# TABLE OF CONTENTS

EXECUTIVE SUMMARY .............................................................................................................. 3  
I. INTRODUCTION ...................................................................................................................... 5  
1.1. Real Sector .......................................................................................................................... 6  
1.2. External Sector .................................................................................................................... 8  
1.3. Monetary Sector Developments ....................................................................................... 9  
2. Performance of Resources .................................................................................................. 9  
   2.1 Performance of Domestic Resources ............................................................................. 9  
      ✓ Tax Revenue Performance ......................................................................................... 10  
         ▪ Direct Taxes ............................................................................................................. 11  
         ▪ Taxes on goods and services .................................................................................. 13  
         ▪ Excise Duties .......................................................................................................... 15  
         ▪ Taxes on international trade .................................................................................. 16  
      ✓ Non-tax Revenue ......................................................................................................... 17  
   2.1. Performance of External Resources ............................................................................. 18  
3. PERFORMANCE OF OUTLAYS ....................................................................................... 19  
   3.1. Recurrent Expenditure ................................................................................................. 21  
      ✓ Wages and Salaries ..................................................................................................... 21  
      ✓ Goods and Services .................................................................................................... 22  
      ✓ Interest Payments ....................................................................................................... 23  
      ✓ Transfers and Subsidies ............................................................................................. 23  
      ✓ Exceptional Expenditure ............................................................................................ 24  
   3.2. Capital Expenditure ...................................................................................................... 25  
   3.3. Net Lending Expenditure ............................................................................................. 26  
4. SECTORAL PERFORMANCE ............................................................................................ 28  
   4.1. ECONOMIC AFFAIRS SECTOR .................................................................................. 28  
   4.2. EDUCATION SECTOR ................................................................................................. 34  
   4.3 HEALTH ...................................................................................................................... 37  
   4.4. SOCIAL PROTECTION ................................................................................................. 38  
   4.5. JUSTICE SECTOR ........................................................................................................ 39  
5. Deficit and Financing ......................................................................................................... 42  
6. CONCLUSION ..................................................................................................................... 44
EXECUTIVE SUMMARY

The implementation of the budget in the July-December 2020 period of the fiscal year 2020/21 was by and large affected by the on-going impact of the COVID-19 pandemic along with the imposition of some restrictions on movements and gathering including working from home and night curfews in order to reduce the spread of the infection. In addition to the domestic restrictions, the flow of external budget support funds also dictated the pace of expenditure commitments during the last quarter of 2020.

Regarding domestic revenue collections, the improved performance observed in the July-September 2020 continued in the October-December 2020. On the taxes side this performance was led by consumption taxes as economic activity began to recover gradually from the COVID-19 pandemic shock. In the case of non-tax revenue delayed reimbursements from the UN for peacekeeping operations revenues boosted the collections. Total domestic revenue collections at end December 2020 of 971.4 billion FRW therefore exceeded the projected figure for the period under review of 846.3 billion FRW by 125.7 billion FRW.

In the case of Government spending, whilst the prevailing restrictions to fight the spread of the COVID-19 pandemic reduced spending on some recurrent expenditure items, implementation of some vital infrastructure projects continued and in some cases were accelerated. As a result, total outlays at end December 2020 of 1753.9 billion FRW exceeded the estimated figure of 1692.1 billion FRW by 61.8 billion FRW. Higher spending under capital expenditure was responsible for this performance.

Gross Domestic Product shrank by 3.6 percent year-on-year in the third quarter of 2020, following a record 12.4 percent contraction in the previous period, as activity gradually recovers from the pandemic shock. The services sector, contributing -3.6 percentage points to the GDP drop, shrank by 7 percent. The industry sector, contributing -0.3 percentage points, also improved (-1 percent growth compared to -19 percent in quarter 2), The agriculture sector, with a growth contribution of 0.5 percentage points, bounced back (2 percent versus -2 percent), driven by food crops (3 percent versus -2 percent); livestock & livestock products (8 percent, the same pace as in Q2), while export crops fell by 8.3 percent `mainly driven by a sharp decrease in coffee production.

Annual inflation eased at 3.7 percent in December 2020 from 4.2 percent in previous month driven mainly by the decrease in alcoholic and beverages (6.9 percent compared to 10.2 percent in November), transport prices (3.1 percent against 3.6 percent), food and non-alcoholic beverages (3.7 percent versus 4.2 percent) and housing (4.5 percent compared to 5.0 in November 2020).

With regards to the external sector, this was severely impacted by the COVID-19 pandemic; particularly in the area of trade in the region. Rwanda’s formal trade deficit widened by 4.9 percent in 2020 from USD 1,951.1 million, to USD 2,046.6 million. All export categories showed a
decline resulting in a 15.2 percent and 6.2 percent decrease in value and volume respectively of export excluding Gold.

On monetary development side, Rwanda National Bank (BNR) continued to maintain an accommodative monetary policy. The Monetary Policy Committee kept the Central Bank Rate to 4.5 percent to support economic activities affected by COVID-19 pandemic. With reference to end December 2019, the Rwandan Franc (FRW) depreciated by 5.4 percent against the USD (as of December 2020). Broad Money (M3) grew by 2.9 percent, whilst the Net Foreign Asset (NFA) grew by 10.6 percent.
1. INTRODUCTION

As mentioned in the report covering the July-September 2020 period, the implementation of the budget during that period was based on the original budget for 2020/21 that was approved by Parliament in June 2020. That approved budget amounted to 3,245.7 billion FRW and was 228.6 billion FRW higher than the revised budget for 2019/20 of 3,017.1 billion FRW. The original 2020/2021 budget in economic classification terms estimated total revenue and grants at 2,171.7 billion FRW and total expenditure and net lending at 3,110.1 billion FRW. That budget was projected to end with an overall cash deficit of 973.6 billion FRW. This deficit was to be financed with net external new debt of 708.4 billion FRW and net new domestic borrowing of 265.2 billion FRW.

In October 2020 however, it became necessary to revise the original 2020/21 budget to reflect the inclusion of some additional domestic revenue and additional external loans and grants on the resources side, and some additional spending on the expenditure side. In the case of the additional resources, the revision became necessary for two reasons First there was an over-performance of tax revenue collection partly explained by the accrual of some “one off” VAT collections by Rwanda Revenue Authority during the July-September 2020 period. These collections were mentioned in the July-September 2020 report. Secondly, additional grants and loan from the World Bank as well as some delayed loans from the African Development Bank (AfDB) committed in the FY 2019/20 had to be included. On the spending side, the revision was due to the inclusion of additional priority spending to be financed with the excess domestic revenue mentioned above as well as additional spending under the Economic Recovery Fund; also to be funded with the World Bank grant and loan mentioned above along with some others Partners. As a result of these changes, total revenue and grants were revised upwards to 2,423.2 billion FRW showing an increase of 251.5 billion FRW. On the spending side, total expenditure and net lending were also increased from 3,110.1 billion FRW to 3,298.7 billion FRW, showing an increase of 188.6 billion FRW. Reflecting these revisions, the overall cash deficit was projected to decline from 973.6 billion FRW in the original 2020/21 budget to 910.7 billion FRW. The reduced deficit was to be financed with reduced net external new debt of 690.7 billion FRW as well as reduced net domestic new debt of 220 billion FRW. These revised projections were discussed and agreed upon with the IMF team in October 2020 under a Policy Coordination Instrument (PCI) program.

After the departure of the IMF team and based on the revised revenue collections by Rwanda Revenue Authority in the July-September 2020 period and provisional collections in October 2020, the projected domestic revenue collections figure was again raised by an additional 29.8 billion RWF. Accordingly, total revenue and grants were again revised upwards to 2,453.0 billion FRW. These additional resources were allocated to be spent on some priority programs under wages and salaries and domestic capital expenditure. Accordingly, total expenditure and net lending was also increased to 3,328.4 billion FRW. The overall cash deficit and the financing options, however remained the same as projected in the revised budget projections agreed
with the IMF team under the above-mentioned PCI program. This late October revised 2020/21 fiscal projections became the revised 2020/21 budget that was approved by Cabinet on January 18, 2021 and also presented to Parliament on February 11, 2021. Implementation of the budget in the later stages of 2020 was therefore based on these revised estimates. Consistent with the seasonal accrual of resources and sectoral spending trends in the July-September 2020 period and expected developments in the second quarter, projections covering the October-December 2020 period and the half-year in general were derived. As mentioned in the July-September 2020 report, implementation of the budget was affected by the ongoing impact of the coronavirus pandemic coupled with the imposition of some restrictions on movements and gathering including working from home and night curfews in order to reduce the spread of the infection. Some of these restrictions continued in the October-December 2020 period. In addition to the domestic restrictions, the flow of external budget support funds also dictated the pace of expenditure commitments during the last quarter of 2020. This report therefore builds on the budgetary performance evaluated in the July-September 2020 report and published on the website in November 2020 and extends the coverage to end December 2020.

After this short introduction, the report will be organized as follows: Section two gives a brief summary of the domestic economic performance during the second half of 2020 from July to December 2020. The summary builds on the reported performance in the first half of 2020 and extends the coverage for the 12 months’ period of 2020. The following section three will then discuss the performance of total resources whilst section four as has been the practice deals with the economic classification of provisional expenditure performance for the six months’ period under review. Section five discusses the details of sectoral performance during the July-December 2020 period whilst section six will deal with the budgetary balance and financing. The report as usual will close with a brief conclusion. As has been done in the past, the report is based on provisional data and the results of the analysis will be revised when more accurate data becomes available.

2. ECONOMIC PERFORMANCE

2.1. Real Sector

Gross Domestic Product shrank by 3.6 percent year-on-year in the third quarter of 2020, following a record 12.4 percent contraction in the previous period, as activity gradually recovers from the pandemic shock.

The services sector, contributing -3.6 percentage points to the GDP drop, shrank by 7 percent. This is better than the -16 percent recorded in quarter 2, in particular for trade & transport (-12 percent vs -29 percent); hotels & restaurants (-55 percent versus -62 percent) and financial services (-3 percent versus -8 percent). The sector continued to be affected as some restrictions were still in place. However, some sub-sectors such as information & communication continued to grow solidly (43 percent compared to 33 percent).
The industry sector, contributing -0.3 percentage points, also improved (-1 percent growth versus -19 percent in quarter 2), as output rebounded for manufacturing (6 percent vs -13 percent) and improved for mining & quarrying (-24 percent compared to -53 percent) and construction (-6 percent compared to -20 percent).

The agriculture sector, with a growth contribution of 0.5 percentage points, bounced back (2 percent versus -2 percent), driven by food crops (3 percent versus -2 percent); livestock & livestock products (8 percent, the same pace as in Q2), while export crops fell by 8.3 percent `mainly driven by a sharp decrease in coffee production.

On the expenditure side, consumption of households and NGOs decreased by 3 percent while gross capital formation dropped by 14 percent compared to -34 percent in Q2. Exports and imports of goods and services bounced back with a growth of 6 percent and 0 percent after recording -24 percent and -18 percent respectively in Q2.

The average of the first nine months of 2020 is -4.1 percent, shows that the country’s economy has been seriously hit by the pandemic. Efforts on economic recovery should continue as downside risks remain for the first half of 2021: given the recent surge in COVID-19 cases in the country, the region, and globally, more restrictions are put in place. But on a positive note, countries are preparing for mass vaccination. Therefore, the 2021 economic growth is dependent on the availability of vaccines in the country and globally.

