

# **RWANDA PUBLIC PROCUREMENT AUTHORITY**



## **RPPA ACTIVITY REPORT 2009-2010**

## TABLE OF CONTENTS

|  |     |
|--|-----|
| ACRONYMS .....   | ii  |
| FOREWORD .....   | iii |
| EXECUTIVE SUMMARY .....  | iv  |
| Introduction.....  | 1   |
| 1. The activities of board of directors .....                        | 1   |
| 2. Awarding tenders .....  | 2   |
| 2.1 Tenders awarded.....   | 2   |
| 2.2 Advertisement of tenders .....                                   | 9   |
| 3. Audit and field visits.....                                       | 9   |
| 3.1. Audits 2008 plus mini budget 2009 .....                         | 9   |
| 3.2 Field visit .....  | 12  |
| 4. Capacity building .....   | 13  |
| 4.1 Training workshops .....   | 13  |
| 4.2 One day training meetings and presentations in Meetings.....     | 13  |
| 5. Requests for no objection on additional works and cost.....       | 14  |
| 6. Policy, legislation and investigation. ....                       | 19  |
| 6.1 Policy and legislation.....                                      | 19  |
| 6.2 Legal advice .....   | 20  |
| 6.3 Investigation and Blacklisting.....                              | 20  |
| 6.4 Litigation.....  | 20  |
| 6.5 Other activities .....   | 21  |
| 7. Human resource management.....                                    | 21  |
| 7.1 Recruitment.....   | 21  |
| 7.2 Strengthening capacity .....                                     | 22  |
| 7.3. Sports .....  | 22  |
| 8. Information and communication technology (ICT).....               | 23  |
| 9 .Stock management .....  | 24  |
| 10 .Financial management .....                                       | 25  |
| 10.1 Statement of revenues and expenditure .....                     | 25  |
| 10.2. Financial Assets and Liabilities as at 30th June 2010.....     | 27  |
| 10.3. Accounting policies .....                                      | 28  |
| 10.4 Notes to the financial statements .....                         | 32  |
| 10.4.1. Cash transfers and direct payments – recurrent budget .....  | 32  |
| 10.4.2. Cash transfers and direct payments - Development budget..... | 32  |
| 10.4.3. Inter entity transfers.....                                  | 32  |
| 10.5. Other income (Including internally generated income) .....     | 33  |
| 11. Expenditures .....   | 33  |
| 12. Budget execution .....   | 37  |
| ANNEX 1: RPPA Board members .....                                    | 41  |

## **ACRONYMS**

|           |   |
|-----------|---|
| BTC       | : Belgium Technical Cooperation             |
| FAR       | : Fond d'Aide aux Rescapes du Génocide      |
| GOR       | : Government of Rwanda                      |
| IOT       | : International Open Tender                 |
| IRT       | : International Restricted Tender           |
| KHI       | : Kigali Health Institute                   |
| MINADEF   | : Ministry of Defense                       |
| MINAFFET  | : Ministry of Foreign Affairs               |
| MINAGRI   | : Ministry of Agriculture                   |
| MINECOFIN | : Ministry of Finance and Economic Planning |
| MINEDUC   | : Ministry of Education                     |
| MINICOM   | : Ministry of Commerce                      |
| MININFRA  | : Ministry of Infrastructure                |
| NOT       | : National Open Tender                      |
| NRT       | : National Restricted Tender                |
| NTB       | : National Tender Board                     |
| RPPA      | : Rwanda Public Procurement Authority       |

## **FOREWORD**

This report highlights the achievements of Rwanda Public Procurement Authority during the fiscal year 2009/2010. The report is meant not only for decision makers but also for the general public that the institution serves as well as development partners so that they take into account the efforts made to ensure the optimal management of resources made available for public institutions.

The report shows statistical data of different types of tenders awarded in the course of the fiscal year 2009/2010, different methods used as well as the contributions of various partners who provided financing for the tenders mentioned above.

Through this report, we would like to express our gratitude to the Government of Rwanda, and development partners that during the fiscal year 2009/2010 spared no effort to enable the Rwanda Public Procurement Authority achieve its objectives. Let our thanks also go to members of the Board of Directors in particular, and to the staff of the Rwanda Public Procurement Authority in general for the commitment they all displayed in the fulfilment of their duties.

Last but not least, may all the administrative entities, partners of the RPPA, accept our sincere gratitude for their frank collaboration and support.

**MUGABO Damien**

Chairperson

Board of Directors

## EXECUTIVE SUMMARY

For a better performance and to achieve its mission, Rwanda Public Procurement Authority developed an action plan for the 2009/2010.

The activity report of the year 2009/2010 focused mainly on public procurement, capacity building, monitoring of procuring entities as well as the enhancement of legislation through the elaboration of legal texts, notices and provision of advice.

It is in this regard that RPPA received bids, evaluated them and awarded tenders. As usual the tenders were of works, goods and services. Contracts of works included the construction of infrastructure such as roads, public buildings, bridges and other works of public utility. Supplies included office equipment, medical equipment and supplies, school materials etc. Contracts of services are mainly those related to intellectual conception.

In total, 275 contracts whose value amounted to 263 729 537 202FRW were awarded during the year 2009 - 2010 as follows:

Works: 108 contracts of works valued at 159 462 540 006 Frw;

Goods: 146 contracts valued at 89 875 718 288 Frw;

Services: 21 contracts valued at 14 391 278 908 Frw.

About the sources of financing, tenders financed from treasury takes the first position with 154 112 678 181 Rwfs (58%) followed by those financed directly by donors with 109 616 859 021Rwfs (42%) of all contracts awarded.

Regarding public procurement method used, open tendering was the method used most with 81 of all tenders awarded by number. However, when we consider the value of tenders, this percentage becomes only 49.30%.

For the no objections, RPPA granted 73 no objections worth 11,387,677,417.05 Rwfs in the year 2009-2010.

Regarding capacity building, 106 people were trained during the second phase of training in the use of dg Market, while for the training of procurement officers and internal tender committee members, 202 people were trained.

Concerning audits, for the tenders awarded in year 2008 and mini budget 2009, **46** procuring entities were audited.

Concerning legal issues, a draft law modifying and completing the law No 12/2007 of 12/03/2007 on public procurement was elaborated; the draft Ministerial Order defining the competence of RPPA and fixing the thresholds for public procurement entities was drafted and adopted by cabinet. With assistance of a Consultant hired by the MINECOFIN, a draft Code of Ethics that will be governing people involved in public procurement was elaborated. To help staff

managing public procurement, a draft of Procurement User Guide has been prepared. RPPA staff also provided legal advice to public procuring entities on various cases.

