MINISTRY OF FINANCE AND ECONOMIC PLANNING

BUDGET EXECUTION REPORT

JULY-DECEMBER 2021

February, 2022
# TABLE OF CONTENTS

**EXECUTIVE SUMMARY** .......................................................................................................................... 4

I. INTRODUCTION ........................................................................................................................................... 6

1. ECONOMIC PERFORMANCE ......................................................................................................................... 8
   1.1. Real Sector .................................................................................................................................................. 8
   1.2. External Sector .......................................................................................................................................... 10
   1.3. Monetary Sector Developments ............................................................................................................ 11

2. Performance of Revenue ................................................................................................................................. 12
   2.1. Performance of Taxes. ............................................................................................................................. 13
         ▪ Performance of taxes on income, profits and capital gains. ................................................................. 14
         ▪ Taxes on goods and services .................................................................................................................... 15
         ▪ Excise Duties ............................................................................................................................................. 16
         ▪ Other collections ..................................................................................................................................... 17
         ▪ Taxes on international trade .................................................................................................................. 17
   2.1. External grants disbursements. ................................................................................................................ 17
   2.1. Other Revenue ......................................................................................................................................... 18

3. PERFORMANCE OF EXPENDITURE ............................................................................................................. 18
   3.1. Expense .................................................................................................................................................... 18
         ✓ Compensation of Employees. .................................................................................................................. 19
         ✓ Use of Goods and Services. ..................................................................................................................... 20
         ✓ Interest Payments. .................................................................................................................................. 21
         ✓ Subsidies .................................................................................................................................................. 21
         ✓ Grants ..................................................................................................................................................... 22
         ✓ Social Benefits. ....................................................................................................................................... 23
         ✓ Other Expense. ....................................................................................................................................... 23
   3.2. Net investment in nonfinancial assets ....................................................................................................... 23
   3.3. Net Lending /Borrowing and financing .................................................................................................. 24
         ✓ Net Incurrence of new Liabilities. ............................................................................................................ 26
         ✓ Net Acquisition of financial Assets ....................................................................................................... 27
4. SECTORAL PERFORMANCE ........................................................................................................30

4.1 ECONOMIC AFFAIRS SECTOR ...........................................................................................30

4.2 EDUCATION SECTOR ..........................................................................................................37

4.3 HEALTH ...............................................................................................................................40

4.4 SOCIAL PROTECTION ..........................................................................................................41

4.5 JUSTICE SECTOR ..................................................................................................................43

4.6 ENVIRONMENTAL PROTECTION ......................................................................................44

5. CONCLUSION .........................................................................................................................46
EXECUTIVE SUMMARY

The budget execution in the July-December 2021 period was adversely affected by a third wave of the corona virus infections which led to the reinstatement of a two-week lockdown in Kigali and many parts of the country. Even though the lockdown was lifted, on-going restrictions on movements and other policies continued to affect economic activities. These actions together with exemptions and subsidies granted by Government to ameliorate the impact of the pandemic on manufacturing activities and other consumers reduced domestic tax revenue collections in the July-December 2021. Consequently, the accrual of total revenue in the July-December 2021 period of 1,349.9 billion FRW fell short of the estimated amount of 1,365.6 billion FRW by 15.7 billion FRW.

On the spending side; the impact of the lockdown and other restrictions impacted negatively on some spending items. However, the acceleration of the vaccine program as well as the rapid implementation of some investment projects increased the spending during the July-December 2021 period. As a result, provisional data show that a total spending at 1,796.9 billion FRW was 31.3 billion FRW lower than the original estimated amount of 1,828.2 billion FRW.

On the financing side, net incurrence of new liabilities was much higher at 662.7 billion FRW than the original estimate of 342.8 billion FRW. This was due to the delayed implementation of the new EURO bonds transactions. The original budget projections did not envisage the implementation of the transactions during this period. They were expected to take place in June 2021 but due to delays in preparations, the transactions took place in August 2021 and therefore implemented in the July-December 2021 period. Delayed disbursement of some budgetary loans and grants as well as shortfall in domestic revenue mobilization caused the accumulation of a “float” by end December 2021. Payment of the “float” using some disbursement that started to come, new sales of securities as well as domestic revenue collections is ongoing.

Concerning the real sector; Real Gross Domestic Product increased by 10.1 percent year-on-year in the third quarter of 2021, following the record of 20.6 percent growth in quarter 2. The country is recovering from COVID-19 pandemic-induced recession, with an expansion, which was mainly driven by services (11% vs 24% in Q2), in particular, restaurants (62%); transport (19%); maintenance & repair of motor vehicles (16%) information & communication (14%) and financial services (11%). The industrial sector also contributed positively (12% vs 30%), boosted by mining & quarrying (30%), construction (15%), and manufacturing (7%). At the same time, agriculture, forestry & fishing continued to grow solidly (6% vs 7%).
Annual inflation rate increased by 1.9 percent in December of 2021 from 1.0 percent in the previous month driven mainly by an increase in food and non-alcoholic beverages (-2.1 percent vs -3.7 percent), high increase of inflation for transport (4.7 percent vs 3.8 percent in November of 2021), Housing, water, electricity, gas and other fuels utilities (1.9 percent vs 1.3 percent in November of 2021), furnishing, household equipment and routine household maintenance (8.7 percent vs 6.5 percent in November of 2021 driven by the high price of mattresses). Inflation increased for Local products (0.1 percent vs -0.8 percent in November), local non-food (19.0 percent vs 18.2 percent in November), and imported inflation (7.7 percent vs 7.0 percent in November).

Regarding the external sector, Rwanda’s formal trade balance has deteriorated by 6.3 percent in January-December 2021 compared to the same period in 2020 mainly due to poor performance of exports. The Exports registered a positive growth in January to December 2021 compared to the same period in 2020. Despite the big decrease in gold’s exports of 43.8 percent, the positive growth in other exports items outweighed the negative growth, hence the overall performance of exports recorded an increase of 4.9 percent in value and 35.6 percent in volume. The positive performance observed in exports of other items signaled a continuing recovery following some eased prevention measures of the pandemic and vaccination program across different countries. While the poor performance in gold resulted from the fall in quantity exported.

Total import has increased in value by 5.8 percent and fell in volume by 0.4 percent respectively. The increase was mainly driven by imports of Non-fuel for Re-exports (+49.0 percent), Intermediate goods (+15.7 percent), Consumer goods (+14.1 percent), Energy and Lubricants (+13.9 percent) and Capital goods (+11.6 percent), while gold dropped by (-41.2 percent).

In the case of the monetary sector; Broad Money (M3) and Credit to Private Sector grew by 17.8 percent and 14.7 percent respectively in December 2021 compared to December 2020. Net Foreign Assets (NFA) declined by 0.3 percent while Central Government credit grew by 32.9 percent. The Rwandan Franc (FRW) depreciated by 3.8 percent against the US Dollar as of End December 2021 compared to a depreciation of 5.4 percent in 2020.
I. INTRODUCTION

The July-September 2021 report mentioned that the implementation of the budget for that period was based on the original budget for 2021/22 that was approved by Parliament in June 2021. This approved budget amounted to 3,807.0 billion FRW. In the GSFM 2014 economic classification terms, total revenue comprising taxes, grants and other revenue was projected at 2,687.8 billion FRW. Total expense (recurrent expenditure) was estimated at 2,267.1 billion FRW and Net investment in nonfinancial assets (capital expenditure) was also projected at 1,195.3 billion FRW. The Net lending and borrowing (deficit GSFM2014/ definition) was projected at 774.6 billion FWR for the fiscal year. This Net lending and borrowing was to be financed with net acquisition of financial assets of 262.7 billion FRW and net incurrence of liabilities of 511.9 billion FRW. This original budget did not include the transactions to refinance a portion of the EURO bonds maturing in 2023 with new sales that would also allow to use of some of the proceeds from the new sales to finance some critical investment projects. This was due to the fact that these actions were envisaged to take place in the January-June 2021 period and therefore to be implemented in the fiscal year 2020/2021. As a result of delays in the preparations for the transactions, these operations took place in August 2021 rather than in the first half of 2021.

In October 2021, it became necessary to revise the original 2021/22 budget to include the new EURO bond transactions, the granting of SDR resources amounting USD 218.0 million from the IMF to the Government for spending as well as other revised projections. On the resources and debt sides, the revision took on board the flows from the EURO bond transactions, the SDR amount from the IMF and other domestic revenue as well as external budgetary support resources. On the spending side the projections were adjusted to include the use of the EURO bond money, the SDR allocations and other items to be funded with the additional resource flows. As a result of these changes, the original approved budget of 3,807.0 billion FRW was raised from 3,807.0 billion FRW to 4,440.6 billion FRW showing an increase of 633.6 billion FRW. In the GSFM 2014 classification terms, the estimates for total revenue comprising taxes, grants and other revenue was raised from 2,687.8 billion FRW in the original budget to 2,873.6 billion FRW. This action showed an increase of 185.8 billion FRW. On the spending side, total expense (recurrent expenditure) was increased from 2,267.1 billion FRW to 2,413.6 billion FRW, showing an increase of 146.5 billion FRW. The estimate for Net investments in non-financial assets (capital expenditure) was also raised from 1,195.3 billion FRW to 1,400.7 billion FRW showing an increase of 205.4 billion FRW. Reflecting these changes, the revised projection for net lending and borrowing including grants was raised from 774.6 billion FRW to 940.8 billion FRW and showed an increase of 166.2 billion FRW. This revised Net Lending and borrowing amount of 940.8 billion FRW was to be financed with new net acquisition of financial liabilities of 1,072.4 billion FRW. This amount would not only allow the deficit of 940.8 billion FRW to be financed but would also allow net acquisition of financial assets of 131.6 billion FRW in the revised budget. These revised projections were discussed with an IMF team in October 2021 and formed the basis for an agreement with the team under a Policy Coordination Instrument (PCI) program that was recently approved by the IMF Board of Directors. The revised budget for the fiscal year 2021/22
which was approved by Cabinet has been submitted to Parliament for approval. It was mentioned in the report for the July-September 2021 period that implementation was based on the original budget approved by Parliament in June 2021. Implementation in the last quarter of 2021 continued to be based on the original budget. However, in some cases, the revised budget estimates formed the basis for implementation.

Furthermore, as mentioned in the July-September 2021 report, implementation of the budget during that period was adversely affected by a third wave of the corona virus infections which led to the reinstatement of a two-week lockdown in July 2021, in the City of Kigali and in the districts with high infection rates. Even though the lockdown was lifted, movement restrictions continued to apply with a stringent curfew imposed in areas with high virus incidence. Public offices, businesses and transportation continued to operate below capacity and the size of gatherings continued to be limited. In addition to the lockdown, the granting of some exemptions to some manufacturers to ameliorate the impact of the pandemic on their operations reduced domestic tax revenue collections. Some of the restrictions (including working from home and curfew) and other policies in one form or another continued in the last quarter of 2021. These restrictions together with the flow of resources including external budgetary resources, impacted on budgetary performance also in the last quarter of 2021.

In addition to the restrictions, other policies aimed at ameliorating the impact of the pandemic especially, the acceleration of the vaccine program impacted on the budgetary performance during the period under review. This report therefore builds on the performance evaluated in in the July-September 2021 report and extends the coverage to end December 2021. In some cases, the report also used provisional data and these will be amended later when more accurate data becomes available.

After this short introduction, the report will be organized as follows: Section two gives a brief summary of domestic economic performance during the second half of 2021. The summary builds on the performance of the first half of 2021 and extends the coverage to end December 2021. The following section three will discuss the performance of total revenue whilst section four will deal with the details of expenditure both Expenses and net investment in nonfinancial assets (capital expenditure). Section five will discuss the net lending/borrowing (deficit) and its financing from the net acquisition of financial assets and liabilities. Section six will discuss the sectoral performance during the six-month period under review. The report will close with a short conclusion in section seven.
1. ECONOMIC PERFORMANCE

1.1. Real Sector

Real Gross Domestic Product increased by 10.1 percent year-on-year in the third quarter of 2021, following the record of 20.6 percent growth in Q2. The country is recovering from COVID-19 pandemic-induced recession, with an expansion, which was mainly driven by services (11% vs 24% in Q2), in particular, restaurants (62%); transport (19%); maintenance & repair of motor vehicles (16%) information & communication (14%) and financial services (11%). The industrial sector also contributed positively (12% vs 30%), boosted by mining & quarrying (30%), construction (15%), and manufacturing (7%). At the same time, agriculture, forestry & fishing continued to grow solidly (6% vs 7%). On a quarterly basis, the GDP rose by 1.2% compared to Q2 2021, after an upward revision of 4.6% expansion in the previous quarter. Services growth contributed the most to growth with 5.3 percentage points (pp) followed by industry sector with 2.2 pp while agriculture sector growth stood at 1.6 pp.