Annual inflation eased at 3.7 percent in December 2020 from 4.2 percent in previous month driven mainly by the decrease in alcoholic and beverages (6.9 percent compared to 10.2 percent in November), transport prices (3.1 percent vs 3.6 percent), food and non-alcoholic beverages (3.7 percent vs 4.2 percent) and housing (4.5 percent vs 5.0 in November). There is also a base effect for food inflation which was at 14.9 percent in December 2019. In contrast, prices increased for recreation and culture (6.4 percent vs 6.1 percent) and restaurants and hotels (1.9 percent vs 1.2 percent in November). Inflation decreased in rural areas (4.1 percent vs 4.7 percent). On a monthly basis, consumer prices decreased by 0.8 percent from -1 percent in the prior month.
### Table 1: Real GDP Growth (%)

<table>
<thead>
<tr>
<th></th>
<th>2019 Q1</th>
<th>2019 Q2</th>
<th>2019 Q3</th>
<th>2019 Q4</th>
<th>2020 Q1</th>
<th>2020 Q2</th>
<th>2020 Q3</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP</td>
<td>6.1%</td>
<td>12.3%</td>
<td>10.9%</td>
<td>8.4%</td>
<td>3.6%</td>
<td>-12.4%</td>
<td>-3.6%</td>
</tr>
<tr>
<td>AGRICULTURE, FORESTRY &amp; FISHING</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>O/w Food crops</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
<td>-2%</td>
<td>-2%</td>
<td>2%</td>
</tr>
<tr>
<td>Export crops</td>
<td>-7%</td>
<td>8%</td>
<td>23%</td>
<td>-4%</td>
<td>-16%</td>
<td>-19%</td>
<td>3%</td>
</tr>
<tr>
<td>INDUSTRY</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o/w Mining &amp; quarrying</td>
<td>15.0%</td>
<td>21.0%</td>
<td>16.0%</td>
<td>14.0%</td>
<td>2.0%</td>
<td>-19.0%</td>
<td>-1.0%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>16.0%</td>
<td>15.0%</td>
<td>-13.0%</td>
<td>-12.0%</td>
<td>-26.0%</td>
<td>-53.0%</td>
<td>-24.0%</td>
</tr>
<tr>
<td>Construction</td>
<td>7.0%</td>
<td>16.0%</td>
<td>13.0%</td>
<td>9.0%</td>
<td>6.0%</td>
<td>-13.0%</td>
<td>6.0%</td>
</tr>
<tr>
<td>SERVICES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wholesale &amp; retail trade</td>
<td>4.0%</td>
<td>11.0%</td>
<td>10.0%</td>
<td>8.0%</td>
<td>6.0%</td>
<td>-16.0%</td>
<td>-7.0%</td>
</tr>
<tr>
<td>Information &amp; communication</td>
<td>5.0%</td>
<td>24.0%</td>
<td>21.0%</td>
<td>14.0%</td>
<td>11.0%</td>
<td>-22.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Transport</td>
<td>2.0%</td>
<td>9.0%</td>
<td>-1.0%</td>
<td>25.0%</td>
<td>34.0%</td>
<td>33.0%</td>
<td>43.0%</td>
</tr>
</tbody>
</table>


### 2.2. External Sector

During the year 2020, external sector was severely impacted by the COVID-19 virus pandemic; particularly in the area of trade in the region. Though Gold is one-off the boosting factor but also the trend is encouraging with the level of export excl. gold and Import excl. gold getting closer to 2019 levels. On ICBT, apart from the DRC border which resumed last month (December 1st), informal Cross Border Trade (ICBT) is not operational as boarders are still closed since April. ICBT export and import decreased by 9.7 percent and 5.3 percent respectively in the first quarter of 2020.

Rwanda’s formal trade deficit widened by 4.9 percent in 2020 from USD 1,951.1 million, to USD 2,046.6 million. All export categories showed a decline resulting in a 15.2 percent and 6.2 percent decrease in value and volume respectively of export excluding Gold. However, with the Gold refinery’s production, which started to operate, importing raw gold and adding value to export processed gold (+134.4 percent), total export value increased by 21.3 percent while export volume growth is negative (-8.9 percent) - note that Gold volume is negligible.

In value terms export excluding gold (Traditional export, Non-traditional export and Re-export) amounted to USD 724.9 million in Jan-Dec 2020 from USD 855.0 million in the same period last year. Traditional export account for 32.3 percent of total Export excluding gold in Jan-Dec 2020 while Non-traditional export and Re-export accounts for 24.3 percent and 43.4 percent respectively. Top 3 products in Non-traditional export accounting for 37.4 percent of total Non-traditional export have decreased (-Products of the milling industry (Maize flour, wheat flour & Cassava flour): -23.9%, Salt, Sulphur; earth and stone; plastering materials, lime and cement: -37.9% and- Edible Vegetables, roots and tubers: -50.2%) this has led the Non-traditional exports to decrease by 25.9 percent in revenue and 7.8 percent in volume. This is similar to traditional exports, which also
declined in both value and volume by 11.9 percent and 12.8 percent respectively despite a particular increase in export of tea by 4.1 percent in value and 5.0 percent in volume, dispute a decrease in its price by 0.9 percent. Coffee and 3Ts minerals export revenue decreased by 22.7 percent and 17.1 percent respectively. The volume of 3Ts decreased by 20.1 percent, unlike other minerals for which the value decreased drastically by 94.0 percent while volume increased by 203.1 percent. Re-export also decreased by 10.5 percent in value and 4.0 percent in volume during January -December 2020 period.

Import excluding Gold has decreased by 3.5 percent in value while volume increased by 5.4 percent. This decrease was from a decrease in import of Capital Goods and Energy and Lubricants by 4.7 percent and 33.1 percent in values respectively. Other categories of imports have increased resulting to the 10.9 percent growth value in formal imports including gold in January-December 2020 and 5.4 percent increase in volume.

2.3. Monetary Sector Developments

Rwanda National Bank (BNR) continued to maintain an accommodative monetary policy stance as in November 2020, the Monetary Policy Committee kept the Central Bank Rate to 4.5 percent to support economic activities affected by COVID-19 pandemic. On overall, monetary key aggregates in 2020 comparing December 2020 to December 2019 was with; Broad Money (M3), Net Foreign Assets (NFA), and Credit to Private Sector (CPS) grew by 18.0 percent, 34.6 percent, and 21.8 percent respectively. With reference to end December 2019, the Rwandan Franc (FRW) depreciated by 5.4 percent against the USD (as of December 2020).

Looking at November and December months of 2020, Broad Money (M3) grew by 2.9 percent, Net Foreign Asset (NFA) grew by 10.6 percent and Private Sector Credit (CPS) grew by 1.3 percent. During this period, the Rwandan Franc (FRW) depreciated by 0.4 percent against the USD. It is worth to note that with September 2020 report of Monetary Survey, Central Bank foreign liabilities were modified with a reclassification of accounts from Government to nonresident.

3. Performance of Resources

3.1. Performance of Domestic Resources.

As mentioned in the July-September 2020 budget, the implementation of the budget during that period on the resources side was based on the original budget for 2020/21 that was approved by Parliament in June 2020. The report also mentioned that total domestic revenue collections during that period under review of 465.5 billion FRW exceeded the estimated figure for that period of 413 billion FRW by 52.5 billion FRW. It was further indicated in the report that both tax and non-tax revenue collections contributed to the excess collections. Regarding tax
revenue collections, the performance benefitted from the accrual of some delayed payments that spilled over to July 2020 as well as “one off” VAT collections in the first quarter of the fiscal year reflecting a better than expected economic recovery as evidenced by a higher turnover growth and higher volumes of imports.

Regarding non-tax revenue collections, it was also pointed out that delayed reimbursements from the UN for peacekeeping spending contributed to the excess performance in July-September 2020 period. It was further mentioned above that total domestic revenue projections for 2020/21 were revised in October to reflect the performance achieved during the July-September 2020 period as well as new data in October. As a result, total domestic revenue collections in the revised budget for 2020/21 sent to Parliament were estimated at 1,860.7 billion FRW comprising tax revenue collections of 1,618.5 billion FRW and non-tax revenue collections of 242.2 billion FRW.

The improved performance observed in the July-September 2020 period continued in the October-December 2020 period despite the continued imposition of some movement and gathering restrictions as alluded to above. It appears the pace of economic recovery was slightly faster than originally estimated despite the impact of the COVID-19 pandemic. Collection of several taxes especially the consumption taxes benefitted from this development. As a result, total domestic revenue collections at end December 2020 for the six-month period under review of 971.4 billion FRW exceeded the revised budget estimated figure for that period of 846.3 billion FRW by 125.1 billion FRW. As was the case in the July-September 2020 both tax and non-tax revenue collections contributed to this good performance. The table below shows the details of both domestic tax and non-tax revenue collection performance in the July-December 2020 period.

✓ Tax Revenue Performance.

The July-September 2020 report indicated that total tax revenue collections that accrued to the Treasury during that period amounted to 373.9 billion FRW. This figure exceeded the projected amount for that period of 352.8 billion FRW by 21.1 billion FRW. It was further mentioned that improved collections under all tax categories including some delayed payments and ‘one off’ collections contributed to these excess collections during that period under review. This good performance continued in the fourth quarter of 2020 despite the introduction of partial restrictions on movements and gathering to reduce the spread of the COVID-19 pandemic and impact on economic activities.
Table 2: Domestic Revenue

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenue</td>
<td>846.3</td>
<td>971.4</td>
<td></td>
</tr>
<tr>
<td>Tax revenue</td>
<td>758.6</td>
<td>786.3</td>
<td></td>
</tr>
<tr>
<td>Direct taxes</td>
<td>325.6</td>
<td>391.5</td>
<td></td>
</tr>
<tr>
<td>of which local government taxes</td>
<td>16.8</td>
<td>8.3</td>
<td></td>
</tr>
<tr>
<td>Taxes on goods and services</td>
<td>371.3</td>
<td>391.5</td>
<td></td>
</tr>
<tr>
<td>of which Strategic reserve Petroleum Levy</td>
<td>6.0</td>
<td>6.1</td>
<td></td>
</tr>
<tr>
<td>Taxes on international trade</td>
<td>61.8</td>
<td>65.5</td>
<td></td>
</tr>
<tr>
<td>of which Infrastructure Development levy</td>
<td>7.1</td>
<td>7.3</td>
<td></td>
</tr>
<tr>
<td>Non-tax revenue</td>
<td>87.7</td>
<td>185.1</td>
<td></td>
</tr>
<tr>
<td>of which PKO</td>
<td>52.6</td>
<td>122.2</td>
<td></td>
</tr>
<tr>
<td>of which LG fees</td>
<td>14.9</td>
<td>19.7</td>
<td></td>
</tr>
<tr>
<td>of which Other</td>
<td>36.6</td>
<td>43.2</td>
<td></td>
</tr>
</tbody>
</table>

Source: MINECOFIN

Total tax revenue collections at end December 2020 for the six-month period of 786.3 billion FRW exceeded the revised budget estimated amount for that period of 758.6 billion FRW by 27.7 billion FRW. As happened in the July-September 2020 period, all tax categories contributed to this good tax revenue performance in the July-December 2020 period.

- **Direct Taxes.**

As mentioned in the July-September 2020 report, collections under direct taxes comprising PAYE, profit taxes and local Government taxes during that period of 152 billion FRW were 5.6 billion FRW higher than the 146.4 billion FRW envisaged for the period. It was further indicated that all major tax heads contributed to the excess collections. This good performance continued in the October-December 2020 period as economic activity started to pick up despite the prevailing partial control on movements and gatherings to reduce the COVID-19 infection rate. At end December 2020, total direct taxes collections amounted to 329.3 billion FRW and exceeded the projected figure for the six-month period of 325.6 billion FRW by a small amount of 3.7 billion FRW. Improved collections under profit taxes more than offset shortfalls in local Government tax collections and caused the excess taxes under direct taxes.

Regarding profit taxes comprising CIT, PIT and WHT, the July-September 2019 report mentioned total collections of 65.2 billion FRW during that three-month period. This collected amount was 3.5 billion FRW higher than the estimated figure for that period of 61.7 billion FRW. It was
further indicated that the performance benefitted from the postponement tax payments due date from March to July 2020 which was one of the measures implemented by Government to mitigate the impact of the COVID-19 pandemic on companies. The payments in July 2020 were largely responsible for the excess collections under profit taxes in the July-September 2020 period.

Performance under profit taxes in the October-December 2020 period showed a mix picture. Whilst withholding tax collections performed well, collections under CIT (Company income taxes), PIT (Personal income taxes) and Local Government tax collections remained sluggish. Despite this mixed performance, collections under profit taxes at end December 2020 for the six-month period under review of 145.9 billion FRW were 10.9 billion FRW higher than the projected figure of 134.7 billion FRW. This excess collection was mainly due to a good performance under withholding taxes, which more than offset slightly poor performance under PIT, CIT and Local Government taxes. In the case of Withholding taxes, the good performance was largely due to increased Government spending during the last quarter of 2020 as the economy began to recover slightly and Government spending especially capital spending increased. Regarding CIT and PIT, the sluggish performance was largely due to a reduction in declared incomes of some companies and individuals compared to the same period of 2019. Again this performance reflected the adverse impact of the corona pandemic on economic activities and tax collections.