## **Introduction**

The Rwanda Public Procurement Authority was established on 30/12/2007 by the law n°63/2007 establishing and determining organization, functioning and responsibilities of the Rwanda Public procurement Authority. The RPPA replaced the National Tender Board and unlike the latter whose role was to award and monitor proceedings of public procurement, the RPPA mainly focuses on regulatory measures, monitoring and building capacity in public procuring entities.

RPPA's vision is to be *'the center of regional excellence in Public Procurement and its mission is to achieve the best value for money for the government of Rwanda under efficient, transparent and fair conditions'*.

Though the main function of Rwanda Public Procurement Authority is to regulate, monitor and build capacities in public procurement, it still awards some tenders during this transition period after which all procuring entities will have the full responsibility to award all tenders. During the fiscal year 2009-2010, RPPA awarded tenders above three hundred million, and carried out prior review of all tenders between two hundred million and three hundred million Rwandan francs (granting no objection).

This report summarizes the activities that were carried out in the fiscal year 2009/2010 and these are:

### **1. The activities of board of directors**

The Board of Directors (see the list of members in annex 1) as the main decision making body of Rwanda Public Procurement Authority played a big role in the achievement of the Institution's objectives.

Some of the achievements registered by the Board of Directors in their meetings are:

- (i) The approval of first semester 2009 report
- (ii) The awarding of 275 tenders worth two hundred sixty three billion, seven hundred twenty nine million, five hundred thirty seven thousand, two hundred and two Rwandan francs (263 729 537 202Rwfs)
- (iii) The approval of blacklisting of 26 companies that had violated the law
- (iv) The appointment of 9 members of staff

## **2. Awarding tenders**

Rwanda Public Procurement Authority procures some of the goods, services and works on behalf of public procuring entities in a transparent, equitable and efficient manner. It is in this context that tenders are advertised, tender documents are available to whomever wants to bid without discrimination, giving enough time to bidders for preparing their bids, opening bids in public sessions for everyone to witness, forming evaluation committees to ensure transparency and propose the award of contract.

### **2.1 Tenders awarded**

In a bid to procure goods, services and works on behalf of Public Procuring entities in the year 2009/2010, RPPA received 101 requests for publication. RPPA advertised 143 tenders out of 300 that had been planned, 42 tenders were brought forward from first semester 2009. On the other hand, RPPA received 23 tenders requesting for no objection on the tender documents out of 320 tenders that had been planned and 5 tenders were brought forward. Among these tenders 22 were granted no objection and 6 of them were not granted no objection because 4 of them did not respect the standard bidding document and 2 were returned to clients as they were under client's competency. This implies that the planned tenders requesting for no objection were reduced by 297 tenders, this is because the threshold for procuring entities was raised to two hundred million Rwanda Francs.

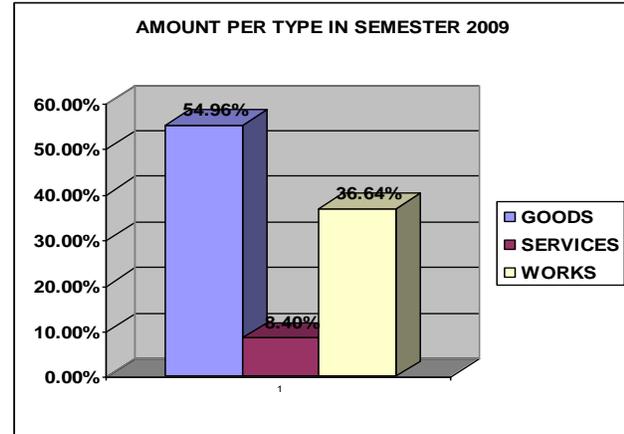
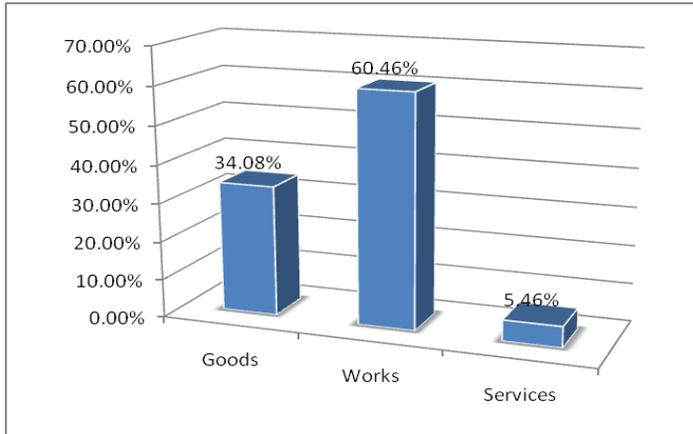
81 tenders requesting for no objection on the evaluation report were received and 3 were brought forward from first semester 2009. 69 tenders requesting for no objection on the evaluation report out of 300 planned were granted no objections including 3 brought

forward from the first 2009 semester, totaling 72. Eight (8) were not granted no objection because they were under client's competency and 4 were given objection. Tables 1 and 2 and figures 1 and 2 show the details of the tenders awarded and no objections granted.

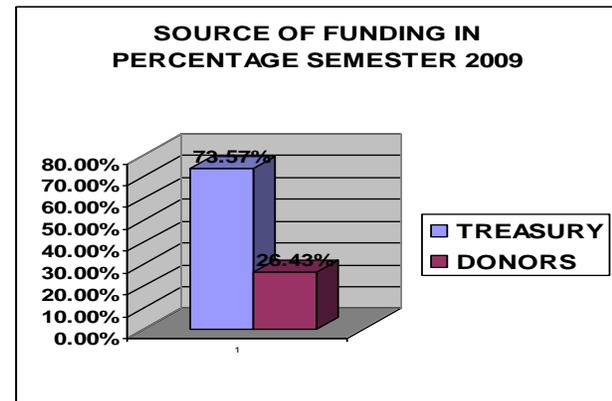
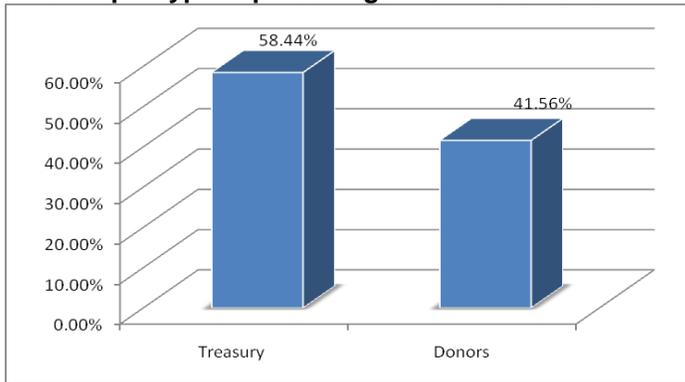
**Table 1: Number of Tenders and amount by type, source of funding and procurement method.**