The main contributor of the 6 percent growth in agriculture remains food crops with 1.0 pp contribution and 6 percent growth year-on-year (yoy). A good season B explains this growth. Export crops also registered a moderate growth with 2 percent yoy.

The main contributor of the 12 percent growth in the industry was the construction sector which grew by 15 percent, and manufacturing activities, which grew by 7 percent. Mining and quarrying activities also increased by 30 percent driven by Wolfram. The growth in manufacturing activities is due to an increase of 6 percent in processed food, 32 percent in manufacturing of non-metallic products, and 17 percent in the production of chemicals, rubber & plastic products.

The main contributor of the 11 percent growth in services was transport and trade which increased by 9 percent (transport increased by 19 percent and contributed by 0.8 pp while trade increased by 4 percent and contributed by 0.5 pp), information & communication increased by 14 percent, financial services increased by 11 percent while education increased by 140 percent when compared to the same quarter of 2020 when most of schools and universities were still closed. Considering the first nine months of 2021, GDP grew by an average of 11.4 percent indicating the continued recovery from pandemic shocks as most economic activities reopen following mass vaccination efforts across the country.

Annual inflation rate increased by 1.9 percent in December of 2021 from 1.0 percent in the previous month driven mainly by an increase in food and non-alcoholic beverages (-2.1 percent vs -3.7 percent), high increase of inflation for transport (4.7 percent vs 3.8 percent in November of 2021), housing, water, electricity, gas and other fuels utilities (1.9 percent vs 1.3 percent in November of 2021), furnishing, household equipment and routine household maintenance (8.7
percent vs 6.5 percent in November of 2021 driven by the high price of mattresses). Inflation increased for Local products (0.1 percent vs -0.8 percent in November), local non-food (19.0 percent vs 18.2 percent in November), and imported inflation (7.7 percent vs 7.0 percent in November). Inflation in rural areas also rose to -4.7 percent in December of 2021 from -6.4 percent in November of 2021 mainly due to high prices on food products. On monthly basis, consumer prices stood at 0.0 percent from -0.5 percent in the previous month.

On annual average, inflation decreased to 0.8 percent in December of 2021 from 1.0 percent in November of 2021. Core inflation (excluding fresh products and energy) in annual change increased at 4.1 percent in December of 2021 from 3.8 percent in the previous month. On annual average, the core inflation stood at 2.0 percent unchanged from November of 2021. Inflation is likely to increase sharply in the short-term mainly due to base effect and likely low production of season A 2022.

### Table 1: Real GDP growth and contribution for 2021 Q1 to 2021Q3 – Production

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GROSS DOMESTIC PRODUCT (GDP)</strong></td>
<td>3.5%</td>
<td>20.6%</td>
<td>10.1%</td>
<td>3.5</td>
<td>20.6</td>
<td>10.1</td>
</tr>
<tr>
<td>Agriculture, Forestry &amp; Fishing</td>
<td>7%</td>
<td>7%</td>
<td>6%</td>
<td>1.7</td>
<td>2.0</td>
<td>1.6</td>
</tr>
<tr>
<td>Food crops</td>
<td>7%</td>
<td>7%</td>
<td>6%</td>
<td>1.1</td>
<td>1.3</td>
<td>1.0</td>
</tr>
<tr>
<td>Export crops</td>
<td>7%</td>
<td>-2%</td>
<td>2%</td>
<td>0.1</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Industry</strong></td>
<td>10%</td>
<td>30%</td>
<td>12%</td>
<td>1.7</td>
<td>5.1</td>
<td>2.2</td>
</tr>
<tr>
<td>Mining &amp; quarrying</td>
<td>3%</td>
<td>87%</td>
<td>30%</td>
<td>0</td>
<td>0.9</td>
<td>0.4</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>8%</td>
<td>23%</td>
<td>7%</td>
<td>0.7</td>
<td>1.9</td>
<td>0.6</td>
</tr>
<tr>
<td>Construction</td>
<td>14%</td>
<td>33%</td>
<td>15%</td>
<td>1.0</td>
<td>2.0</td>
<td>1.1</td>
</tr>
<tr>
<td><strong>Services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and Transport</td>
<td>-4%</td>
<td>41%</td>
<td>9%</td>
<td>-0.6</td>
<td>4.7</td>
<td>1.2</td>
</tr>
<tr>
<td>Wholesale &amp; retail trade</td>
<td>0%</td>
<td>34%</td>
<td>4%</td>
<td>0.0</td>
<td>2.7</td>
<td>0.4</td>
</tr>
<tr>
<td>Transport</td>
<td>-14%</td>
<td>48%</td>
<td>19%</td>
<td>-0.7</td>
<td>1.6</td>
<td>0.8</td>
</tr>
<tr>
<td><strong>Other Services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hotels &amp; restaurants</td>
<td>1%</td>
<td>18%</td>
<td>12%</td>
<td>0.4</td>
<td>6.2</td>
<td>4.1</td>
</tr>
<tr>
<td>Information &amp; communication</td>
<td>-34%</td>
<td>34%</td>
<td>62%</td>
<td>-0.6</td>
<td>0.2</td>
<td>0.5</td>
</tr>
<tr>
<td>Financial services</td>
<td>18%</td>
<td>28%</td>
<td>14%</td>
<td>0.4</td>
<td>0.7</td>
<td>0.4</td>
</tr>
<tr>
<td>Professional, scientific &amp; technical activities</td>
<td>10%</td>
<td>20%</td>
<td>11%</td>
<td>0.2</td>
<td>0.5</td>
<td>0.2</td>
</tr>
<tr>
<td>Administrative &amp; support service activities</td>
<td>-4%</td>
<td>10%</td>
<td>7%</td>
<td>-0.1</td>
<td>0.3</td>
<td>0.2</td>
</tr>
<tr>
<td>Public administration &amp; defense; compulsory social security</td>
<td>-2%</td>
<td>8%</td>
<td>1%</td>
<td>-0.1</td>
<td>0.5</td>
<td>0.1</td>
</tr>
<tr>
<td>Human health &amp; social work activities</td>
<td>-12%</td>
<td>22%</td>
<td>5%</td>
<td>-0.3</td>
<td>0.5</td>
<td>0.1</td>
</tr>
</tbody>
</table>

Source: NISR

In the context of the GDP/expenditure approach, in the third quarter of 2021, total final consumption expenditure increased by 4 percent, Government final consumption increased by
However, household final consumption decreased by 1 percent. Gross capital formation increased by 54% while Imports and Exports decreased by 8% and 24% respectively.

**High Frequency Indicators (HFIs)**

*Table 2: HFIs 2021 Jan-Dec 2021*

<table>
<thead>
<tr>
<th>% Change yoy</th>
<th>Q3 2021</th>
<th>Q4 2021</th>
<th>21-Nov</th>
<th>21-Dec</th>
<th>Jan-Dec 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real CIEA</td>
<td>10.3%</td>
<td>13.1%</td>
<td>15.3%</td>
<td>10.2%</td>
<td>16.3%</td>
</tr>
<tr>
<td>Total turnovers</td>
<td>18.1%</td>
<td>19.3%</td>
<td>21.0%</td>
<td>21.0%</td>
<td>22.1%</td>
</tr>
<tr>
<td>(Real)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industry</td>
<td>14.9%</td>
<td>17.0%</td>
<td>11.0%</td>
<td>30.1%</td>
<td>19.0%</td>
</tr>
<tr>
<td>Services</td>
<td>19.4%</td>
<td>20.3%</td>
<td>24.8%</td>
<td>17.6%</td>
<td>23.3%</td>
</tr>
<tr>
<td>Total turnovers</td>
<td>18.8%</td>
<td>22.3%</td>
<td>23.6%</td>
<td>24.9%</td>
<td>24.4%</td>
</tr>
<tr>
<td>(Nominal)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industry</td>
<td>20.6%</td>
<td>22.9%</td>
<td>17.0%</td>
<td>35.4%</td>
<td>24.9%</td>
</tr>
<tr>
<td>Services</td>
<td>18.1%</td>
<td>21.7%</td>
<td>26.3%</td>
<td>19.8%</td>
<td>24.1%</td>
</tr>
</tbody>
</table>

*Source: BNR*

The monthly Real CIEA increased by 16.3 percent in January-December 2021 compared to the same period last year. The CIEA maintained a good growth following reopening of most economic activities with 15.3 percent in November before slowing down to 10.2 percent in December due to COVID-19 restriction measures implemented during festive season.

Total nominal turnovers increased by 24.4 percent in nominal terms comparing January-December 2021 compared with the same period last year. The industry sector recorded a 24.9 percent growth while the services sector increased by a 24.1 percent. With Real GDP growth of 10.1 in Q3 2021, recovery is expected to continue as reflected by the real composite index of economic activity (CIEA) which increased by 13.1 percent in Q4 2021. Activity growth was mainly driven by increase in total turnovers with 19.3 percent growth with both services and industry sectors turnovers growing by 20.3 percent and 17.0 percent respectively.

### 1.2. External Sector

Rwanda’s formal trade balance has deteriorated by 6.3 percent in January-December 2021 compared to the same period in 2020 mainly due to poor performance of exports.

The Exports registered a positive growth in January to December 2021 compared to the same period in 2020. Despite the big decrease in gold’s exports of 43.8 percent, the positive growth in other exports items outweighed the negative growth, hence the overall performance of exports recorded an increase of 4.9 percent in value and 35.6 percent in volume. The positive
performance observed in exports of other items signaled a continuing recovery following some eased prevention measures of the pandemic and vaccination program across different countries. While the poor performance in gold resulted from the fall in quantity exported.

Total import has increased in value by 5.8 percent and fell in volume by 0.4 percent respectively. The increase was mainly driven by imports of Non-fuel for Re-exports (+49.0 percent), Intermediate goods (+15.7 percent), Consumer goods (+14.1 percent), Energy and Lubricants (+13.9 percent) and Capital goods (+11.6 percent), while gold dropped by (-41.2 percent). The imports recorded under intermediate, consumer and capital goods were in line with the reopening of Economic activities and relaxed Covid-19 containing measures.

1.3. Monetary Sector Developments

Compared to December 2020 Broad Money (M3) and Credit to Private Sector grew by 17.8 percent and 14.7 percent respectively in December 2021. Net Foreign Assets (NFA) declined by 0.3 percent while Central Government credit grew by 32.9 percent. The Rwandan Franc (FRW) depreciated by 3.8 percent against the US Dollar as of December 2021 compared to a depreciation of 5.4 percent in 2020.

In the calendar year 2021 (Jan-Dec), New Authorized Loans (NALs) grew by 15.4 percent compared to the calendar year of 2020 (Jan-Dec). Transport, Restaurant & hotels are the first two sectors that grew above 50 percent with 96.8 and 57.4 percent respectively, while personal loans, manufacturing industries and Services providers’ loans, grew by 23.9 percent, 18.6 percent, and 18.7 percent respectively. This reflects new loans granted as the economy recovers, but also loans granted through the Economic Recovery fund (Phase I), as for businesses impacted by the COVID-19 pandemic. On the other hand, agriculture, animal husbandry & fishing, and mining industries, saw a worsening of their share (which is already very low), in the total NAL, with a decline by 14.2 percent and 93.8 percent respectively.