In the case of PAYE collections, the July-September 2020 report showed total collections for that period of 84.3 billion FRW. This figure was 2.2 billion FRW higher than the estimated figure for that period of 82.1 billion FRW. The July-September 2020 report attributed this good performance to higher than expected increase in employment in some public sector agencies notably in the health sector (including RBC) to deal with the COVID-19 pandemic. The increase in employment in these areas more than offset the loss in employment particularly in the services sector (especially hotels and restaurants) and caused the small excess collections under PAYE. Collections under PAYE in the October-December 2020 period reached 89.2 billion FRW despite the adverse impact of the COVID-19 pandemic on employment. Total collections under PAYE at end December 2020 for the six-month period of 173.5 billion FRW were therefore 1.4 billion FRW higher than the projected figure for the six-month period of 172.1 billion FRW. This performance was achieved despite the adverse impact of the COVID-19 pandemic on economic activities and employment. Some of these adverse factors included decrease in the number of employees in some sectors, lower salaries paid and non-payment of performance bonuses normally paid in December of each year. Discussions with RRA indicated that the projected figure of PAYE for the July- December 2020 was under estimated. This factor is therefore responsible for the excess performance registered under PAYE in the July-December 2020 period.

Concerning Local Government taxes, it was mentioned in the July-September 2020 report that only a small amount of 1.7 billion FRW was collected during that three-month period. It was further indicated that the collected amount was 0.1 billion FRW higher than the figure of 1.6
billion FRW estimated for that period. At end December 2020, total Local Government taxes collected amounted to 8.3 billion FRW and fell short of the estimated figure for that period of 16.8 billion FRW by 8.5 billion FRW. This shortfall was largely due to the extension of the deadline for the collection of the main tax items comprising land and property taxes to end February 2021. This measure was one of the measures implemented by Government to alleviate the economic impact on tax-payers. It is therefore expected that a significant amount of local Government taxes will accrue in the first quarter of 2021.

- **Taxes on goods and services.**

Taxes on goods and services comprise mainly VAT collections, excise duties, mining royalties, road fund and petroleum strategic reserves levy. In the July-September 2020 report, it was mentioned that collections under taxes on goods and services during that period amounted to 190.7 billion FRW and exceeded the projected amount of FRW 178.1 billion by 12.5 billion FRW. It was further mentioned that all tax heads contributed to the excess collections during the period under review. Collections continued to improve in the October-December 2020 period as total consumption improved and as a result, total collections of taxes on goods and services at end December 2020 of 391.5 billion FRW for the July-December 2020 period exceeded the projected amount for the period of 371.3 billion FRW by 20.2 billion FRW. As achieved in the July-September 2020 period, all items under taxes on goods and services contributed to this good performance. It can also be attributable to the fact that despite the prevailing restrictions on movements and gatherings to reduce the COVID-19 pandemic spread, the economic activity continued to recover slightly faster than estimated and improved collections under taxes on goods and services.

Regarding VAT collections, the July-September 2020 report mentioned that an amount of 125 billion FRW was collected during that period. This figure exceeded the projected amount of 118.7 billion FRW by a small amount of 6.3 billion FRW. Both domestic and imports components contributed to this good performance.

In the case of domestic VAT component, collections of 81 billion FRW during the July-September 2020 period exceeded the estimated amount for that period of 78.6 billion by 2.4 billion FRW. This performance was mentioned in the July-September 2020 report. It was further indicated that both small and medium sized enterprises as well as large taxpayers contributed to this improved performance. The major reason for this performance during this period was the slight recovery in economic activity. As mentioned in the budget execution report for the fiscal year 2019/20, the outbreak of the COVID-19 pandemic at the beginning of 2020 necessitated the implementation of some drastic measures including health related measures to curb the spread of the pandemic and save lives. Some of the important measures included a complete lockdown of the country including sealing of the borders, restrictions on movements and gatherings and imposition of night curfews. These measures disrupted economic activities significantly resulting in the decline of turnover growth and reduced tax revenue collections including consumption taxes. The July-September 2020 report mentioned that some of the
restrictions were relaxed during that period resulting in an improvement in economic activity and increase in tax revenue collections including VAT collections. The July-September 2020 report further mentioned that the slight improvement in total turnover growth – even though performance varied among the sectors --during that period was mainly responsible for improved performance.

Economic activity continued to improve in the October-December 2020 period and impacted positively in domestic VAT collections. As a result, VAT collections at end December 2020 amounted to 171 billion against a target of 167.1 billion FRW. There was therefore an excess collection of 3.8 billion FRW. A slight improvement in turnover growth together with improved collections from the use of EBMs contributed to this performance in the period under review. Regarding turnover growth, even though there was a growth, this growth was lower than in the same period of the 2019/20 fiscal year but better in the first half of 2020. Total turnover growth in the July-December 2020 period of 5.6 percent was significantly lower than the growth of 15.5 percent recorded in the same period of the fiscal year 2019/20. The growth in turnover in the July-December 2020 period therefore showed an improvement compared to the performance in the January- June 2020 period where there was a decline of 33.2 percent and reflected the impact of the corona COVID-19 pandemic. In the case of the EBMs efforts by Rwanda Revenue Authority to enforce usage particularly in the last quarter of 2020 boosted VAT performance and contributed to the increased collections mentioned above. This somewhat improved performance under domestic VAT collections is to be offset by the strong growth in local input VAT claims growth during the period under review. Claims on inputs increased by 16.7 percent in the July-December 2020 period compared to 15.9 percent in the same period in the fiscal year 2019/20. This structure is likely due to the preference for the purchases of more domestic products during the trade disruptions arising from the onset of the COVID-19 pandemic at the beginning of 2020. The strong growth is also indicative of improved formalization as more taxpayers are conducting businesses in the formal way in order to benefit from refund claims. This is also due to the fact that the process for refund was expedited as one of the measures to alleviate the hardships arising from the lockdown earlier in 2020. The growth in claims also suggests that taxpayer confidence in receiving refunds promptly is improving and encouraging more taxpayers to file their VAT forms.

In the case of imports VAT, the July-September 2020 report mentioned total collections of 44 billion FRW during that period. This figure was 3.8 billion FRW higher than the 40.2 billion FRW envisaged for this period. It was further mentioned that this excess collection was due to ‘one off ‘collection of taxes on import of construction materials including cement, tubes, pipes, and hollow profiles required for the construction of several schools under the emergency Government school building program. In addition, there was a small increase in collections from motor vehicles as well as from rice and sugar imports to improve the supply situation during the outbreak of the COVID-19 pandemic. Consistent with the improvement in economic activities in the October-December 2020 period despite the prevailing restrictions on movements and gatherings, total imports also increased and registered a growth of 16.3 percent for the July-December 2020 period compared to a decline of 6.7 percent in the January-
June 2020 period. This observed growth in imports impacted positively on VAT collections on imports. Total collections of 86.4 billion FRW in the July-December 2020 period were therefore 2.5 billion FRW higher than the projected figure for the period of 83.9 billion FRW. Once again an increase in import of goods from non-EAC countries especially China accounted for this good performance in collections.

- **Excise Duties.**

In the July-September 2020 report, it was mentioned that collections under this tax category during that period amounted to 48.7 billion FRW and exceeded the estimated amount of 44.9 billion FRW projected by 3.8 billion FRW. This performance of excise duty collections continued in the October-December 2020 period and reflected the improvement in economic performance as evidenced by increased Government spending (both investment and consumption), increase in currency in circulation as well as increase in imports of goods and services. As a result, total excise duties collections at end December 2020 for the July-December 2020 period amounted to 98.8 billion FRW for the six months’ period. This figure was 11 billion FRW higher than the projected amount for that period of 87.8 billion FRW. As was the case in the July-September 2020 period, both the domestic and customs components contributed to this good performance.

In the case of the domestic component, the July-September 2020 period saw collections of 26.2 billion FRW and exceeded the estimated figure for that period of 22.3 billion FRW by 3.9 billion FRW. In the report for that period, it was also indicated that collections from the four major contributors comprising beer, soft drinks, petroleum products and local mobile airtime accounted for the excess collections. As mentioned above this performance was achieved despite the prevailing restrictions on movements and gatherings during the July-September 2020 period to ameliorate the spread effect of the COVID-19 infection in the country.

These restrictions continued in the October and November 2020 period and were intensified with night-time curfews in December 2020. Despite these restrictions economic activity continued to improve and both private and public consumption also improved. These developments impacted positively on excise duties collections in the October-December 2020 period. Total domestic excise duties collections at end December 2020 for the six months’ period amounted to 52.2 billion FRW. This collected figure was 5.7 billion FRW higher than the estimated figure of 46.5 billion FRW. As was the case in the July-September 2020, the four items mentioned above contributed the largest shares. At end December 2020, collections from beer and petroleum products contributed to 35.7 percent and 32.2 percent respectively. Soft drinks and mobile airtime contributed 7.1 percent and 7.2 percent respectively.

Concerning imports excise, the July-September 2020 report showed collections for that period of 22.5 billion FRW. This amount was 1.5 billion FRW higher than the 21 billion FRW projected for the period under review. It was further reported that an increase in imports especially consumer goods contributed to this performance. The increase in imports especially excisable products continued in the October-December 2020 period as mentioned above. Consequently,
the total collected amount at end December 2020 for the six months’ period of 46.6 billion FRW was 5.4 billion FRW higher than the estimated figure of 41.3 billion FRW.

- **Other Taxes.**

  Other taxes under goods and services comprise road maintenance fund, mining royalties and strategic reserves levy. The July-September 2020 report mentioned total collections for three items of 17 billion FRW. This collected amount was 0.8 billion FRW higher than the estimated figure for that period of 16.2 billion FRW. A slight increase in road fund collections reflecting a small increase in sales of petroleum products was responsible for this excess performance. Total collections for the three items at end December 2020 amounted to 35.3 billion and exceeded the estimated amount for the six-months’ period under review of 32.5 billion FRW by 2.8 billion FRW. Here again higher sales of petroleum products accounted for the improved collections.

- **Taxes on international trade.**

  Taxes on international trade comprise customs duties, infrastructure development levy and African Union levy. The July-September 2020 report showed total collections of 31.3 billion FRW during that period. This amount was 2.9 billion FRW higher than the 28.3 billion FRW estimated for this period. As mentioned in that report, improvements in the value of total imports during the first three-months period of the fiscal year were responsible for collections under taxes on international trade, exceeding the estimated amount for the period under review. It was further explained that whilst imports from both EAC and non-EAC countries increased both in volumes and value, tax collections benefitted from the increase in the non-EAC countries. Some of the items that contributed positively to import duties collections during the period under review include consumer goods from non-EAC countries.

  Total imports continued to grow in the October-December 2020 period. This performance led to a growth of imports of 15.4 percent in the July-December 2020 period compared to 13.2 percent in the corresponding period of 2019. As a result, total collections under taxes on international trade of 65.5 billion FRW exceeded the projected figure 61.8 billion FRW by 3.7 billion FRW. By far the largest contributing items were customs duties. At end December 2020, the collected amount of 54.8 billion FRW exceeded the estimated figure of 51.4 billion FRW by 3.5 billion FRW. This collected figure was achieved despite the fact that customs duty exemptions on some essential supplies also increased during this period under review. The increase in exemptions was one of the administrative measures implemented by Government to reduce the adverse impact of the corona virus pandemic on the population. The amount collected under taxes on international trade also included 7.3 billion FRW of the infrastructure development levy and AU import levy of 0.9 billion FRW.
Non-tax Revenue.

Concerning non-tax revenue collections, the July-September 2020 report mentioned that an amount of 91.6 billion FRW was collected for the Treasury. This amount exceeded the projected figure for the period of 60.2 billion FRW by 31.4 billion FRW. It was further indicated that the accrual of delayed reimbursements from the UN for Peacekeeping operations was responsible for the excess performance. Some of these reimbursements were for spending in the fiscal year 2019/20.

Collection of non-tax revenue continued in the October-December 2020 period despite the prevailing restrictions on movements and gatherings including for work. Total collections under non-tax revenue at end December 2020 amounted to 185.1 billion FRW as against 87.7 billion FRW estimated for the six months’ period under review. There was therefore an excess accrual of 97.3 billion FRW. Both reimbursements for Peacekeeping expenditure and collection of some administrative fees and charges contributed to this performance.