|                |                            | YEAR 2009-2010 |       |                    |       | MINI BUDGET 2009 |       |        |       |
|----------------|----------------------------|----------------|-------|--------------------|-------|------------------|-------|--------|-------|
|                |                            | NUMBER         | %     | AMOUNT             | %     | AMOUNT           | %     | NUMBER | %     |
| <b>TOTAL</b>   |                            | 275            | 100%  | 263,729,537,202.11 | 100%  | 56,621,522 980   | 100%  | 157    | 100%  |
| <b>TYPE</b>    | <b>GOODS</b>               | 146            | 53.09 | 89,875,718,287.67  | 34.08 | 31,118,592 143   | 54.96 | 92     | 58.60 |
|                | <b>WORKS</b>               | 108            | 39.27 | 159,462,540,006.26 | 60.46 | 20,743,933 382   | 36.64 | 52     | 33.12 |
|                | <b>SERVICES</b>            | 21             | 7.64  | 14,391,278,908.18  | 5.46  | 4,758,997 455    | 8.40  | 13     | 8.28  |
| <b>FUNDING</b> | <b>Treasury</b>            | 192            | 69.82 | 154,112,678,181.49 | 58.44 | 41 656 931 644   | 73.57 | 106    | 67.52 |
|                | <b>Donors</b>              | 83             | 30.18 | 109,616,859,020.62 | 41.56 | 14 964 591 336   | 26.43 | 51     | 32.48 |
| <b>METHOD</b>  | <b>IOT</b>                 | 81             | 29.45 | 130,030,302,161.52 | 49.30 | 7 998 105 973    | 14.13 | 28     | 17.83 |
|                | <b>IRT</b>                 | 16             | 5.82  | 14,824,923,196.95  | 5.62  | 1 770 367 580    | 3.13  | 5      | 3.18  |
|                | <b>NOT</b>                 | 144            | 52.36 | 50,881,646,608.00  | 19.29 | 24 794 671 878   | 43.79 | 102    | 64.97 |
|                | <b>NRT</b>                 | 13             | 4.73  | 11,203,922,477.00  | 4.25  | 975 671 648      | 1.72  | 2      | 1.27  |
|                | <b>SINGLE SOURCING</b>     | 20             | 7.27  | 53,088,093,583.65  | 20.13 | 21 082 705 901   | 37.23 | 20     | 12.74 |
|                | <b>ADDITIONAL CONTRACT</b> | 1              | 0.36  | 3,700,649,175.00   | 1.40  |                  |       |        |       |

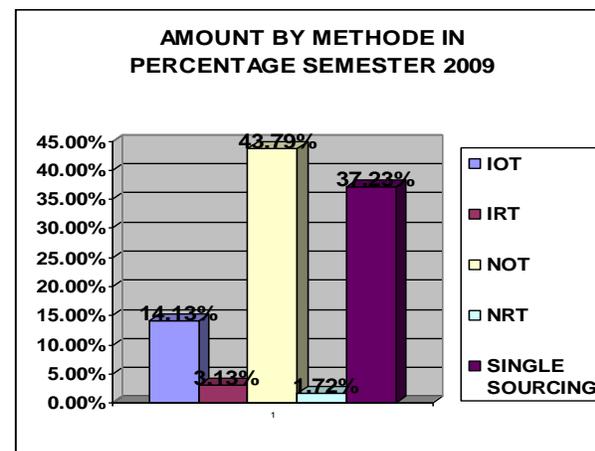
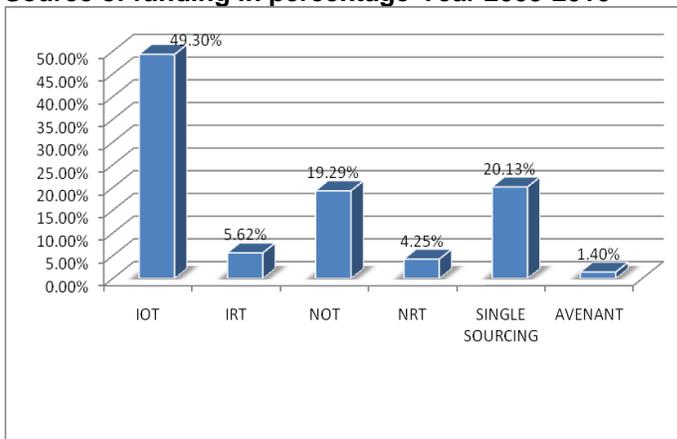
**Figure1: Number of Tenders and amount by type, source of funding and procurement method.**



**Amount per type in percentage -Year 2009-2010**



**Source of funding in percentage-Year 2009-2010**



**Amount per method in percentage-Year 2009-2010**

Table 1 shows that the number of tenders awarded by RPPA on behalf of other procuring entities were 275 for the year 2009/2010 an average of 22.9 tenders per

month. When you compare with 157 tenders awarded for the first semester 2009 the average was 26 tenders per month. This was due to the threshold which was increased from two hundred million to three hundred million. On the other hand the value of tenders awarded by RPPA increased from 56,621,522,980 to 263,729,537,202.11 Rwfs over the same period , in actual fact the Government spent more in the year 2009/2010 up to 465.8% if compared with mini budget 2009 because of large tenders for public works namely: 1. Rehabilitation of Kigali- Ruhengeri road (83.1Km) worth 24,991,862,212 Rwfs. 2. Rehabilitation and periodic maintenance of Mudasomwa- Gisovu road (53 Km) worth 3,468,752,240 Rwfs; 3. Cyakabiri Nyabikenke Ndusu road (Lot 1) worth 3,118,997,587 Rwfs; 4. Reconstruction of Bushenge hospital worth 2,409,944,993 Rwfs; 5. Construction of SFB learning complex worth 6,432,218,870 Rwfs; 6. Turnkey contracts for the supply and installation of optic fiber cables (FOC), civil works and other additional material as well as other services for Kigali and National backbone network worth 33,068,147,965 Rwfs (56,523,850.00 US\$); 7. Rehabilitation of roads in Gisenyi Town- Rubavu district worth 5,572,999,534 Rwfs; 8. Rehabilitation of Cyangugu-Ntendezi-Mwitazyo worth 29,278,660,301 Rwfs; 9. Rehabilitation of Congo/Nil- Ntendezi worth 10,633,467,514 Rwfs 10. Rehabilitation of KAZABE-RUTSIRO-GASHUBI roads worth 2,875,255,978 Rwfs; and 11. Construction of Kinihira hospital worth 4,012,994,354 Rwfs. The total cost for 10 tenders (3.6% of all tenders in number only) is 120,971,996,301 Rwfs and carries a very significant proportion of 46. %

Works took the highest proportion of value of contracts awarded in the year 2009/2010 (60.47%) in contrast to the mini budget 2009 when it was goods that had taken the first position in this regard (55%). Usually, it is the public works that take the highest proportion of value of contracts awarded but in the first semester of 2009, no important contracts for works were awarded.

