to RWF 259.4 billion was expected to result in a net increase in foreign loan receipts of RWF 355.5 billion. This amount was to be used to finance the revised cash deficit of RWF 283.6 billion as well as allow the accumulation of net domestic deposits of RWF 71.9 billion in BNR.These deposits representmostly accumulated unused funds from the EURO bonds as at end June 2013. The budget execution report will be based on economic classification of resources and outlays as agreed with the IMF team under the PSI program. Attached to the report are several annex fiscal tables (Annex I to Annex V) showing the total budget envelope, operations of central Government by economic classification as well as budget execution by program and sectors (functional classification). The table below shows a summary of 2012/2013 fiscal projections and outturn.

Table 1. OPERATIONS OF THE CENTRAL GOVERNMENT IN BILLION RWF

	2012/2013	2012/2013	2012/2013
	Original Budget	Revised Budget	Prov.Actuals
Revenue and grants	**1,220.6**	**1,149.5**	**1,101.3**
Total revenue	**724.4**	**707.7**	**736.4**
Tax revenue	641.2	641.2	651.9
Non-tax revenue	83.2	66.5	84.5
Total grants	**496.2**	**441.8**	**364.9**
Budgetary grants	252.3	197.9	190.0
Capital grants	243.9	243.9	174.9
of which: global fund	96.2	96.2	64.3
Total expenditure and net lending	**1,357.8**	**1,432.9**	**1,344.7**
Current expenditure	680.8	634.6	633.9
Capital expenditure	647.3	625.0	564.5
Domestic	277.0	254.8	239.4
Foreign	370.3	370.2	325.1
Of which: Global fund	96.2	96.2	82.6
Net Lending	9.8	165.3	137.2
Arrears and other payments	19.9	8.0	9.1
Deficit (cash basis)	**-137.1**	**-283.4**	**-243.4**
Financing	**137.1**	**283.6**	**243.4**
Foreign (net)	128.4	355.5	338.6
Domestic	8.7	-71.9	-95.2

This budget execution report is organized as follows:

- Section 2 deals with the details of total resource flows-both domestic and external;
- Section 3 will discuss the performance of total outlays;
- Section 4 will deal with the budgetary deficits and financing;
- Section 5 will highlight sectoral performance and achievements;
- Section 6 will end the budget execution report with conclusion remarks.

II. PERFORMANCE OF RESOURCES

As indicated above, the original budget projected total revenue and grants at RWF 1220.4 billion and total external loans at RWF 143.7 billion.In the case of total revenue and grants,total domestic revenue amounted to RWF 724.4 billion whilst budgetary grants (budget support and capital) were estimated at RWF 496 billion. The estimate of total revenue and grants was revised downward to RWF 1149.5 billion in the revised budget. The downward revision affected both domestic and grants resources. In the case of domestic resources the revised figure of RWF 707.7 billion reflected the expected reduction of PKO reimbursements from the UN of RWF 16.7 billion. Regarding the grants figure, this also reflected the suspension of aid by some bilateral donors. The figure for external loans was also revised upwards from RWF 143.7 billion to RWF 370.5 billion mainly on account of the addition of the expected inflow of RWF 259.4 billion from the EURO bonds issuance. At the end of the fiscal year, total revenue and grants disbursed amounted to RWF 1101.3 billion, registering a net shortfall of RWF47.7 billion. Whilst domestic tax revenue collections performed well and exceeded the revised budget target by RWF 10.7 billion, disbursement of total grants registered a shortfall of RWF 76.9 billion. Both budget support grants and capital grants contributed to the shortfall.

In the case of external project loan resources, there was also a shortfall of RWF15.5 billion as total disbursements amounted to RWF 337.9 billion compared to the revised estimate of RWF 353.4 billion. Delayed disbursements of other project loan funds (mainly for energy and roads projects)accounted for the shortfall.

II.1. Domestic Resources

The table 2 below shows details of domestic revenue projections and performance in fiscal year 2012/2013.

Table 2. Tax Revenue Performance in 2012/2013 (in billions Rwf)

Tax Categories	2012/2013 Revised Budget	2012/2013 Prov. Actuals
Total Tax Revenue	**641.1**	**651.9**
Direct Taxes	**260**	**282.0**
Companies	66.1	71.8
Individuals (PAYE)	160.5	174.0
Others and Property taxes	33.3	36.2
Taxes on goods and services	**340.1**	**315.1**
Excise taxes	121.3	111.8
VAT	218.8	203.3
Taxes on International Trade	**41.1**	**54.8**
Import tax	41.1	54.8
VAT+PAYE as % of Total tax revenue	**59.2%**	**57.9%**
Taxes on international Trade as % of total tax revenue	**6.4%**	**8.4%**

Tax Revenue

The original tax collection target of RWF 641.2 billion was maintained during the revision of the budget at the end of 2012. Several on-going administrative measures by RRA as well as some changes in the tax laws and implementation of the following measures in fiscal year 2012/2013 were expected to allow the achievement of the target. These changes and measures were; a) the increase in tax rates for imported construction materials by 5% on average on import duties, VAT, and excise duties; b) revision of the investment code to reduce exemptions; c) introduction of the electronic register (ESR) for recording taxpayer's transactions to limit VAT evasion and track new taxpayers; d) introduction of the gaming tax.

During the fiscal year, implementation of the envisaged measures was mixed. Whilst the gaming tax was implemented, the increase in the tax rates was only partially implemented. The increase applied only to new companies as existing companies continued to attract the lower rates.

Regarding the introduction of the ESR, the pilot program only started a couple of months ago and therefore could not impact significantly on revenue collections for fiscal year 2012/2013. Concerning the revision of the investment code to reduce exemptions, work is still on-going to complete the revision for Government's approval and introduction.

Based on the original assumptions, collections for the July-December 2012 period were estimated at RWF307.8 billion, whilst collections in the January-June 2013 period were projected at RWF 333.2 billion. In the July-December 2012 period, total actual collections of RWF 304.6 billion were RWF 3.2 billion lower than projected. The shortfall reflected the observed slow-down in economic activity in response to the suspension of aid by the donors during this period. Lower collections of consumption taxes notably VAT and exciseduties in December 2012 accounted for the shortfall.

Despite the mixed performance of the economy in the January-June 2013 period there was an increase in tax revenue collections which reached RWF 345.7 billion compared to RWF 333.2 billion estimated for this period. With this performance, total collections for fiscal year 2012/2013 therefore reached RWF 651.9 billion and exceeded the target of RWF 641.2 billion by RWF 10.7 billion.

