

Office of the Auditor General of Rwanda



SUSTAINABLE AGRICULTURAL INTENSIFICATION AND FOOD SECURITY PROJECT (SAIP)

AUDIT REPORT ON FINANCIAL STATEMENTS

For the year ended 30 June 2021

OAG Core Values

Integrity

In public Interest

Innovation

Objectivity

Professionalism

**SUSTAINABLE AGRICULTURAL INTENSIFICATION AND FOOD SECURITY PROJECT
(SAIP)
AUDIT REPORT ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

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1. INTRODUCTION

1.1. Background

The Sustainable Agricultural Intensification and Food Security Project (SAIP) is under the supervision of Rwanda Agriculture and Animal Resources Development Board (RAB).

The Project focuses on consolidating and expanding the results obtained under the World Bank-funded projects namely Land Husbandry, Water Harvesting, and Hillside Irrigation (LWH) and Third Rural Sector Support Project (RSSP III) and other selected MINAGRI-developed schemes. SAIP therefore continues the capacity building activities of the farmers' organizations (Water Users' Associations - WUAs), Self-Help Groups (SHGs), cooperatives established under these projects to support them to further increase their productivity, strengthen their organizational and management capabilities and help them link better to the markets to create additional livelihood opportunities. The Project also furthers scale-up efforts on nutrition-sensitive and climate-resilient agriculture from the previous projects.

The Project identifies selected value chains to focus its efforts and to consolidate the results from the LHW and RSSP III while ensuring sustainable impact through market-driven approaches. The Project focuses on the following value chains: (a) vegetables and fruits for the domestic, regional and international markets; (b) maize for domestic and regional markets; (c) Irish potato for domestic and regional markets; and (d) beans for domestic markets.

The Project also supports to increase productivity on hillsides and marshland agriculture by supporting investments in irrigation, access to inputs and improved agricultural practices. The Project also strengthens small holder farmers to engage in commercialized agriculture. Investments are also made in farm level irrigation equipment and mechanization.

The Project focuses on post-production support through storage techniques, storage and drive infrastructure including food safety and quality standards. The Project activities broadens the diversification into higher value crops from the current narrow range of food staples especially focusing on small farmers. The support to women in agriculture includes interventions aimed at empowering them through better targeting, gender sensitive implementation modalities and capacity building. The Project also promotes information and communication technology for better coordination and to achieve sustainable gains in agriculture in the areas of e-extension nutrition messaging and agriculture market information.

1.2. Strategic goal of SAIP

The strategic goal of the Project is to increase agricultural productivity, market access, and food security of the targeted beneficiaries in the Project area.

1.3. Project implementation

1.3.1. Project components

The Project has the following four (4) main components:

Component 1 - Institutional strengthening, agriculture productivity enhancement, and nutrition improvement

The component strengthens selected farmers' organizations for improved agricultural productivity and healthier household nutrition. The Project proactively engages youth and women. Specifically, the Project works closely with identified youth groups to serve as service providers and support farmers to shift from subsistence agriculture to commercial agriculture. The Food and Agriculture Organization of the United Nations (FAO) works closely with the Project and provide Technical Assistance (TA) and support to the component, implementing the Farmer Field Schools (FFS) and Farming As Business (FAB) approach. The component has three subcomponents:

- (i) *Strengthening farmer organizations;*
- (ii) *Agricultural productivity enhancements; and*
- (iii) *Improving nutrition outcomes at household level.*

Component 2 - Irrigation and water use efficiency

This component promotes technology and best practice for increased availability and efficient use of water for irrigation to increase crop productivity and increase farmers' resilience to climate volatility. It has two (2) subcomponents:

- (i) *Improved efficiency and expansion of existing irrigation schemes; and*
- (ii) *Strengthening irrigation capacity.*

Component 3 - Market linkages, value addition, and access to finance

This component enhances market linkages and value addition by strengthening the capacity of farmers' organizations and other value chain actors and by improving their access to finance. The consolidates and scale-up the efforts undertaken by LWH and RSSP III, strengthening the development of sustainable market linkages and value addition, through increased performance and commercialization of selected value chains. The component works in tandem with component 1 supporting farmers' organizations to improve their market orientation and connecting farmers to markets, thus channelling to productivity gains made in components 1 and 2.

Component 4 - Project management and technical assistance

This component provides management and technical assistance for the implementation of the above 3 components.

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1.3.2. Project main progress achievements to 30 June 2021

Line Ministry of the Project	MINAGRI
Strategic goals/objectives of the Project	The strategic goal of the Project is to increase agricultural productivity, market access, and food security of the targeted beneficiaries in the project area.
General achievement of strategic goals /main component of the Project	<p>Since SAIP inception, the number of people who have benefited from the Project support totals to 187,517 people (42 % women) against an end target of 200,000 beneficiaries. SAIP has supported farmers in improved production support equivalent to 8,293 ha of land area and productivity enhancement support has so far reached 37,604 (15,867 women and 21,737 men) beneficiaries. The Project has supported the targeted beneficiaries to improve on the productivity of the targeted value chains for example; Irish potatoes productivity has increased from 14.97 to 16 tons per hectare, 2.8 to 3.1 tons per hectare for Maize and 1.8 to 2 tons per hectare for Beans. The yield increase was also registered among horticultural crops, including for bird eye chili with an increase from 10.5 to 10.7 tons per hectare, tomatoes it was from 15.1 to 15.5 tons per hectare while for onions and water melon, the increase was from 13 to 15 tons per hectare and from 15 to 16 tons per hectare respectively.</p> <p>In regards to the improvement of nutritional outcomes among the targeted beneficiaries, the Project continued with the implementation of the nutritional Social Behaviour Change Communication (SBCC) practices; cooking demonstrations for teaching Project beneficiaries on how to prepare a balanced and affordable diet to fight malnutrition and cumulatively 4,040 beneficiaries have been reached. The Project also continued with the program aimed at enhancing the availability of nutritious foods in beneficiaries' daily diet where the project distributed to 572 households 1,695 kilograms of iron-fortified beans seeds and 1,875,000 cuttings of orange-fleshed sweet potatoes. Since the start of the Project, this program has reached 5,159 households who benefited from 4,475,000 million of nutritious sweet potato cuttings and new 3,750 kg of iron-fortified beans seeds distributed making a cumulative of 6,134.5 kg and 1,886 households benefiting since the project start.</p> <p>The Project also promoted the production of mushrooms that are rich in potassium and zinc and good source of iron by providing cumulatively 41,892 mushroom spawns and construction of 47 mushroom houses to additional 1,822 households making a cumulative of 2,274 households with pregnant and lactating women and children below 5 years. In addition to mobilization for the production and consumption of nutrient rich crops, the Project continued the promotion of backyard poultry farming, with a focus on households with children aged or under 5 years old, pregnant and lactating women all classified in the two lowest socio-economic categories. During the reporting period, additional 5,600</p>