Treasury was the major source of funding for the tenders awarded in both year 2009/2010 and semester 2009 (58% and 74%) reflecting increasing ability of government to generate its own resources as well as the use of budget support mechanism by donors.

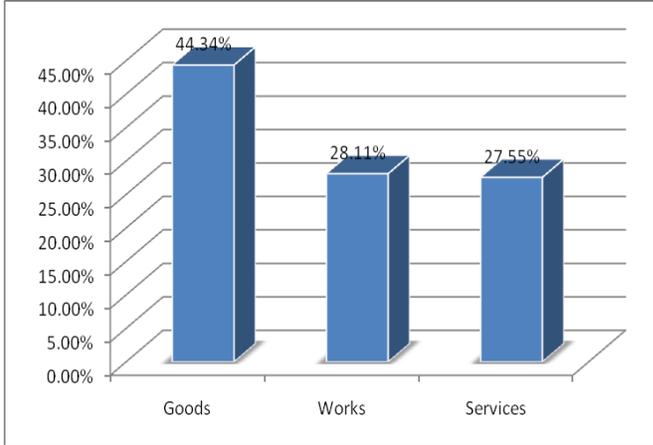
Regarding procurement methods, open tendering (both national and international) was the most used in the year 2009/2010 and it was 82% in number and 68% in amount compared to 83% in number and 58% in amount in the first semester 2009.

Although there was an improvement in the use of open tendering in 2009/2010 compared to 1<sup>st</sup> semester 2009, the level was still lower than 2008 and 2007 (above 80% in amount for the two years). Two large contracts were responsible for this namely: Kigali and National Backbone for the Optic Fibre Cable and Rehabilitation of Rubavu Town Roads and Construction of Drainage Channels in the town. The two tenders were awarded by single source method and they alone contributed 15% of the total amount for all tenders awarded. The reason for single sourcing the construction of Kigali and national backbone for optic fibre cable was that the government wanted the backbone built within a reasonably short time and identified Korea Telcom for the assignment. As for the rehabilitation of Rubavu Town roads, initially they had not been planned, but when it was clear that their poor state was hampering economic activities a decision was taken to have them rehabilitated immediately. The tender was awarded to SNCTPC by single source method because it had equipment in the area and would therefore execute the works in a short time.

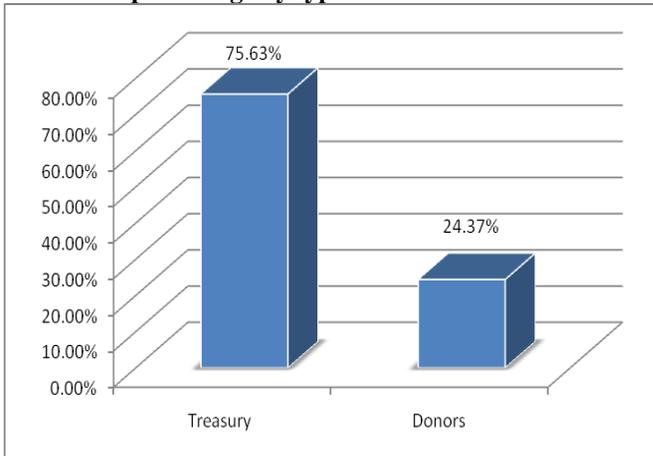
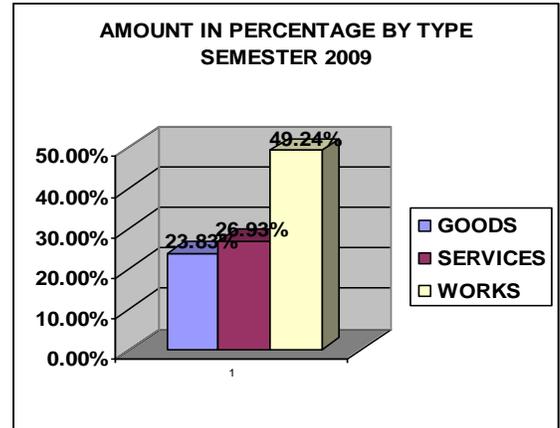
**TABLE 2: NO OBJECTIONS BY TYPE BY TYPE, SOURCE OF FUNDING AND PROCUREMENT METHOD**

|                |                            | YEAR 2009-2010 |       |                   |       | MINI BUDGET 2009 |       |               |       |
|----------------|----------------------------|----------------|-------|-------------------|-------|------------------|-------|---------------|-------|
|                |                            | NUMBER         |       | AMOUNT            | %     | NUMBER           | %     | AMOUNT        | %     |
| <b>TOTAL</b>   |                            | 73             | 100%  | 11,387,677,417.05 | 100%  | 56               | 100%  | 7,182,089,099 | 100%  |
| <b>TYPE</b>    | <b>GOODS</b>               | 42             | 57.53 | 5,048,879,649.60  | 44.34 | 35               | 62.50 | 1 711 434 334 | 23.83 |
|                | <b>SERVICES</b>            | 13             | 17.81 | 3,137,803,323.45  | 28.11 | 10               | 17.86 | 1 934 225 405 | 26.93 |
|                | <b>WORKS</b>               | 18             | 24.66 | 3,200,994,444.00  | 27.55 | 11               | 19.64 | 3 536 429 360 | 49.24 |
| <b>FUNDING</b> | <b>Treasury</b>            | 56             | 76.71 | 8,612,362,764.24  | 75.63 | 40               | 71.43 | 2 258 601 261 | 31.45 |
|                | <b>Donors</b>              | 17             | 23.29 | 2,775,314,652.81  | 24.37 | 14               | 25.00 | 4 690 526 954 | 65.31 |
|                | <b>Parastatals</b>         |                |       |                   |       | 2                | 3.57  | 232 960 884   | 3.24  |
| <b>METHOD</b>  | <b>IOT</b>                 | 13             | 17.81 | 2,536,018,531.36  | 22.82 | 4                | 7.14  | 2 919 861 279 | 40.66 |
|                | <b>IRT</b>                 | 5              | 6.85  | 1,263,927,928.45  | 11.37 | 3                | 5.36  | 420 933 697   | 5.86  |
|                | <b>NOT</b>                 | 41             | 56.16 | 3,708,904,191.50  | 33.37 | 46               | 82.14 | 2 776 983 783 | 38.67 |
|                | <b>SINGLE SOURCING</b>     | 12             | 0.00  | 3,326,271,505.74  | 29.93 | 1                | 1.79  | 150 786 240   | 12.71 |
|                | <b>ADDITIONAL CONTRACT</b> | 1              | 16.44 | 279,645,500.00    | 2.52  | 2                |       | 912 524 100   | 2.10  |
|                | <b>RFQ</b>                 | 1              | 1.37  | 272,909,760.00    | 2.46  |                  |       |               |       |