Shortfalls in taxes on goods and services were offset by excess collections under direct taxes and taxes on international trade resulting in this improved performance in domestic tax collections.

In the area of direct taxes, actual collections of RWF 282 billion exceeded projections of RWF 260 billion by RWF 22 billion. Improved collections from PAYE and company profit taxes contributed to these excess collections.PAYE collections benefitted from an increase in the number of taxpayers notably from staff hired by NISR for the national census and increase hiring by Rwandair. Corporate income taxes also benefitted from payments by some previously loss making big enterprises as well as higher payments by some banks. Furthermore, enforcement of direct taxes arrears also contributed to the recovery of a large amount of arrears amounting to about RWF26.3 billion.

Regarding taxes on international trade, the increase in total imports –in value terms – of about 26 percent in calendar year 2012 and about 8.7 percent in the first half of 2013 together with a larger than projected depreciation of the Rwandan franc and administrative reforms in customs procedures in the fiscal year 2012/2013 boosted collections during this period. Collections of RWF 54.8 billion were therefore RWF 13.7 billion higher than the estimate of RWF41.1 billion.

The performance of taxes on goods and services amounting to RWF 315.1 billion was RWF 25 billion lowerthan the RWF 340.1 billion projected. Even though there was an improvement in collections from VAT withholding taxes on account of better enforcement of the law-companies implementing public tenders were better policed- the overall collections of consumption taxes (VAT and excise duties) were lower than projected. This performance not only reflected the mixed economic performance during the fiscal year mentioned above, but also the delay in implementing the Electronic Sales Register (ESR) project on time. As indicated above, this was only recently introduced on a pilot basis.

Non Tax Revenue Performance

As indicated above, the original estimate of non-tax revenue collections of RWF 83.2 billion comprising RWF 58.7 billion of PKO reimbursements and RWF 24.5 billion of administrative fees and charges, was revised downward to RWF 66.5 billion on account of expected reduction in PKO reimbursement receipts by RWF 16.7 billion. At end of the fiscal year however, total actual collections amounted to RWF 84.5 billion, showing an excess of RWF18 billion over the revised projection and RWF1.3 billion over the original estimate. Contrary to expectations, reimbursements by the UN for PKO of RWF 61.9 billion were higher than both the original and revised projections and accounted for the excess performance.

Contributions from administrative fees and charges amounted to RWF 22.6 billion compared to RWF 24.5 billion projected. The shortfall of RWF 1.9 billion was mainly due to the fact that the policy to issue ID cards to citizens between the ages of 15 and 18 years was not implemented in fiscal year 2012/2013 as envisaged. As shown above the shortfall was offset by the excess reimbursements from PKO.

II.2 EXTERNAL RESOURCES

The table below shows details of budgetary grants and loans.

Table 3. BUDGETARY GRANTS AND LOANS (in billions Rwf)

	2012/2013	2012/2013
	Proj.	**Prov. Actuals**
World Bank	68.3	63.5
AFDB	34.6	25.0
DFID	39.9	46.7
EC(EC)	39.5	37.8
Germany	0	0.0
Netherlands	0	2.4
Belgium	0	0.0
FTI	15.6	14.7
S/Total	**197.9**	**190.0**
Budgetary Loans		
AFDB (Agric. Sector Budget Support)	17.4	16.2
Total loans	**17.4**	**16.2**
S/Total	**215.3**	**206.2**
Global Fund	96.2	64.3
Total Budget support (Grants and lo	**311.5**	**270.5**
AU PKO	44.6	61.9
Total Resources	**356.1**	**332.4**

Grants

Budget Support Grants

With regards to budget support grants, the revised estimate took the suspension of aid by some bilateral donors into consideration and a reduced estimate of RWF 197.9 billion was therefore made for the fiscal year 2012/2013. Actual flows amounted to RWF 190 billion, showing a total shortfall of RWF 7.9 billion. This shortfall was mainly due to exchange rate differentials between original donor currency rates andUS dollars rates.

The table above shows details of donor disbursements to the 2012/2013 budget by donors and type of support.

The World Bank and the African Development Bank (AFDB) continue to be major donors of budgetary resources. In fiscal year 2012/2013, the World Bank disbursed RWF63.5 billion (US$ 99.71 million) as budget support grants including allocations for social protection expenditures. Total disbursements from the AFDB amounted to RWF 41.2 billion (US$ 51.9 million) made up RWF 25 billion (US$ 26 million) of grants and RWF 16.2billion (US$25.9 million) of budgetary loans. The EU provided RWF37.8billion (US$ 60.95 million) of grants both for general budget support as well as sector programs. Of the bilateral donors, UK (DFID) disbursed RWF46.7 billion (US$75.9 million) for budget support as well as for various sector programs. The Netherlands provided RWF2.4 billion (US$3.7 million) in July last year for justice expenditures. An amount of RWF14.7 billion (US$ 24 million) was also received from FTI through the World Bank for education expenditures.

In the case of capital grants, the original estimate of RWF243.9 billionwas maintained in the revised budget. This figure comprised of Global fund disbursements of RWF 96.2 billion (US$148.3 million) and other capital grants of RWF 147.7 billion. On the basis of the July-December performance, RWF 141.1 billion of disbursements were projected for the January-June 2013 period to achieve the target.This January-June 2013 estimated figure comprised of RWF 55.6 billion of Global fund receipts and RWF 85.5 billion of other capital grants.Total capital grants disbursements in the January-June 2013 period however amounted to only RWF 72.1 billion showing a shortfall of RWF 75.6 billion. The shortfall in Global fund disbursements amounted to RWF 31.9 billion whilst that of other capital grants totaled RWF 37.1 billion. As a result of these shortfalls, total capital grants disbursed in fiscal year 2012/2013 amounted to RWF 174.9 billion as against RWF 243.9 billion projected. Regarding the other capital grants the shortfall was mainly due to delays in the disbursement of funds for projects in the energy and roads sectors.

We are still experiencing difficulties in obtaining accurate data on capital grants disbursements from the donors. The figures used for this report are based on BNR cash-flow and imports data. These may not accurately reflect actual performance.

Loans

The table below gives details of project loans disbursed in fiscal year 2012/2013.