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	<p>chickens were distributed to 1,400 households along with 1,400 chicken houses making a cumulative of 6,400 chicken distributed to 1,600 households since the project inception. The distributed chickens have so far produced 30,913 eggs which were all consumed by the beneficiary households.</p> <p>Since July 2020, the number of farmers paying water fees increased from 68% to 68.2% due to the Project's continuous strengthening of the capacities of Water User's Associations in regards to maintaining the developed irrigation schemes. In addition, the Project has embarked on the support to promote water use efficiency on 285.4 ha through use of Small Scale Irrigation technologies and 349.2 ha within the irrigation schemes in project sites. To enhance farmers' skills and crop productivity, SAIP has conducted a training of trainers on good agriculture practices and seed multiplication for 1,639 lead farmers (43.2% women) from 18 cooperatives growing the targeted value chains. Support in the construction of 2 maize drying shelters and 9 cold rooms, 60 plastic sheets as a part of the post-harvest support also contributed to 12,483.41 metric tons of agricultural production processing was also embarked on.</p>
<p>Specific achievement of strategic goals/outputs of the Project</p>	<p>The increase of harvested yield is at 22.7%, and the increase of produced commodities in targeted value chains marketed by participating producers is at 11%. Farmers adopting improved technologies are 37,604. The number of producer based organizations supported are 1,559 and total of 122,536 and 37,604 beneficiaries received improved nutrition assets/services and reached with agriculture assets or services respectively. The total area under improved irrigation is 634.2 ha (including 285 ha of SSIT and 349.2 ha under improvement of water use efficiency in existing schemes) while 3,631 water users are paying water fees including 1,305 females. 13,355.41 metric tons are the volume of agricultural production processed by post-harvest facilities established with project support with 40 market linkages totalling 1,740,039 USD. To be able to collect agriculture production, farmers were able to mobilize about 213,567 USD from both their savings and loan from financial institutions. 13 knowledge products were produced by the Project and disseminated to the beneficiaries under communication and knowledge management.</p>
<p>Current situation that the project was formed to intervene</p>	<p>SAIP has been prepared to consolidate and sustain the results obtained in the World Bank-funded LWH, RSSP III and other similar programs of Ministry of Agriculture and Animal Resources (MINAGRI).</p>
<p>Other important background information of the Project</p>	<p>The Project is funded by the Global Agriculture and Food Security Program (GAFSP) and the World Bank is acting as administrator of the GAFSP and Republic of Rwanda for the financing SAIP. The total grant is USD 26,300,000 and the GoR counterpart contribution is USD 4,000,000.</p>

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1.3.3. Funding summary

Source of funds	Donor commitment-	Exchange rate per agreement	Donor Commitment-	Cumulative amount received to date	Cumulative amount received to date	Undrawn balance to date	Undrawn balance to date
	(USD)		(in Frw)	(30/06/2021) (USD)	(30/06/2021) (in Frw)	(30/06/2021) (USD)	(30/06/2021) (in Frw)
	(A)			(B)		(A) - (B)	
IDA World Bank: P164520	26,300,000	877	23,065,100,000	*12,215,237.48	11,397,564,866	14,084,762.52	11,667,535,134
Counter part funds:							
Government of Rwanda	4,000,000	877	3,508,000,000	347,031.65	788,606,032	3,152,968.35	2,719,393,968
Total	30,300,000		26,573,100,000	13,062,269.13	12,186,170,898	17,237,730.87	14,386,929,102

*The total amount received to date is USD 12,215,237.48 for all withdraw applications including direct payment of USD 1,200,000 made to FAO.

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1.4. Organisational structure

The Project has a Steering Committee which is the oversight organ over SAIP activities. Members of the Steering Committee during the 12 months period ended 30 June 2021 up to the time of audit in November 2021 were as follows:

S/N	Names	Institution	Post and period of service
1	MUSABYIMANA Jean Claude	MINAGRI	Permanent Secretary/Chairperson of the Steering committee
2	BISANGWA Innocent	SPIU WB&KOICA/RAB	SPIU Coordinator from 14 November 2019 to 08 June 2021
3	RWAMULANGWA Stephen	SPIU WB&KOICA/RAB	SPIU Coordinator from 09 June 2021 to date
4	URUJENI Sandrine	NAEB	Member of Steering Committee
5	MWISENEZA Julienne	GMO	Member of Steering Committee
6	KAYITESI Regina	PSF	Member of Steering Committee
7	HAKIZIMANA Vedaste	MINALOC	Member of Steering Committee
8	TUYISENGE Fabien	NCCR	Member of Steering Committee
9	SHEMA Kenneth	MINICOM	Member of Steering Committee
10	MASENGESHO Amouram	RLMUA	Member of Steering Committee
11	MUKASERIRE Devothe	Rwanda Federation of Horticulture Cooperatives (RFHC)	Member of Steering Committee
12	TWIRINGIRE Samson	REMA	Member of Steering Committee
13	MUKAYIRANGA Agnes	RAB	Member of Steering Committee
14	HAKIZIMANA Eric	MINECOFIN	Member of Steering Committee
15	BUCAGU Charles	RAB	Member of Steering Committee

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The day to day management of the Project is entrusted to SPIU Coordinator appointed by RAB. The management team members who served the Project during the 12 months period ended 30 June 2021 and at the time of audit in November 2021 are as follows:

S/N	Names	Position
1	KARANGWA Patrick, PhD	Director General of RAB/Chief Budget Manager up to 26 August 2020
2	UMUTONI Clarisse	Chief Finance Officer of RAB/Chief Budget Manager from 27 August 2020 to date
3	MUSHIMIYIMANA Pauline	RAB Corporate Services Division Manager up to 29 May 2021
4	HAKIZIMANA Eric	Division Manager in Charge of Finance and Administration from 30 May 2021 to date
5	BISANGWA Innocent	SPIU Coordinator from 14 November 2019 to 08 June 2021
6	RWAMULAGWA Stephen	SPIU Coordinator from 09 June 2020 to date
7	UWIMANA Josine	Head of Finance and Administration from 01 January 2019 to date
8	NTIBAZIYAREMYE Innocent	Chief Accountant from 1 January 2012 to date
9	HITIMANA Jean	Ag. Head of Management Information System Department from 1 October 2017 to date
10	RUTAGENGWA Valens	Ag. Senior Administrator from 1 January 2019 to date
11	NSHIMIYIMANA Joseph	Quality Assurance and Control Officer from 1 January 2012 to date
12	TUYISHIMIRE Agnes	Ag. Head of Procurement from 1 January 2019 to date
13	NYIRAMUTANGWA Sarah	SAIP Acting Project Manager from 18 November 2019 to date
14	KAREMERA Jean Claude	Senior Value Chain Development Specialist from 1 January 2019 to date
15	NZABAMWITA Innocent	Senior Irrigation Engineer from 1 January 2020 to date

1.5. Project Information

Project Start Date	The Project signature of agreement date is 19 September 2018 The Project effectiveness date is 31 December 2018
Project End Date	The Project completion date is 31 August 2023
Project Manager	NYIRAMUTANGWA Sarah (Acting Project Manager from 18 November 2019)
Project Budget	List donor(s) name, amount and currency 1. IDA World bank: 26.3 Million (USD) 2. Government of Rwanda: 4 Million (USD)

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Total cost of the project	30.3 (Million USD)
Implementing Budget Agency	Implementing Budget Agency is: SPIU SAIP-RCSP/RAB

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2. STATEMENT OF MANAGEMENT RESPONSIBILITIES

Article 66 of the Organic Law N° 12/2013 of 12/09/2013 on State Finances and Property requires budget agencies to prepare and submit to the Ministry annual financial statements in a period of one month from the end of the fiscal year and submit their annual financial statements to the Auditor General of State Finances not later than 30th September of the following fiscal year.

Article 19 of the Organic Law N° 12/2013 further stipulates that the Chief Budget Manager is responsible for maintaining accounts and records of the budget agency, preparing reports on budget execution, managing revenues and expenditures, preparing, maintaining and coordinating the use of financial plans, managing the financial resources for the budget agency effectively, efficiently and transparently, ensuring sound internal control systems in the budget agency and safeguarding the public property held by the budget agency.

As Chief Budget Manager, I accept responsibility for the annual financial statements, which have been prepared using appropriate accounting standards applicable to Public entities as determined by Article 99 of the Ministerial Order No. 001/16/10/TC of 26/01/2016 relating to financial regulations.