With regards to Peacekeeping reimbursements, it has been mentioned above that some reimbursements from the UN for peacekeeping operations in the fiscal year 2019/20 were delayed. A portion of these delayed reimbursements was done in the July-September 2020 period as mentioned in the report for that period. Another portion of these delayed funds was disbursed in the October-December 2020 period. These disbursements raised the total for the six months’ period to 122.2 billion FRW and exceeded the projected figure of 52.6 billion FRW by 69.6 billion FRW.

In the case of other administrative fees and charges, total collections in the July-September 2020 period amounted to 16.7 billion FRW. At end December 2020, this figure increased to 62.9 billion RWF and exceeded the estimated figure for the six months’ period of 35.1 billion FRW by 27.8 billion FRW. As mentioned above this performance under other administrative fees and charges was achieved despite the prevailing restrictions mentioned above. Moreover, another amount of 16.2 billion FRW was collected under non-tax revenue in the July-December 2020 from the IMF under the debt relief (CCRT) initiative.
3.2. Performance of External Resources

Regarding external budgetary flows for the Treasury, the July-September 2020 report mentioned that total external flows projected for the first quarter of the 2020/21 fiscal year covering the July-September 2020 period amounted to 406 billion FRW comprising 114.4 billion FRW total grants and 291.6 billion FRW total loans. At the end of September 2020 total disbursements amounted to 404.4 billion FRW and registered a shortfall of only 1.6 billion FRW. It was further mentioned that excess grants disbursements partly offset delayed drawdown of some budgetary loans and caused this small shortfall in external funds.

Normally, a large portion of external budget support funds for the fiscal year is disbursed in the last quarter of the calendar year. As a result, total external budget support funds estimated for the July-December 2020 period amounted to 844.5 billion FRW comprising grants of 364.4 billion FRW and loans of 480.1 billion FRW. At end December 2020 total donor external budget support funds that accrued to the Treasury amounted to 745.3 billion FRW. There was therefore a shortfall of 99.2 billion FRW. Delayed disbursement of grants caused this shortfall in external budget support funds. The table below shows the performance of external resources in the July-December 2020 period compared to projections for the period.

Table 3. External Resources

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total external resources</td>
<td>844.5</td>
<td>745.3</td>
<td></td>
</tr>
<tr>
<td>Total Grants</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Budgetary grants</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>of which other grants (incl. HIPC grants)</td>
<td>224.2</td>
<td>119.9</td>
<td></td>
</tr>
<tr>
<td>of Which Global Fund</td>
<td>186.0</td>
<td>74.1</td>
<td></td>
</tr>
<tr>
<td>Capital grants</td>
<td>140.2</td>
<td>138.8</td>
<td></td>
</tr>
<tr>
<td>Projects</td>
<td>140.2</td>
<td>138.8</td>
<td></td>
</tr>
<tr>
<td>Total Loans</td>
<td>480.1</td>
<td>486.6</td>
<td></td>
</tr>
<tr>
<td>Budgetary loan</td>
<td>335.4</td>
<td>239.8</td>
<td></td>
</tr>
<tr>
<td>Project loans</td>
<td>144.7</td>
<td>246.7</td>
<td></td>
</tr>
</tbody>
</table>

Source: MINECOFIN

In the case of budgetary grants, a total amount of 364.4 billion FRW made up of 224.2 billion FRW of budgetary grants and 140.2 billion FRW of capital grants was projected for the July-
December 2020 period. At end December 2020 however, an amount of 258.7 billion FRW had accrued to the Treasury. There was therefore a shortfall in grants of 105.7 billion FRW. Delayed disbursements of budget support funds caused this shortfall. The affected funds were mainly from the EU and the World Bank (Human Capital DPO) grants. These delayed funds are expected in the first quarter of 2021.

Regarding total external loans, a total amount of 480.1 FRW comprising budgetary loans of 335.4 billion FRW and capital loans of 144.7 billion FRW billion was estimated for the July-December 2020 period. At end December 2020, however, a total drawdown amount of 486.6 billion had accrued to the Treasury accounts. There was therefore an excess of 6.5 billion FRW. Accelerated drawdown of project loans more than offset delayed drawdown of budgetary loans and caused the small excess drawdown amount. Concerning budgetary loans, the drawdown amount of 239.8 billion FRW fell short of the estimated figure of 335.4 billion FRW by 95.8 billion FRW. Delayed disbursements mainly from the World Bank and the African Development Bank (AfDB) caused the shortfall. With regards to capital loans, the drawdown amount of 246.7 billion FRW exceeded the estimated figure of 144.7 billion FRW by 102 billion FRW. A large portion of these drawdown funds mainly went to the school construction program funded by the World Bank Basic Education Human Capital project, as well as other several infrastructure projects notably roads (including feeder and urban), energy projects (including distribution), water and sanitation and agriculture. It appears that despite the restrictions imposed by the Government to deal with the COVID-19 pandemic on-going work on several projects were not adversely affected and these developments increased Government spending in the July-December 2020 period.

4. PERFORMANCE OF OUTLAYS

As mentioned in the July-September 2020 report, the implementation of the budget during that period was based the original budget for 2020/21 that was approved by Parliament in June 2020. It was also mentioned that consistent with seasonal variations as well as spending patterns of the sectors, total expenditure and net lending projections were derived for the July-September 2020 period. The spending projections also took into consideration the prevailing restrictions on gatherings and movements and the required funds to deal with the COVID-19 pandemic spread and the health and social needs. Accordingly, a total outlays figure of 887.6 billion FRW was estimated for the July-September 2020 period. This amount comprised recurrent spending of 425.4 billion FRW, capital expenditure of 377.8 billion FRW and net lending outlays of 94.1 billion FRW. The report further mentioned that the prevailing restrictions affected Government outlays through comparatively lower recurrent spending. As a result, the total expenditure and net lending figure at end December 2020 of 885.9 billion FRW was only 1.6 billion FRW lower than the projected figure for the period of 887.6 billion FRW as mentioned above. It was further explained that lower outlays under recurrent expenditure was more than offset by higher capital expenditure and net lending outlays and caused the small shortfall during the July-September 2020 period.
As mentioned above, the original budget was revised in October 2020 to include some additional Government spending. These changes affected wages and salaries and capital expenditure as the total spending figures were raised. Some of the movement restrictions introduced earlier by Government to deal with the COVID-19 pandemic continued in the October-December 2020 period. However, work on implementation of some vital infrastructure projects continued and in some cases were accelerated. At end December 2020 total outlays of Government for the six months’ period amounted to 1,753.9 billion FRW. This figure exceeded the estimated amount for that period of 1,692.1 billion FRW by 61.8 billion FRW. Higher spending under capital expenditure more than offset the lower spending under recurrent expenditure and Net Lending and caused the excess spending. The table below shows the details of spending projected for the half of the 2020/21 fiscal year covering the July-December 2020 period and provisional outturn according to economic classification.

**Table 4: Expenditure**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total expenditure and net lending</strong></td>
<td>1,692.1</td>
<td>1,753.9</td>
<td></td>
</tr>
<tr>
<td><strong>Current expenditure</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>788.3</td>
<td>777.4</td>
<td></td>
</tr>
<tr>
<td>Purchases of goods and services</td>
<td>279.2</td>
<td>218.6</td>
<td></td>
</tr>
<tr>
<td>Interest payments</td>
<td>107.7</td>
<td>136.0</td>
<td></td>
</tr>
<tr>
<td>Domestic Int (paid)</td>
<td>98.2</td>
<td>83.8</td>
<td></td>
</tr>
<tr>
<td>External Int (due)</td>
<td>68.7</td>
<td>51.1</td>
<td></td>
</tr>
<tr>
<td>Transfers</td>
<td>219.3</td>
<td>230.3</td>
<td></td>
</tr>
<tr>
<td>Exceptional social expenditure</td>
<td>83.9</td>
<td>108.6</td>
<td></td>
</tr>
<tr>
<td><strong>Capital expenditure</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic</td>
<td>657.1</td>
<td>768.5</td>
<td></td>
</tr>
<tr>
<td>of Which Global Fund</td>
<td>372.2</td>
<td>383.0</td>
<td></td>
</tr>
<tr>
<td>of which Classrooms construction</td>
<td>34.1</td>
<td>36.8</td>
<td></td>
</tr>
<tr>
<td>Foreign</td>
<td>284.9</td>
<td>385.5</td>
<td></td>
</tr>
<tr>
<td>Classrooms construction</td>
<td>85.5</td>
<td>78.8</td>
<td></td>
</tr>
<tr>
<td><strong>Net lending</strong></td>
<td>246.7</td>
<td>208.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: MINECOFIN
4.1. Recurrent Expenditure

The July-September 2020 report mentioned that total recurrent spending in the July-September 2020 period amounted to 394 billion FRW and fell short of the estimated amount for that period of 415.4 billion FRW by 21.4 billion FRW. It was further mentioned that lower spending under all other categories excluding exceptional expenditure more than offset higher outlays under exceptional expenditure and caused the lower expenditure under recurrent spending mentioned above.

The revisions carried out in October 2020 as mentioned above, regarding recurrent expenditure side affected wages and salaries. As a result, total recurrent spending for the July-December 2020 period was revised upwards to 788.3 billion FRW. At end December 2020 total recurrent spending amounted to 777.4 billion and fell short of the revised amount of 788.3 billion by 10.9 billion FRW. As occurred in the July-September 2020 period, an excess spending under exceptional expenditure was more than offset by lower spending under all other items under recurrent expenditure and caused the overall lower expenditure.

✓ Wages and Salaries.

The July-September 2020 report mentioned that in the first quarter of the 2020/21 fiscal year covering the July-September 2020 period, an amount of 109 billion FRW was spent on wages and salaries by the Government. This figure was 2.7 billion FRW lower than the 112.4 billion FRW estimated for the period under review. It was further mentioned in the report that delayed recruitments of some civil servants was responsible for the lower spending during that period.

As mentioned above, the allocation for wages and salaries for the fiscal year 2020/21 was revised upwards to cater for some additional new recruitment as well as for the rationalization of the structures of some public institutions this fiscal year2020/21. Accordingly, the July-December 2020 estimate for wages and salaries was revised upwards to 279.2 billion FRW. At end December 2020 however, the amount spent was 218.6 billion FRW. There was therefore a shortfall in spending of 60.6 billion FRW. The major reason for this shortfall was the delayed determination of the modalities of new placement and recruitment of public servants after the 2020 rationalization exercise. This exercise has recently been finalized and the delay in implementation is due to the fact that among other things, the rationalized structures were not at the same level for all public institutions. In addition, due to the COVID-19 Pandemic which delayed the starting of school academic year this later one had an impacted on the recruitment of teachers. Work on implementation is still on-going and it is expected that implementation will begin in the third quarter of the 2020/21 fiscal year so that the allocated amount can be spent.

Within this total wages and salaries figure for the July-December 2020 period of 218.6 billion FRW, an amount of 61.9 billion FRW was used to pay the wages and salaries of teachers in the pre-primary and primary schools as well as in secondary schools during the six-month period.
under review. Total emoluments of the various health personnel in the district hospitals and clinics for the same period amounted to 22.4 billion FRW. The Supreme Court got 3.5 billion FRW for personal emoluments whilst the Rwanda National Police also received an amount of 17.2 billion FRW for wages and allowances. Wages and allowances of the National Public Prosecuting Authority cost the Government an amount of 1.4 billion FRW in the first half of the fiscal year 2020/21.

Goods and Services.

In the July-September 2020 report, it was mentioned that a total amount of 71.8 billion FRW was spent by the Government on goods and services during that period. This expenditure amount was only 0.2 billion FRW lower than the 72 billion FRW estimated for the period. It was further mentioned that the prevailing restrictions to deal with the COVID-19 pandemic impacted on the spending under goods and services. A large portion of the expenditure amount was spent on priority programs including the purchases of various drugs, dressings and other products including those specifically to deal with the COVID-19 pandemic.

Spending in the October-December 2020 period increased significantly especially spending related to the procurement of various services including technical assistance. However, some expenditure related to the running of Government machinery as well as some corona virus supported spending lagged behind as a result of the prevailing restrictions on working and movement. Nevertheless, total spending under goods and services at end December 2020 of 136 billion FRW exceeded the projected expenditure amount of 107.7 billion FRW by 28.3 billion FRW. As mentioned above front loading of the procurement of several services including professional and technical assistance services caused this excess expenditure in the July-December 2020 period.