The COVID-19 pandemic uncertainty and its mitigation measures may have affected the supply and demand of all negative growth sectors. As it was in 2020, Trade, Public works and building industry and personal loans sectors are the most leading sectors for new authorized loans.
Table 3: Monetary indicators as of end December 2021

<table>
<thead>
<tr>
<th>Monetary Statistics</th>
<th>End-Dec 2020</th>
<th>End-July 2021</th>
<th>End-Dec 2021</th>
<th>% Change Dec 21-July21</th>
<th>% Change Dec 21-Dec 20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net foreign assets</td>
<td>1,468.9</td>
<td>1,319.3</td>
<td>1,464.9</td>
<td>11.0</td>
<td>-0.3</td>
</tr>
<tr>
<td>Central government (net)</td>
<td>641.1</td>
<td>760.2</td>
<td>852.0</td>
<td>12.1</td>
<td>32.9</td>
</tr>
<tr>
<td>Private sector Credit</td>
<td>2,224.4</td>
<td>2,498.0</td>
<td>2,551.3</td>
<td>2.1</td>
<td>14.7</td>
</tr>
<tr>
<td>Broad money M3</td>
<td>2,820.9</td>
<td>3,097.8</td>
<td>3,323.6</td>
<td>7.3</td>
<td>17.8</td>
</tr>
</tbody>
</table>

Source: BNR

2. Performance of Revenue

Under the GFSM2014 methodology, revenue comprises taxes (including Local Government taxes) social contributions, grants and other revenue. As currently there are no collections under social contributions, this report will exclude them in the discussion of total revenue. As mentioned in the July-September 2021 report, total revenue that accrued to the Treasury during that period amounted to 611.7 billion FRW and fell short of the projected figure for that period of 613.9 billion FRW by 2.2 billion FRW. The original budget projected total revenue collections for the July-December 2021 period at 1,365.6 billion FRW. The revised budget increased this figure to 1,451.9 billion FRW. Total revenue that accrued to the Treasury during the July-December 2021 period amounted to 1,349.9 billion FRW. This amount was 15.7 billion FRW lower than the original budget estimate of 1,365.6 billion FRW. It was also 102.0 billion FRW lower than the revised budget figure of 1,451.9 billion FRW. Delayed disbursement of donor budget support grants mainly accounted for the shortfall in the collection of total revenue.

The table below shows the performance of revenue collections in the July-December 2021 period compared to the original budget estimates for the period under review.
As mentioned in the July-September 2021 report, the performance of tax collections during that period was affected by the lockdown mentioned above, exemptions granted by the Government to mitigate the impact of the pandemic on companies as well the reduction in the fuel levy to keep petroleum pump prices slightly down. The restrictions continued in one form or another during the last quarter of 2021. The exemptions mentioned above also continued in the last quarter of the year 2021. These policies together with economic performance and other actions especially the decrease in household final consumption as reported in expenditure GDP for the
third quarter of 2021 culminating in a decline in imports of about 8 percent continued to impact on tax revenue collections during the entire six months’ period under review. Total tax revenue collections in the GFSM 2014 economic classification in the July-December 2021 period amounted to 852.8 billion FRW and was only 2.3 billion FRW higher than the original budget estimated figure of 850.5 billion FRW. The collected amount however fell short of the revised budget figure of 862.4 billion FRW by 9.6 billion FRW. Shortfalls in collections under taxes on goods and services as well as under taxes on international trade and transactions were more than offset by excess collections under taxes on income, profits and capital gains. This performance caused the overall small excess collections compared to the original budget estimate mentioned above.

- **Performance of taxes on income, profits and capital gains.**

As mentioned in the July-September 2021 report, total collections during that period amounted to 180.5 billion FRW and exceeded the estimated figure of 173.8 billion FRW by 6.7 billion FRW. Both profit taxes and PAYE contributed to this good performance. The good performance observed in the third quarter continued in the fourth quarter of 2021. As result total collections at end December 2021 reached 377.8 billion FRW and exceeded the original budget estimate of 348.6 billion FRW by 29.2 billion FRW. However, if compared to the revised budget estimate of 378.7 billion FRW, the amount collected in the July-December 2021 period fell short by 0.9 billion FRW. Both PAYE and profit taxes (CIT, PIT and WHT) contributed to this good performance.

Regarding profit taxes (comprising CIT, PIT and WHT) the July-September report mentioned collected amount of 83.4 billion FRW, which was 7.8 billion FRW higher than the estimated figure for the period of 75.6 billion FRW. It was further indicated that this performance was due to increased PIT from the top 10 companies especially those in manufacturing, information and communication as well as from the banking and insurance sectors. Furthermore, collections from the 15 percent, 5 percent and 3 percent WHT also contributed to this improved performance.

Concerning PAYE, collections of 97.1 billion FRW exceeded the projected figure for that period of 96.8 billion FRW marginally by 0.3 billion FRW. The report concluded that improved compliance was mainly responsible for this performance. This improved performance in the July-September 2021 period continued in the last quarter of 2021. At end December 2021, profit taxes collections for the six-month period under review amounted to 178.3 billion FRW. This figure exceeded the original estimated figure for that period of 161.2 billion FRW by 17.1 billion FRW. Whilst the improvement in CIT and PIT collections that was observed in the July-September 2021 period continued in the fourth quarter of 2021, better performance under WHT during the last quarter of 2021, contributed more to the collected amount under profit taxes mentioned above. Increased payment of WHT from the 15 percent on service fees predominantly from the public
sector mainly contributed to this good performance. An expansion of Government spending to boost economic activity was responsible for the increased collections.

In the case of PAYE collections at end December 2021 amounted 201.5 billion FRW and exceeded the estimated figure for the half year of 184.4 billion FRW by 17.1 billion FRW. This performance was driven primarily by an increase in the number of employees as many companies hired back employees that have been made redundant due the shutdown of the economy during the Corona virus pandemic. In addition, the payment of performance bonuses also contributed to the excess collection.

Other collections including rental income and property tax and Trading License Tax for Local Government entities during the six months’ period under review amounted to 4.2 billion FRW. This figure fell short of the original budget estimate of 12.8 billion FRW by 8.7 billion FRW. Delayed collections during this period caused the shortfall.

- **Taxes on goods and services.**

Taxes on goods and services comprise mainly VAT collections, excise duties, road fund collections (excluding road tolls) trading license for Local Government and petroleum strategic reserves levy.

As mentioned in the July-September 2021 report, the lockdown implemented in July impacted heavily on tax collection effort primarily the consumption taxes including VAT, excise duties and customs duties during that period. Total collections of 188.9 billion FRW for that period therefore fell short of the estimated amount for that period of 198.9 billion FRW by 10 billion FRW. It was further mentioned that with the exception of petroleum strategic levy collections and the domestic component of excise duties all the other items under taxes on goods and services contributed to the shortfall in collections. Collections in the fourth quarter of 2021 continued to be sluggish as some of the restrictions to fight the pandemic continued in one form or another and among others contributed to the decrease in household final consumption as mentioned above. At end December 2021 total collections amounted to 409 billion FRW and fell short of the projected amount of 413.6 billion FRW by 4.6 billion FRW. Collections under VAT and fuel levy were mainly responsible for the shortfall in collections.

Regarding VAT collections, the amount collected in the July-September 2021 period of 129 billion FRW fell short of the estimated amount for that period of 140.5 billion FRW by 11.5 billion FRW. Both domestic and imports components contributed to the shortfall in collections.

The sluggish performance continued in the fourth quarter and at end December 2021 total collections amounted to 277.6 billion FRW. This figure was 2.5 billion FRW lower than the
projected amount of 280 billion FRW. Again both the domestic and import components contributed to the shortfall in collections.

In the case of the domestic component it has been mentioned above that the decline in household consumption which was observed in the July-September 2021 period, continued in the last quarter of 2021. This development together with the increase in non-taxable sales impacted negatively on collections. One major reason for the increase in taxable sales is that more manufacturing companies are benefitting from the “manufacture and build to recover program” which exempts such companies from VAT payments. Concerning the customs portion of VAT, the decline in imports by about 8 percent alluded to above was responsible for the shortfall in collection.

- **Excise Duties.**

The July-September 2021 report gave a figure of 52.6 billion FRW as collections under excise duties for that period. It was further mentioned that this amount fell short of the estimated figure for that period of 53.5 billion FRW by 0.9 billion FRW. The shortfall registered under the imports component more than offset the small excess under the domestic component and caused the overall shortfall. The July-September report also mentioned that the introduction of subsidy on the excise tax on diesel to reduce the cost of public transport impacted negatively on excise duties collections. This subsidy amounts to 115 FRW per litre.

Performance in the last quarter of 2021 was mixed and mirrored economic and other conditions mentioned above especially measures to fight the pandemic. Excise duties collections at end December therefore amounted to 110.3 billion FRW and exceeded the projected figure for the period of 109.6 billion slightly by 0.7 billion FRW. With regards to the domestic component, the performance benefitted from increased consumption of beer and soft drinks (including home consumption during the lockdown) as well as use digital services especially mobile airtime. On the other hand, excise duties collection on petroleum products were lower for two reasons. First the continuing measures to combat the virus including restrictions on vehicle movements reduced sales. Second the subsidy on excise tax on diesel mentioned above reduced collections further. At end December total excise taxes forgone on this product amounted to 1.3 billion FRW. As a result of developments concerning petroleum excise duties, the share in excise duties declined from a previous share of 35 percent in collections to 30 percent at end December 2021. Excise duties from beer sales continue to be the largest with a share of 38 percent. Excise duty on wines and liquors, soft drinks, airtime and cigarettes contributed 8 percent, 8 percent, 7 percent and 7 percent respectively.
In the case on excise taxes on imports, again collections were lower on account of lower imports arising from the restrictions on vehicle movements mentioned above.

- **Other collections.**

Other collections under taxes on goods and services comprise the road maintenance fund (excluding road tolls) and the petroleum strategic reserve fund. Total collections in the July-September 2021 period amounted to 11.5 billion FRW. This figure was 2.4 billion FRW lower than the estimated amount of 13.9 billion FRW. Again as mentioned above, lower imports and lower sales of petroleum products on account of the coronavirus restrictions partly caused the shortfall in collections. Furthermore, the introduction of a subsidy amounting to 115 FRW per litre on the fuel levy by Government to reduce transport costs also contributed to a reduced collection of taxes. The restrictions and other policies continued in the fourth quarter of 2021 and impacted negatively on collections also during that period. As a result, collections to end December 2021 which amounted to 16.5 billion FRW fell short of the projected figure of 21.4 billion FRW by 4.9 billion FRW. The forgone revenue from the subsidy on fuel levy amounted to 7.8 billion FRW during the July-December 2021 period.

- **Taxes on international trade.**

Taxes on international trade comprise customs and other duties including the infrastructure levy and the African Union Levy. The July-September 2021 report mentioned collections of 29.9 billion FRW were 3.9 billion FRW lower than the estimated amount of 33.8 billion FRW. It was again indicated that lower than expected imports arising from the pandemic measures including the lockdown during the period under review caused the shortfall in collection. As mentioned above these measures continued in one form or another in the last quarter of 2021. Total import duty collections of 52.2 billion FRW at end December 2021. Fell short of the estimated of 58.1 billion FRW by 5.9 billion FRW. Lower than expected imports as mentioned above caused the shortfall in collection. Collections of the Infrastructure Development levy and the African Union Levy of 8.1 billion FRW and 1.0 billion FRW respectively were on track.

**2.1. External grants disbursements.**

External grants comprise grants from foreign Governments, International organizations and from other general Governments. For this period under review, the Government of Rwanda does not receive any grants from other general government units. In the July-September 2021 report it was mentioned that total grants received during the period under review amounted to 128.4 billion FRW. This figure it was further stated exceeded the projected figure of 120.8 billion FRW by 7.6 billion FRW. This excess was due to front-loading of Global Fund grants during this period. Performance in the last quarter of 2021 was however mixed. At end December 2021 total grants
disbursements for the period under review amounted to 298.7 billion FRW and fell short of the estimated amount for that period of 362.7 billion FRW by 64.0 billion FRW. This shortfall was due to delays in the disbursement of grants amounting to USD 108 million from the World Bank Group for various programs including Human Capital, Priority Skills for growth as well as for agricultural transformation program. This in turn was due to delays in finalizing all the administrative procedures to trigger the disbursements. All the necessary procedures have been completed and disbursements are expected soon. The disbursed amount however included an amount of 101.9 billion FRW from several donors including COVAX, the World Bank group as well as other bilateral donors for the vaccination program.