These financial statements have been extracted from the accounting records of SAIP and the information provided is accurate and complete in all material respects. The financial statements also form part of the consolidated financial statements of the Government of Rwanda.

In my opinion, the financial statements give a true and fair view of the state of the financial affairs of SAIP, I further confirm that SAIP maintained proper accounting records which can be relied upon in the preparation of financial statements. I also confirm that adequate systems of internal control were maintained and operated effectively during the year to safeguard the assets of the budget agency.

Signature: _____



UMUTONI Clarisse
Chief Budget Manager



Date: 17/12/2021

3. REPORT OF THE AUDITOR GENERAL

REPORT ON THE FINANCIAL STATEMENTS

UMUTONI Clarisse
Chief Budget Manager

3.1. Opinion

As required by Article 165 of the Constitution of the Republic of Rwanda of 2003 revised in 2015, and Articles 6 and 14 of Law N° 79/2013 of 11/09/2013 determining the mission, organization and functioning of the Office of the Auditor General of State Finances (OAG), I have audited the financial statements of Sustainable Agricultural Intensification and Food Security Project (SAIP) for the year ended 30 June 2021. These financial statements comprise the statement of financial position as at 30 June 2021, and the statement of revenue and expenditure, statement of cash flows and budget execution report for the year then ended, and a summary of significant accounting policies and other explanatory notes. These financial statements are set out on pages 14 to 36.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of SAIP as at 30 June 2021, and of its financial performance and its cash flows for the year then ended in accordance with the guidelines provided by Ministerial Order N° 001/16/10/TC of 26/01/2016 relating to financial regulations and Organic Law N° 12/2013/OL of 12/09/2013 on State Finances and Property.

3.2. Basis for Opinion

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under ISSAIs are described in section 3.4 of this report.

I am independent of Sustainable Agricultural Intensification and Food Security Project (SAIP) and have fulfilled my ethical responsibilities in accordance with the ethical requirements that are relevant to my audit of financial statements of public entities as determined by the *Code of ethics* for International Organisation of Supreme Audit Institutions (INTOSAI). I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

3.3. Responsibilities of management and those charged with governance for the Financial Statements

According to Organic Law N° 12/2013/OL of 12/09/2013 on State Finances and Property, management of SAIP is responsible for keeping accounting records and books of account, and preparation of financial statements in accordance with the financial regulations prescribed by the Minister in Ministerial Order N° 001/16/10/TC of 26/01/2016 relating to financial regulations.

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This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the SAIP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Government either intends to discontinue operations of the SAIP.

Those charged with Governance of this project are the Project Steering Committee (PSC). They are responsible for overseeing SAIP's financial reporting process.

3.4. Auditor General's responsibilities for the audit of the financial statements

My objective when conducting an audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Misstatements can arise from fraud or error and are considered material if individually or in aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these financial statements.

An audit conducted in accordance with ISSAIs requires an auditor to exercise professional judgment and maintain professional skepticism throughout the audit and involves:

- The identification and assessment of the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform procedures responsive to those risks and to obtain sufficient and appropriate audit evidence to provide a basis for the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of internal control.
- Evaluating the appropriateness of accounting policies used, the reasonableness of accounting estimates made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained whether a material uncertainty exists related to events or conditions that may cast significant doubt on the SAIP's ability to continue as a going concern as well as evaluating the presentation of the financial statements.

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- Evaluation of the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieved fair presentation.

KAMUHIRE Alexis
AUDITOR GENERAL

KIGALI

28 / 12 / 2021



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4. FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

**4.1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30
JUNE 2021**

Description	Notes	12 months to 30 June 2021 Frw	12 months to 30 June 2020 Frw
REVENUE			
Grants	2	4,556,697,417	5,762,493,744
Transfers from other Government reporting entities	3	190,000,000	598,606,032
Other revenue	4	199,519,845	91,917,561
Total revenue		4,946,217,262	6,453,017,337
EXPENSES			
Compensation of employees	5	1,069,942,053	1,002,231,619
Goods and services	6	3,110,732,410	1,851,901,049
Acquisition of fixed assets	7	256,943,305	231,637,626
Grants and other transfer payments	8	449,948,200	-
Other expenses	9	76,252,208	30,210,873
Total expenses		4,963,818,176	3,115,981,167
Deficit / Surplus for the period		(17,600,914)	3,337,036,170

The notes on pages 20 to 36 form an integral part of these financial statements.

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4.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

Description	Note	Balance as at 30 June 2021 Frw	Balance as at 30 June 2020 Frw
ASSETS			
Current assets			
Cash and cash equivalents	10	3,910,818,217	3,789,904,640
Advance payments	11	6,340,785	3,157,591
Total assets		3,917,159,002	3,793,062,231
LIABILITIES			
Current liabilities			
Accounts payable	12	(145,475,873)	(5,515,757)
Total liabilities (B)		(145,475,873)	(5,515,757)
Net assets C= A-B		3,771,683,129	3,787,546,474
Accumulated surplus from previous years	13	3,787,546,474	450,510,304
Adjustments on cash and cash equivalents		1,739,800	-
Adjustments on receivables		(2,231)	-
Net surplus of the period		(17,600,914)	3,337,036,170
Total net assets		3,771,683,129	3,787,546,474

The notes on pages 20 to 36 form an integral part of these financial statements.

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4.3. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

Description	12 months to 30 June 2021 Frw	12 months to 30 June 2020 Frw
Cash flow from operating activities		
Revenues		
Grants	4,556,697,417	5,762,493,744
Transfers from public entities	190,000,000	598,606,032
Other revenue	199,519,845	91,917,561
Expenses		
Compensation of employees	(1,069,942,053)	(1,002,231,619)
Goods and services	(3,110,732,410)	(1,851,901,049)
Grants and other transfer payments	(449,948,200)	-
Other expenses	(76,252,208)	(30,210,873)
Adjusted for:		
Changes in receivables	(3,183,194)	(3,157,591)
Changes in payables	139,960,116	5,515,757
Prior year adjustments	1,737,569	-
Net cash flow from operating expenses	377,856,882	3,571,031,962
Cash flows from investing activities		
Acquisition of fixed assets	(256,943,305)	(231,637,626)
Proceeds from sale of capital items		
Net cash flows from investing activities	(256,943,305)	(231,637,626)
Net cash flow from financing activities	-	-
Net increase in cash and cash equivalents	120,913,577	3,339,394,336
Cash and cash equivalents at the beginning of period	3,789,904,640	450,510,304
Cash and cash equivalents at the end of period	3,910,818,217	3,789,904,640

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4.4. Statement of changes in net assets for the year ended 30 June 2021

Description	Accumulated surplus/loss Frw	Adjustments Frw	Total Frw
Net surplus from the previous year	3,787,546,474	-	3,787,546,474
Net surplus for the current financial year	(17,600,914)	-	(17,600,914)
Balances as at 30 June 2021	3,769,945,560	-	3,769,945,560

The notes on pages 20 to 36 form an integral part of these financial statements.

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**4.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR
THE YEAR ENDED 30 JUNE 2021**

Description	Budget	Actual	Variance	Performance
	Frw	Frw	Frw	
	A	B	A-B	(B/A)*100
REVENUE				
Grants	-	4,556,697,417	(4,556,697,417)	-
Transfers from central Treasury	-	190,000,000	(190,000,000)	-
Other revenue	-	199,519,845	(199,519,845)	
Total receipts	0	4,946,217,262	(4,946,217,262)	-
EXPENDITURE				
Compensation of employees	1,091,282,346	1,069,942,053	21,340,293	98%
Goods and services	4,171,877,868	3,110,732,410	1,061,145,458	75%
Grants and other transfers	-	449,948,200	(449,948,200)	
Other expenses	101,500,000	76,252,208	25,247,792	75%
Capital expenditure	735,641,200	256,943,305	478,697,895	35%
Total expenditure	6,100,301,414	4,963,818,176	1,136,483,238	81%


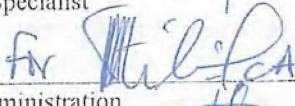


The notes on pages 20 to 36 form an integral part of these financial statements.