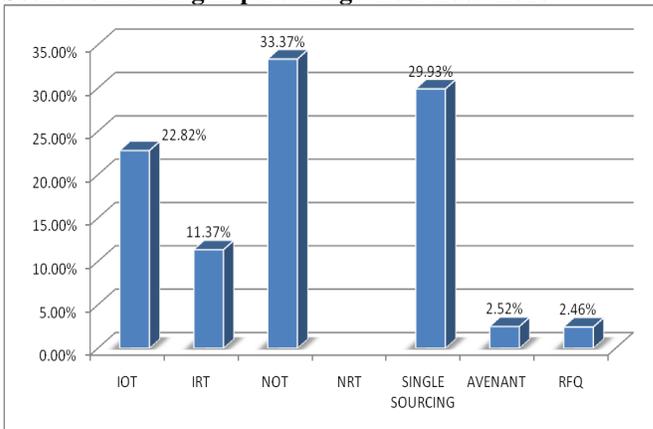
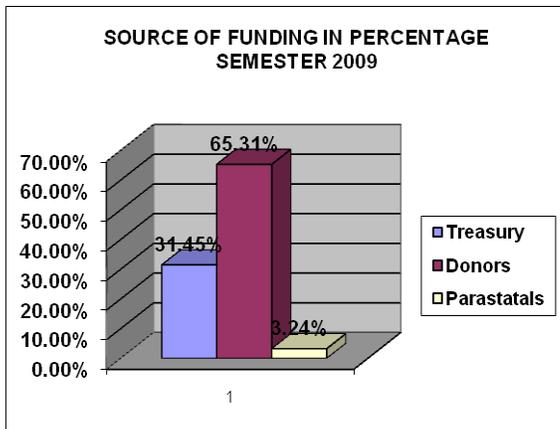
**FIGURE 2: NO OBJECTIONS BY TYPE, SOURCE OF FUNDING AND PROCUREMENT METHOD**



**Amount in percentage by type: Year 2009-2010**



**Source of funding in percentage-Year 2009-2010**



**Amount by method in percentage-Year 2009-2010**

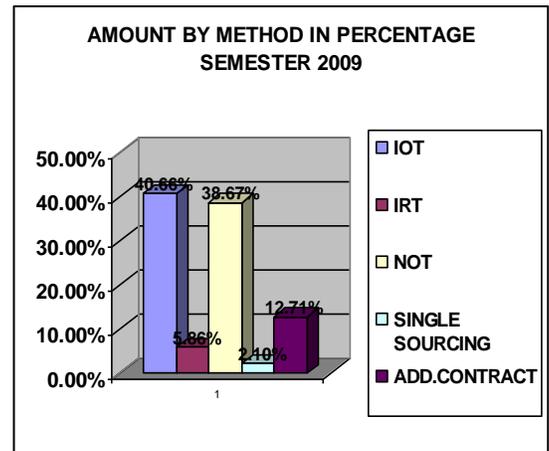


Table 2 shows that the number of no objections requested from RPPA was 73 worth 11,387,677,417.05 Rwf for the year 2009/2010 compared to 56 worth 7,182,089,099 Rwf for the first semester 2009. In actual fact this was a decrease because 2009/2010 was

12 months while the first semester 2009 was 6 months. This decrease was due to the raising of the threshold.

## **2.2 Advertisement of tenders**

We ensure the advertisement of tender notices on RPPA website and dgmarket. Necessary arrangements are also made with agents from "BUSINESS WEEK" so that international tender notices can be published in that newspaper. We also summarize tender notices to be published on RPPA notice boards for the public.

## **3. Audit and field visits**

### **3.1. Audits 2008 plus mini budget 2009**

#### **- Number of entities planned vs number of entities audited**

For the tenders awarded in year 2008 and mini budget 2009, **46** procuring entities were audited out of **55** that had been planned.

#### **-Main findings**

In General, the following weaknesses/challenges were noticed

- ✓ Lack of annual procurement plan in some procuring Entities;
- ✓ Many awarded tenders that were not planned;
- ✓ Many tenders awarded through inappropriate procurement method;
- ✓ Awarded tenders that had no tender/request for proposals documents;
- ✓ Tender/Request for Proposals documents which did not conform to the national standard bidding documents;
- ✓ Awarded tenders that did not have opening and evaluation reports;
- ✓ Some opening/evaluation reports which did not conform to the national standard models;
- ✓ Bid evaluations which were not based on bidding documents criteria;
- ✓ Some contracts/purchases orders not available during the audits;
- ✓ Unavailability of some provisional/final notification letters to successful and unsuccessful bidders;
- ✓ Poor filing system in some procuring entities;

- ✓ One procurement officer who is insufficient to handle procurement activities in some procuring entities;
- ✓ Unavailability of some internal tender committee (ITC) members during procurement process (Opening, evaluation etc.);
- ✓ Delay in execution of some tenders;
- ✓ Delay in payments of some tenders in some procuring entities,
- ✓ Lack of knowledge about some technical specifications.

During the audit activities, it was noted that that procurement procedures were respected in the following proportions

- For the 46 entities audited, 41 entities had their annual procurement plans i.e. **89.1%** of all the entities audited. Nevertheless, in terms of number, on a total of **1,987** tenders taken as samples, on a total of 2642 tenders awarded by all the procuring entities audited, only **1,078** appeared on the procurement plans, which stand for **54.2%**. The total value of all the audited tenders was **53,239,432,328RwF**.
- **1,176/1,987 (59.1%)** of audited tenders were awarded through appropriate method (authorized by the law on public procurement) and the commonest method used was the open competitive tendering. It was used for **869/1,987**. I.e. **43.7%** of all the contracts awarded by number. In terms of value, the total amount for all tenders, which were awarded through this method, totals **42,165,630,403RwF** which stand for **79.2.3%** of the total price of all contracts audited.