2.1. Other Revenue.

Under the GFSM 2014 fiscal accounts definition; other revenues comprise property income, sales of goods and services (including PKO reimbursements), fines, penalties, Transfers not elsewhere classified, as well as Miscellaneous and unidentified revenue. In the revenue projections, PKO reimbursements make a large component of the items under this category of revenue.

The July-September 2021 report mentioned collections of 83 billion FRW for that period under review. It was also mentioned that the figure exceeded the estimated figure of 82.2 billion FRW by a small amount of 0.8 billion FRW. PKO reimbursements amounted to 40 billion FRW and were on track for the period under review.

Collections improved in the last quarter of 2021 and at end December 2021, an amount of 198.4 billion FRW had accrued to the Treasury. This collected amount exceeded the estimated figure for the six-month period under review of 152.4 billion FRW by 46.0 billion FRW. Local Government fees and charges, together with penalties, interest charges and other revenue from RRA contributed to the excess collection under other revenue. Reimbursements from the UN for Peacekeeping operations of 82.3 billion FRW were again on track.

3. Performance of Expenditure

3.1. Expense

Total expense comprises compensation of employees, use of goods and services, consumption of fixed capital, interest payments, subsidies, grants, social benefits and other expense. For this report there is no spending under consumption of fixed capital and therefore will not be considered.

The July-September 2021 report mentioned that total outlays during that period under review amounted to 622.7 billion FRW. This figure was 2.8 billion FRW lower than the estimated amount for the period of 625.5 billion FRW. It was further reported that slightly lower spending under subsidies was mainly responsible for this shortfall in spending. As mentioned above, the
execution of the budget was impacted by the measures adopted by Government to deal with the pandemic. Some of these measures included restrictions on movements and scaling up of the vaccine program. At end December 2021, total outlays under expense (recurrent spending) amounted to 1,144.4 billion FRW. This figure was 10.1 billion FRW higher than the original budget figure of 1,154.5 billion FRW. Excess spending under use of goods and services, grants as well as social benefits and other expense more than offset lower outlays under compensation of employees, interest payments and subsidies.

The table below shows the details of total expenses for the July-December 2021 period compared to the original budget estimates.

**Table 4: Expenditure**

<table>
<thead>
<tr>
<th>EXPENSE</th>
<th>FY2021/22</th>
<th>July-Dec Original Proj</th>
<th>July-Dec Prov Act</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation of employees</td>
<td>1,154.5</td>
<td>156.1</td>
<td></td>
</tr>
<tr>
<td>Use of goods and services</td>
<td>177.1</td>
<td>282.4</td>
<td></td>
</tr>
<tr>
<td>Consumption of fixed capital</td>
<td>0.0</td>
<td>0.0</td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>127.4</td>
<td>102.2</td>
<td></td>
</tr>
<tr>
<td>To nonresidents</td>
<td>46.3</td>
<td>27.8</td>
<td></td>
</tr>
<tr>
<td>To residents other than general government</td>
<td>81.1</td>
<td>74.4</td>
<td></td>
</tr>
<tr>
<td>Subsidies</td>
<td>247.5</td>
<td>202.8</td>
<td></td>
</tr>
<tr>
<td>of which Rwandair</td>
<td>193.7</td>
<td>175.7</td>
<td></td>
</tr>
<tr>
<td>of which Export Promotion</td>
<td>50.8</td>
<td>16.5</td>
<td></td>
</tr>
<tr>
<td>Grants</td>
<td>274.7</td>
<td>298.9</td>
<td></td>
</tr>
<tr>
<td>Social benefits</td>
<td>24.3</td>
<td>28.1</td>
<td></td>
</tr>
<tr>
<td>Other expense</td>
<td>60.8</td>
<td>73.9</td>
<td></td>
</tr>
<tr>
<td><strong>Net Investment in nonfinancial assets</strong></td>
<td>673.7</td>
<td>652.5</td>
<td></td>
</tr>
<tr>
<td>Foreign financed</td>
<td>326.8</td>
<td>294.2</td>
<td></td>
</tr>
<tr>
<td>Domestically financed</td>
<td>346.9</td>
<td>358.2</td>
<td></td>
</tr>
</tbody>
</table>

**Compensation of Employees.**

The July-September report mentioned that a total amount of 81.3 billion FRW was spent on compensation of employees during that period. This figure was only 0.1 billion FRW lower than the amount of 81.4 billion estimated for that period. As mentioned above spending during the last half year of 2021 was affected by the various measures implemented to combat the pandemic. At end December 2021, total outlays for compensation of employees amounted to 156.1 billion FRW. This figure was 21 billion FRW lower than the original estimated amount for the period of 177.1 billion FRW. The shortfall was due to an over estimate of the allocation in the original projections. At the time of the budget formulation, it was assumed that the delayed
implementation of the new civil service structure (including new recruitments) envisaged for implementation in 2020 but delayed because of the pandemic, would be implemented in 2021/22. However, implementation has been further delayed because of the pandemic not been fully abated. The delayed implementation of the new structure including new recruitments caused the shortfall in spending compared to the original allocation. Within this amount spent under compensation of employees during the period under review, the Chamber of Deputies and the Supreme Court were financed with 1.1 billion FRW and 2.8 billion FRW respectively. The compensation for staff of the Auditor General’s office and National Public Prosecution Authority amounted to 1.4 billion FRW each for these two agencies. The compensation for the staff of the Rwanda Development Board amounted to 1.1 billion FRW whilst that for the Rwanda Agricultural Board was 1.4 billion FRW. The Rwanda Bio-medical Centre was supported with 1.4 billion FRW. The Rwanda National Police was given an amount of 18.7 billion FRW.

Use of Goods and Services.

In the July-September 2021 report, it was mentioned that an amount of 123.1 billion FRW was spent under use of goods and services. This figure exceeded the estimated amount for the period of 121.3 billion FRW by a small amount of 1.8 billion FRW. The on-going measures including the restrictions mentioned above to combat the pandemic impacted on the use of goods and services and spending. At end December spending by the Government on the total use of goods and services amounted to 282.4 billion FRW. This figure exceeded the original budget estimated amount of 242.7 billion FRW by 39.7 billion FRW. Whilst the measures implemented by the Government to curb the spread of the pandemic including restrictions on movements reduced spending on other administrative services by Government on one hand the acceleration of the vaccine program on the other hand increased outlays under use of goods and services. Consequently, as at end December 2021, the Government had spent 126.9 billion FRW on the accelerated vaccination program compared to the original estimate of 65.4 billion FRW. The excess spending on the vaccination program was mainly responsible for the over-spending under this item in the July-December 2021 period. The amount spent on the vaccination allowed a total number of 7.7 million people of the population (83.4 percent) to receive the first dose of the COVID 19 vaccine by end December 2021. At the same time 5.5 million people (59.6 percent) of the population received the second dose whilst by end December 21 195,143 (2.1 percent) of the population have had the booster dose. As mentioned above, an amount of 101.9 billion FRW was contributed by the various donors as grants for the vaccination exercise.

Several other priority programs were also funded under use of goods and services during the period under review. These programs included the expenditure amount of 28.8 billion FRW spent on the provision of various corona virus related items such as the provision of relief items to some vulnerable groups, provision of incentives to some health workers, maintenance of the
quarantine places as well as the purchases of various laboratory equipment. Funding for goods and services for the Chamber of Deputies, the Senate and the Supreme Court amounted to 1 billion FRW, 0.6 billion FRW and 1.7 billion FRW respectively. Other public agencies supported included the Rwanda Development Board with an amount of 1.7 billion FRW. The Rwanda Correctional Service got an amount of 3.2 billion FRW for the purchases of food and other items. The Rwanda Revenue Authority was supported with an amount of 4.3 billion FRW for support services including ICT assets. The Higher Education Council was allocated an amount of 23.4 billion RWF for its activities. The National Examination and Schools Inspection Authority got 7.3 billion RWF for its activities. The Rwanda Bio-Medical Centre received 28 billion FRW for its various activities including epidemic surveillance and response and vaccine programs. Furthermore, the Government spent an amount of 13.6 billion FRW on membership dues to various international organizations as well as for subscriptions to international and local organizations. An amount of 6.1 billion FRW was also spent on technical assistance and other professional services. An amount of 22.9 billion FRW was also spent for the purchases of drugs, vaccines and other medical supplies during the period under review. Expenditure on PKO during the period under review amounted to 100.9 billion FRW.

**Interest Payments.**

In the July-September 2021 period, an amount of 64.3 billion FRW was used by the Government for interest payments. This figure was 1.1 billion FRW lower than the projected figure of 65.4 billion FRW. Both payments to non-residents and residents other than general Government contributed to this small shortfall in spending. In the case of the portion for residents other than general Government the shortfall was due to lower than expected sales of domestic securities for the financing of the budget during the first quarter of the fiscal year 2021/22. The original budget amount of 127.4 billion for the July-December 2021 period was based on a lower redemption figure of 60 percent of the old EURO bonds maturing in 2023 with the new sales. In the end about 80 percent redemption took place. This action reduced the remaining principal amount and thereby interest payments to non-residents of the old EURO bonds. Total outlays for interest payments in the July-December 2021 period therefore amounted to 102.2 billion FRW. This figure was 25.2 billion FRW lower than the original estimated figure mentioned above and caused the shortfall in expenditure. As mentioned above again lower than projected interest payments to non-residents were mainly responsible for the shortfall in spending.

**Subsidies.**

The July-September budget execution report indicated that Subsidies granted by the Government during that period amounted to 160.9 billion FRW. This figure was 2.5 billion FRW lower than the projected figure of 163.4 billion FRW. It was further mentioned that delayed
spending on export promotion programs and projects caused this small shortfall in spending. Of the amount of 160.9 billion FRW spent, 137.7 billion FRW was given to Rwandair for its operations. Out of this subsidy to Rwandair, an amount of 101.1 billion FRW was used to pay an expensive debt. Funding for this debt payment came from the proceeds of the new Euro bonds of August 2021.

Transfer of subsidies in the last quarter of 2021 did not improve significantly. At end December 2021 a total amount of 202.8 billion FRW had been used under subsidies. This amount was 44.7 billion FRW lower than the original budget projected figure of 247.5 billion FRW. As was the case in the July-December 2021 period, delayed spending for export promotion activities caused the shortfall. There has been a catching up in spending under this item since the beginning of this quarter with a view to increase spending in this area.

✅ Grants

Grant expense comprises transfers to Extra Budgetary Units (EBUs) and to Local Government Units. The original budget allocated an amount 274.7 billion as grants to the EBUs and the Local Government entities for the Jul-December 2021 period. The July-September 2021 report indicated that an amount of 149.6 billion FRW in grants was disbursed to Extra Budgetary Units (EBUs) and Local Government entities during that period. This figure was only 1.2 billion FRW lower than the estimated amount of 150.8 billion FRW for that period.

Transfer of grants to the EBUs and Local Government entities accelerated during the fourth quarter of 2021. At end December, total transfer of grants to these entities amounted to 298.9 billion FRW. This figure was 24.2 billion FRW higher than the original budget figure of 274.7 billion FRW mentioned above. Accelerated transfer of grants to the Local Government entities more than offset the lower transfers to EBUs and caused the excess spending during the period under review.

Within this total transfer of grants amount of 298.9 billion FRW, the share of grants to EBUs amounted to 11.2 billion FRW compared to the original estimate of 25.7 billion FRW. The restrictions in place during the period under review caused the shortfall in spending by the EBUs as approved hiring of new staff and implementation of several investment projects were delayed. These actions caused the shortfall in spending of grants by the EBUs.

In the case of the Local Government entities, the transfer amount of 276.7 billion FRW was 27.7 billion FRW higher than the original budget figure of 249 billion FRW. Both recurrent and capital expenditure by the Local Government entities contributed to this performance. Out of the amount of grants to Local Government entities for recurrent expenditure of 195.8 billion FRW an amount of 87.9 billion FRW was used for teachers’ salaries whilst 27.5 billion RW was also used
to pay salaries and allowances to the various health personnel in the districts. An amount of 33.1 billion FRW was allocated as block grants whilst 8.7 billion FRW was used for capitation grants. School feeding cost the Government 13.2 billion FRW during the period under review.