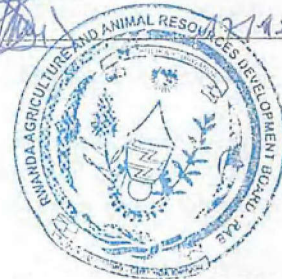
Explanations for the major variances observed above:

- (i) *Grants and other transfers: Funds were not budgeted for. They aimed at supporting the Project beneficiaries in overcoming the impact of COVID-19 pandemic.*
- (ii) *Capital expenditure: The low disbursement is mainly linked to farmers' low capacity to secure their contribution as prerequisite to pay subsidy by the project. Most of them have been financially affected by Covid-19 pandemic.*

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The financial statements were approved by the management of SAIP and were signed on its behalf by:

	Names and positions	Signature	Date
Prepared by:	MUSHIMIYIMANA Juvenal Financial Management Specialist		17/12/2021
Verified by:	UWIMANA Josine Head of Finance and Administration		17/12/2021
Checked by:	RWAMULANGWA Stephen Project Coordinator		17/12/2021
Approved by:	UMUTONI Clarisse Chief Budget Manager		17/12/2021



4.6. Notes to the financial statements

1. Significant accounting policies

Public entities maintain their books of account on a modified accrual basis of accounting as prescribed in basis for preparation.

1.1. Statement of compliance

The financial statements have been prepared in accordance with the Organic Law N° 12/2013 of 12/09/2013 on State Finances and Property and related legal framework. These financial statements have been authorized for issue by the Chief Budget Manager on 6 October 2020. The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period. The presentation and classification of items in the financial statements are consistent from one period to the next and takes into consideration progressive improvements as contained in the Government of Rwanda roadmap to migrate to accrual IPSAS.

1.2. Basis of preparation

The financial statements have been prepared on the basis of historical costs unless otherwise stated. The cash flow statement is prepared using the direct method. The specific accounting bases for major items in the financial statements are provided below.

Except for the subsidiary entities affiliated to the decentralised entities, public entities shall maintain their books of account on a modified accrual basis of accounting. The subsidiary entities affiliated to the decentralised entities shall maintain their books of account on a modified cash basis of accounting and progressively move to the same accounting basis as that of the rest of the public entities. In this context modified accrual basis of accounting means that financial transactions and events shall generally be recognized in the books of account when they occur and not only when cash or its equivalent is received or paid, except in the following circumstances when transactions will be treated on a cash basis;

(i) Inventories – these are assets:

Inventories include assets such as consumable stores, materials to be consumed in the rendering of services and maintenance materials. These will be treated on cash basis and recorded as expenditure during the year of acquisition and treated as revenue in the year of disposal.

(ii) Non-exchange transactions: - These arise where an entity receives value from another entity without giving approximately equal value in exchange. These include taxes, fines and penalties, transfers, gifts and donations and shall be recognised when cash is received.

(iii) Non-current assets (tangible and intangible assets): - such as vehicles, furniture, equipment, finance leases, Plant and tools and investment property will be treated on cash basis and recorded as capital expenditure during the year of acquisition and revenue in the year of disposal.

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- (iv) The financial statements are presented in Rwanda Francs (Frw), being the currency of legal tender in Rwanda which is the functional and reporting currency of the Government of Rwanda.

1.3. Reporting project

The Financial Statements have been prepared by SAIP pursuant to Articles 19 and 66 of the Organic Law on State Finances and Property N° 12/2013 of 12/09/2013 that empowers the Chief Budget Manager to prepare the financial statements.

1.4. Reporting periods

The Government of Rwanda Fiscal Year runs from 1st July to 30th June. These financial statements cover the period from 1st July 2020 to 30th June 2021. The comparative figures for this period reflect the 12 months ended 30th June 2021.

1.5. Key assumptions and judgments

These financial statements, as a component of the Government consolidated financial statements, reflect the Government's financial position as at 30 June 2021, and the financial results of operations and cash flows for the year ended on that date. The assumptions are based on information available at the time of the preparation of the financial statements. It should therefore be noted that actual results may differ from the assumptions stated and thus have a material impact on the financial statements. The key assumptions are discussed below:

1.5.1. Presentation Currency

The functional currency of the Government of Rwanda is the Rwandan Franc (Frw). For reporting purposes, the financial statements are translated into Rwandan Francs. The rates used to translate foreign currency balances is the average rate applicable by National Bank of Rwanda as at 30 June 2021.

1.5.2. Areas of significant estimation

These financial statements do not have significant estimates so far. For the non-current assets and inventory balances disclosures, the acquisition cost before depreciation has been used.

1.5.3. Adoption of new and revised standards

The government is in the process of transitioning to IPSAS through a phased approach that involves a six-year implementation plan. The current year is year 2 of the transition process. By the end of the six-year implementation period, the government plans to have fully transitioned to IPSAS and adopted all relevant standards.

1.6. Recognition

I. Revenue recognition

a) Revenue from non-exchange transactions

• Grants

Grants are transfers received by government units, from other resident or non-resident government units or international organizations that do not meet the definition of a tax, subsidy, or social contribution. This includes current and capital transfers received from foreign Governments, international organizations and from other general government units. Transfers from other general Government units include Transfers from National Treasury, Inter-entity and intra-entity transfers. Inter-entity transfers refer to transfers between costs or revenue centers belong to different public entities while intra-entity refers to transfers between cost or revue centers within the same public entity.

A transfer is a transaction in which one institutional unit provides a good, service, or asset to another unit without receiving from the latter any good, service, or asset in return as a direct counterpart. Grants are normally receivable in cash, but may also take the form of the receipt of goods or services (in kind). Grants receivable are classified first by the type of unit providing the grant and then by whether the grant is current or capital.

A grant may be a sum of money or services given by a government body for specific purposes. Usually the money given can only be used for the intended purposes stated in the grant writing or application.

These transfers could be classified according to the sector of the counterparty and whether they are current or capital transfers. The grants and transfers shall be sub-categorized as follows:

- a) Grants received from Foreign Governments;
- b) Grants received from International Organizations; and
- c) Grants received from other general Government units which include Treasury Transfers, Inter-entity and intra-entity transfers.

Grants and similar financing for capital items, to the extent that they have not been eliminated on consolidation, are recognised immediately in the Statement of financial assets and liabilities unless it is likely that the grant will need to be repaid, in which case the grant is deferred in the Statement of financial assets and liabilities.

The following applies to grants and transfers:

- Grants are recognized in the books of accounts when cash is received and in case of grant in kind, such grants are recorded upon receipt of the grant item and upon determination of the value.
- Transfer from Treasury is recognized in the books of accounts when cash is received.

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- Transfers received from Government entity for onward payment to a third party are not treated as an inter-entity (revenue) rather, such transfers shall be recorded as transit fund (liability) in the books of the receiving entity.
- Transfers from Treasury that are not related to current fiscal year budget are not treated as cash transfers. Instead such transfers shall be treated as inter-entity transfers.
- Transfers from entities to Treasury which does not relate to the current fiscal year budget are treated by Treasury as inter-entity transfers.
- Funds returned to Treasury at the end of the fiscal year as a result of zero balance accounts sweeping are not recognized as inter-entity transfers. Instead, those funds will reduce the cash transfer account balance for the same year. Where such transfers are received by Treasury in the subsequent fiscal year (such as embassies and foreign missions) such transfers is recognized as inter-entity transfers.

b) Revenue from exchange transactions

- **Other revenue**

These are other revenue not classified in other classes of revenue. This includes claims from insurance and guarantees seized. Revenue from exchange transactions shall be recognized on accrual basis.