Other methods used were in the following ratios (by number):

- Restricted tendering method (national and international): **372/1,987**, i .e **18.7%**
- Request for quotations (shopping): **460/1,987**, i.e. **23.1%**;
- Single source method **139/1,987**, i.e. **7 %**;
- Unidentified method due to lack of supporting documents concerned: **147/1,987**, i.e. **7.3 %**.
- For **1,019** tenders that required the preparation of tender documents/Requests for proposals, **781** TD/RFP only, i.e. **76.6%**, were available and were presented to the auditors. Among these tender documents, only **197** tender documents were prepared according to the Standard Bidding Document. i.e. **25.2%**,
- The number of tenders, taken as samples that would be transmitted for an à priori review by RPPA was **55**. Among these, the request for no objection was done for **43** tenders, that is to say **78.1%**
- Reports of opening of bids were available for **57.7%** of tenders audited. Some procuring entities still put a section about opening of bids in the evaluation report and think this is sufficient which is not the case.

- Evaluation reports available and presented to auditors were **1678/1987**, i.e. **82.8%** of all the audited tenders,
- **1064/1678** of the available evaluation reports showed that the evaluations of bids were based on criteria of bidding documents. i.e. **63.4%**
- According to the regulations in force, the performance guarantees should be required for every tender having the amount which is more than five million Rwandan francs. Although this one was not systematically asked, the audit found that it was required and submitted for **536/781** tenders, which represents **68.6 %**.
- The contracts / purchase orders which were presented to the auditors are **1,721/1,987**, which represent **86,6%**
- The reports of approval of consultancy services exist for **109/291**, which is **37.4 %** of the tenders of consultancy services audited,
- Number of tenders for supplies that delivery and receiving notes/ reports were available was **623/1378** that is **45,2%** of audited tenders for supplies,
- Reports on provisional acceptance of works available were **124/265** This represents **46.7%** of the works Contracts of works that should have been completed by the time of the audit period
- The audit indicated the necessity of an improvement in the filing of documents. Indeed, only **393/1987** tenders had all necessary procurement documents. i.e. **19.7%**

## **Recommendations**

Considering the audit findings improvements are recommended in the following operations:

- i. Preparation of a provisional procurement plan by each procuring entity at the time of preparing the budget in compliance with article 2 of the Ministerial Order n° 001/08/10/2 MIN of 15/01/2008 establishing regulations and tender documents is recommended
- ii. Use of appropriate procurement methods and conforming to the conditions and statutory periods governing procurement procedures;
- iii. The preparation of tender documents/request for proposals for any tender to be awarded by open competitive bidding or by restricted tendering in accordance with standard bidding documents;
- iv. All tenders should have bids opening reports;

- v. The provisional and final notification to the successful bidders and to all the unsuccessful bidders; and it must be done, according to the provisions of article 43 of law N°12 / 2007 on to public procurement;
- vi. The requirement of performance security for each tender contract of works, goods or other services, in accordance with article 75 of the law No12/2007 on public procurement;
- vii. Drafting and signing of a contract for every tender, in accordance with article 44 of law No12/2007 governing public procurement
- viii. The reception of goods/works after their inspection. Approval of reports for consultancy services.
- ix. The proper filing, in the same place, of every copy of documents concerning the awarded tender.
- x. Refresher training on procurement procedures for all those involved in public procurement, including **chief budget managers**, is still needed,
- xi. Lesson on filing system should be included in the procurement training to improve filing system

### **3.2 Field visit**

#### **-Number of field visits planned vs number of field visits carried out**

Within the framework of the follow-up of the execution of contracts during the contract implementation, 31 visits out of 30 planned visits were carried out.

#### **-Main findings**

Some projects were well implemented and completed in contractual period but others presented a considerable delay, due to many factors among which were lack of professionalism, technical and financial capacities of contractors etc. **Examples of tenders that were well implemented and completed in time are:**

- Works for the Hydro-agriculture rehabilitation of perimeters 2&3 of Muvumba marshland exploited by CODERVAM in Nyagatare District;
- Works for the construction of staff houses (4 units) at Tumba College of Technology;
- Works for the construction of Kora modern market. phase II in Nyabihu District;
- Rehabilitation and reinforcement project for clean water (AEP) Kanzu-Gatare in Nyamasheke District;
- Works of rehabilitation, extension and reinforcement project of drinking water (AEP) Mata- Nyamyumba;
- Works of rehabilitation, extension and reinforcement project of drinking water (AEP) Mata-Ruramba;

- Works of rehabilitation, extension et reinforcement project of drinking water supply networks in Huye District (BatchA2);
- Works of rehabilitation, extension and reinforcement project of drinking water supply networks (AEP) in Nyaruguru District (BatchA3);
- Construction works of deviation of Giswi –Uwinteko (13 km) road in Nyaruguru District;
- Works of rehabilitation, extension and reinforcement project of drinking water supply networks Lot 2: AEP Gacurabwenge.

**Examples of projects that presented delays in their implementation are:**

- Tender awarded to HYCOMEP Company: Construction works of classrooms in Ngororero district;
- Construction works of hydro power plant on Rukarara River awarded to ECO POWER Company;
- « Travaux de construction de la gare routière de Rusizi, Phase I awarded to ECOTIBAT » ;
- « Travaux de construction de l'école secondaire de Nkombo » awarded to EIS Company ;
- « Travaux de réhabilitation de la route Brasserie-Nyamwenda-Nkora (27km) », awarded to SAM construct » and
- « Fourniture et montage du matériel électrique 30Kv Kiruhura-Ruhashya-Rugogwe » awarded to Joh.Achelis Sohne GMBH ».

## **4. Capacity building**

### **4.1 Training workshops**

The numbers of people trained exceeded those that had been planned by far. This was because more people turned up for training than had been expected for dg market training and there was refresher training for procurement officers and members of tender committees which had not been planned. Therefore instead of training 100 procurement officers in the use of dg Market which had been planned, 106 were trained while instead of training 100 procurement officers and internal tender committees in procurement procedures, which had been planned, 202 were trained. All training sessions were conducted by RPPA, RIAM, DG Market and IMA (International Management Academy).

### **4.2 One day training meetings and presentations in Meetings**

- In October 2009, RPPA staff provided one-day training on public procurement procedures for 26 staff of the Public Service Commission.
- In November 2009, RPPA staff provided one-day training on public procurement procedures for 15 staff of Gasabo District.

- In December 2009, RPPA staff provided one-day training on public procurement procedures for 115 staff of MINIJUST, NPS Senior Executive Officers and CNLG
- In February 2010, RPPA staff dispensed one day training on public procurement procedures for Senior Staff of KIST;
- In June 2010, RPPA staff dispensed one day training on public procurement procedures for staff of the Office of Ombudsman.