The amount spent under goods and services however allowed the Government to cater for several priority programs during the six-month period under review. These included the school feeding program where an amount of 1.8 billion FRW was spent and for the purchases of various drugs, dressings and vaccines with an expenditure of 2.5 billion FRW during the period under review. An amount of 15.1 billion FRW was also spent by the Government as subscriptions and membership dues to various international organizations including regional bodies during the period under review. Expenditure for technical assistance and other professional services amounted to 5.5 billion FRW during the period under review.

Furthermore, the amount spent under goods and services during the July-December 2020 period allowed the Senate and the Chamber of Deputies to be supported with 0.5 billion FRW and 1 billion FRW respectively during the period under review. The Supreme Court and MINJUST received 1.6 billion FRW and 1.1 billion FRW respectively whilst the Rwanda National Police and the National Prosecuting Authority received 6.5 billion FRW and 0.7 billion respectively for their operations.
Interest Payments.

Regarding interest payments, the July-September 2020 report mentioned that a total amount of 39.6 billion FRW was spent during that three-month period. It was further reported that this figure fell short of the estimated amount for the period of 41.6 billion FRW by 2 billion FRW. This small shortfall was mainly due to lower interest payments on external debt. Cross exchange rate differentials accounted for this small shortfall on interest payments.

Total interest payments in the October-December 2020 period were slightly lower than projected and as a result the amount spent on interest payments for the July-December 2020 period of 83.8 billion FRW was 14.4 billion FRW lower than the figure of 98.2 billion FRW projected for the six months’ period under review. Lower spending under the domestic portion more than offset the slight excess under the external portion and caused the lower than projected expenditure.

Regarding the domestic portion, the amount spent in the July-December 2020 period under review of 51.1 billion FRW was 17 billion FRW lower than the estimated amount of 68.7 billion FRW. The main reason for this outturn was an over estimation of the allocation for domestic interest payments in the revised budget. The original budget projected domestic interest payments for the July-December 2020 period at 53.8 billion FRW. During the revised budget exercise, it was assumed that the Government would borrow more resources through sales of new securities to both bank and non-bank entities during the October-December 2020 period for cash-flow management purposes. By end December however, a much lower than projected amount of new domestic debt instruments was sold by the Treasury. This lower than expected spending was therefore due these lower sales.

In the case of the external portion of interest payments, total payments at end December for the six months’ period under review amounted to 33.5 billion FRW and exceeded the projected figure of 29.6 billion FRW by 3.9 billion FRW. The main reason for this excess spending was the front-loading of the payment management and other fees on some new China loans that was paid from the allocations under interest expenditure. These payments were required before drawdown of the loans.

Transfers and Subsidies.

As mentioned in the July-September 2020 report, a total amount of 101.1 billion FRW was spent as transfers and subsidies in the first three months of the fiscal year 2020/21. This amount was only 4.9 billion FRW lower than the projected amount for the period of 106 billion FRW. It was also indicated that a slight delay in the transfer of subsidies to some public agencies as well as to the Local Government entities on account of lower fees collection was responsible for the shortfall in spending. An improvement in spending was observed in the October-December 2020 period. As a result, total spending at end December 2020 of 230.3 billion FRW was 11.0 billion FRW higher than the figure of 219.3 billion FRW estimated for the six-month period under review.
During the first six months of the fiscal year 2020/21, the amount spent under transfers and subsidies allowed the expenditure of 5.4 billion FRW for capitation grants to the districts for the purchase of school consumables including chalk and pencils while 33.8 billion FRW was also paid to the districts as block grants for their activities.

The Rwanda Correctional Services received an amount of 8 billion FRW for various expenditure items including for inmates’ welfare during the period under review whilst the Rwanda Agricultural Board and the National Agricultural Export Development Board (NAEB) got subsidies of 1.4 billion FRW and 0.5 billion FRW respectively for their activities. The Rwanda Revenue Authority was allocated 19.7 billion FRW for its tax collection operations during the period under review. The Rwanda Higher Education Council was also allocated an amount of 13.9 billion FRW for its various activities including scholarships (which cost an amount of 9.6 billion FRW), whilst the Rwanda Education Board was allocated an amount of 0.6 billion FRW for the conduct of various examinations and development of curricula and other pedagogical materials. The Rwanda Energy Corporation was also allocated an amount of 11.5 billion FRW for its operations whilst 22.4 billion FRW was spent by the Road Fund Authority on various road maintenance activities in the country. The Rwanda Development Board was also allocated an amount of 3.1 billion FRW for its activities. The Rwanda Investigation Bureau received 3.6 billion FRW for its operations. An amount of 1.5 billion FRW was also given to the Auditor General’s Department whilst the Rwanda Housing Authority was allocated 3.4 billion FRW. The operations of the Central University Hospitals of Kigali and Butare were supported with 3 billion FRW and 2 billion FRW respectively during the period under review.

In the July-December 2020 period, the Government spent an amount of 2.7 billion FRW on the operations of the Rwanda Bio-Medical Center. As mentioned in the July-September 2020 report, a large portion of this amount was spent on COVID-19 related items. The Neuro Psychiatric Hospital of Ndera also got a subsidy of 0.7 billion FRW. Rwanda Polytechnic education and training activities cost the Government 6.2 billion FRW during the period under review. Furthermore, the National Institute of Statistics was supported with an amount of 0.7 billion FRW whilst the operations of the Water and sanitation corporation was supported with an amount of 0.6 billion FRW. An amount of 1.5 billion FRW was also spent on the National Identification exercise. The Rwanda Broadcasting Agency received a subvention of 0.7 billion FRW during the July-December 2020 period.

**Exceptional Expenditure.**

As mentioned in the July-September 2020 report, an amount of 71.8 billion FRW was spent under exceptional expenditure during the first quarter of the fiscal year 2020/21. This figure was 3.2 billion FRW higher than the 68.6 billion FRW projected for the period. It was further reported that a small front-loading of peacekeeping operations spending was responsible for this small excess spending. Spending in the October-December 2020 period increased and at end December 2020 total expenditure under exceptional spending rose to 108.6 billion FRW. This amount was 21.7 billion FRW higher than the projected figure for the period under review.
of 83.9 billion FRW. As happened in the July-September 2020 period, again frontloading of spending on peacekeeping operations was responsible for the excess expenditure. This became necessary as the troops on duty in Juba and the Central African Republic had to be rotated and new equipment and other supplies had to be procured. The expenditure figure under exceptional spending at end December allowed the transfer of 15.1 billion FRW to Victims of genocide fund (FARG) as well as the spending of 2 billion FRW on Demobilization/Reintegration program.

4.2. Capital Expenditure

Regarding spending under capital expenditure, the first quarter report covering the July-September 2020 period mentioned that despite the prevailing restrictions on movements and other gatherings introduced by Government to check the spread of the corona virus, the implementation of investment projects was not adversely affected. It was further mentioned that an amount of 377.8 billion FRW was projected for capital expenditure during that period. This figure was made up of 127.8 billion FRW of domestic component and 250 billion FRW of foreign financed portion. At end September 2020 however an amount of 393.8 billion FRW had been spent. This figure was 16 billion FRW higher than the amount of 377.8 billion FRW estimated for the period under review. The report also mentioned that excess spending under the domestically finance portion caused the excess expenditure under capital expenditure. The acceleration of the school construction project of the Government as well as projects funded with Global Fund grants during the first quarter of the 2020/21 fiscal year were responsible for this performance.

Implementation of capital projects accelerated during the October-December 2020 period led by the school construction program as well as other infrastructure projects in energy, roads, water and sanitation and agriculture. At end December 2020, the amount spent under capital expenditure stood at 768.5 billion FRW. This figure exceeded the estimated amount for the six months’ period of 657.1 billion FRW by 111.5 billion FRW. Both the domestic and foreign financed portions contributed to this excess spending.

Regarding the domestically financed portion, the strong performance observed in the July-September 2020 continued in the October-December 2020. As mentioned above, this performance in the October-December 2020 period was led by the special school construction program. Spending at end December amounted 383 billion FRW and exceeded the projected figure of 372.2 billion FRW by 10.8 billion FRW. Within the expenditure amount of 383 billion FRW, an amount of 52.4 billion was spent on the school construction program. Health projects funded with Global fund grants took 36.8 billion FRW of the domestic capital expenditure total.

In the case of the externally financed portion, implementation also accelerated in the October-December 2020 period despite the prevailing restrictions mentioned above. At end December 2020, total spending under the externally financed portion of capital expenditure amounted to 385.5 billion FRW. There was therefore an excess expenditure of 100.6 billion FRW compared to
the estimated figure for that period of 284.9 billion FRW. The accelerated implementation also led to an accelerated drawdown of project loans to finance these projects. As mentioned above under the disbursement of external budget support funds, project loans disbursed during the July-December 2020 period amounted to 246.7 billion FRW and exceeded the estimated drawdown amount of 144.7 billion FRW by 102 billion FRW. This drawdown figure includes 113.8 billion FRW from the World Bank for Basic Education Human Capital Development projects including for school construction program to compliment the efforts of Government in this area. As mentioned above, a large portion of the implemented projects during the July-December 2020 period was in Education (School Construction Program), energy, roads, water and sanitation and agriculture sectors. In general, a large portion of projects implemented during the period under review in the case of capital expenditure reflects NST1 priorities. The sectoral analysis portion of this report presents some highlights of programs and projects implemented in the period under review.

### 4.3. Net Lending Expenditure

The July-September 2020 report mentioned that outlays under Net Lending in that period amounted to 98.1 billion FRW as against 94.4 billion FRW estimated for that period. There was therefore an excess spending of 3.7 billion FRW during that period. Again as mentioned in the July-September 2020 report, utilization of the Economic Recovery Fund (ERF) to assist private businesses caused this small excess spending during the July-September 2020 period.

Spending in the October-December 2020 period however sluggish partly due lower utilization of the ERF during the period under review. Total Net lending spending at end December 2020 therefore amounted to 208 billion FRW. This figure fell short of the estimated expenditure amount under this category of 246.7 billion FRW for the period under review by 38.7 billion FRW. As mentioned above lower utilization of the Economic Recovery Fund was responsible for this performance. In the July-December 2020 period an amount of 98.5 billion FRW was to be spent under the ERF. However, by end December only 49.8 billion FRW had been used. During the July-December 2020 period, the Government supported the operations of Rwandair with a subsidy of 81.3 billion FRW whilst an amount of 66.7 billion FRW was also spent on export promotion activities.
COVID-19 Related Expenditure

Table 5: COVID-19 related Expenditure

<table>
<thead>
<tr>
<th>Category/ Intervention</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health</td>
<td>26.1</td>
</tr>
<tr>
<td>Capacity Building and incentives for Health Workers</td>
<td>3.5</td>
</tr>
<tr>
<td>Leadership and coordination (Command Post Expenditures)</td>
<td>4.7</td>
</tr>
<tr>
<td>Health Commodities and equipment</td>
<td>6.0</td>
</tr>
<tr>
<td>Quarantine Centers costs</td>
<td>3.1</td>
</tr>
<tr>
<td>Security, safety and other</td>
<td>8.8</td>
</tr>
<tr>
<td>Social Protection/Agriculture</td>
<td>76.0</td>
</tr>
<tr>
<td>Additional Inputs support farmers</td>
<td>8.3</td>
</tr>
<tr>
<td>Strategic Food Reserves</td>
<td>1.5</td>
</tr>
<tr>
<td>Support to livestock and livestock products</td>
<td>3.3</td>
</tr>
<tr>
<td>Social Protection (VUP Public works, Direct Support to vulnerable groups)</td>
<td>35.2</td>
</tr>
<tr>
<td>Teachers’ Salaries (July-September)</td>
<td>27.7</td>
</tr>
<tr>
<td>Private Sector/Trade Facilitation</td>
<td>63.1</td>
</tr>
<tr>
<td>Economic Recovery Fund</td>
<td>49.8</td>
</tr>
<tr>
<td>Economic Recovery Fund - Public Transport Subsidy</td>
<td>12.3</td>
</tr>
<tr>
<td>Trade Facilitation/Border infrastructure costs</td>
<td>1.0</td>
</tr>
<tr>
<td>Education</td>
<td>131.8</td>
</tr>
<tr>
<td>Measures to reduce overcrowding especially to enable social distancing and installation of water facilities in schools</td>
<td>131.8</td>
</tr>
<tr>
<td>Total</td>
<td>296.9</td>
</tr>
</tbody>
</table>

Source: MINECOFIN

The health emergency resulting from the COVID-19 pandemic necessitated a shift in spending towards health and other priorities to support the economy identified under the Government Economic Recovery Plan. The total COVID-19 related expenditure amounts 296.9 billion FRW. The table below shows the details of COVID-19 related spending for the first quarter of the 2020/21 fiscal year covering the July-September 2020 period.
These can be classified in six broad categories:

- **Health related spending**: represented in total 26.1 billion FRW. These include direct health spending such as acquisition of health commodities and equipment and operational costs of quarantine centers. There are also indirect costs such as security and safety related costs related to respect of Government directives to prevent the spread of the virus, sanitation and hygiene including hand washing stations, as well as capacity building, and command post expenditures.