II. Expenditure

All expenditure is recognized on accrual basis. However, the point of recognition may be different according to their categories.

a) Compensation of employees

Compensation of employees is the total remuneration, in cash or in kind, payable to an individual in an employer-employee relationship in return for work performed by the latter during the reporting period. Expenditure relating to compensation of employees is accounted for on an accrual basis and recognized in the books of accounts when expenditure is incurred regardless of the time associated cash and cash equivalent are paid out. Staff costs include salaries and wages, the costs of pensions and other employee benefits. Public sector pension scheme costs include current service costs and past service costs.

b) Goods and services

Goods and services consist of the value of goods and services used for the production of market and nonmarket goods and services. The value of goods or services is recorded when the goods or services are actually used rather than when they were acquired or paid for. In practice, these events often coincide for inputs of services but not for goods, which may be acquired some time in advance of their use. The value of goods purchased and held for resale is recorded as goods and services when they are sold.

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c) Acquisition of fixed assets

The expenditure on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as expenditure and income items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as revenue and as Acquisition of Fixed Assets otherwise it not recorded rather a fixed asset register which contains details of assets is maintained by each public entity.

d) Other expenses

Any other expenses not part of the ones above will fall into this category and shall be for on cash basis of accounting and recognized in books of accounts when cash and cash equivalent is paid.

III. Assets and liabilities

a) Cash and cash equivalents

Cash comprises *cash on hand, demand deposits and cash equivalents*. Demand deposits and cash equivalents comprise balances with banks and investments in short-term money market instruments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the National Bank of Rwanda, foreign bank for the case of embassies and high commissions and at various commercial banks at the end of the reporting period.

b) Inventories

Inventories are expensed in the period in which they are acquired by the Government and its entities.

c) Receivables

These receivables include the receivables from the exchange transactions, prepayments and other receivables.

d) Payables

These mainly relate to invoices for goods and services which were outstanding on the date of the closure of the fiscal year. These are recognized as liabilities for that specific fiscal year. All goods received notes are recognized as liabilities if not yet paid as at the end of the period. It also includes short term borrowings received by budget agencies from Local Commercial Banks as these are not regarded as public debt.

IV. Other relevant information

a) Changes in accounting policies and estimates

When presentation or classification of items in the financial statements is amended or accounting policies are changed voluntarily, comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

b) Foreign currency transactions

Transactions denominated in foreign currencies are initially translated to the Rwandan Franc at the foreign exchange rate at the date of transaction.

The National Bank of Rwanda provides exchange rates for major foreign currencies on a daily basis. These are presented for selling rate (rate the bank will sell foreign currency to its clients), buying rate (rate the bank will buy foreign currency from its clients) and average rate (average between the selling and buying rate).

During the year, revenue items are translated using the selling rate (this equals the Buying rate presented at BNR website) of the transaction day whereas the Expense items should be translated using the buying rate (this equals the Selling rate presented at BNR website) of the transaction day.

The associated exchange losses are recorded as other expenditure while exchange gains should be recorded as other revenue. At the end of the year, book balances, Assets (such as bank and cash and accounts receivables) and liability (such as accounts payables), denominated in foreign currencies are converted into the Rwanda Franc at the average rate of exchange ruling on that closing date, as issued by the National Bank of Rwanda. The associated exchange losses/gains are recorded as expenditure/income in the books.

c) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30 June 2021.

d) Related parties

The Government regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over it, or vice versa. Members of key management are regarded as related parties and comprise the Project Steering Committee and project Coordinator.

e) Contingencies

The Project does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. Project has neither contingent assets nor contingent liability.

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f) Notes to the statement of comparison of budget and actual amounts

- The original budget for 2020/2021 was approved by the Parliament on 30 June 2020. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Government upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Government recorded additional appropriations of 26/03/2020 budget in accordance with specific instructions of the Cabinet/Parliament.
- Government's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the Statement of revenues and expenditures, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

- Timing differences occur when the budget period differs from the reporting period reflected in the financial statements. There are no timing differences for Government.
- Project differences occur when the budget omits program/activity or a project that is part of the project for which the financial statements are prepared.

2. Grants

During the year ended 30 June 2021, SAIP received funds from World Bank (IDA) indicated in the table below:

Donor and WA* number	Amount in USD	Exchange rate	12 months to 30 June 2021 Frw	12 months to 30 June 2020 Frw
IDA WA 08	1,000,000	949.862832	949,862,832	
IDA WA 09	250,000	977.522059	244,380,515	
IDA WA 11	1,000,000	970.211841	970,211,841	
IDA WA 12	2,000,000	976.178651	1,952,357,302	
IDA WA 13	450,000	977.522059	439,884,927	
Sub-total			4,556,697,417	5,762,493,744

**WA: Withdrawal Application.*

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3. Transfers from other Government reporting entities

During the year, SAIP received counterpart funds from MINECOFIN as indicated in the table below:

Ledger account	Description	12 months to 30 June 2021 Frw	12 months to 30 June 2020 Frw
139109	Intra transfers from Central Government – MINECOFIN	190,000,000	598,606,032
	Total	190,000,000	598,606,032

4. Other revenue

The other revenue was mainly made of gain on currency exchange as detailed below:

Leger account	Description	12 months to 30 June 2021 Frw	12 months to 30 June 2020 Frw
1451	Miscellaneous income (Gain on currency exchange)	199,519,845	91,917,561
	Total	199,519,845	91,917,561

5. Compensation of employees

During the year ended 30 June 2021, the project incurred employees' costs as indicated in the table below:

Leger account	Description	12 months to 30 June 2021 Frw	12 months to 30 June 2020 Frw
211601	Basic salary in cash	730,393,803	730,409,207
211602	Transport allowances in cash	131,412,862	134,643,706
211603	Housing allowances in cash	108,081,198	134,643,706
211612	Government contribution	100,054,190	2,535,000
	Total	1,069,942,053	1,002,231,619

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6. Goods and services

During the year, the project incurred goods and services as indicated below:

Ledger account	Description	12 months to 30 June 2021 Frw	12 months to 30 June 2020 Frw
221101	Stationery and printing consumables	36,405,016	32,530,280
221102	Beverages, tea, coffee, etc	16,755,080	11,073,350
221108	Photos, camera and microfilms, etc	720,000	1,259,000
221109	Food supplies	1,262,000	8,236,160
221111	Postmark	12,825,000	-
221201	Water and electricity bills	12,790,430	12,873,188
221399	Other rentals costs	1,125,000	235,000
221402	Fax and telephone	47,182,000	40,695,000
221601	Bank charges	23,996	17,974
221603	Bank statement fees	48,002	35,980
221605	Loss on currency exchange and translations	-	20,573
221703	Adverts and announcements	502,680	1,866,950
221704	Meetings and special assembly costs	8,855,300	-
221705	Hire of conference rooms	-	1,432,660
221706	Symposia, seminars and sensitizations	992,500	8,169,200
221714	Flags, banners and decoration costs	950,000	195,000
222104	Seminar entrance fees	-	51,400
222108	Technical Assistance remuneration by FAO (Food and Agriculture Organization) and RYAF (Rwanda Youth Agriculture Forum)	787,802,207	547,879,601
222109	Contractual personnel	101,356,000	72,960,024
222114	Surveys costs	-	50,813,300
222115	Research costs	42,467,890	1,508,200
223101	Transportation cost for domestic business travel (airplane, bus, train, taxi)	25,003,800	15,235,258
223104	Domestic per diems	52,924,328	36,458,992
223108	Fuel and lubricants	26,912,457	50,000,000
223116	Meals	-	3,273,720
224101	Maintenance and/or repairs of Administrative buildings	363,500	593,000
224110	Maintenance and repairs of vehicles and motorbikes	25,189,647	15,728,164
224111	Maintenance and/or repairs of office equipment	12,999,500	1,628,900
224116	Maintenance and/or repairs of other equipment	2,987,621	3,003,400
224120	Maintenance - Public Places and Facilities	25,320,000	467,532