## **5. Requests for no objection on additional works and cost**

Rwanda Public Procurement Authority received a number of requests for no objection on additional works and costs. The additional works arise from incomplete studies that do not include some of works during the preliminary project study phase while the additional cost in most cases is attributed to inflation. The table below shows the requests for additional works and costs that were received and those that were accepted or rejected.

**Table3. Requests for no objection for additional works and costs**

| <b>DESCRIPTION</b>   | <b>Entity</b>                                   | <b>Supplier</b>                 | <b>Date of entry RPPA</b> | <b>of in</b> | <b>Date of answer</b> | <b>Observations</b>   |
|--|---|---------------------------------|---------------------------|--------------|-----------------------|---|
| Non objection” on NRD supply of services to RDB  | RDB   | Norway Registers Development AS | 05/06/2009                |              | 10/08/2009            | The RPPA answered that it doesn't grant the no objection for unforeseen expenses by the letter No 010/09 - 1155/RPPA  |
| Request for no objection supplementary works for the construction “Banque de gene ISAR”    | ISAR  | Rwf 68,028,042                  | 30/06/2009                |              | 09/07/2009            | The RPPA advised the Ministry of Agriculture by the letter No 010/09-1012/RPPA to make decision itself as the amount requested for no objection was within their threshold. |
| Request for no objection supplementary works for the construction of a laboratory for RADA | Appui à la filière semencière du Rwanda MINAGRI | Rwf 36,295,987                  | 30/06/2009                |              | 09/07/2009            | The RPPA advised the Ministry of Agriculture by the letter No 010/09-1013/RPPA to make decision itself as the amount requested for no objection was within their threshold. |

|  |                    |  |            |            |  |
|--|--------------------|--|------------|------------|--|
| No objection for periodic maintenance of Maya-Rushaki –Muhambo (supervision) | MININFRA           | CONSTRUCTION CONSULTANCY COMPANY<br>Rwf 29 436 280 | 09/10/2009 | 14/10/2009 | The RPPA advised the Ministry of Infrastructure by the letter No 010/09-1476/RPPA to make decision itself as the amount requested for no objection was within their threshold. |
| No objection : Etude détaillées de l'Aéroport International de Kigali        | MININFRA           | TPS Consultancy Services<br>Rwf 590, 181,831       | 19/10/2009 | 28/10/2009 | The no objection was granted and transmitted by the letter N° 010/2009-1553/RPPA<br>This tender was awarded by Single source method.   |
| No objection for additional works on Kibungo- Ramiro feeder road             | MININFRA           | GM CEC<br>Rwf 264 568 980                          | 29/10/2009 | 05/11/2009 | The no objection was granted and transmitted by the letter N° 010/2009-1568/RPPA<br>Additional works is 19%.   |
| No objection and advice for additional works on Rutoma-Ryabega Pipeline      | NYAGATARE District | ECOGL<br>Rwf 197 038 700                           | 29/10/2009 | 03/11/2009 | The RPPA advised the District of Nyagatare by the letter No 010/09-1564/RPPA to make decision itself as the amount requested for no objection was within                       |

|  |                    |                                  |            |            |  |
|--|--------------------|----------------------------------|------------|------------|--|
|  |                    |                                  |            |            | their threshold. The percentage of additional contract is 95%.   |
| No objection for the change of site for maternity ward from Kageyo to Bugarura                                 | CTP-GLOBAL FUND    | VICO SARL                        | 04/12/2009 | 11/12/2009 | The no objection was granted and transmitted by the letter N° 010/2009-1753/RPPA   |
| No objection for the price revision of the rehabilitation and extension of Cyahafi water pipeline              | NYARUGURU District | COMECA<br><b>Rwf 270 002 198</b> | 10/12/2009 | 29/12/2009 | The RPPA advised the District to seek for legal advice from MINIJUST by the letter No 010/2009-1812/RPPA the percentage of additional amount due to price revision is 45.67%                         |
| No objection of supplementary contract (project N° 1) on the initial contract of electrical line construction. | MININFRA           | ELECTROGAZ<br>Rwf 54 997 727     | 23/12/2009 | 30/12/2009 | The RPPA advised MININFRA by the letter No 010/09-1822/RPPA to make decision itself as the amount requested for no objection was within their threshold. The percentage of additional works is 10.6% |

|   |          |                             |            |            |   |
|---|----------|-----------------------------|------------|------------|---|
| No objection for supplementary works (Project No1) on the road Ngororero-Mukamira rehabilitation works  | MININFRA | SNCTPC<br>Rwf 3 700 649 175 | 24/12/2009 | 30/12/2009 | The no objection was granted and transmitted by the letter N° 010/2009-1821/RPPA. The percentage of additional works 19.1%  |
| No objection to the amendment of the contract between Agro Genetic Technologies, Uganda (AGT) and RADA for the supply of KAMARAMASENGE in vitro Plantlets | RADA     | AGT                         | 23/01/2010 | 04/02/210  | RPPA inform RADA that the additional cost was within its threshold and requested him to take adequate decision to attribute the additional contract (letter no 010/10-160/RPPA) |
| No objection on supplementary and price revision on construction of the hostels in RIAM-Murambi   | RIAM     | ECOMIR                      | 30/12/2009 | 20/01/2010 | The RPPA advised RIAM by the letter No 010/10-084/RPPA to make decision itself as the amount requested for no objection was within their threshold.                             |

## **6. Policy, legislation and investigation.**

This section covers policy and legislation activities, legal advisory activities, investigation and blacklisting activities. In this regard the legal team worked on drafting amendments in order to improve public procurement law, advised a number of procuring entities in legal issues relating to procurement, and updated the blacklist.

### **6.1 Policy and legislation**

A draft law modifying and completing the law No 12/2007 of 12/03/2007 on public procurement was elaborated. The draft corrects some provisions found with language mistakes, amends others for improvement by adding paragraphs or by removing unsuitable ones. In order to collect many ideas and cover all issues encountered by procuring entities and enforcement stakeholders when they were implementing the law on public procurement, consultative meetings on the draft were organized. The draft Ministerial Order defining the competence of RPPA and fixing the thresholds for public procurement entities was drafted and adopted by cabinet. With assistance of a Consultant hired by the MINECOFIN, a draft Code of Ethics that will govern people involved in public procurement was elaborated. To help staff managing public procurement a draft of Procurement User Guide has been prepared.

The legal team of RPPA reviewed the draft of procurement procedures for “BANQUE RWANDAISE DE DEVELOPPMENT S.A” and discussed with CAMERWA team on the amendment draft of “public procurement Manual for CAMERWA ASBL”.