- **Social Protection and Agriculture related expenditure**: totaled 76.0 billion FRW. These include traditional social protection schemes that needed to be expanded: public works and direct transfers to vulnerable groups, strategic food reserves and food distribution related costs as well as other social protection initiatives.

- **Private sector/Trade facilitation**: totaling 63.1 billion FRW. This represents mainly the spending under the Economic Recovery Fund as a way of supporting businesses most affected by COVID-19, and the activities of trade facilitation including border infrastructure. The total spending under ERF is 62.1 bln Frw of which 49.8 bln is classified under net lending and 12.3 bln Frw under transfer representing the Government subsidy for public transport.

- **Education**: 131.8 billion FRW to support different measures to reduce overcrowding, enable social distancing, and improve hygiene. These include fast-tracking of classroom construction as well as installation of water facilities in schools.

## 5. SECTORAL PERFORMANCE

### 5.1. ECONOMIC AFFAIRS SECTOR

In the **Sub-sector of Agriculture**, below are the main achievements registered in the second Quarter of the FY 2020/21 while implementing Agriculture sector prioritized plan of actions and as aligned to PSTA4;

- In line with 2021 season A preparation, land was consolidated and planted per priority crop as follow: Maize: 253,253 Ha planted out of 255,900 ha planned; Beans: 358,696 Ha planted out of 368,259 ha planned; Cassava: 55,278 Ha planted out of 47,068 ha planned; Soybean: 4,553 Ha planted out of 4,811 ha planned; Rice: 13,949 Ha planted out of 13,199 ha planned; Irish Potato: 62,652 Ha planted out of 63,062 ha planned; Wheat: 6,944 ha planted out of 5,716 ha planned; Vegetables : 7,448 Ha planted out of
7,096 ha planned and a total of 569,976 ha will be planted in line with 2021 Season B preparation.

- The total 4,770.6 MT of improved seeds were used in season 2021 A composed of 4,299.8 MT of Maize compared to 5,437.8 MT Planned; 358.8 MT of Wheat compared to 1,009 MT planned and 112 MT of Soybean compared to 218.36 MT planned.

- In order to increase the yield per ha, 44,027.9 MT of fertilizers were used in season 2021 A composed of 11,951.6 MT of NPK compared to 15,230.5 planned, 16,975.9 MT of DAP compared to 1,960.5 MT planned, 12,722.5 MT of UREA compared to 6,141.5 MT planned and 2,377.9 MT of Kcl & Blends compared to 1,975 ha planned and 10,509 MT of lime were used by farmers in different part of the country.

- With regards to strengthening agricultural markets linkages and market infrastructures; 92 drying shelters were constructed out of 93 planned. For Maize, 34 drying ground were constructed out of 30 planned as for rice, 3 storage facilities completed out of 3 planned. Two cold rooms have been completed and are located in Kicukiro and Kirehe Districts. 17,848,680 Liters of Milk were supplied to processing plants.

- In order to increase value addition from traditional crops, 7,095MT of green coffee were produced against 7,041.4MT planned; 4,966MT of fully washed coffee were produced against 4,220MT planned; 9,086MT of made tea were produced against 8,392MT planned finally 8,394,991 of stems were also exported against 7,429,715MT planned.

- Regarding animal health and production, 29,244 cows were inseminated against 25,000 cows planned; 13,693 AI Calves were registered against 10,000 calves planned; 366,671 Animals were vaccinated against BQ against 246,400 animal planned; 25,246 animals vaccinated FMD against 35,000 animal planned; 347,899 animals vaccinated LSD against 300,000 animals planned; 222,070 animals vaccinated RVF against 200,000 animals planned and 29,507 Animals vaccinated Briceros against 10,300 animals planned.

In the sub-sector of Trade and Industry, the following achievements were realized during the second quarter of fiscal year of 2020-2021. For this quarter special attention was given to boost delayed ongoing projects affected by the Covid-19 pandemic and consolidate the progress on key project intervention with big economic impact on trade and industry development.

The following achievements were realized during second quarter of the fiscal year 2020/2021;

- To strengthen commodity value chain linkages, 4,020,407 litters were supplied to Milk Processing Centers against 2,100,000 liters planned for Q2 which is a good result due to mobilization campaigns undertaken in Eastern province and milk collection points that are established near farmers.
-- In order to improve access to markets for export, the occupancy rate for Cross Border Market has dropped considerably due to Cov-19. The Cross border market of Rubavu has been operationalized and occupied at the rate of 67%, Rusizi at 31.6% and Karongi at 26%. The construction works of Rusizi Bonded Warehouse is ongoing and stands at 20% while the construction of Bugarama Cross Border Market stands at 28%.

-- In order to increase the competitiveness of domestic industries, the government adopted the construction of industrial zones. In this regards, the construction works of basic infrastructure (electricity, water tank and drainage system) on 100ha for Bugesera industrial park phase one were completed at 70% against 75% targeted. The construction works on 1.4 km marram road to Rwamagana industrial park were completed at 81% against 80% targeted.

-- With regards to strengthening partnership with the private sector in promoting industries with particular focus on improving quality and quantity of Made in Rwanda products, 37 products were certified in additional with S-mark (23 Products granted Made in Rwanda Logo). In additional 67 SMEs were identified and waiting for training and coaching on standards and certification and 65 companies were trained through Zamukana ubuziranenge program.

-- Under Made in Rwanda initiative, 14 garment companies have been facilitated by MINICOM to get VAT exemption on imported raw materials and equipment. MINICOM in partnership with other stakeholders assessed 6 garment companies (Kigali Garment Center, Tuberwe Knitting, Burera Garment, Hema Garment, New Kigali Designers, J3 Garments), 5 garment cooperatives (COTINYABU, COCOBEGI, Musanze Garment Cooperative, Hand-cap Urumuri Cooperative, Berwa New Vision) and 1 leather cooperative (ACOLEPO) that received equipment under Leasing Scheme and Trainings under Rapid Response Trainings.

In the sub-sector of **Information Communication Technology**, the following are cumulative achievements that were realized in quarter 2 of the fiscal year 2020/21;

-- In line with increasing Devices Connectivity and Cellular Phone Penetration rates increased, Connect Rwanda initiative continued by distributing 64 Smartphones in Gishuro smart IDP model village and 100 smartphones to people with disabilities (Gisagara and Gicumbi).

-- In order to have an increased connectivity and ICT infrastructure, Internet penetration is now at 62.5%, Mobile broadband: 17.5% and Mobile cellular: 84%.
- 125 public institutions have been connected and established under One Government Network (OGN), thus increased connectivity and ICT infrastructure enhanced.

- In regards to promoting ICT Human capital development, 92 Digital Ambassadors (DAs) have been deployed across 30 Districts in SAPs to train more than one million of citizens by the end of this year, which will increase the number in digital literacy to 11,329 of citizens being trained on basic digital literacy using different channels.

- In order to promote the development of ICT Human capital, 95 developers recruited under Andela where in Cohort 1 (38 developers), Cohort 2 (30 developers), Cohort 3 (27 developers), where additional 20 trainees are in the 4th cohort of this quarter. This makes a total of 115 trainees.

- Under Smart Administration program, 39 institutions have been deployed and developed with Smart Administration system and the feedback from user have been collected to increase usage in those institutions in order to enhance Government operational efficiency.

- To ensure cyber security and data protection in public and private institutions, 1637 endpoint protections were acquired and deployed in Public/Private institutions, whereas also 111 network security solutions licenses were acquired and 84 was installed successfully.

- In order to ensure having Cyber Security Capacity built and awareness increased, 19 Staffs have conducted online Cyber Security course using courses and cybrary platform.

- In order to ensure the improvement of Government operational efficiency and citizen satisfaction, 30 new sites have been deployed and 416 (civil registration officers) CROs have been trained on biometric data capture.

- In order to ensure having Cyber Security and data protection in public and private institutions, 5,468 digital Certificates were registered and issued both private and public employee’s institutions

In the Transport sub-sector, the following achievements were realized during quarter two of the FY 2020/21 and are in line with the implementation of prioritized policy actions agreed
within the sub-sector. Below are the key highlights of the recorded achievements in the second quarter:

- Regarding the policy to improve the Quality of road network through the rehabilitation program, 19.35 km of various national paved roads were rehabilitated as follows; Rubengera – Rambura (15.15 km) + 2Km urban roads in Karongi and access road to Kibogora Hospital (2.2 km) 31% works was completed against a target of 40%;

- With regards to upgrading of 407.8km of National Paved Roads, the overall progress for the construction of ancillary works of Kivu Belt Lot 7: Gisiza-Rubavu road upgrading (20km) was at 71.04% against 80% targeted, Nyagatate-Rukomo road was upgraded at 70.1% against 80%, Kibugabuga-Nyanza road was upgraded at 50.8% against 45% targeted, whereas, Huye-Kibeho-Ngoma (66 km) was at 55.5% against a target of 45%;

- Regarding the maintenance of 917.4 km of National unpaved roads & Bridges, Rubagabaga and Satsbyi bridges were maintained at 95% against 100% targeted, 157km Kigali-Huye-Akanyaru road (Multi-year) was ongoing and riding quality at 85% as targeted, 82km Kigali-Musanze road (Multi-year), 65km Kigali- Kayonza road (Multiyear), 98km Muhanga-Ngororero-Mukamira road (Multiyear), 78km Kigali-Gatuna road (Multiyear), 61km Kicukiro- Nemba road (Multiyear), 31 km Crete Congo- Nil-Ntendezi road (Multiyear), 30 km Kitabi-Crete Congo- Nil road (Multiyear), 83 km Tyazo-Karongi-Rubengera road (Multiyear), and 50.4 km Rusizi-Buhinga-Tyazo road (Multiyear) were ongoing and riding quality at 96% as targeted. Whereas, 30km Muhanga-Nyangne road (Multiyear) and 50km Rusizi-Bugarama-Ruhwa & Access to Rusizi road (Multiyear) were ongoing and riding at 65% and 85% as targeted respectively.

- Regarding the construction of 13 km of urban roads in City of Kigali and other secondary Cities, the overall physical progress of Sonatube-Gahanga of urban roads was constructed at 68.43% against a target of 65%;

- In order to improve regional transport and trade facilitation across the borders and in relation to the development of Maritime Transport infrastructures and services, the overall progress for Rusizi and Rubavu Ports on Lake Kivu was at 9.95% against a target of 20%;

- In line with improving and sustaining air transport infrastructure, the overall project progress of KIA runway strip upgrading was at 100% against a target of 75% and the overall project progress of a perimeter fence for Gisenyi Airport was at 100% as targeted.
In the **Energy and fuel sub-sector**, below are the achievements recorded under the policy to increase access to electricity, expansion of electricity transmission networks and electricity generation during Quarter two of the fiscal year 2020/21;

- **With regards to increasing access to electricity from 51% to 56% by end June 2021:** 53,837 households were connected to on-grid against 29,664 of new households’ connections targeted; new Productive users’ areas connected to electricity grid were 360 against 65 targeted, while 10,324 new households were connected to off grid electricity against 6,500 new connections targeted.

- **In order to increase electricity generation installed capacity from 224.58 MW to 227.58MW by June 2021:** under the 80 MW Hakan Peat-to-Power, the overall progress was at 92.83% against a completion target of 92%; 80 MW Rusumo Hydro Power Project had an overall progress of 67% as planned.