Table 4. PROJECTS LOANS (in billion Rwf)

CREDITOR	2012/13	2012/13
	Original in Rwf	Prov. Actual in Rwf
BADEA	10.6	0.1
EXIMCHINA	29.5	15.6
EXIMINDIA	12.9	12.5
FAD	14	19.2
FIDA	1.6	1.9
FKWD	7.2	1.4
FSD	5.9	
IDA	8.3	28.0
OPEC	36.4	3.6
S/Total	**126.4**	**82.3**
Euro Bond	259.4	255.6
G/Total	**385.8**	**337.9**

The revised budget projected total loans of RWF 403.2 billion comprising budget loans of RWF 17.4 billion and project loans of RWF385.8 billion including EURO bonds receipts of RWF 259.4 billion.

Budgetary loans disbursed during the fiscal year came from the AFDB and amounted to RWF 16.2 billion compared to the estimate of RWF 17.4 billion. The shortfall was due to exchange rate fluctuation between the donor currency and the US dollar.

Project loans that accrued to the budget amounted to RWF 337.9 billion as against RWF 385.8 billion showing a shortfall of RWF47.9 billion. Proceeds from the EURO bonds amounted to RWF 255.6 billion (US$ 400 million) registering a small shortfall of RWF 3.8 billion. This was due to the fact that the proceeds accrued to the budget at a lower than projected exchange rate. In the case of other project loans, disbursement of RWF 82.3 billion during the fiscal year fell short of the estimate of RWF 126.4 billion by RWF 44.1 billion. As indicated under capital grants, the shortfall under disbursement of loans was also mainly due to delays experienced in implementing some infrastructure projects notably in the energy and roads sectors.

III. PERFORMANCE OF OUTLAYS

As indicated above, total outlaysin the revised budget amounted to RWF 1433.1 billion as against RWF1357.5 billion in the original budget. Recurrent spending was reduced from RWF 680.7 billion in the original budget to RWF 634.6 billion whilst capital expenditure was also reduced from RWF 647.3 billion to RWF 625 billion. These reductions reflect the suspension of aid by some bilateral donors mentioned above. Net Lending expenditures were increased from RWF 9.8 billion to RWF 165.5 billion to take into account the expenditures to be funded with the EURO bonds proceeds. These were made up of RWF51.9 billion (US$ 80 million) allocated to Rwandairfor the early retirement of the expensive loan acquired for the purchase of the planes and RWF 90.8 billion (US$140 million) to the Kigali Conference Center (KCC) also for debt repayment and working capital for the rest of the fiscal year 2012/2013. The remaining RWF117 billion (US$ 180 million) wasto be used by KCC (US$ 130million) and EWASA (US$50 million) for the construction of hydro dam in fiscal year 2013/14.

In addition to the expenditure cuts, and given the uncertainties concerning the disbursements from the multilateral institutions last year, the Government decided to' ring fence' some expenditures as 'contingent expenditures' that could only be spent when the disbursements from the World Bank and AFDB accrue to the budget. These expenditures amounted to RWF 107.6 billion and were equal to the expected disbursements from the two institutions. This policy was adopted to safeguard the Government's fiscal policy. The selected expenditures were under wages and salaries, goods and services, transfers and subsidies as well as under domestically financed capital spending. Since all the disbursements from the multilateral agencies accrued towards the end of the fiscal year, almost all the 'contingent expenditures' were also implemented.

Total spending at the end of fiscal year2012/2013howeveramounted to RWF 1344.7 billion compared to RWF 1433.1 billion in the revised budget. This performance shows a total under-spending of RWF 88.4 billion.

III.1 EXPENDITURE PERFORMANCE BY ECONOMIC CLASSIFICATION

Consistent with the suspension of aid leading to a reduction in resources, general spending in the July-December 2012 period was lower than expected. This situation also meant that due to the cash shortage, a large amount of unpaid bills (float) was carried over into 2013.These bills were fully paid before end June 2013 when expected resources from donor aid accrued to the budget. Government expenditure in the January-June 2013 period however was consistent with the revised budget which reduced total outlays. As indicated above, the reductions affected wages and salaries, goods and services, transfers and subsidies and domestic capital.

Recurrent Spending

1. Wages and Salaries

The original budget allocated RWF 183.1 billion for wages and salaries in fiscal year 2012/2013. As a result of the suspension of aid and the general cuts implemented by Government, the revised budget reduced outlays to RWF 178.2 billion on account of freezing all new hiring of all categories of civil servants (both central Government and districts) including teachers by MINEDUC. Actual spending for the fiscal year was RWF 168.9 billion indicating a carry-through of the freezing policy.

2. Goods and Services

An amount of RWF 127.6 billion was allocated for goods and services in the original budget. This amount was reduced to RWF 117.4 billion in the revised budget reflecting the policy to reduce non priority spending during the fiscal year. The major cuts affected allocations for communications including ICT equipment, public relations expenditure, consultancy services, repair and maintenance expenditure and allocations for training.

Actual spending in the fiscal year however amounted to RWF 123.1 billion showing a small excess spending of RWF 5.7 billion compared to the revised budget estimate. This excess spending was due to higher outlays forhealth and education consumables including drugs and dressings and food for schools and hospitals.

3. Interest Expenditure

The original allocation for interest payments amounted to RWF 18.2 billion. The domestic portion amounted to RWF 8.2 billion whilst RWF 10 billion was to be used for external interest debt. At end December 2012, total spending amounted to RWF 10.5 billion, exceeding the estimate of RWF 9 billion for that period. The excess spending was due to higher domestic interest payment resulting from the frequent use of the overdraft facility at BNR as well as larger sales of Treasury bills to finance the financing gap created by the suspension of aid by some bilateral donors mentioned above.

Taking this development into account, the total allocation for interest expenditure in the revised budget was raised to RWF 28.4 billion showing a rise of RWF 10.2 billion. RWF 2.3 billion was added to the domestic interest portion raising the allocation from RWF8.2 billion to RWF 10.5 billion. Similarly, the portion for external interest was raised from RWF 10 billion to RWF 17.9 billion to allow the Government to pay the first installment of interest on the US$ 400 million EURO bonds.

Total actual spending at end June 2013 amounted to RWF 30.7 billion compared to RWF 28.4 billion in the revised budget. The excess spending of RWF 2.3 billion as observed during the July-December 2012 was again solely due frequent use of the BNR overdraft as well as larger sales of Treasury bills by Government. As a result of this development, total domestic debt which amounted to RWF 249.9 billion (5.3% of GDP) at end December 2012 rose to RWF 313.3 billion (6.4% of GDP) at end June 2013.