- **Social Benefits.**

Social benefits include funds for Assistance to Orphans and vulnerable groups including the survivors of genocide as well as expense for demobilization and reintegration program. In the July-September 2021 period an amount of 17.6 billion FRW was spent under these items. Out of this figure, 9 billion FRW was spent as assistance to survivors of genocide. An amount of 0.9 billion FRW was also spent for the demobilization and reintegration of program. For the six months’ period to end December 2021, an amount of 24.3 billion FRW was projected for social benefits. At end December total spending was 28.1 billion FRW. This figure therefore exceeded the projected amount by 3.8 billion FRW. Increased benefit payments for various social assistance including terminal benefits were responsible for the excess spending. During the period under review, assistance to the victims of genocide amounted to 14.2 billion FRW whilst 1.8 billion FRW was spent on the demobilization and re-integration program.

- **Other Expense.**

The category of Other expense item includes several miscellaneous items not elsewhere classified. The July-September 2021 report mentioned an expenditure amount of 25.9 billion FRW as against RWF 25.4 billion FRW estimated for that period. It was further mentioned that the amount spent included 4.1 billion FRW as reimbursable scholarships during that period. At end December total spending under other expense amounted to 73.9 billion FRW and exceeded the estimated figure for the period under review of 60.8 billion FRW by 13.1 billion FRW. Front loading of reimbursable scholarships amounting to 16.1 billion FRW was mainly responsible for the excess spending during the period under review.

3.2. **Net investment in nonfinancial assets.**

The new concept of net investment in non-financial assets replaces capital expenditure in the old classification for the fiscal accounts. This item consists of foreign and domestically financed components. The July-September 2021 report mentioned an expenditure amount of 265.8 billion FRW for that period compared to 272.9 billion FRW projected. The report also indicated that there was small shortfall in spending of 7.1 billion FRW which came from the domestically financed portion.

Performance in the fourth quarter of 2021 was not as robust as was observed in the third quarter of the calendar year 2021. Total outlays at end December 2021 amounted to 652.5 billion FRW. This figure was 21.2 billion FRW lower than the original budget estimated amount of 673.7 billion
However, compared to the revised budget figure of 715.1 billion FRW, this implemented amount was 61.6 billion FRW lower. Lower spending under the externally financed portion was mainly responsible for the overall lower spending under net investment in non-financial assets during the six months’ period under review.

Regarding the externally financed portion, the amount spent during the period under review was 294.2 billion FRW. This figure was 32.6 billion FRW lower than the original estimated amount of 326.8 billion FRW. Delayed implementation of some projects in various sectors caused the shortfall in spending. Despite this overall lower spending, there was a scaling up of some corona virus related projects in the health and social protection areas for which an amount of 35.3 billion FRW was spent.

In the case of the domestically financed portion, the amount spent during the period under review was 358.2 billion FRW. This figure exceeded the original estimated amount of 346.9 billion FRW by 11.3 billion FRW. The domestically financed portion of spending provided resources for the implementation of several corona virus related projects. The main projects included special school’s construction to facilitate social distances in class rooms, supply of inputs to farmers to improve agriculture, and restocking of the strategic food reserves to avoid shortage in food supply. The amount spent under the domestically financed portion also allowed an expenditure of 34.2 billion FRW from the EURO bond receipts for some strategic projects under the ‘build to recover’ program of Government. The sectoral analysis portion of this report will present some highlights of programs and projects implemented in the six months’ period under review. The projects implemented are mainly in the priority areas including education, health, roads, energy, water and agricultural sectors.

3.3. **Net Lending/Borrowing and financing**

Under the new GFSM 2014 concept, net lending / borrowing is a balancing item stating the surplus/deficit resulting from all government operations other than financing. It therefore shows how the budgetary balance was arrived at and how it was financed. The table below shows the details of Net Lending/Borrowing for the July-December 2021 period compared to the original budget estimates.
Table 5. Net lending/Borrowing and Financing

<table>
<thead>
<tr>
<th>FY2021/22</th>
<th>July-Dec Original Proj</th>
<th>July-Dec Prov Act</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net lending (+) / borrowing (-)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>including grants</td>
<td>-462.6</td>
<td>-447.0</td>
</tr>
<tr>
<td>excluding grants</td>
<td>-825.3</td>
<td>-745.7</td>
</tr>
<tr>
<td>Net acquisition of financial assets</td>
<td>-91.2</td>
<td>182.6</td>
</tr>
<tr>
<td>Domestic</td>
<td>-91.2</td>
<td>182.6</td>
</tr>
<tr>
<td>Currency and deposits</td>
<td>-180.7</td>
<td>142.1</td>
</tr>
<tr>
<td>Loans</td>
<td>59.3</td>
<td>14.6</td>
</tr>
<tr>
<td>of which KCC</td>
<td>14.5</td>
<td>14.6</td>
</tr>
<tr>
<td>Equity and investment fund shares</td>
<td>30.2</td>
<td>25.9</td>
</tr>
<tr>
<td>Foreign</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Net incurrence of liabilities</td>
<td>342.8</td>
<td>662.7</td>
</tr>
<tr>
<td>Domestic</td>
<td>-20.0</td>
<td>140.9</td>
</tr>
<tr>
<td>of which Debt Securities</td>
<td>33.7</td>
<td>76.9</td>
</tr>
<tr>
<td>of which Loans</td>
<td>-33.7</td>
<td>-75.9</td>
</tr>
<tr>
<td>Foreign</td>
<td>362.8</td>
<td>521.8</td>
</tr>
<tr>
<td>Debt securities (Euro bond)</td>
<td>0.0</td>
<td>274.6</td>
</tr>
<tr>
<td>Loans</td>
<td>362.8</td>
<td>247.2</td>
</tr>
<tr>
<td>Disbursements</td>
<td>410.2</td>
<td>292.0</td>
</tr>
<tr>
<td>Current</td>
<td>202.7</td>
<td>76.0</td>
</tr>
<tr>
<td>Capital</td>
<td>207.5</td>
<td>216.0</td>
</tr>
<tr>
<td>Reimbursements</td>
<td>47.4</td>
<td>44.8</td>
</tr>
</tbody>
</table>

As mentioned above, the projections for the July-December 2021 period estimated total revenue comprising taxes, grants and other revenue at 1,365.6 billion FRW and total outlays comprising expense and net investment in non-financial assets at 1,828.2 billion FRW. Fiscal operations in the July-December 2021 period were expected to end with a net borrowing (deficit) including grants of 462.6 billion FRW. This net borrowing (deficit) was to be financed with new net incurrence of external liabilities (new borrowing) of 342.8 billion FRW and new domestic liabilities of 119.9 billion FRW. At end December 2021, total revenue that accrued to the budget was 1,349.9 billion FRW and fell short of the original estimated figure of 1,365.6 billion FRW by 15.7 billion FRW. Total expense and net investment in non-financial assets amounted to 1,796.9 billion FRW compared to 1,828.2 billion projected for the period under review. Fiscal operations
of Government at end December 2021 closed with a net borrowing amount of 447.0 billion FRW as against 462.6 billion FRW originally projected. This net borrowing of Government of 447.0 billion FRW was financed with new net incurrence of liabilities amounting to 662.7 billion FRW. This amount did not only allow the Government to finance the deficit but it also allowed the Government to acquire new net financial assets of 182.6 billion FRW.

- **Net Incurrence of new Liabilities.**

Regarding the incurrence of liabilities (new borrowing) a gross amount of 410.2 billion FRW was projected for the period under review. This amount was made up of current loans of 202.7 billion FRW and capital loans of 207.5 billion FRW. With external loan repayments for the period under review estimated at 47.4 billion FRW, the figure for new net external borrowings was projected at 362.8 billion FRW. This borrowing amount was expected to allow the Government to use 20 billion FRW for the payment of other accounts payable during the period under review. These actions were expected to provide the Government with net liabilities at end December 2021 of 342.8 billion FRW. At end December 2021 however, net incurrence of new liabilities amounted to 662.7 billion FRW. This figure was made up of foreign liabilities of 521.8 billion FRW and domestic component of 140.9 billion FRW.

With regards to the foreign component, the yield of 521.8 billion FRW was made up of EURO BONDS Net receipts of 274.6 billion FRW and new loans of 292 billion FRW of which 76 billion FRW came from current budgetary loans and 216 billion FRW of capital loans. The EURO bonds receipts were not in the original budget projections as these transactions were expected to take place in the January-June 2021 period and therefore in the fiscal year 2020/21. However, as a result of the delays mentioned above, the EURO Bonds transactions took place in August 2021 and yielded an amount of 614.2 billion FRW. A portion of the proceeds amounting to 339.6 billion FRW was used to redeem a portion of the old bonds maturing in 2023. There was therefore a net balance of 274.6 billion FRW that accrued to the budget as a portion of the foreign liabilities of 521.8 billion FRW mentioned above. Some of these funds were used to finance some priority investment projects as mentioned above.

New budgetary loans disbursements in the July-December 2021 period of 292 billion FRW fell short of the original budget estimate of 410.2 billion FRW by 118.2 billion FRW. Whilst the drawdown of capital loans slightly exceeded the projected target, the drawdown of current loans was lower than estimated and caused the shortfall in drawdown of loans. The shortfall is equivalent to about USD 100 million and delays in finalizing all the processes for the disbursement of loans from the World Bank Group caused the shortfall in loan disbursements. The affected loans are for Human capacity development, Priority Skills for growth and agriculture sector transformation programs. The Government is expecting the delayed amounts to be disbursed.
during the first quarter of 2022. Drawdown of capital loans during the period under review amounted to 216 billion FRW. This figure slightly exceeded the original budget projection of 207.5 billion FRW by 8.5 billion FRW. The drawdown amount included 11.2 billion FRW for vaccines from the World Bank Group.

With regards to the domestic component of net incurrence of liabilities, the various transactions of Government in the July-December 2021 period led to the incurrence of new net liabilities of 140.9 billion FRW. This amount was made up net sales of debt securities to both the banks and the non-bank public of 76.9 billion FRW, repayment of loans of 75.9 billion and the accumulation of a “float” of 140 billion FRW at end December 2021. The accumulation of the “float” was due to delays in the disbursement of budget donor support funds (grants and loans) amounting to about USD 198 million alluded to above. Efforts are being made to get the delayed funds to be disbursed. In the meantime, a large portion of the “float” has been paid using some of the delayed disbursements that have started to come and new sales of debt securities. It is expected that this “float” amount would be paid during the quarter three of the fiscal Year 2021/22.

✔ **Net Acquisition of financial Assets**

Regarding the acquisition of financial assets, an amount of 182.6 billion FRW was realized in the July-December 2021 period. This figure was made up of 142.1 billion FRW in deposits, 14.6 billion FRW of loans to some Government entities and 25.9 billion FRW of equity and investment shares.
COVID-19 Related Expenditure

The health emergency resulting from the COVID-19 pandemic continued to necessitate a shift in spending towards health and other priorities to support the economy identified under the Government Economic Recovery Plan during the FY 2021/22. At end December 2021, provisional numbers show a total COVID-19 related expenditure amounting to 253.3 billion FRW. The table below shows provisional details of COVID-19 related spending for the first half of the 2021/22 fiscal year covering the July-December 2021 period.

Table 6: COVID-19 related Expenditure

<table>
<thead>
<tr>
<th>Category/ Intervention</th>
<th>July-Dec 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health</td>
<td>153.9</td>
</tr>
<tr>
<td>Vaccines</td>
<td>126.9</td>
</tr>
<tr>
<td>Capacity Building and incentives for Health Workers</td>
<td>2.9</td>
</tr>
<tr>
<td>Leadership and coordination (Command Post Expenditures)</td>
<td>1.3</td>
</tr>
<tr>
<td>Health Commodities and equipments</td>
<td>12.9</td>
</tr>
<tr>
<td>Quarantine Centers costs</td>
<td>0.5</td>
</tr>
<tr>
<td>Security, safety and other</td>
<td>9.5</td>
</tr>
<tr>
<td><strong>Social Protection/Agriculture</strong></td>
<td><strong>43.3</strong></td>
</tr>
<tr>
<td>Additional Inputs support farmers</td>
<td>19.3</td>
</tr>
<tr>
<td>Strategic Food Reserves</td>
<td>2.5</td>
</tr>
<tr>
<td>Support to livestock and livestock products</td>
<td>3.2</td>
</tr>
<tr>
<td>Social Protection (VUP Public works, Direct Support to vulnerable groups)</td>
<td>18.3</td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td><strong>56.1</strong></td>
</tr>
<tr>
<td>Measures to reduce overcrowding especially to enable social distancing and installation of water facilities in schools</td>
<td>56.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>253.3</strong></td>
</tr>
</tbody>
</table>
These can be classified in four broad categories:

- **Health related spending**: represented in total 153.9 billion FRW. These include direct health spending such as procurement of vaccines, 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 43.3 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.