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Ledger account	Description	12 months to 30 June 2021 Frw	12 months to 30 June 2020 Frw
224201	Vehicle spare parts	16,272,399	4,759,200
226101	Trainers fees and expenses	309,000	1,872,950
226103	Training related travel costs	65,503,442	40,845,880
226104	Training related per diems	26,055,830	13,194,985
226105	Training hotel facilities	85,121,560	78,548,700
226106	Training food related costs	509,000	33,645,100
226199	Other training related expenses	20,402,788	12,577,226
227310	Hire of private security firms	19,116,000	7,646,400
227401	Agricultural and veterinary supplies	1,633,678,437	704,216,702
227502	Educational books and supplies	-	18,500,000
227511	Kitchen and dining equipment	-	16,528,600
229101	Sports and recreational facilities and services		1,323,500
	Total	3,110,732,410	1,851,901,049

7. Acquisition of fixed assets

During the year ended 30 June 2021, the projects acquired fixed assets as detailed below:

Ledger account	Description	12 months to 30 June 2021 Frw	12 months to 30 June 2020 Frw
231103	Acquisition of buildings - Non residential - Non office	0	56,083,226
231106	Acquisition of water infrastructure	185,484,742	6,000
231108	Acquisition of communication infrastructure	66,663,343	14,693,400
231203	Acquisition of trucks and heavy vehicles	-	145,848,000
231306	Acquisition of furniture	1,401,840	-
231399	Acquisition of other office equipment, furniture and fittings	1,213,380	-
231404	Acquisition of internet connectivity equipment	-	7,418,000
231499	Acquisition of other ICT equipment, software	2,180,000	1,038,000
231601	Acquisition of Breeding Livestock	-	6,551,000
	Total	256,943,305	231,637,626

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8. Grants and other transfer payments

Ledger account	Description	12 months to 30 June 2021 Frw	12 months to 30 June 2020 Frw
267104	Subsidy scheme for COVID-19 pandemic negative effect for SAIP beneficiary farmers in horticulture crops for export	150,000,000	-
267104	Support season C 2021 preparation and implementation	299,948,200	-
	Total	449,948,200	-

9. Other expenses

During the year, the project incurred other expenses as indicated in the table below:

Ledger account	Description	12 months to 30 June 2021 Frw	12 months to 30 June 2020 Frw
285110	Support to third party initiatives	36,390,120	-
289102	Automobile insurance	37,218,635	29,142,693
289103	Insurance of other long term assets	692,953	-
285108	Other miscellaneous expenses	1,950,500	1,068,180
	Total	76,252,208	30,210,873

10. Cash and cash equivalents

Ledger account	Bank name	Account number	Currency	Amount USD	Exchange rate	Balance as at 30 June 2021 Frw	Balance as at 30 June 2020 Frw
Local currency bank accounts in Rwanda							
311301	BNR	1000049081	Frw			86,966,461	247,538,009
Foreign currency bank accounts held in Rwanda							
311401	BNR	1000049278	USD	3,873,668	987.139	3,823,851,756	3,542,366,631
Total				3,873,668		3,910,818,217	3,789,904,640

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11. Advance payments

The advance payments made as at 30 June 2021 were as follows:

Ledger account	Description	Balance as at 30 June 2021 Frw	Balance as at 30 June 2020 Frw
312209	Maternity leave scheme contributions receivable	-	66,936
312802	Pre-payments	6,340,785	3,090,655
	Total	6,340,785	3,157,591

12. Accounts payable

The accounts payable as at 30 June 2021 were as follows:

Ledger account	Creditors	Balance as at 30 June 2021 Frw	Balance as at 30 June 2020 Frw
4121	Accounts payable -Third parties		
	TPR payable	1,023,713	0
	Maternity leave payable	18,266	0
	AGRIPS Ltd	3,023,300	0
	CBHI Scheme Payable	12,117	0
	BANDAG SA	1,626,840	0
	Special Drivers United Ltd	488,197	0
	VERICOM Ltd	1,588,000	0
	MUSU Supply Ltd	5,900,400	0
	ECOMIMO	3,046,468	2,612,411
	Pro Water Rwanda Ltd	7,380,000	0
	Open and Construction and related services	5,299,271	0
	VAT payable	5,528,649	0
	ECOREMI Ltd	1,675,291	0
	RCISD Ltd	2,860,000	0
	Holland Green Tech Acampo Ltd	46,030,982	1,347,350
	Rurangwa General Supply Ltd	1,245,381	0
	General Consultancy And Trading Company Ltd	30,415,550	0
	Hotel Gorillas SARL	463,627	0
	WHT payable	2,020,118	0
	Baruta Patrick	305,237	0
	Premier Transport Services	522,686	0
	Habamenshi Didace	573,863	0
	CSR payable	243,525	0
	Bisangwa Innocent	1,532,186	0

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Ledger account	Creditors	Balance as at 30 June 2021 Frw	Balance as at 30 June 2020 Frw
	An Multipurpose Company Ltd	6,984,000	0
	Agri-Land Company Ltd	14,368,590	0
	RAMA Payable	49,616	0
	Habumuremyi Jean Marie Vianney	1,250,000	0
	ECET	0	991,200
	WASAC	0	564,796
	Total	145,475,873	5,515,757

13. Accumulated surplus from previous years

Ledger account	Description	Financial statements for the year ended 30 June 2021 submitted for consolidation Frw	Adjustments Frw	Financial statements for the year ended 30 June 2021 submitted for consolidation (After adjustments) Frw
511101	Cash and cash equivalents	3,787,546,474	-	3,787,546,474
	Total	3,787,546,474	-	3,787,546,474

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14. Important disclosure

14.1. Summary of physical assets

Categories	Balance as at 1 July 2020 Frw	Acquisition of assets Frw	Disposed of Frw	Depreciation for the period Frw	Net carrying amount as at 30 June 2021 Frw
Structures	2,593,600	-	-	-	2,593,600
Transport equipment	356,366,015	-	-	-	356,366,015
Machinery and equipment	359,691,655	-	-	-	359,691,655
Total	718,651,270	-	-	-	718,651,270

14.2. Aging summary report for receivables

Receivable	Date intervals					Total Frw
	1-45 days Frw	46-90 days Frw	91-365 days Frw	1 year to 2 years Frw	Above 2 years Frw	
RSSB (Maternity leave)	-	-	2,231	-	-	2,231
Total	-	-	2,231	-	-	2,231

14.3. Aging summary report for payables

Payable Name	1-45 days Frw	46-90 days Frw	91-365 days Frw	1 to 2 years Frw	Total Frw
TPR payable	1,023,713	0	0	0	1,023,713
Maternity Leave Payable	18,266	0	0	0	18,266
AGRIPS Ltd	3,023,300	0	0	0	3,023,300
CBHI Scheme Payable	12,117	0	0	0	12,117
BANDAG SA	1,626,840	0	0	0	1,626,840
Special Drivers United Ltd	488,197	0	0	0	488,197
VERICOM Ltd	1,588,000	0	0	0	1,588,000
MUSU Supply Ltd	5,900,400	0	0	0	5,900,400
ECOMIMO	0	0	3,046,468	0	3,046,468
Pro Water Rwanda Ltd	7,380,000	0	0	0	7,380,000