4. *Transfers and Subsidies*

The original allocation of RWF 266.2 billion was scaled down to RWF 238.2 billion in the revised budget, showing a reduction of RWF 24 billion. As was the case under wages and salaries, the reduction was due to the freeze on new staff recruitments as well as reductions in allocations for other goods and services notably communication, training, repairs and maintenance, consultancy and public relations expenditures.

Whilst there was an acceleration of spending during the July-December 2012 period mainly due to the 'front-loading' of subsidies to EWASA for the purchase of fuel and other payments, spending in the January-June 2013 period decelerated. At end June 2013, total spending for the fiscal year amounted to RWF 230.8 billion showing an under-spending of RWF7.4 billion. This lower spending was partly due to some delays in transferring all contributions to some foreign organizations. These were subsequently honored at the beginning of fiscal year 2013/2014.

5. *Exceptional Expenditure*

The allocation for exceptional expenditure in the original budget amounted to RWF 85.7 billion. RWF 58.7 billion of this allocation was earmarked for UN peace-keeping operations with an equal amount of reimbursements expected from the UN during fiscal year 2012/2013. However in course of the year it was felt necessary to scale down both the expenditure and reimbursements from the UN to RWF 44.6 billion showing a reduction in both outlays and reimbursements by RWF14.1 billion. As a result of these expectations, total outlays under exceptional expenditure were reduced from RWF 85.7 billion to RWF 72.4 billion.

At end of the fiscal year, total spending at RWF 80.4 billion exceeded the revised estimate by RWF 8 billion.This excess was partly due to PKO expenditure at RWF49.2 billion being slightly higher than the revised projection of RWF 44.6 billion by RWF 4.6 billion. Reimbursements from the UN at RWF 61.9 billion exceeded the outlays and boosted non tax revenue collections. On this basis there was no extra burden on the budget. Spending on demobilization at RWF 7.2 billion exceeded the original projection of RWF 3.9 billion by RWF 3.3 billion and contributed to the excess spending under exceptional expenditure. Higher spending on repatriated demobilized ex-insurgents from the DRC accounted for this excess spending. The remaining RWF 24.1 billion was used to finance social expenditures for the survivors of genocide (FARG).

Capital Expenditure

The original estimate of capital expenditure of RWF 647.3 billion consisted of RWF 277 billion of domestically financed spending and RWF 370.3 billion to be financed with external grants and loans. During the revision of the budget to reduce spending on account of the suspension of aid, the allocation for the domestically financed capital expenditure was reduced by RWF 22.2 billion to RWF 254.8 billion. The reduction affected mostly new projects that were postponed as well as several on-going projects in agriculture and infrastructure that were expected to be slowed down. With the externally financed portion remaining the same as projected, the total allocation for capital expenditure declined to RWF 625 billion in the revised budget. Total capital spending at end June 2013, however amounted to RWF 564.5billion .Both domestically and foreign financed portions contributed to the shortfall of RWF 60.5 billion.

Regarding the externally financed portion of the capital expenditure, implementation during the year suffered from various delays including delays in processing tender and procurement documents. As a result, total disbursements of capital grants and project loans slowed down significantly as mentioned above under external resources.This development culminated in foreign financed capital spending of RWF 325.1 billion compared to RWF 370.3 billion in the revised budget. This performancewould have been lower without some financing from accumulated deposits at BNR. Towards the end of 2012, there were external project support grants disbursements (including from the Global fund) that could not be used immediately and therefore accumulated to Government deposits at BNR. These deposits improved the Government's financial position at the end of 2012. A large amount of these deposits comprising RWF 82.6 billion of the Global fund receipts and RWF 25.9 of other capital grants, were used to implement various projects especially in the January-June period, when the budget experienced lower external flows for projects.

In the case of the domestically financed capital budget, implementation improved significantly during the January-June 2013 period. As a result, of this performance, total spending in the fiscal year amounted to RWF 239.4 billion compared to the revised estimate of RWF 254.8 billion and registered a shortfall of only RWF15.4 billion. As mentioned above, delays in implementing some infrastructure projects notably in the energy and roads sectors accounted for the lower spending on projects.

Net Lending

The original estimate of RWF 9.8 billion was revised upwards to RWF 165.5 billion. The major items leading to this upward revision of the estimate figure were to provide RWF 51.9 billion (US$80 million) to Rwandair to repay the expensive loans for the planes and provide RWF 90.8 billion (US$ 140 million) to the Kigali Conference Center (KCC) also for repayment of loans and for constructional work till end June 2013. Government was to on-lend the two companies these funds from the proceeds of the EURO bonds.

Total spending at end June for fiscal year 2012/2013 amounted to RWF137.2 billion showing lower spending of RWF28.3 billion compared to the revised estimate of RWF 165.5 billion.

In the case of implementation, KCC paid debt of RWF 59.4 billion (US$ 93.3 million) and used only RWF3.4 billion (US$ 5.2 million) for constructional work during the January-June 2013 period. These actions resulted in lower spending by RWF28 billion for the fiscal year and represented the shortfall in spending under Net Lending.

ConcerningRwandair, the expected debt payments of US$ 80 million equivalent to RWF 51.2 billion was made using the proceeds from the EURO bonds to CITIBANK and PTA bank.

Arrears Accumulation and Payments

The cash-flow problems resulting from the suspension of aid by some bilateral donors and delays in disbursements by others have been highlighted earlier in the report. These actions took place particularly during the July-December 2012 period. As a result of these developments and with the objective of not 'crowding out "the private sector, Government's use of the domestic financial market to close the resource gap was constrained. Consistent with this policy, there were therefore delays by Government in processing and paying all bills on time. Thus at end December 2012, RWF 34.4 billion of unpaid payment orders (float) had accumulated at the Treasury. These refer to payment orders that were more than 14 days old.

At the beginning of 2013 and especially as the delayed disbursements from the donors accrued, these accumulated bills had been paid.As at end June 2013, total arrears payments amounted to RWF 9.1 billion thereby meeting the PSI program target.

III. 2 SECTOR PERFORMANCE IN THE FISCAL YEAR 2012/13

For the fiscal year 2012/2013, total primary expenditures by functional classification amounted to RWF 1,090.3 billion as against a revised budget estimate of RWF 1,189.1 billion. This performance registered a rate of 91.7 percent. The attached table of budget execution by sectors shows the revised budget estimates and actual spending by sectors.