- **Education**: 56.1 billion FRW to support different measures to reduce overcrowding specially to enable social distancing and installation of water facilities in schools including fast-tracking school construction.
4. SECTORAL PERFORMANCE

4.1 ECONOMIC AFFAIRS SECTOR

In the sub-sector of agriculture, below are the main achievements registered in quarter two of the FY2021/22 in line with PSTA4;

- In line with increasing yield of major crops on consolidated sites; guidelines for inputs use were developed and disseminated to the districts and seasonal trainings for frontline extension agents was completed at both District and Sector level whereby a total of 18,611 extensionist were trained for season 2022A.

- Additionally, 766,780 ha have been consolidated and planted per priority crop as follows: Maize: 252,271 ha against a target of 253,253 ha, Rice: 14,478 ha against a target of 14,226, Beans: 371,277 ha against 365,565 ha targeted, Irish Potato: 60,203 ha against 64,479 ha targeted, Wheat: 5,784 ha against 8,700 targeted, Soybean: 4,691 ha against 4,613 targeted, Cassava: 51,968 ha against a target of 57,815 ha and vegetables: 6,108 ha against 8,000ha targeted.

- In line with the implementation of sustainable, diversified and climate smart crops practices, 3,626.1 MT against a target of 2,986.9 MT of improved seeds composed of 2,997.9 MT of Maize out of 2,592.2 targeted, 425.9 MT of Soybean against 82.4 MT targeted and 425.9 MT of Wheat against 312.3 MT targeted and 43,759.3 MT out of a target of 21,783.1 MT of fertilizers composed of 15,944.2 MT of DAP against a target of 8,804.1, 11,629.8 MT of Urea against a target of 5,817.9, 13,399 of NPK against a target of 5,907.6 and 2,786.2 MT of KCl and Blends against a target of 1,253.5 were used by farmers. In addition, 133,293 ha of radical terraces against a target of 132,556.7 and 980,570.3 ha of progressive terraces out of 977,055 targeted were cumulatively constructed.

- Regarding animal health and production; 35,162 cows out of 26,200 targeted were inseminated, 13,931 AI calves registered, 335,422 animals out of 248,300 targeted were vaccinated against BQ, 325,237 animals against a target of 273,000 were vaccinated against LSD, 18,829 out of 18,270 animals were vaccinated against brucellosis, 162,902 out of 186,720 targeted animals were vaccinated against RVF, 12,770 animals against a target of 71,500 were vaccinated against FMD while 3,668 animals against a target of 3,500 were vaccinated against Rabies.

- In line with scaling up local seed production on priority crops to reduce reliance on imports, the following MT of basic seeds were produced: 46.2 MT of maize, 38.34 MT of wheat, 19.91 MT of soybean, 12.07 MT of rice, 1,396.9 MT of Irish potatoes, and 26.5 MT of beans.
- In addition, 5,448.5 MT of maize, 451.15 MT of wheat, 312 MT of soybean, 288.11 MT of rice, 2,220.07 MT of Irish potatoes, and 159.15 MT of beans were certified.
- In line with Agriculture insurance policy; 10,715 Cattle against 275 targeted, 118,175 chicken out of 1,705 targeted and 1,633 Pigs against target of 100 were insured. In addition, 11,216 ha of rice out of 2,025 targeted, 3,916 ha of maize against a target of 1,150, 361.17 ha of Irish Potatoes out of 100 targeted, 26 ha of Chili against a target of 10 were insured while 1.12 ha French beans against a target of 5 were also insured.
- In order to increase value addition from traditional crops; 13,423.9 MT of green coffee out of 14,437 targeted were produced and 11,563.1 MT out of 10,106 were fully washed. 16,593.4 MT against target of 14,737 MT of made tea were produced while 4,042 MT of Fruits & Vegetables against target of 10,217 MT were exported and a total number of 33,262,935 out of 29,457,364 targeted of Flower stems were produced for local and export markets.

In the sub-sector of Trade and Industry, the following achievements were realized during quarter 2 of the fiscal year 2021/22;

- In order to strengthen commodity value chain linkages, 17,344,476 liters of milk out of 20,069,334 liters targeted has been supplied to the processors and milk Traders and 10 MCCs (Milk Collection Centers) were identified and upgraded as SMES.
- In line with improving access to the markets for export, Occupancy rate (%) for Cross border markets have been affected by the closure of the borders due to Covid-19 as follows; the rate of occupancy of Rubavu cross border market (CBM) stands at 48.2% out of a target of 55%, Karongi at 41.3% against 46% targeted, Burera at 18% against a target of 33% while Rusumo CBM is used as isolation center to accommodate cross border traders and cross border truck drivers. However, the rate of occupancy of Nyamasheke CBM stands at 77% against a target of 50% while the construction of Bugarama CBM was completed at 100% as expected.
- In addition, 3 exporters against a target of 3 facilitated to access export growth facility support (1 company under Matching Grant and 2 companies under Investment Catalyst Fund. These include Bella Flowers for Matching Grant of 12,247,211 Frw) while Mata Factory Ltd accessed EGF equivalent to 390 million Frw and Bella Flowers accessed EGF of 195 Million Frw under Investment Catalyst Fund respectively).
- In line with increasing revenues generated from traditional exported; a total of USD 21,152,161 against a target of USD 24,967,280 were generated from coffee exports, USD 22,866,267 against target of USD 20,947,508 were generated from made tea exports, USD 1,589,025 out of USD 1,685,507 targeted were generated from exported flowers, USD 8,130,735 against a target of USD 9,750,000 were generated from exported horticulture
In order to enforce Standards and Regulations Compliance: 2,258 out of 1,600 formal export consignments were inspected for quality control and exported to regional and international markets while 16,959 against a target of 17,932 import consignments were also inspected for quality control as well as protect the local market to not be a dumping place of substandard products that may come from regional or international markets.

In order to increase the competitiveness of domestic industries, the 6th Made in Rwanda (MIR) exhibition was organized in Kigali from 09-30 December 2021, 13 SMEs were trained in agro-processing while 1,432 samples against a target of 1,000 were received, tested, classified by sector and test reports were timely provided.

Additionally, on increasing domestic production for local consumption and improved export competitiveness, Frw 90,000,000 of working capital funds was transferred to the Rutsiro, Rwamagana and Nyabihu CPCs to strengthen their working capital and business plan for Nyabihu CPC has been reviewed and validated with comments for improvement. Besides, 75 clay and stone industries have been identified and coaching with a linked performance apprenticeship program while 5 Cow in the Car industries have been selected for technology acquisition.

In line with creating productive jobs through entrepreneurship development, access to finance and technology, a total of 2,495 MSMEs against a target of 2,500 were coached and supported by BDAs to come-up with viable business plans, out of them, 2,409 projects accessed finance. Besides, a total of 77 micro lease projects equivalent to Rwf 312,257,785 were approved are still waiting for machines which are being shipped from abroad while 343 SMEs were supported to access finance through guarantee equivalent to Rwf 760,338,469.

In the sub-sector of Information Communication Technology, registered achievements in quarter 1 of the fiscal year 2021/22 include the following

- In line with establishing a Vibrant, Competitive, and Innovative ICT Private Sector, 109 Innovators and start-ups at early development stage were supported through pre-incubation and incubation and beyond incubation programs.
- 10 Rwandan companies supported where 5 companies (ALLM, GO.LTD, BENO CARS, GUEZ SHOW and D ENERGY) were supported in B2B Matching with Japan Companies and other 5 Rwandan companies (Khens Ltd, Iriba Water Group Ltd, Magofarm Ltd, Ad Finance and Health Edu) supported and granted 30k USD under Ninja Program competition for covid-
19 emerging businesses thus establishing a Vibrant, Competitive, and Innovative ICT Private Sector.

- 5 companies have granted seed capital from Hanga PickFest 2021 (Hanga PickFest: GoR lead by MINICT and RDB organized the Hanga pitch Fest, this Festival aims to provide a unique platform to showcase tech-entrepreneurs and creative talents from all over the country thus establishing a Vibrant, Competitive, and Innovative ICT Private Sector.

- To ensure empowered digital communities and transformation through improved access to information and services using ICT;
  - 43,545 citizens were trained using different channels (DAP: 41,435; DTC:60; Youth Centers; 1500 and Itorero: 550), this is additional to 46,241 citizens trained in Q1.
  - Cumulatively, since July 2021 to December 2021; 895 public servants have completed ICDL training (from RIB, Rwanda Law Reform, Supreme Court, MINICT, NCST, GMO, RDF, RNP).
  - Internet subscriptions per 100 inhabitantants stands at 66.0%.
  - Mobile - broadband internet subscriptions rate is at 19.0% and a cumulative total of 1,792 public servant’s homes have been connected under Home Broadband framework.
  - Mobile Cellular subscriptions is at 84.2%. where 566 smartphones have been distributed to tea farmers by Rwanda Mountain Tea, and 16,250 smartphones through one household per village across the country.
  - 244 public institutions were connected to 4G during Q2 (8 Cells, 104 HPs, 123 Schools and 9HCs) where Cumulatively since July 2021 to end December 2021 (Q1&Q2); 906 public institutions were connected.
  - Furthermore 100 new Digital Ambassadors have recruited, trained, and deployed in 100 identified SAPs (31 District SAPs and 69 Sectors SAPs hosted new DAs) for SAP service delivery and DAP training these SAPs are equipped with furniture’s.

- In order to enhance government Operational Efficiency and Citizen’s Satisfaction, 92.33% equivalent to 110,637/119,815 of ID cards were produced and distributed on time (within 30 days).

- In line with the Rwanda’s Cyberspace and Information Assets Security, 7,390 digital Certificated have been issued equivalent to 73.9%.

- High Quality skills in ICT leveraging knowledge based economy developed, 76 trainees are recruited and enrolled to Andela.
In the **Transport sub-sector**, achievements realized during quarter 2 of the FY 2021/22 are in line with the implementation of prioritized policy actions agreed within the sub-sector. Below are the key achievements recorded.

- 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) 68.15% works was completed against a target of 62.5%;

- With regards to upgrading of 517.8 km of National Paved Roads, the overall progress for the construction of ancillary works of Kivu Belt Lot 7: Gisiza-Rubavu road upgrading (20km), the project works substantially completed, Nyagatare-Rukomo road was upgraded at 89% against a target of 85%, Kibugabuga-Nyanza road was upgraded at 71.8% against a target of 90%, whereas, Huye-Kibeho-Ngoma (66 km) was at 90% against a target of 90%; construction works for Asphalt Road Pindura- Bweyeye Upgrading (32 km) was completed at 44.8% against a target of 42%;

- Regarding the maintenance of 988.7 km of National unpaved roads & Bridges, Rubagabaga and Satinsyi bridges were maintained at 100% as targeted  Provisional handover took place on 6th August 2021, 82km Kigali-Musanze road & 9km access to Tumba College road (Multiyear), 65km Kigali- Kayonza road (Multiyear), 78km Kigali-Gatuna road (Multiyear), 61km Kicukiro- Nemba road (Multiyear), 31km Crete Congo- Nil-Buhinga road, 30 km Kitabi-Crete Congo- Nil road (Multiyear), 83 km Tyazo-Karongi-Rubengera road (Multiyear), 50.4 km Rusizi-Buhinga-Tyazo road (Multiyear), 48km Gisiza-Pfunda road (Multiyear) maintenance works ongoing and riding quality was at 96% as targeted. Whereas, 8km Muhanga-Ngororero-Mukamira road & 30km Muhanga-Nyange road (Multiyear) Works are ongoing and riding quality is 65% as planned; 50km Rusizi-Bugarama-Ruhwa & Access to Rusizi road (Multiyear) works ongoing and riding quality was at 75% as targeted; Maintenance of 102km Nyakinama -Musanze-Cyanika-Musanze-Rubavu road (Multiyear) works are ongoing and riding quality is 90% as planned; 157km Kigali-Huye-Akanyaru road (Multi-year) was ongoing and riding quality at 85% against works targeted at 95%.