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Payable Name	1-45 days Frw	46-90 days Frw	91-365 days Frw	1 to 2 years Frw	Total Frw
Open Construction And Related Services	5,299,271	0	0	0	5,299,271
VAT payable	5,528,649	0	0	0	5,528,649
ECOREMI Ltd	0	1,675,291	0	0	1,675,291
RCISD Ltd	2,860,000	0	0	0	2,860,000
Holland Green Tech Acampo Ltd	40,714,126	3,969,506	1,347,350	0	46,030,982
Rurangwa General Supply Ltd	1,245,381	0	0	0	1,245,381
General Consultancy And Trading Company Ltd	30,415,550	0	0	0	30,415,550
Hotel Gorillas SARL	463,627	0	0	0	463,627
WHT Payable	2,020,118	0	0	0	2,020,118
Baruta Patrick	305,237	0	0	0	305,237
Premier Transport Services	522,686	0	0	0	522,686
Habamenshi Didace	573,863	0	0	0	573,863
CSR payable	243,525	0	0	0	243,525
Bisangwa Innocent	1,532,186	0	0	0	1,532,186
An Multipurpose Company Ltd	6,984,000	0	0	0	6,984,000
Agri-Land Company Ltd	14,368,590	0	0	0	14,368,590
RAMA payable	49,616	0	0	0	49,616
Habumuremyi Jean Marie Vianney	1,250,000	0	0	0	1,250,000
Total	135,437,258	5,644,797	4,393,818	0	145,475,873

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14.4. Performance guarantees

This refers to the performance guarantees submitted by various contractors not yet returned or seized.

Contractor name	Object of the contract	Guarantor	Contract amount Frw	Guaranteed amount Frw	Status of execution	Return date
ECOREMI LTD	Operation and maintenance of existing and new post-harvest facilities	COGEBANQUE	67,011,663	6,701,166	Completed	28/02/2022
ENGINEERING FOR BETTER WORLD Ltd	Construction works of water point borehole at SAIP sites	BPR	22,872,748	2,287,275	Completed	16/10/2022
ECOMIMO LTD	Construction works of drying shelters	Radiant Insurance Company Ltd	121,858,710	12,185,871	Completed	02/11/2021
SOCIETE PETROLIERE Ltd	Purchase of fuel for vehicles, motorcycles and generators	BK	18,900,000	945,000	Completed	08/10/2021
MUSU SUPPLY Ltd	Supply of compost for Nyanza site	Prime Insurance Ltd	68,400,000	3,420,000	Completed	02/11/2021
BUREAU FOR ENGINEERING AND ENVIRONMENTAL STUDIES/BESST Ltd	Environmental and Social Impact Assessment (ESIA)	Bank of Kigali Ltd	29,346,600	1,467,330	Ongoing : Remains the issuing of EIA/ESMP certificate by RDB	10/11/2021
AN MULTIPURPOSE COMPANY LTD	Supply of compost for SAIP Rwamagana site	MUA Insurance Rwanda Ltd	40,000,000	2,000,000	Completed	06/11/2020
ECOPEN ETUZE Ltd	Supply of compost for SAIP Nyabihu site	BPR	23,000,000	1,150,000	Completed	05/10/2021
AN MULTIPURPOSE	Supply of compost for SAIP Muyanza site	MUA Insurance Rwanda Ltd	96,000,000	4,800,000	Completed	02/11/2020

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Contractor name	Object of the contract	Guarantor	Contract amount Frw	Guaranteed amount Frw	Status of execution	Return date
COMPANY LTD						
MUSU SUPPLY LTD	Supply of compost for SAIP Kayonza Site	Prime Insurance Ltd	34,200,000	1,710,000	Completed	02/11/2020
EPA	Supply of compost for SAIP Karongi site	Radiant Insurance Company Ltd	38,000,000	1,900,000	Completed	10/11/2020
Total			559,589,721	38,566,642		

DETAILED AUDIT FINDINGS

5. REVIEW OF FINANCIAL STATEMENTS

5.1. Failure to include revenues in annual budget for SAIP

Observation

Article 7 of Organic Law N° 12/2013/OL of 12/09/2013 on State Finances and Property states that all revenues, including grants and loans and all expenditures shall be included in the budget of the concerned public entity. In addition, article 10 of the Ministerial Order N°001/16/10/TC of 26/01/2016 relating to financial regulations states that the budget estimates for revenues and expenditures must be balanced.

Contrary to the above requirements, included in budget of SAIP for the year ended 30 June 2021 are expected expenditure totalling Frw 5,366,660,214. However, SAIP management did not indicate the sources of expected revenues against which expected expenditure would be incurred. Hence, the balanced budget principle was not complied with during the preparation of SAIP budget.

This gap is attributed to inadequate review of the financial statements by the Project management.

Risk

Failure to budget for revenues makes it difficult to ascertain how SAIP will carry out its annual planned activities without funds. Further, it is not possible to measure SAIP performance in terms of mobilisation of revenues in absence of related budgeted amount.

Recommendation

Going forward, management should ensure that the budget comprises both estimated revenues and expenditures. Both revenues and expenditures should be balanced.

Management comments

During the year 2020-2021, the source of expected revenues against which expected expenditures would be incurred was not provided in IFMIS budget performance format to avoid duplications in national budget consolidation.

When we liaised with MINECOFIN for clarification, the latter said that revenue lines such as proceeds from the donor and the Government were not created in IFMIS and the format provided to enter the budget for the following reasons:

- i) The budget is in the financial law: Total revenues for both grant and counterpart funds are presented in the budget law for the concerned financial year. From there, it is always possible to measure the project performance by comparing the approved budget and the budget executed.*
- ii) Projects are cost center rather than revenue centers (they do not plan to collect revenues): SAIP receives proceeds from RAB. These are budgeted under RAB lines in finance law.*

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Therefore, re-budgeting for them (put them in the financial reporting format) would conflict and mislead while consolidating the budget/reports at national level. The format was set for financial reporting rather than budgeting and budget reporting purposes.

Hence, in the detailed budget lines used to plan, revenue lines are not provided. During the planning exercise, the project planning team is only able to enter in the system the planned budget for each activity and budget lines that are created and activated.

Auditor's comment

As per article 7 of the abovementioned Organic Law, a complete budget ought to include estimated revenue and expenditure. Both should be equal/balanced.

5.2. Undisclosed movements of fixed assets in the financial statements

Observation

Article 74 of the Ministerial Order N° 001/16/10/TC of 26/01/2016 relating to financial regulations requires the Chief Budget Manager that items of public property be properly recorded in an asset register in a format prescribed by the Minister to ensure their custody. The assets register should contain at least minimum information such as date of acquisition, description, code, quantity, location, cost for acquisition and disposals.

Review of management of fixed assets revealed that during the year under review, assets worth Frw 1,708,640 were acquired and assets worth Frw 25,259,881 were removed from assets register because they were old and could not be maintained. *Refer to appendix I for details.*

However, the above movements were not disclosed in the summary of fixed assets included in the financial statements.

This anomaly is attributed to inadequate monitoring of the movements of assets and inadequate review of the financial statements by the Project management.

Risk

Incomplete movements of fixed assets and disclosure notes in the project financial statements could mislead the users of project financial statements. Hence, inappropriate decisions could be taken based on incomplete information reported in financial statements.