- **In order to improve the transmission and distribution Network for reliability of supply:** 220kV Mamba-Rwabusoro-Rilima and 110kV Bugesera-Gahanga TL and associated sub-station were constructed and the overall project progress was at 100% as targeted. Whereas 23.3 km of 110kV single circuit Mukungwa-Nyabihu Transmission line and associated sub-stations were constructed at the overall progress of 70.4% against 35% targeted;

- **In line with the construction of 119 km of 220kV Single circuit Rusumo-Bugesera-Shango Transmission Line and associated substation, the overall progress for the transmission line was at 63.1%, against a target of 70%; while the construction of 63.5km of 220kV Rwanda-Burundi Transmission Line and associated substation, the overall progress for the transmission line was at 76%, the substations were at 68% therefore, the overall progress was at 70.5% against a target of 75%;**

- **In line with construction of five 220 kV Substations (Rubavu, Bwishyura and Kibuye), the overall project progress was at 60% against 40% targeted. The overall project progress for Grid strengthening in Rwamagana, Kayonza & Ngoma districts (8.4km of MV and 42km of LV), and Rubavu distribution network from 6.6 to 30kv were at 100% as targeted.**

- **In line with improved transmission and distribution capabilities and availability of the network; the overall progress of the rehabilitation of Reinforcement of Kigali distribution network (8 cabins) was at 20.19 % against a target of 16%.**
In the **water and sanitation sub-sector**, achievements realized were in the policy of increasing access to clean drinking water and increased access to improved sanitation. Registered achievements during the second Quarter of the fiscal year 2020/2021 include the following:

- In order to increase daily water production capacity from 267,660 to 327,690 m³: the construction of Gihira II WTP in Rubavu Town (15,000m³/day) was at 90.4 % against a target of 100%; Kanzenze WTP (40,000m³/day) to increase water production in Kigali and Bugesera was at 99.8% against a target of 100%, and Nyankora Portable Water Supply System (30m³/day) was at 62% against a target 80%.

- In line with the construction, extension and rehabilitation of 352.2 Km of WSS in Rural Areas to serve 190,947 people and rehabilitation of 36 non-functional rural WSS, 238.8 km under Gicumbi WASH Program was completed at 86.1 % against 60%, Ruhunde - Rushara Water supply system (43km) was completed at 100% against 80% targeted, while the construction of Nyabizi-Rusarabuye Water Supply System (27.9km) was completed at 80.8 % against 100% targeted;

In the **housing sub-sector**, achievements recorded were in line with efficient management of Government assets, coordination of urban and rural settlement planning management and a network of secondary and City of Kigali that provides services and attract economic activities. The following were the achievements accomplished during Quarter two of the FY 2020/2021:

- The construction of National Archives Building (Phase 4) progress stands at 76.3 % against a target of 75%.

- With regards to increasing access to social and affordable housing, the overall progress of Busanza I Project of 1,020 DU on 7Ha supported with basic Infrastructure (cheap seal roads, electrical and water network, Waste Water Treatment Infrastructure, Storm Water Drainage) was at 67.99% against 60% targeted.

- Regarding liveable, well- serviced, connected, compact, green and productive urban and rural settlements with a cultural identity: 210 out of 1,186 households were relocated from High Risk Zones in different District.

- In line with Upgrading Informal Settlements, Agatare informal settlement upgrading, works were completed at 79.12% against 80% targeted.

**5.2. EDUCATION SECTOR**

The **education sector** achievements are in line with the core mandate of improving access to quality education. In the second quarter of the FY2020/21, the sector’s registered a number of achievements that can be observed in different sub-sectors of pre-primary, primary and secondary, TVET and higher learning institutions. Below are the main achievements recorded in the second quarter of the FY 2020/21;
In the of sub-sector Pre-Primary, Primary Education and secondary, the main achievement realized were;

- In line with increasing access to education through construction of modern infrastructure at lower education levels; the construction works for 11,501 Classrooms and 17,252 latrines constructed under GoR Ordinary Budget; works are estimated at 82.58% for single classrooms and 37.04 % for G+1 classrooms.
- Additionally, the construction works for 8,300 Classrooms and 11,032 latrines under the support of the World Bank was estimated at 98.6% for single classrooms and at 90.3% for 128 G+1 classrooms. Furthermore, the progress of construction works for WB phase II for 7,404, single classrooms were estimated at 88.7% while 128 classrooms G+1 were at 47.1%.
- In order to enhance English Language Proficiency (ELP) of primary teachers through compulsory English Language standardized test and training; 69,404 out 83,669 teachers were tested and the report is available.
- With regard to ensuring provision of sufficient competent teaching workforce across all levels of education, 7,124 teachers (Phase I: 6405 and phase II: 719) were recruited and placed. In addition, to enhance teacher career path advancement through offering partial waiver of fees to students pursuing Education in TTCs; 3,805 TTCs students were supported by Government on school fees through provision of 50%.
- To enhance the use of ICT to transform teaching and learning and support the improvement of quality across all levels of education in Rwanda; the establishment renovation and operationalization of a Multimedia studio, the contract was awarded and renovation works are at 100% awaiting supply of REB Multimedia studio equipment.
- Furthermore, in enhancing use of ICT in Education program, SDMS reporting module were designed and developed at 100%. This automated system application is deployed to ease planning, monitoring and reporting for both teachers and students.
- In line with ensuring quality learning outcomes when schools resume after the COVID19 pandemic outbreak and enabling a COVID19 preventive learning environment for students, 607 schools and 307 teachers were inspected on School readiness and students’ transportation, Pedagogical inspection and General inspection.
- 607 schools and 307 teachers were inspected on School readiness and student’s transportation, Pedagogical inspection and General inspection.

Under the Technical and Vocational Education and Training (TVET) and Higher Learning Education sub-sector, the following are the key achievements registered and are in line with
the need to provide skills that respond to labor market needs and Rwanda’s social and economic development;

- To lessen skills gaps by rapidly increasing the supply of skills in high demand in the labor market under Skills Development Fund (SDF), amidst Covid-19 preventive and responsive measures, call 3 training which was launched in March 2020 to train 3,720 beneficiaries by 113 grantees is still ongoing. So far 2,236 beneficiaries have been graduated with 1,475 females and 761 males.

- With regards to expanding the acquisition of quality, market-relevant skills in selected economic sectors in collaboration with the World Bank; 596 students enrolled in the Energy Sector with 260 students in energy sector (157 Bsc (Hons) in Electrical Power Engineering, 31 in Bsc (Hons) in Energy Engineering and 72 in Bsc (Hons) in Mechanical Engineering). Under Transport and Logistics sector, 30 students enrolled in Bsc (Hons) in Transport Engineering and in the Agro processing sector, 306 students were enrolled including 81 enrolled in Bsc (Hons) in Food Science and Technology 74 in Bsc (Hons) in Agricultural Engineering, 74 under Agricultural Mechanization, 90 in Bsc (Hons) in Crop production and 61 Bsc (Hons) in Horticulture production.

- In addition to the above, 40 students (3rd Cohort) have been enrolled in Health Supply Chain Management in the Regional Center of excellence for Vaccines, Immunization and Health Supply Chain Management (RCE-VIHSCM). They started classes in November 2020.

- In line with strengthening Quality of Education in TVET schools, 381 TVET schools were inspected for accreditation and reaccreditation process in October- November 2020. After the inspection, only 365 TVET schools were reaccredited and 16 were not reaccredited due to lack of quality standards.

- To ensure provision of sufficient competent teaching workforce in Higher Education Institutions, UR staff teaching accredited new or updated programs have been attached to relevant industries including; 13 staff in agro processing, 13 staff in Energy and 7 staff in Transport and Logistics.

- Under National Employment Program (NEP/ NSDEPS), Four companies (training providers) were identified and the contracts have been signed to deliver trainings within six months from January. The companies are: C&D Product in garment trade from Gasabo District, JANIYA Investment in tailoring from Muhanga District, DIKAM Company in tailoring from Gasabo and Kayitana farm in Food processing from Gakenke District.

- In line with increasing access to education through construction of modern infrastructure in Higher Education Institutions; the overall completion rate of UR
infrastructure development project is estimated at 37.4%. In addition, the construction of CEBE is at 34.5%.

- To widen access to quality TVET trainings, through construction of TVET schools, the construction works for 6 TVET across borders in Nyagatare (Shonga & Ntoma TVET), Burera (Kivuye & Cyanika VET) and Gicumbi (Mukarange & Cyumba TVET) is at 72.6% against 100% targeted.

5.3. HEALTH

The Health Sector through a number of strategies continued to ensure universal health coverage through equitable and affordable quality health services to all. The following are the key achievements registered by the health sector in the second quarter of the fiscal year 2020/2021 through different health programs:

- To strengthen the prevention and control of malaria, Indoor Residual Spraying activities were conducted in five districts by the end of quarter two. A total of 335,281 structures from the eastern province were sprayed with a coverage rate of 99.6%; in Kirehe district 101,925 Structures were sprayed; in Ngoma district 95,681 Structures were sprayed and in Nyagatare district 137,675 structures were sprayed. In addition to that, IRS was conducted in two Districts of the Southern Province. In total, 205,000 structures were sprayed, with a coverage rate of 99.5%; a total of 99,424 Structures were sprayed in Ruhango district and 105,576 Structures were sprayed in Kamonyi district.

- To ensure access to HIV, Sexually Transmitted Infections and Viral Hepatitis prevention and treatment services. From October to December, a total of 20 hospitals have been mentored on the improvement of the quality of HIV services with focus on new HIV care and treatment initiatives and 132 health care providers have been trained on new HIV care and treatment strategies. In addition to that, 126 adolescent peer educators have been trained on DSDM (Differentiated Service Delivery Model) community component, retention and adherence to antiretroviral therapy.

- To strengthen the capacity of laboratories to test COVID-19, a total of twelve laboratories have been established in hospitals countrywide, they have been equipped with testing machines and staff were trained on sample collection as well as COVID-19 testing. Additionally, a total of 42 Private clinics, 49 hospitals and 506 public health centers were trained and enrolled in COVID-19 sample collection as well as testing using rapid test.

- In order to increase the availability, accessibility and utilization of maternal health and child health services, the percentage of deliveries in health facilities (Health Centers + District Hospitals) was 83.5% (77,089/92,320) between October and December 2020. In
the same period, the average utilization rate of modern contraceptives (facility based) was estimated to be 48.7%.

- To improve the availability of quality blood and blood products, a total 18,783 blood Units were collected during 365 blood collection sessions. The hospital satisfaction (Demand: 27,474 vs Supply: 23,928 of Blood and Blood Products) was at 87.1 % in the second quarter of 2020/2021.

- Regarding the improvement of clinical Services and Primary Health Care in health facilities, CHUK performed medical outreaches in surgeries in six public hospitals and a total of 499 patients were treated.

- To ensure geographical accessibility to health services, on-going construction of several health infrastructure facilities continued and their physical progress were at different stages of completion whereby, the construction works for Munini District Hospital was estimated at 82.1%, Nyabikenke District Hospital was estimated at 85% and the construction works for Research Centre against digestive Cancer was estimated at 27.9 % by the end of quarter two 2020/2021.

- Regarding the improvement of quality of food and pharmaceuticals products, a total of 212 samples have been tested, including medicines, hand sanitizers, alcoholic drinks and maize flour and other food samples from pre-market, post- shipment and Post Market Surveillance.

- To ensure the quality of foods and pharmaceutical products, 6,313 consignments were inspected and 8,093 dossiers submitted to Rwanda FDA requesting import –export licenses and VISA were assessed and licenses were issued.