- Regarding the 450km feeder roads in six districts of Gatsibo, Nyagatare, Nyabihu, Rutsiro, Gakenke and Nyaruguru rehabilitated, the overall works progress was at 32% against a target of 30%.

- 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 93.2% against a target of 100%;

- 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 on Lake Kivu for Rusizi port was at 8.9% as targeted, while the overall progress for Rubavu Ports was at 18% against a target of 25% for Rubavu and 8.9% for Rusizi ports;

- In line with the Isaka-Kigali railway right of way / corridors demarcation, demarcation is completed 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 2 of the fiscal year 2021/22;

- With regards to increasing access to electricity from 63% to 70% by end of June 2022: 41,136 households were connected to on-grid against 51,687 of new households’ connections targeted; 196 new productive users’ areas were connected to electricity grid against 68 targeted, while 44,970 new households were connected to off grid electricity against 17,000 new connections targeted.

- In order to increase electricity generation installed capacity from 238.368 MW to 292.368 MW by June 2022: under the Shema power lake Kivu plant constructed (56MW), the overall progress was at 38.5% against 35% targeted; 80 MW Rusumo Hydro Power Project had an overall progress of 85% against 90% targeted.

- To improve the transmission and distribution Network for reliability of supply; 23.3 km of 110kV single circuit Mukungwa-Nyabihu Transmission line and associated sub-stations were constructed, overall progress is estimated at 92.7% against 88% targeted; whereas improvement of Substations and Distribution network (JICA-III, Upgrade of Gasogi s/s was constructed and overall works was at 61% against 30% targeted.

- In regards to construction of 119 km of 220kV Single circuit Rusumo-Bugesera-Shango Transmission Line and associated sub-station, the overall progress for the transmission line was at 90.5% against a target of 85%; while the construction of 63.5km of 220kV Rwanda-Burundi Transmission Line and associated sub-station, overall project progress was at 93% against a target of 95%; the overall project progress of 75km Bwishyura - Kigoma- Rwabusoro 220KV Line and Shema (Symbion) substation constructed was at 33.5% against 25% targeted;

- In line with 631.85km of National roads served with street lights, the overall project progress of National roads served with street lights was at 33.2% against as a target 47%.

- In line to the upgrade of the Eastern Province network from single to three phase, the overall progress was at 75% against a target of 65% at the end of quarter two.

- In order to ensure 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 79.3% against a target of 75%; while the
construction of MV distribution lines (37Km) associated with the Reinforcement of Kigali distribution network (8 cabins) overall progress was at 74.5% against 70% targeted.

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 fiscal year 2021/2022 include the following:

- To increase daily water production capacity from 267,660 M3 to 327,690 M3; the rehabilitation of Shyogwe- Mayaga Dyke works was completed at 100% against a target of 70%. Implementation of Quick Win Project for Karongi Water Supply (2,000m3/day) was at 88.9% against 70% targeted.

- In line with the construction, extension and rehabilitation of 72.8 Km of Water Supply System in rural areas to serve 71,930 people constructed/extended/ rehabilitated and construction of 120 boreholes: 19.7 km construction of Nkururo-Nyamicucu-Kivuye water supply system in Burera District (8.6km) were completed at 31% against 20% targeted; 14.2 km Water network extension to Kagogo, Cyanika, Kinyababa and Bungwe Sectors constructed in Burera District was completed at 100% against 90% targeted;

- With regards to water networks in Urban and peri- urban areas rehabilitated /upgraded (369 km), strengthening 11km for Nzove-Ntora Principal Transmission Pipeline in Kigali City works progress was at 31% against 10% targeted; rehabilitation and extension of 284km in city of Kigali and surrounding areas (construction of 200km and rehabilitation of 84km) works progress was at 62.61% against 70% targeted; construction, rehabilitation, reinforcement and extension of 214km for Water supply distribution networks in RUBAVU secondary City was completed at 100% against 90% targeted; construction, rehabilitation, reinforcement and extension of 132.6km for Water supply distribution networks in RUSIZI secondary City works were completed at 85.85% against 75% completion targeted.

- In line with increasing access to sanitation services, semi-centralized sewerage system in Kigali Estates were rehabilitated and upgraded; the overall project progress was at 33.5% against 50% targeted at the end of quarter two.

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 achievements were realized during Quarter two;

- With regards to increasing access to social and affordable housing, Rugarama Project of 500 DU was supported with basic Infrastructure- Phase1 (Murrrram Road completed at 100%), overall progress for provision of basic Infrastructure was completed at 23% against 50% targeted.
4.2 EDUCATION SECTOR

The education sector achievements registered are in line with the core mandate of improving access to quality education. In the second quarter of the FY 2021/22, recorded achievements 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:

In the sub-sector of Pre-Primary, Primary Education and secondary, the main achievement realized were;

- To ensure sufficient numbers of competent teaching workforce across all levels of education, a total of 8,512 were recruited including 3,116 teachers for Pre-Primary; 3,781 teachers for Primary and 1,615 for secondary.
- Under teacher development program,
  - To enhance teacher career path advancement through offering loans/grants to existing in-services teachers pursuing Bachelors of Education at UR college of Education, the selection of second Cohort 300 in service teachers was initiated as planned and first cohort has already started benefiting study loans. The selection process for 120 students who will benefit from a study loan repayable upon employment has been completed;
  - Additionally, to enhance quality learning outcomes and relevance of education at all levels, 13 training centres to host English Proficiency training were identified and master trainers and 1,521 ToTs teachers were trained. Additionally, 242 Pre-Primary Teachers were trained on how to implement the pre-primary curriculum.
  - To enhance teacher career path advancement through offering partial waiver of fees to students pursuing TTCs, a total of 11,393 students were provided with 50% of government school fees.
- To strengthen leadership and management of educational institutions at all levels, 323/400 head teachers were inspected and provided advices for quality education improvement where 148/200 Head teachers were from primary schools while 175/200 were from secondary schools against a target of 400 head teachers inspected (200 Primary, 200 Secondary schools). In the second quarter, 211 head teachers were inspected (23 Primary, 54 Secondary schools).
- To enhance use of ICT to transform teaching and learning and support the improvement of quality across all levels of education in Rwanda, a total of 2,469 laptops and 753 projectors were provided to primary schools and secondary schools. In addition to this 33 Smart Classrooms were rehabilitated at 100%.
Still under ICT in Education, equally important to note, School Data Management System (SDMS) has been operationalized data cleaning activities were done and students and teacher’s registrations were completed in all schools. In addition, registration of Schools infrastructures and assets in SDMS was done at 100% and the allocation of teachers to their teaching subjects was done at 70%.

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 reduce skills gaps by increasing supply of skills with high demand on the labor market under Skills Development Fund (SDF):
  - 2,236 (1,452 females and 784 male) beneficiaries for Call 3 Batch 1 have graduated and verified by the Office of the Auditor General (OAG); while 1,371 beneficiaries completed the training and are yet to graduate.
  - 2,135 (904 females and 1,231 males) beneficiaries under Call 3 batch 2 is ongoing for 4 institutions and they will end early January 2022 while 50 institutions ended the training by November 2021. The graduated SDF beneficiaries from Call 3 batch 2 waiting for the verification from the OAG are 1,917 (899 Female and 1,018 Male).
  - 2,615 beneficiaries (1,408 females and 1,207 male) under Call 4 Batch 1 are also being trained. From the beneficiaries trained under Call 4 Batch 1, a total of 16 institutions have ended the training and 1,498 SDF beneficiaries graduated and ready for OAG verification and 33 institutions are still training and ready to end the training latest by January 2022.
  - Additionally, 134 training organizations of Call 4 Batch 2 signed contract in August 2021 (20th – 24th, 2021) to train 4,065 beneficiaries with expectations to complete in March 2022.

- Under CBA/CBT, training plan was developed, where 34 academic staff were trained under IPRC Huye and IPRC Musanze teaching in Animal health, Food processing, and crop production departments have been completed successfully and certified.

- Furthermore, 331 TVET Trainees in Masonry, Electricity, Carpentry, construction, welding and plumbing were trained and facilitated for Dual training program. The training facilitation includes meals, school fees, uniform, occupational basic tools and PPES, insurance and consumables for school-based and in-company training as well as
assessment and accommodation during 3 months of in-company training by end of quarter 2.

- Regarding ongoing construction works of 7 TVET Schools alongside Borders, overall construction works of the 7 TVET Schools stands at 87.75% against 90% targeted, where Cyanika and Kivuye sites in Burera District is at 96.075%, Cyumba and Mukarange sites in Gicumbi District is at 93.95%, Ntoma and Shonga sites in Nyagatare District is at 91.1%, while Bweyeye TVET school was at 52% at the end of quarter two. Thus overall construction works of 7 TVET Schools constructed alongside cross borders is at 87.75%.

- Under renovation of TVET schools with the support of KFW Phase II, the overall renovation works for 8 TVET schools was estimated at 65.75%. With Lot 1- Rushashi VTC: 58%, Lot 1- Nyagahanga TSS: 61%, Lot 2-Nyundo TSS: 68%, Lot 2-RSAM Muhanga: 35%, Lot 3-Nyarushishi VTC: 32%, Lot 4-Maraba VTC: 91%, Lot 4-Gacuriro VTC: 86% and Lot 5-Janja VTC: 95%.

- Under construction of 81 TVET wing on existing GS, progress stands at 81.87% against a target of 80%. Equipment materials were supplied by Rwanda Polytechnic (RP).

- Furthermore, the overall construction works for IPRC Huye Learning center was at 30.5% of completion (Beam) against 40% targeted and Hospitality Management Institute (HMI) stands at 90.5% against a target of 100%.

- In order to increase access to education through construction of modern infrastructure in higher learning institutions, UR Infrastructure development (UR Headquarters, Schools of Mining and Geology, Regional ODL centers, construction works stands at 68.1% against 85% targeted. Whereas Regional Center of Excellence for Biomedical Engineering and E-health (CEBE) stands at 65%.

- With regards to the manufacturing and supply of 5,236 Cooking stoves (movelo) and installation in 2,648 Schools across the country to enable rollout of school feeding program to all levels of education, the supply and installation of cooking stoves is now at 94% and 81% respectively. In total 4,952 full muvelos and 917 additional pots have been supplied to schools with 4,166 Muvelos and 653 additional ports installed in 2,472 schools.

- Again, in regards to enhancing quality learning outcomes and relevance of education at higher learning education levels, verification of compliance to admission criteria and specific academic program entry requirement was prepared, Data collection tools were prepared and shared to Polytechnics for collecting Self-Assessment reports on compliance to admission criteria and Feedback was provided by all 9 Polytechnics. Additionally, Verification assessments were conducted in 8 Polytechnics institutions to establish the level of compliance to admission criteria into 14 Higher Education Institutions including 8 IPRCs, Davis College, Muhabura Integrated Polytechnic College,
Kigali Integrated College, HANIKA Polytechnic, St Joseph Integrated Technical College, and ULK Polytechnic.

- In order to strengthen use of ICT in Higher Education, follow up Assessments were prepared and the verification assessments were conducted in 13 HLIs to ascertain the readiness of HLIs to resume academic activities after July lockdown while preventing the spread of Covid-19. The assessments were conducted in the following HLIs and Polytechnics located in Kigali; ULK - Kigali Campus, INILAK - Kigali Campus, RTUC - Kigali Campus, AUCA - Kigali, University of Kigali, Kigali Campus, Mount Kenya University (MKU) Kigali, Africa College of Theology (ACT), East Africa Christian College (EACC), ULK – Polytechnic, Kigali Integrated College (KIC), St. Joseph Integrated College, Davis Collegem (Akilah Campus), UR (In 3 Colleges: CMHS, CBE & CST).