The following describes the main expenditure items and achievements in KEY sectors of the economy:

Economic Affairs Sector

Expenditure in this sector amounted to RWF 268.8 compared to an allocation of RWF 241.6 billion in the revised budget which shows an execution rate of 112.6%.

In the sub-sector of Agriculture, the following achievements have been registered:

i. Intensive efforts by Government to protect the soil against soil erosion has seen advances rise from 40% in 2006 to 75.7% in 2012/13, resulting in significant increases in agricultural productivity and production through the crop intensification program with increases in the production of key food security crops. Efforts in land terracing have also seen a total of 54,200 ha terraced to date, with 7,993 ha terraced this year alone.

ii. Shortage of land for cultivation has been one of the major set-backs for agriculture in Rwanda and therefore one of the main contributors to poverty. An important achievement over the EDPRS1 implementation period has been the development of marshlands for agricultural use which has successfully increased agricultural production from 11,000 ha in 2006 to 23,000 ha for the 2012/13 financial year, thereby contributing towards addressing shortages of land and increasing the income of farmers.

iii. Strengthening of post-harvest storage program is a critical component of Government's strategy to ensure food security. Efforts were therefore focused on the construction of several strategic grain reserve facilities in various parts of the country during the course of 2012/13. This has led to an increase in storage capacity by both the Government of Rwanda and the private sector with capacity rising to 142 000 tons from 100,000 tons last year.

iv. Livestock development has been enhanced through the GIRINKA Program and about 15,000 cows were distributed during the 2012/13 financial year. This represents a significant increase from the 3,300 cows which were distributed in the 2011/12 financial year through Government budget. Fish production has also increased from 17,000 tons in the 2011/12 financial year to 19,400 tons in the 2012/13 financial year.

v. The "One cup of milk" program has seen the increase of liters of milk distributed to children from 633,958 liters in 2011/12 to 1,841,893.5 liters distributed in 2012/13, an increase of more than 290%. The number of children who benefit from this Government program has therefore increased from 74,728 in 2011/12 to 80,884 in 2012/13.

In the sub-sector of **Trade and Industry**, the following achievements were realized during the 2012/13 fiscal year:

i. Data from the 2012 Industrial Survey indicate that during the 2012/13 period, the turnover of industries increased by 33.9% compared to 2011/12. 17 medium to large industries have started construction works in 2012/13. Most of them located in Kigali SEZ.

ii. In 2012/13, technical assistance was provided to 188 CIP cooperatives in building capacity in marketing, cooperative management, storage system management and assisting Umurenge SACCOs to access finance. By the end of March 2013, SACCOs had a registered membership to the total of 1,776,745 of which 1,433,404 had accounts and share capital to the value of RWF 5,417,496,149 had been collected.

iii. The HangaUmurimoprogramme was launched with over 16,000 business ideas received and 50 selected from each district for development of business plans in 2011/12. Of these a total of 216 projects to the value of RWF 3,539,900,602 have been approved to date and a total of 4,982 jobs will be created.

iv. Despite the continued challenging global economic environment, the Rwandan export market has continued to show strong growth of 31% per year on the Europe and US markets, 17% per year in the Asia market and 30% per year in the EAC and DRC formal market over the 2007-2011 period. In the 2012/13 period there has been28% growth, of which $482m has been in the formal market and $101m in the informal market.

In the sub-sector of **Information Communication Technology,** the following achievements were realized during the 2012/13 fiscal year:

i. International bandwidth capacity was acquired increasing the total capacity in the country to 2.4 Gb/s (Gigabit per Second) from 1.1 Gp/sat full redundancy for a period of

10 years. As result, the cost of bandwidth was reduced from (500 – 700 USD) to 125 USD per Mb/s.

ii. Over 592 ICT professionals from public and private sector were trained in critical ICT professional courses and over 4,325 members of the business community and rural areas trained in basic ICT.

iii. 60 ICT Service Access Points were fully operationalized in addition to the already established 30 centers.

iv. Construction of an innovation center dubbed *kLab* - The center designed to provide an open space to spur innovation and foster entrepreneurship houses over 100 registered members and over 20 local and international mentors.

v. The Carnegie Mellon University (CMU) in Rwanda has successfully completed its first year of classes and students have been posted to various international ICT companies including ZTE, IBM Research (Nairobi), Visa (Cape Town), Marriot (Dubai).

In the **Transport sub-sector**, the following achievements were realized during the 2012/13 fiscal year:

i. The 2012/13 fiscal year saw the successful rehabilitation of the Butare - Kitabi - Ntendezi Road, specifically the 30km Crête Congo/Nil- Ntendezi section.

ii. The rehabilitation and upgrading of the 80km paved road network for Kigali-Gatuna is at 40%.

iii. The rehabilitation of 51km of the Rusizi – Ntendezi – Mwityazo road is proceeding well and the work is 98% complete.

iv. About 50km of roads in urban areas have been successfully paved or fully rehabilitated.

Despite a shortfall in externally capital spending on account of delays in completing tender and procurement documents, the **Fuel and Energy sub-sector** performed well in respect of primary spending as the actual expenditure was RWF 56.6 billion compared to the total allocation of RWF 53.2 billion in the revised budget. A big share of the primary expenditure was used for the running of fuel and energy institutions and foron- going construction of new hydropower plants as well as completion of others. The installed capacity for electricity generation has increased from 45 Mega Watt (MW) in 2006 to 110.4 MW in 2012/13. Some funds were also spent on subsidies to EWASA in the provision of electricity power in the country.

Education Sector

Total spending in the sector amounted to RWF 182.6 billion against revised budget of RWF 199.2 which indicate an execution rate of about 91%.

In the **pre-primary education,** effort was put on increasing the number of schools from 1,471 in 2011/12 fiscal year to 1,870 in the 2012/13 fiscal year. The increased number of pre-primary schools is at least partially responsible for an increase in the number of enrolments of pre-primary pupils from 111,875 in 2011/12 fiscal year to 130,403 in the 2012/13 fiscal year.

In **primary education**, total expenditure amounted to RWF 55.4 billion against revised budget of RWF 42 billion. As a result of the efforts, the number of enrolled over-age pupils is gradually decreasing and for the 2012/13 fiscal year, the percentage of these pupils had decreased from 127.3% to 123.2%. This implies that the number of students enrolled at the appropriate age increased from 95.9% in the 2011/12 fiscal year to 96.5% in 2012/13.

The Government continued implementing its initiative of school feeding and due to this program; the numbers of drop-outs in primary education have also decreased from 11.4% in the 2011/12 financial year to 10.9% in 2012/13.