Recommendation

The Project management should ensure that the disclosure note of fixed assets included in the financial statements contains all movements of fixed assets.

Management comment

Noted. The recommendation will be implemented in subsequent financial reports.

APPENDIX

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Appendix 1: Undisclosed movements of fixed assets in the financial statements

S/N	Description	Date/year of acquisition	Acquisition cost Frw
<i>Assets acquired</i>			
1	Cooker Super general gaz mixte	13/05/2021	306,800
2	Shelf (Upper wooden)	17/05/2021	82,600
3	Shelf (Upper wooden)	18/05/2021	82,600
4	Shelf (Upper wooden)	18/05/2021	82,600
5	Shelf (Upper wooden)	18/05/2021	82,600
6	Shelf (Upper wooden)	18/05/2021	82,600
7	Shelf (Upper wooden)	18/05/2021	82,600
8	Shelf (Upper wooden)	18/05/2021	82,600
9	Shelf (Upper wooden)	18/05/2021	82,600
10	Shelf (Lower wooden)	18/05/2021	92,630
11	Shelf (Lower wooden)	18/05/2021	92,630
12	Shelf (Lower wooden)	18/05/2021	92,630
13	Shelf (Lower wooden)	18/05/2021	92,630
14	Shelf (Lower wooden)	18/05/2021	92,630
15	Shelf (Lower wooden)	18/05/2021	92,630
16	Shelf (Lower wooden)	18/05/2021	92,630
17	Shelf (Lower wooden)	18/05/2021	92,630
	Total		1,708,640
<i>Assets removed from asset register</i>			
1	GPS Map 64s	16/06/2013	551,200
2	Cooker super general gaz miz 60*60	23/02/2018	295,000
3	Water dispenser	23/11/2010	168,068
4	Visitors chair	10/06/2009	45,000
5	Filling cabinet	10/06/2009	165,200
6	Filling cabinet	10/06/2009	165,200
7	Visitors chair	04/01/2010	40,000
8	Visitors chair	04/01/2010	40,000
9	Visitors chair	04/01/2010	40,000
10	Visitors chair	04/01/2010	41,300
11	Desk office	13/05/2013	71,000
12	High back chair	13/05/2013	61,234
13	Desk office	13/05/2013	71,000
14	Filling cabinet	13/05/2013	110,000
15	High back chair	13/05/2013	61,234
16	High back chair	13/05/2013	61,234
17	High back chair	13/05/2013	61,234
18	Filling cabinet	04/10/2010	165,200
19	Filling cabinet	07/11/2001	207,000
20	Visitors chair	07/11/2001	40,000
21	Visitors chair	29/01/2002	41,300
22	Visitor's chair	20/11/2002	41,300
23	Desk office	20/11/2002	236,000
24	High back chair	20/11/2002	106,200
25	Visitors chair	20/11/2002	41,300
26	Visitors chair	20/11/2002	41,300
27	Visitors chair	20/11/2002	41,300
28	Visitors chair	20/11/2002	41,300
29	High back chair	20/11/2002	106,200
30	Visitors chair	26/09/2003	41,300
31	Visitors chair	26/09/2003	41,300

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S/N	Description	Date/year of acquisition	Acquisition cost Frw
32	Visitors Chair	26/09/2003	41,300
33	Visitors Chair	26/09/2003	41,300
34	Filing cabinet	29/09/2003	236,000
35	Filing Cabinet	29/09/2003	236,000
36	Filing cabinet	04/12/2006	212,400
37	Filing Cabinet	10/05/2009	165,200
38	Visitors Chair	10/05/2009	53,100
39	Visitors Chair	04/01/2010	40,000
40	Visitors Chair	04/01/2010	40,000
41	Visitors Chair	04/01/2010	41,300
42	Visitors Chair	04/01/2010	41,300
43	Visitors Chair	04/01/2010	40,000
44	Visitors Chair	04/01/2010	41,300
45	Filing Cabinet	04/10/2010	165,200
46	Filing Cabinet	04/10/2010	153,400
47	High back chair	04/10/2010	60,000
48	Executive Desk	04/10/2010	472,000
49	Filing Cabinet	04/10/2010	153,400
50	Filing Cabinet	04/10/2010	153,400
51	Orthopdic Fabric Chair	03/01/2011	413,000
52	High Back Chair	02/09/2011	65,000
53	High Back Chair	02/09/2011	65,000
54	Filing Cabinet	02/09/2011	129,000
55	High Back Chair	02/09/2011	65,000
56	Three Seater Waiting Visitor Chair	02/09/2011	205,000
57	Three Seater Waiting Visitor Chair	02/09/2011	205,000
58	Three Seater Waiting Visitor Chair	02/09/2011	205,000
59	Three Seater Waiting Visitor Chair	02/09/2011	205,000
60	High back chair	22/12/2011	65,000
61	Filing cabinet	22/12/2011	130,000
62	Desk office	22/12/2011	130,000
63	Filing cabinet	22/12/2011	130,000
64	Filing cabinet	22/12/2011	130,000
65	Filing cabinet	22/12/2011	130,000
66	Visitors chair	22/12/2011	32,000
67	Filing cabinet	22/12/2011	130,000
68	High back chair	22/12/2011	65,000
69	High back chair	22/12/2011	65,000
70	High back chair	22/12/2011	65,000
71	Filing cabinet	13/05/2013	110,000
72	Filing cabinet	13/05/2013	110,000
73	Filing cabinet	13/05/2013	110,000
74	High back chair	13/05/2013	61,234
75	High back chair	13/05/2013	61,234
76	High back chair	13/05/2013	61,234
77	High back chair	13/05/2013	61,234
78	Working station	13/05/2013	800,000
79	Filing cabinet	10/05/2009	165,200
80	Filing cabinet	30/09/2003	236,001
81	Visitors chair	11/05/2009	53,101
82	Visitors chair	11/05/2009	53,100
83	Desk office	22/12/2011	130,000
84	Filing cabinet	08/06/2009	112,288

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S/N	Description	Date/year of acquisition	Acquisition cost Frw
85	Sofa set	13/05/2013	887,600
86	Desk office	13/05/2013	71,000
87	Desk office	13/05/2013	71,000
88	High back chair	13/05/2013	61,234
89	Filing cabinet	13/05/2013	110,000
90	Desktop computer	14/12/2009	597,400
91	Desktop computer	14/12/2009	597,400
92	Desktop, HP Pro Desk 400 G2 MT	28/08/2015	1,443,940
93	Desktop, HP Pro Desk 400 G2 MT	28/08/2015	721,970
94	Desktop computer	11/12/2008	684,800
95	Desktop, HP Pro Desk 400 G2 MT	28/08/2015	721,970
96	Desktop computer	14/12/2009	597,400
97	HP Laptop Probook, 450 G4 ; Dual - core i14	14/11/2017	969,983
98	Printer	16/06/2013	295,000
99	Printer, HP Officejet Pro 8600 Plus e- All - in- One, Printer	28/08/2015	205,480
100	Printer, HP Officejet Pro 8600 Plus e- All - in- One, Printer	28/08/2015	205,480
101	Printer	13/10/2009	710,000
102	Printer	08/04/2010	1,798,200
103	Printer	16/06/2013	524,421
104	Printer, HP Officejet Pro 8600 Plus e- All - in- One, Printer	28/08/2015	205,480
105	PRINTER HP 426FDW	14/11/2017	504,229
106	Scanner	18/08/2009	650,000
107	Photocopying machine	09/08/2010	1,195,000
108	Photocopying machine	16/06/2013	1,051,764
	Total		25,259,881