- To increase innovative responsive research and development in relation to community challenges; 51 research papers were published in highly reputed journals including, African Centre of Excellence for Innovative Teaching and Learning Mathematics and Science (ACE ITLMS): 16, African Center of Excellence in Energy for Sustainable Development (ACE-ESD): 11, African Center of Excellence in Internet of Things (ACE-IOT): 10, Regional Centre of Excellence in Data science :4 and other centers of excellence published 10 research papers.

4.3 HEALTH

The Health Sector through a number of strategies continued to enhance demographic dividend through ensuring access to quality health for all. The following are the key achievements registered by the health sector in the second quarter of 2021/2022 through different health interventions:

- In line with the COVID-19 vaccination deployment program, a total number of 7,705,552 (83.4%) people received 1st dose of COVID19 vaccine, a total number of 5,502,525 (59.6%) people received second dose of COVID19 vaccine and 195,143 (2.1%) people received third dose by end December 2021. The coverage is calculated using target population of 12 years and above.

- To strengthen the prevention and control of malaria, Indoor Residual Spraying activities were conducted in 10 districts by the end of December 2021. A total of 1,067,269 structures out of 1,075,392 targeted structures were sprayed, on a coverage rate of 99.2%. The following districts were sprayed: Nyagatare, Ngoma, Kirehe, Kayonza, Rwamanagana, Bugesera, Gisagara, Nyanza, Ruhango and Kamonyi.
To reduce the burden of communicable diseases, care and treatment services has been provided to patients whereby the proportion of persons living with HIV infection receiving Anti-retroviral Therapy is now at 89.9% (209,348/232,842).

To improve quality of services offered by public health facilities, CHUK did an outreach in Ruhengeri Hospital from 24th to 30th October 2021 and operated 48 patients in General surgery and orthopedic surgery. Additionally, the overall implementation of Electronic Medical Records and the utilization of its module in public hospitals is at 75.5% (registration, Outpatient Department and billing are implemented at 100%, lab at 96%, Inpatient Department at 50%).

To improve the availability of quality blood and blood products, a total 19,059 blood Units were collected during 388 blood collection sessions. The hospital satisfaction (Demand: 27,210 vs Supply: 26,639 of blood product units) was at 97.9% in the first quarter of 2021/2022.

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 Mental Health Day Care was estimated at 65% and the construction works for IRCAD Africa Center were estimated at 37.28% by end of quarter two 2021/2022 fiscal year.

Regarding the improvement of quality of food and pharmaceuticals products, a total of 20 food safety inspections were conducted, 251 food premises and 380 pharmaceutical premises were inspected; 80 samples were tested for post marketing surveillance including food and pharmaceutical products and other regulated products.

To enhance the availability and quality of Health professionals, a total of 210 students are enrolled in the associate nursing program and also eleven international Faculty from different institutions have been recruited to teach the health professionals locally.

### 4.4 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 for Q1 of 2021/22 Fiscal year;

- In line with increasing access to social security and income support programs, particularly among vulnerable older people, people with disabilities and households with low labor; a total number of 114,754 out of 33,305 targeted households (51,538 females headed and 63,216 males headed) benefited from classic public works (cPW), 92,334 out of 58,152 targeted households (65,446 females headed and 26,888 males headed) benefited from expanded public works (ePW) in 300 sectors, 122,292 households ((88,129 headed by
females and 34,163 headed by males) against a target of 119,256 from 416 Sectors were supported under VUP Direct support while a 100% of 115,783 eligible beneficiaries enrolled in Nutrition sensitive direct support in 18 Districts (NSDS) (101,692 under two children and 14,091 pregnant women) were supported.

- With regards to increasing access to complementary livelihood development services for economic empowerment to extremely poor households through, a total of 21,660 loans against 12,500 have been advanced to finance income generating activities, 23,561 beneficiaries against a target of 16,917 benefited from VUP financial services (FS).
  - In addition, through Multi-sectoral approach activities for extreme poverty eradication, 1,717 eligible individuals in ubudehe cat 1 out of 1,801 benefited from skills development, 22,252 eligible HHs in ubudehe Cat. 1 against a target of 4,740 benefited small livestock while 6,244 eligible HHs in ubudehe cat 1 against a target of 1,035 benefited from off and on grid energy.
  - Besides, 8,604 Cows out of 5,550 targeted were distributed to poor families (Earmarked: 1,634; Pass on: 6,712 and Partners: 258) Under Grinka program, 257 pigs and 2,000 chicken were distributed to youth and women cooperatives.

- In line with the policy of reducing malnutrition among children below 5 years of age with acute malnutrition;
  - A total of 4,434 children against 6,975 targeted received milk support.
  - Moreso, a total of 66,851 children (6-24 Months) against a target of 137,810 and 14,656 pregnant and lactating women out of 76,124 targeted in Ubudehe Category 1&2 received Fortified Blended Food (FBF).

- In line with protecting Child rights and welfare, 108 children against 39 targeted (2 children from orphanages and 106 from detention centers) were reintegrated into family and community-based care while 692 Orphans and vulnerable children (OVC) out of 892 targeted in TVET and 234 OVC against a target of 237 in 12 YBE were supported with school fees, school feeding and scholastic materials.

- In order to address human security issues, a total number of 442 houses out of 480 targeted were constructed for vulnerable households under category 1 of Ubudehe, 2,374 out of 2,029 targeted houses in poor conditions were rehabilitated and 877 toilets were constructed against 474 targeted while 11,009 toilets were rehabilitated out of a target of 6,778 targeted.

- In line with providing relief assistance and humanitarian protection for people affected by disasters, 300 eligible families in Rulindo, Huye and Nyagatare affected by disasters have been assisted with non-food items after assessment conducted by MINEMA. In addition, a total of 269 households and 1 school has been assisted with recovery items
(whereby 5,841 iron sheets, 562 kgs of nails and 672 kgs of galvanized wires), in the 4 Districts i.e. Huye, Nyagatare, Rulindo and Musanze.

4.5 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 during the second quarter of the FY 2021/22;

- In line with strengthening and coordinating legal aid to the community through access to Justice Bureaus (MAJ), 5,593 cases equivalent to 99.6% were handled during quarter two as follows: 4,160 (74.4%) cases were mediated, 812 (14.5%) cases were handled by preparing courts submissions while 621 (11.1%) were oriented to other institutions. Only 21 (0.4%) cases were still pending at the end of the quarter.

- In line with improving investigation of human trafficking, drug trafficking, environmental and cybercrimes cases (JRLOS Strategic Plan 2018-2024), during quarter two, 3,796 out of 4,039 registered illicit drugs cases were investigated, 14 out of 14 human trafficking cases registered were investigated, 409 including 381 newly reported cybercrime cases and 28 from the previous quarter were fully investigated while 475 reported environmental crimes cases including 261 cases newly registered and 214 from previous quarters were also fully investigated.

- With regard to conducting investigation and prosecution of Gender-Based Violence (GBV), during quarter two, 4,305 out of 4,344 cases in such need were supported by scientific evidence, while 2,264 including 2,200 newly registered cases on child defilement and 64 backlogs from the previous quarters were investigated.

- In line with handling forensic cases and timely delivery of services to citizens, from July to December 2021, Rwanda Forensic Laboratory (RFL) handled 4609 forensic cases equivalent to 98.1% out of 4698 cases received for scientific evidences.

- In line with prosecution and investigation of embezzlement and corruption-related offences, 457 embezzlement and corruption cases including 382 newly reported and 75 from previous quarters were fully investigated during quarter two.

- With regard to recovering embezzled funds for won cases, cumulatively, from July to December 2021, a total of 2,583,464,424 frw was recovered against the target of 900,000,000 Frw (Frw 89,475,176 recorded during Q1 and frw 2,493,989,248 recovered during Q2).
With regards to enhancing professional & practical legal skills of both public and private sector lawyers, 118 students (71 males and 47 females) completed their courses in DLP full time mode while 268 trainees (157 males and 111 females) were trained in different short courses.

4.6 ENVIRONMENTAL PROTECTION

In the Sector of environment protection, the following achievements were recorded during Q1 for fiscal year 2021/22;

- In order to increase the percentage of forest cover, 1,740 ha of new forests were planted countrywide against the quarter 2 target of 2,785.43 ha of new forests that had to be planted countrywide.

- To increase land under agroforestry, 53,394 ha of agroforestry planted, maintained and beaten-up countrywide against the quarter 2 target of 50,920.20 ha of agroforestry 2,614,000 fruits trees were distributed and planted countrywide against the quarter 2 target of 2,414,800 fruits trees planting.

- In order to increase public forest whose management is transferred to private operators, 2,585.48 Ha have been mapped and are in tender process for allocation against a target of quarter 2 of 3,000 ha that were to be mapped and inventoried and 2,000ha of Q1 tendered for allocation. 5 PFMUs were created totaling 347 ha in Gicumbi District against the Expression of interest and negotiations that were targeted in quarter 2.

- To continue reducing wood biomass energy through use of improved efficient technologies, final business plans for 19 green charcoal cooperatives were developed, validated and submitted to the cooperatives for implementation whereas Procurement process was completed and 15,300 improved cook stoves (ICS) were distributed in Kamonyi (6,900 ICS), Ruhango (3,100 ICS) and Gicumbi (5,300 ICS).

- To continue increasing annual employments created from ENR sector, 22,327 against a quarter 2 target of 20,140 new jobs were created in which 2,563 are permanent jobs while 19,764 are casual jobs.

- To ensure cumulative volume of finance [US$ millions] is mobilized for climate and environment purposes, USD 1,403,094 were mobilized (USD 1,069,182 from domestic resources and USD 333,912 (EU 297,613) from GIZ/NAMA) as of 31st December 2021. Euro 7,999,708 were mobilized from Sweden to implement COMBIO project.

- To ensure effective governance of water resources at catchment, national and transboundary level, provisional structures are being established in catchments where catchments management plans have been developed at 25% against 50% target in quarter 2.
– To continue rehabilitating water related disasters mitigated and degraded watersheds, 5,662.51 ha against 3,000 ha targeted in quarter 2 of land were restored. 587.75 Ha in Sebeya sub-catchment, 3,472.76 Ha in 14 districts that received earmarked funds, and 1,602 Ha in Giciye Sub-catchment (Phase I & II). In addition, the progress for construction activities for Sebeya Retention Dam is at 12% against the target of 40% for quarter 2.

– In order to increase revenues generated through minerals value addition and 150.9M USD was mobilized against the quarter 2 target of mobilizing 142M USD of revenues. In addition to this, Value addition operators are being facilitated to obtain raw materials through granting them mining concessions and in collaboration with RRA, support them through customs to obtain imported raw materials. As result of value addition interventions, the price of exported cassiterite has increased from 9.4 USD/KG to 16.4 USD/KG which is about 74.4% due to the value addition intervention, but also the its demand has increased.

– In order to digitize core businesses of RMB including geological information, managing licenses, certificates and granting them online, 10,298 maps and 5,544 documents have been cataloged which make the total of 15,842 cataloged files from the RMB archive. 8,740 maps and 4,644 documents have been scanned which make the total of 13,384 scanned files from the RMB archive.
5. CONCLUSION

As mentioned above, the execution of the budget in the July-December 2021 period was affected by the ongoing measured including lockdown and other policies adopted by the Government to combat the corona virus pandemic. Despite the restrictions and other measures, the economy showed some signs of recovery. However, on the revenue side, the accrual of resources was negatively impacted by some of the restrictions as well as Government policies in granting some exemptions and the introduction of some subsidies. Furthermore, delays in completing all administrative procedures required for disbursement of donor budget support funds not only reduced spending but also let to the accumulation of a “float”. On the spending side, again some of the restrictions on movements led to lower than expected spending on some items. However, the Government accelerated the vaccine program significantly in the July-December 2021.

The Government at the end of 2021 revised the original budget for the fiscal year 2021/22. This budget included new assumptions on the revenue and expenditure sides. After approval by Cabinet the revised budget was submitted to Parliament for approval.

Government will continue to monitor both local and external developments closely for the rest of the fiscal year 2021/22. It will take all the necessary steps to ensure that the approved revised budget is fully implemented. In doing so, it will endeavor to uphold its main policy objectives of promoting growth and welfare of the population whilst maintaining macro-economic stability.