Due to the successful implementation of the 12YBE program, the number of pupils graduating from primary school and joining secondary school also increased from 84,675 in the 2011/12 fiscal year to 99,525 in the 2012/13 fiscal year which is an increase of approximately 18%.

In line with government policy to increase the quality of education, 930 new teachers were hired in secondary schools to reduce the pupil teacher ratio but also to help improve how English as a language of instructions is administered at this level.

In an effort to promote science and technology in secondary schools in the 2012/13 financial year; 37 new laboratories were constructed, 1000 computers were distributed, and 30 secondary schools were given science kits and 500 GIS books.

The number of pupils that completed Lower secondary school increased from 341,742 pupils in 2011/12 fiscal year to 352,796 pupils in the 2012/13 fiscal year. Of these the percentage number of boys and girls was 46.5 % and 53.4 % respectively.

The government invested a lot of funds in technical and vocational education and established IPRCs in every province and City of Kigali. Now most of them are operational and the remaining are about to finish preparations.

In **higher education**, total expenditure amounted to RWF 29.5 billion against revised budget of RWF 31.4 billion. A big share was spent on scholarships for students in the country and abroad as well as construction of learning complexes in some higher learning institutions (School of Finance and Banking, Umutara Polytechnic, Rukara College of Education and Institute of Agriculture and Animal Husbandry).

Health Sector

The total outlay in the health sector amounted to RWF 75.9 billion against a revised budget of RWF 71.8 billion which indicate an execution rate of 105.7%. A big share was spent on health infrastructures and equipments.

In this regard, the construction of 3 Hospitals (Bushenge, Kinihira and Ntongwe) was completed. And the construction work at the Kibuye Hospital, the Kirehe Hospital, and the health center at Rulindo District as well as the Mukura Health Center in Huye District

started. Furthermore Government has undertaken the construction of maternity sections in a number of Health Centers in Mubuga, Kicukiro, Ruhengeri and Jarama.
There has been a significant reduction of child morbidity and mortality rate from 76/1000 live births to 50/1000 live births thereby meeting both the EDPRS1 target, as well as the Vision 2020 target. The percentage of assisted births in an accredited health facility increased from 28.2% in 2006 to 69% in 2010/11 exceeding the 45% target as well as the final 60% EDPRS1 target.

In disease prevention, Government has successfully conducted an annual nutrition screening for all children under the age of five in 2012/13. Vaccination coverage against measles is at 101.5% of expected target number vaccinated in routine vaccination and a HPV vaccination campaign was conducted (97% coverage). 2012/13 has also seen the reduction of morbidity related to poor hygiene and sanitation as a result of the improvement of the environmental health of the population. Community health workers have played an important role in disease prevention.

Government is continuing its fight against communicable diseases. Government distributed 2.5 million bed nets and treatment of Malaria continues to be subsidized. 110,000 Individuals are currently under treatment for HIV and ART coverage is at 93% of adults and children. This is an increase from the previous year's 90,913 patients and illustrates Government's successful roll-out of this program. Government has also successfully integrated HIV/TB/Malaria services at 90% of all health facilities. Mental Health services are now available in 100% of District Hospitals.

The Government policy of "Mutuelles de santé" to increase financial accessibility of health services and the financing of the health insurance scheme has been strengthened to better address the increasing health care risks facing the citizens of Rwanda. To this end the average coverage rate of "Mutuelles de sante" increased in 2012/13 to 81%, along with improved financial management of Mutuelle funds in all Districts.

A 7-year Human resource development for the health sector was launched in collaboration with 23 US universities and under US Government financial support to train medical specialists and nurses. Under this program, 92 American specialists were deployed to Rwanda and 83 doctors have been enrolled in 7 different specialties.

Social Protection Sector

Total government spending in social protection amounted to RWF 38.6 billion as against a revised budget allocation of RWF 43.8 billion.. The largest share of this amount was used to support vulnerable genocide survivors (RWF 24.1 billion), scaling up VUP in remaining sectors and relocation of families living in high risk zones.

As a result of the expenditure made in this sector, the VUP as the core social protection program has been scaled-up in 180 sectors for direct support and 150 sectors for public works and financial services components;

16,858 people have been relocated from high risk zone and settled in Imidugudu and 570 people have been trained to use brick making machines with the purpose of availing low cost construction materials.

Environmental Protection Sector

Total expenditure amounted to RFW 16.4 billion as against RWF 16.8 billion allocated. Activities implemented related to land registration, plantation of forests and protection of river and lake borders.

As part of Government's process of land tenure regularization, 7.7 million land titles were issued and 4.6 million have been collected by owners.
The national surface covered with forests reached 26 percent compared to the EDPRS1 target of 25.7 percent.

The set target on area of land protected to maintain biological diversity for 2012/2013 has been surpassed, with the protection of 10.1 percent against the planned target of 9.6 percent. Included in this is the protection of 1,524 hectares on Lake Mutukura, the Kivu tributaries and Lake Mugesera.

General Public Services Sector

The revised budget allocation for this sector including the Executive and Legislative organs, and financial and fiscal affairs ministries, took into consideration the accrual of receipts of RWF 259.4 billion from the EURO bonds and utilization of some of these funds for debt payments by Rwandair and KCC as well as for some construction works by KCC under MINECOFIN. The remaining unused amount was to be deposited in Government accounts at BNR for use in 2013/2014 budget. The total revised allocation for this sector amounted to RWF 427.4 billion. Total spending reached RWF 312.9 billion for this sector in fiscal year 2012/2013 and was therefore RWF114.2 billion lower than projected..

Regarding the Executive branch comprising PRESIREP and PRIMATURE, total spending of RWF 48.3 billion was 87.5 percent of the total budgeted amount of RWF 55.2 billion. Outlays to finance the activities of the various development boards of RWF 20 billion compared to the revised allocation of RWF 27.8 billion accounted for about 41 percent of total spending in this sector. Running costs of PRESIREP and PRIMATURE offices amounted to RWF 12.7 billion as against the revised budget estimate of RWF12.4 billion. Out of the expenditure of RWF 4.3 billion under PRIMATURE, RWF1.7 billion was spent on activities for family promotion and protection, child rights promotion and protection as well as on gender and women promotion. The National Electoral Commission also spent RWF 2.8 billion on elections.