5.4. SOCIAL PROTECTION

In the social protection sector, the main achievements registered were in line with the provision of support to the vulnerable groups and assistance to disaster victims. Below are key achievements recorded in quarter two of 2020/21 Fiscal year:

- In line with ensuring social security and income support programs particularly among vulnerable older people, people with disabilities, households with low labor capacity and other poor families, a total number of 113,322 households (52,688 females headed and 60,634 males headed) benefited from classic public works (cPW) in 300 sectors. 52,894 out of 48,960 targeted households (39,594 female-headed and 13,300 male-headed) benefited from expanded public works (ePW), 119,550 households (86,199 headed by females and 33,351 headed by males) against a target of 118,873 were supported under VUP Direct support while a total of 103,137 out of 92,000 beneficiaries benefited from Nutrition sensitive direct support (NSDS).
With regards to increasing access to complementary livelihood development services for economic empowerment to extremely poor households. 12,996 loans advanced to finance income generating activities in 300 sectors and 14,105 beneficiaries against a target of 16,917 benefited from VUP financial services (FS). 19,169 households from Kirehe, Rulindo and Nyabihu districts were supported with seeds/fertilizers while 27 districts are in procurement process. Besides, 9,749 cows were distributed to poor families (Partners: 581, Earmarked: 1,865; Pass on: 7,303) under Girinka program while 16,717 Chickens ((Earmarked: 7,891: partners; 8,826) were distributed to youth cooperatives.

Under the policy of reducing malnutrition among children under 5 years; 5,429 children below 5 years of age with acute malnutrition were supported under a milk support program while 117,492 against a target of 102,141 children (6-24 Months) and 60,641 pregnant and lactating women out of 37,449 targeted in Ubudehe Category 1&2 received Fortified Blended Food (FBF).

In line with protecting Child rights and welfare, 21 children from orphanages (12 male & 9 female) reintegrated into families while 237 Orphans and vulnerable children (OVC) were provided with school feeding in 12 YBE.

In order to address human security issues, a total of 965 houses against a target of 647 were constructed for vulnerable Households under category 1 of Ubudehe, 6,066 houses in poor conditions out of 5,232 targeted were rehabilitated, and 1,744 out of 722 targeted toilets were constructed while 24,901 toilets out of 10,869 targeted were rehabilitated.

Regarding disaster response and recovery interventions, 10,152 families and 2 classrooms (100% of eligible beneficiaries) were assisted with iron sheets and galvanized wires in various districts while 100% (42 households) of eligible households affected by disasters were assisted with food and non-food items in Rusizi district.

**5.5. JUSTICE SECTOR**

The achievements in the **Justice sector** are in line with the implementation of prioritized policy actions agreed within the sector, efforts made have led to the following achievements in the second quarter of FY 2020/21:

- To ensure timely execution of court judgements and enforceable decisions, From September 2020 to end December 2020, Non Professional Baillifs received 1,014 dossiers related to ordinary judgement execution and they executed only 454 cases equivalent to 44.8% while 560 (55.2%) cases were still ongoing at the end of the reporting period.
In line with providing legal aid assistance to needy minors and vulnerable people in conflict with the law, MAJ staff have represented vulnerable peoples in 31 cases i.e. 100% (27 cases were from females and 7 cases from males) were assisted before courts.

With regards to providing timely Gender-Based Violence (GBV) support to victims and child abuse through Isange One Stop Centers (IOSCs), From October to December 2020, a total number of 5,845 GBV victims i.e. 100% were received and supported by Isange One Stop Center. They include 4,993 females and 852 males.

In line with conducting investigation and prosecution of GBV cases, all GBV cases that were available for investigation during Q2 were investigated at 100%: 2,035 cases received in Quarter two + 558 which were received in the previous quarter, all making a total of 2,593 cases investigated and submitted to the prosecution.

With regard to recovering embezzled cases for won cases, from the beginning of October up to end of December 2020, a total amount of 61,604,850 Frw was recovered out of 2,209,844,954 Frw unlawfully earned by 819 peoples. Cumulatively, a total of 227,029,769 Frw equivalent to 10.3% was recovered out of 2,209,844,954 Frw unlawfully earned by 819 people (March to December 2020).

In line with identifying and seizing properties for suspects of public fund embezzlement, from October to December 2020, suspects’ properties that were identified were seized at 100% and they include 3 Plots, 02 Moto vehicles with estimated value of 19,000,000 Frw, 1 House with estimated value of 180,000,000 Frw, 1 Company, 3,250,000 Frw in Bank accounts and 2,680,000 Frw in hard cash.

In line with ensuing timely handling of forensic laboratory services to citizens, from October to December 2020, RFL received and handled 2,041 cases for scientific evidence against the target of 1,720 cases. The 2,041 received and handled cases were from different departments as follows: 378 cases from Biology division; 1,483 from forensic medicine division; 73 cases from physical evidence and 107 cases from chemistry division.

In line with improving community participation and awareness on crime prevention, From October to December 2020, 10,754 Community Policing Committees (CPCs) were trained on COVID-19 prevention against the target of 5,237 CPCs. An extra number of CPCs was trained through Partnership with the local government authority so that they contribute to the prevention of COVID-19 spread and 60 Anti-Crime Clubs were established and trained against the target of 10 Anti-crime clubs.

In order to promote standard Technical and Vocal Education and Training (TVET) programmes in correctional facilities, 300 inmates enrolled in 6 trades (1. Moto vehicle Mechanics, 2. Leather craft, 3. Carpentry, 4. Plumbing, 5. electricity and 6. Welding). The
achievement is at 90%, However, courses were suspended at Huye and Rwamagana centers due to outbreak of COVID-19.

- In line with conserving Genocide proofs and testimonies, 1,700 bodies were conserved in genocide memorial sites as following: 1,200 bodies have been treated in Nyamata Genocide Memorial, 500 bodies in Ntarama Genocide Memorial site have been treated. Additionally, during quarter two, textiles in Nyamata genocide memorial site have been conserved by regeneration of drying beads in storage boxes. And technical support in cleaning and conservation of human remains have been done in Kiziguro (Gatsibo District), Nyarushishi (Rusizi District) and Kirimbi (Nyamasheke).

5.6. ENVIRONMENTAL PROTECTION

In the Sector of environment protection, the following were the main key achievements made during the second quarter of the fiscal year 2020/21.

- On public forests whose management has been transferred to the private operators, 536 ha have been identified and mapped from Ibisyi bya Huye forest and to be leased to UNILEVER, 7,659.35 ha were identified and are under contract negotiation while 2,901 ha are under tender process for concession.
- In order to increase forest cover, a total area of 862.81 ha have been planted country wide including wood lots: 779.81 ha, roadside plantation: 52.1 km and Bamboo: 30.9 ha.
- In order to reduce wood biomass energy through use of efficient technologies, 614 charcoal makers have been identified and trained, 6,700 cook stoves have been distributed in Bwisige, Mukarange and Rushaki, Rubaya Sectors, Gicumbi districts.
- To continue increasing the number of employments from Environment and Natural Resources Sector, 18,900 jobs were created including 17,661 permanent jobs whereas 1,239 are casual jobs.
- In order to effectively enhance pollution control and environmental compliance, planting fig forest trees was done at 95%, Construction of water ponds and gabions on the main stream was done at 100%, Construction of water drainage channels done at 98%, Construction of walkways & bicycle lanes, roads and parking done at 60% while Construction of restaurant, information center and lavatories was done at 50%. Nyandungu Wetland Eco-Tourism Park was rehabilitated at 72%.
- In order to increase cumulative volume of finance [10 US$ millions] mobilized for climate and environment purposes, recapitalization of the fund is being under the Federal Ministry for Economic Cooperation and Development (MBZ Germany) funding opportunity while USD 470,732 domestic resources were mobilized.
In order to ensure sustainable mining exploitation through adopting environmentally
friendly and mining standards, 142 mining companies and 285 quarry companies have
been inspected) and different actions were taken including suspension of production
activities in some mines sites and tunnels and measures to be taken for improving safety
and environmental conditions in the mines and quarries.

To increase revenues in USD generated through minerals value addition and
diversification, one company (Africa hills) has been supported to export beryllium and
lithium. So far 74 tons of beryl ore with value of $ 72,742.06 and 192 tons of lithium ore
with value of $ 58, 218.58 were exported.

To ensure sustainable Water Resources Management, Mukungwa and Akagera lower
catchments management plans were completed at 40%.

To ensure Water related disasters mitigation and degraded watersheds rehabilitation,
2,822.6 ha have been rehabilitated in which 2,593.6 ha is for Sebeya and Nyabugogo
catchments and 228.94 for Upper Nyabarongo/Secoko. The overall progress stands at
55.65 %.

To improve availability and accessibility of quality weather information and climate data
and advisories for research, planning and decision making, MIS has been operationalized
and will be launched soon.


The table below shows the details of the budget deficit during the July- December 2020 period
and sources of financing.

Table 6: Financing
### Jul-Jun 2020/21

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Financing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign financing (net)</td>
<td>445.0</td>
<td>451.4</td>
<td></td>
</tr>
<tr>
<td>Drawings</td>
<td>480.1</td>
<td>486.6</td>
<td></td>
</tr>
<tr>
<td>Budgetary loan</td>
<td>335.4</td>
<td>239.8</td>
<td></td>
</tr>
<tr>
<td>Project loans</td>
<td>144.7</td>
<td>246.7</td>
<td></td>
</tr>
<tr>
<td>of which WB Basic Education Human Capital</td>
<td>85.5</td>
<td>113.8</td>
<td></td>
</tr>
<tr>
<td>Amortization (due)</td>
<td>-35.0</td>
<td>-35.2</td>
<td></td>
</tr>
<tr>
<td>Domestic financing</td>
<td>54.0</td>
<td>-85.4</td>
<td></td>
</tr>
<tr>
<td>Banking system (Monetary Survey)</td>
<td>59.9</td>
<td>-211.0</td>
<td></td>
</tr>
<tr>
<td>Non bank (Net)</td>
<td>0.0</td>
<td>97.6</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** MINECOFIN

The July-September 2020 report mentioned that because a large amount of donor budget support funds was disbursed at the tail of September, these funds could not be utilized for the payment of some bills. The funds accumulated in Government deposits at the Central Bank. As a result, the Government accumulated a“float” of 97.3 billion FRW at end September which was slightly higher than the normal “float”. Consequently, the budget closed the first quarter with an overall cash deficit of 198 billion FRW. This cash deficit was financed with external net new debt of 255.4 billion FRW, which also allowed the build up of deposits mentioned above.

Again as mentioned above, the execution of the budget in the October-December 2020 period was on track. Total resources exceeded the projected levels whilst total outlays were higher than estimated on account of higher capital spending. However, as was the case in the July-September 2020 period, a large amount of external budget support funds was disbursed at tail end of December 2020. Furthermore, the delayed disbursement of grants and loans mentioned above together with the net accrual of external budget support funds mentioned above led to an accumulation of a“float “of unpaid Government vouchers of 157.8 billion FRW. Consequently, the Treasury closed Government operations at end December 2020 with an overall cash deficit of 366.0 billion FRW compared to a projected cash deficit of 499 billion FRW. Despite the delays in the disbursement of some World Bank’s grants and loans as well as the African Development Bank (AfDB) loans mentioned above, the net external new debt contracted by the Government which amounted to 451.4 billion FRW was slightly higher than the figure of 445.0 billion FRW estimated for the period under review. This net external new debt of 451.4 billion FRW was used to deal with the cash deficit of 366.0 billion FRW mentioned above along with the net domestic financing of 85.4 billion FRW. The accumulated deposits have been used to since the beginning of 2021 to reduce the ‘float “carried over from end December 2020.
6. CONCLUSION

As indicated above at the beginning of this report, the execution of the budget in the first half of the 2020/21 fiscal year was impacted by domestic economic environment including the prevailing restrictions on movements and gatherings to reduce the spread of the COVID-19 pandemic which affected domestic resource mobilization and donor budget support disbursements on one hand and the pace of expenditure commitments also in the face of the pandemic by the sectors on the other hand. On the resources side, there has been an improvement in the collection of both tax and non-tax revenue in the July-December 2020 period. This performance of domestic resources reflected the pick up of economic activities after the lockdown of the country earlier last year. In the case of external budget support funds, disbursement also improved despite delayed disbursement of some budgetary loans and grants. In the area of expenditures, a slightly higher spending was registered in the July-December 2020 period. Whilst the prevailing restrictions on movements and gatherings impacted negatively on some items under recurrent expenditure, implementation of some infrastructure projects continued. It is expected that the outbreak of the COVID-19 pandemic will subside in the next few months to allow normal life to resume and the revised budget to be implemented fully.

Government will continue to monitor these developments closely for the rest of the fiscal year and will take all the necessary steps to ensure that the revised 2020/21 budget that was presented to Parliament is fully implemented. In doing so the Government will endeavor to uphold its main policy objectives of promoting growth whilst maintaining macro-economic stability.