The Legislative organs (Chamber of Deputies and the Senate) spent RWF 10.3 billion and did not exceed the revised budget estimates. Whilst RWF 2 billion was used for support services for the two institutions, RWF 2.9 billion was spent on inspection, control, audit and transparency activities.

Outlays under MINECOFIN included a total transfer of RWF 46.5 billion to the districts for the financing of several activities including those in health and education. Of this amount RWF 28.2 billion was used for wages and other benefits at the cell level. Net Lending activities under MINECOFIN which amounted to RWF 137.2 billion included total spending of RWF 114.3 billion which was funded with a portion of the EURO bond receipts of RWF 255.6 billion. This expenditure amount of RWF114.3 billion consisted of debt payments by Rwandair and KCC of RWF 51.2 billion and RWF 59.7 billion respectively by Rwandair and KCC as well as the use of RWF 3.4 billion by KCC as working capital. The unused balance of

RWF 141.3 billion has been deposited in Government accounts at BNR. KCC is expected to use RWF 107.9 billion in the revised 2013/2014 to complete the project. The remaining RWF 33.4 billion will be used by EWASA to complete an on-going hydro project also in fiscal year 2013/2014.

Expenditure by MINAFET under this sector of RWF 16.1 billion slightly exceeded the revised budget allocation of RWF 15.9 billion by RWF 0.2 billion. Wages and salaries and expenditure on goods and services of RWF 14.1 billion took the largest share of spending. RWF 1.8 billion was spent as capital expenditure.

Defense Sector

The revised budget projected total spending at RWF 97.6 billion of which RWF 45.3 billion was to be spent on Peace-keeping Operations. At end June 2013 total spending amounted to RWF 101.7 billion showing a slight excess spending of RWF 4.1 billion. This excess spending came from Peace-keeping operations as these activities registered a spending total of RWF 49.3 billion compared to RWF 45.3 billion projected in the revised budget.

With regards to Peace-keeping Operations, the UN system reimbursed the Government of Rwanda fully for all expenditures. In fiscal year 2012/2013 reimbursements amounted to RWF 61.9 billion.

Of the RWF 52.3 billion allocated for central defense spending, RWF 51.7 billion was used showing a spending rate of 98.9 percent.Of the total spending amount, RWF 39.2 billion was used for the co-ordination of military services including wages and salaries. RWF 7.9 billion was spent on operational support whilst RWF 1.1 billion was used for the provision of health care.

Public Order and Safety Sector

Spending on public order and safety at RWF 62.2 billion was slightly higher than the revised budget estimate of RWF 60.1 billion. The largest share of expenditures amounting to RWF 31.9 billion was spent on police services of which RWF 16.2 billion was used for administration and institutional development including wages and salaries. RWF 1.7 billion was spent on general police operations, whilst RWF 0.6 billion was used on police training schools.

Regarding the prison service, expenditures amounted to RWF 11.9 billion as against RWF 13.8 billion allocated in the revised budget. A large share of this amount was used for staff remuneration whilst RWF 5.2 billion was spent on prisoners' logistics and welfare.

With regards to the justice sub-sector, spending of RWF 7.1 billion exceeded RWF 5.7 billion allocated in the revised budget. Of the spending amount, RWF 3.2 billion was used for administration and institutional development including a portion for remuneration. RWF1.1 billion was used for the protection and promotion of human rights whilst RWF 1.1 billion was also used to fund activities of the higher institute for law practice and development.

IV. FINANCING OF THE 2012/2013 BUDGET

As indicated above, the original budget projected an overall cash deficit of RWF 137.1 billion. This deficit was to be financed with net foreign loans of RWF 128.4 billion and net domestic finance of RWF 8.7 billion. After the above-mentioned changes in the revised budget, the overall cash deficit was estimated at RWF283.6 billion, RWF 146.5 billion higher than in the original budget. The revised deficit was to be financed with net external loans of RWF 355.5billion (including the receipts of RWF 259.4 billion of EURO bonds receipts)which will allow the net domestic accumulation of banking sector deposits of RWF71.9 billion at BNR. This amount by and large represented the balance of unused proceeds from the EURO bonds at end June 2013.

On the basis of all the resource flows and outlays highlighted above, the budget closed the fiscal year at end June with an overall cash deficit amounting RWF 243.4 billion , RWF 40.2 billion lower than the revised budget estimate of RWF 283.6 billion. With net foreign loans inflow of RWF 338.6 billion, the deficit was not only fully financed but these funds allowed a surplus net accumulation of domestic banking deposits of RWF 95.2 billion .This performance was achieved despite the shortfall in external resources. It is the result of on one hand outlays being lower—asnon-priority spending was reduced and in some cases implementation of some capital projects was delayed—and on the otherhand thelower spending by KCC.

However in terms of domestic finance, the Government also increased its domestic debt through the use of the overdraft at BNR which reached RWF 49.2 billion at end June 2013 as well as sales of Treasury bills and bonds to both banks and non-bankswith the share of the non banking sector amounting to RWF 39.7 billion thereby increasing the domestic debt of Government.

V. CONCLUSION

As discussed above, the implementation of the 2012/2013 budget faced several problems of resources due to the suspension of aid by some donors and in some cases delays in disbursing commitments. To ensure sound macro-economic management, the Government cut spending to the tune of the aid suspension amount and also slowed down the implementation of some projects including some priority ones. However, sustaining spending especially priority outlays has not been without costs. Increased domestic borrowing led to higher interest costs and constrained liquidity in the economy resulting in lower credit to the private sector during the second half of 2012 and beginning of 2013. Furthermore, the loss in foreign exchange led to a higher than expected depreciation and increased domestic costs. Government will continue to monitor the situation concerning foreign aid closely and will take all appropriate measures aimed at ensuring macro-economic stability.

Annex I. Operations of the Central Government - Fiscal Year Basis

	Jul-Jun 2012/13 Original	Jul-Jun 2012/13 Revised (PSI)	Jul-Jun 2012/13 Prov. Actual
Revenue and grants	**1,220.6**	**1,149.5**	**1,101.3**
Total revenue	**724.4**	**707.7**	**736.4**
Tax revenue	641.2	641.2	651.9
Direct taxes	253.1	260.0	282.0
Taxes on goods and services	347.0	340.1	315.1
Taxes on international trade	41.1	41.1	54.8
Non-tax revenue	83.2	66.5	84.5
of which PKO/FPU	58.7	44.6	61.9
of which Agaciro Dev.Fund	0.0	2.0	0.0
Total Grants	**496.2**	**441.8**	**364.9**
Budgetary grants	252.3	197.9	190.0
Capital grants	243.9	243.9	174.9
Projects	147.7	147.7	110.6
Global Fund	96.2	96.2	64.3
Total expenditure and net lending	**1,337.9**	**1,424.9**	**1,335.6**
Current expenditure	**680.8**	**634.6**	**633.9**
Wages and salaries	183.1	178.2	168.9
Purchases of goods and services	127.6	117.4	123.1
Interest payments	18.2	28.4	30.7
Domestic Int (paid)	8.2	10.5	15.7
of which Interest on overdraft and T/Bills	1.8		4.1
External Int (due)	10.0	17.9	15.0
of which external interest on Sovereign Bonds proceeds	0.0		5.0
Transfers	266.2	238.2	230.8
Exceptional social expenditure	85.7	72.4	80.4
of which Peace keeping operations	58.7	44.5	51.2
Capital expenditure	**647.3**	**625.0**	**564.5**
Domestic	277.0	254.8	239.4
of which Agaciro Dev.Fund	0.0	2.0	0.0
Foreign	370.3	370.2	325.1
Of Which Global Fund	96.2	96.2	82.6
Of Which Additional energy		0.0	0.0
of which drawdown of other deposits		0.0	25.9
Net lending	**9.8**	**165.3**	**137.2**
Of which			
Other	0.0	4.7	0.0
Additional Expenditure Cimerwa	1.0	1.0	1.0
Rwandair (working capital)	16.0	22.0	27.0
Rwandair loan	0.0	51.9	51.2
Privatization of Tea factories	-12.2	-5.1	-5.1
KCC Loan Repayment	0.0	77.8	59.7
KCC Loan working Capital	0.0	13.0	3.4
Overall deficit (payment order)			
Including grants	-117.2	-275.4	-234.3
Excluding grants	-613.4	-717.2	-599.2
Change in arrears (net reduction-)	-8.0	-8.0	-9.1
Domestic	-8.0	-8.0	-9.1
Overall Deficit (cash basis)			
Including grants	-125.2	-283.4	-243.4
Excluding grants	-621.4	-725.2	-608.3
Financing	**125.2**	**283.6**	**243.4**
Foreign financing (net)	128.4	355.5	338.6
Drawings	143.9	370.8	354.1
Budgetary loan	17.5	17.4	16.2
Budgetary loan [AfDB Sector budgetary loan]	17.5	17.4	16.2
Budgetary loan [WB PRSG loan]	0.0	0.0	0.0
Project loans	126.4	353.4	337.9
of which Sovereign Bond proceeds	--	259.4	255.6
of which Additional energy	--	0.0	0.0
Amortization (due)	-15.5	-15.3	-15.5
Domestic financing	-3.2	-71.9	-95.2
Banking system (Monetary Survey)	8.7	-84.4	-144.3
of which Additional bank borrowing	--	--	29.5
of which Sovereign Bonds proceeds/KCC	--	--	-107.9
of which Sovereign Bonds proceeds/Energy	--	--	-33.4
of which Agaciro Dev.Fund	--	--	0.0
of which Rwandair Loan receipt to Gov't	--	--	0.0
of which Export Promotion	--	--	--
Non bank (Net)	0.0	12.5	24.2
Gvnt Securities (Net)	12.2	24.7	39.7
Non bank T/Bills	12.2	24.5	39.5
Non bank T/Bonds	0.0	0.0	0.2
Non Bank Sector Debt Repayment	-12.2	-12.2	-15.4
Errors and ommisions/ Adjustment-Deposit drawdown	-11.9	0.0	24.9

Footnote:
Domestic financing includes bloew the line spending of Rwf 11.9 billion which was funded with banking sector credit of Rwf 8.7 billion.

Annex II. Resources and Outlays of the Government

RESOURCES	2012/13 Original Budget	2012/13 Revised Budget (PSI)	2012/13 Provisional Actual
Domestic revenue	**724.4**	**707.7**	**736.4**
Tax revenue	641.2	641.2	651.9
Non-tax revenue	83.2	66.5	84.5
Domestic financing	**8.7**	**24.7**	**61.5**
Sale of treasury bills (Banks)	8.7	24.7	2.5
Sale of treasury bills (Non Bank)	0.0	0.0	48.3
Use of BNR deposit/Overdraft	0.0	0.0	10.7
Sovereign Bonds proceeds			
Grants	**496.2**	**441.8**	**364.9**
Budget support grants	252.3	197.9	190.0
Required contingent grants	0.0	0.0	
Capital grants	**243.9**	**243.9**	**174.9**
Of Which: Global Fund	96.2	96.2	64.3
Loans	**143.8**	**370.7**	**354.1**
Sector Budgetary loan	17.4	17.4	16.2
Project loans	126.4	353.3	337.9
O/W Soverign Bonds proceeds	0.0	259.4	255.6
Capital Receipts	**12.2**	**5.1**	**5.1**
TOTAL RESOURCES	**1,385.3**	**1,550.0**	**1,522.0**
EXPENDITURES	**2012/13 Original Budget**	**2012/13 Revised Budget (PSI)**	**2012/13 Provisional Actual**
Recurrent budget	**708.0**	**662.0**	**664.8**
Wages and salaries	183.1	178.2	168.9
Purchases of goods and services	127.5	117.4	123.1
Interest payments	18.2	28.4	30.7
Of which Domestic	*8.2*	*10.5*	*15.7*
o/w :Interest on Overdraft and T/Bills	1.8	1.8	4.1
Of which External	*10.0*	*10.0*	*15.0*
O/W Interest son Soverign Bonds proceeds	0.0	7.9	5.0
Amortization	27.5	27.5	30.9
Domestic (Non Bank)	12.2	12.2	15.4
External	15.3	15.3	15.5
Transfers	266.2	238.2	230.8
o/w: Transfers for Wages	53.1	50.7	
o/w :Monetary Policy Cost	1.5	1.5	
Exceptional expenditure	85.7	72.4	80.4
Development budget	**647.3**	**625.0**	**564.5**
Externally financed	370.3	370.2	325.1
Of Which: Global Fund	96.2	96.2	82.6
Domestically financed	277.0	254.8	239.4
Net lending	**22.0**	**170.5**	**142.3**
Arrears	**8.0**	**8.0**	**9.1**
Accumulation of Deposit	0.0	84.4	141.3
TOTAL EXPENDITURES	**1,385.3**	**1,550.0**	**1,522.0**