## **6.2 Legal advice**

During the first semester 2010, RPPA provided legal advice on various cases. Some of them were related to contract drafting or management, others on procurement proceedings. Advice availed in this regard certainly helped requesting procuring entities to prevent or avoid disputes that should have increased procurement costs for them or helped them to respect public procurement procedures. The expectation is that the advice availed have helped procuring entities to attain objectives of the procurement they intended to achieve.

## **6.3 Investigation and Blacklisting**

During the year 2010/2009, RPPA had 89 cases were under investigations for violating the law on public procurement (including those that had been received during the previous years which had not yet been finalized). Investigations on twenty two (22) cases were finalized leading to blacklisting of 22 companis. Among them, fourteen (14) were blacklisted for failure to execute tender contracts. These are:

RUKOFAR, ERWABRICO, ECOGEC, ECKE, ECFM, BL TECHNICS & SECURITY, EBADER, ECOPE, EPM, EFCD, COMFORT BUILDERS, ECOFOMO, ECOJEC and ECOHYBA. Eight (8) were blacklisted for forgery and use of forged documents. These are: GECO-INTER, ERT, ECODIF, EKAJEKO, ECOSAF, ALAFACON, STUDI INTERNATIONAL and SOCOBAT/RP. Investigations were still ongoing for the remaining 67 cases.

## **6.4 Litigation**

RPPA Lawyer represented and defended RPPA appearing before the court on behalf the Independent Review Panel (IRP) in two cases related to decisions it

made. The legal team prepared and submitted the defence in cases brought to the High Court respectively by NSHIMIYIMANA SHADRACK against RPPA/IRP in re RAD 0084/09/HC/KIG, FIRST CLEANING Co Ltd against IRP in re RAD 0107/09/HC/KIG, and HASHI EMPEX Ltd against IRP in re RAD 0053/09/HC/KIG.

## **6.5 Other activities**

As RPPA received Delegation from Public Procurement Authority of Niger, the legal team was charged to guide visitors. In this regard the team introduced them to legal and institutional framework of public procurement and guided the delegation to visit key institutions which are partners of RPPA in public procurement.

The RPPA legal team participated in EAC conference on various protocols related to the implementation of EAC Common Market and other policies and legal texts for the use the EAC SECRETARIAT in ARUSHA in March 2010, among the texts the conference examined the draft of EAC procurement procedures.

## **7. Human resource management**

Human resource management refers to the function within the organization that focuses on recruitment, capacity building, management and providing direction for the people who work in the organization. In this area the following activities were realized;

### **7.1 Recruitment**

RPPA in conjunction with the Public Service Commission recruited 9 officers to fill some vacant posts. Six are in charge of monitoring and support to

decentralized entities, one in charge of Logistics, one in charge of Human Resource management, one in charge of planning and two in charge of Research and Legal affairs. A process was going on to fill vacant posts in

From March 2010, RPPA has a new organization structure and this requires recruiting new staff to fill new posts. The recruitment of this staff is underway since April.

## **7.2 Strengthening capacity**

The newly recruited staff first received induction training in their respective fields by fellow experienced RPPA personnel for a specific period. They also participated in workshop on the use of the internet website “[dgmarket: www.market.gov.rw](http://www.market.gov.rw)” conducted by the experts from “Rwanda Development Gateway”, held at Kigali in September, 29<sup>th</sup> /2010 in TELECOM HOUSE. In March 2010, 3 procurement officers, 2 legal officers and accountant were trained by INTERNATIONAL MANAGEMENT ACADEMY on contract management related to public procurement. In June and July, 14 RPPA staff were trained by RIAM.1 on Human Resource Management, 12 on public procurement and 1 on monitoring and evaluation.

In April 2010, RPPA staff started a one year training in English Language. The staff were divided into 3 groups according to the level of proficiency: beginner (16), intermediate (22) and upper intermediate (8). Classes take 2 hours each three times a week.

## **7.3. Sports**

For development of sports at RPPA, staff who committed themselves to participate fully in sports activities, RPPA subscribed for them in CERCLE SPORTIF DE KIGALI. Participation is once every Friday from 3:30 p.m. and a weekly report is compiled. However, due to English program that is scheduled on Friday staff have been encouraged to arrange their free hours to go for sports.

## **8. Information and communication technology (ICT)**

This annual ICT activity report takes into account both administrative practices and technical tasks that have been carried out by ICT personnel in Rwanda public Procurement Authority during financial year 2009-2010. In the area of ICT, achievements made are summarized in the followings aspects:

- Hardware , system and office software maintenance
- RPPA web services and content management
- Intranet and web based applications development
- Purchase of desktop and laptop computers
- Internal business trends analysis, redesigning and production of statistical reports on awarded tenders.
- Network infrastructure and Internet administration

Concerning the hardware maintenance, ICT unit worked hand in hand with contractual ICT equipment maintenance firm “Computer point” and scheduled preventive maintenance during the contractual period. Better yet, computers, printers and uninterrupted power supply (UPS) have been cleaned and some printers which were not working properly got repaired.

The update of operating systems and office applications, the management of network in order to allow users to share information and printers was controlled on a daily basis.

Training was provided to ICT staff in dgmarket administration and lasted two days at Rwanda development gateway (RDG). This was to help ICT staff get tools in dgmarket administration for the future use and sustainability of dgmarket service to public procurement.

The RPPA’s website was continuously updated and the hosting service agreement with Rwandatel S.A was renewed and prolonged for 6 months. ICT

unit have assisted procuring entities with request on tender publications and manipulation of dgmarket portal.

Two desktops and two laptops computers were purchased and allocated to RPPA staff.

For internal business and communication flow analysis, the ICT have analyzed and redesigned an internal courier management database which will serve the courier related data management at the entrance and exit time, as well as recording the assigned task the staff. The inventory management system was implemented. At the end of each quarter during the financial year 2009-2010, ICT staff concentrated their efforts on the production of statistical representations on awarded tenders.

Among other activities, a request was made to National Data Center for RPPA's staff email accounts service. The inclusion of updates in terms of reference for designing RPPA's website was successfully done and conveyed to RDB for further steps of the project.

RPPA-ICT unit worked hand in hand with Infrastructure unit of Rwanda Development Board-IT in implementation of Kigali Metropolitan Network. The electrical infrastructure was added to existing line and will be used to connect Kigali Metropolitan Network equipment.

During this period, the access on internet and its administration sustained and maintenance of data sockets was provided. IT staff has made significant efforts to make sure that the local network, hardware and software running on local computers and storage infrastructures are intrinsically resilient.

The rearrangement of network cables on the level 1 and level 2 of RPPA's building was well done by GLOBAL IN ONE Company.

## **9 .Stock management**

Stock was properly managed during the fiscal year 2009/2010. Requisition forms and stock cards were filled. According to the report the balance stock value at the end fiscal year 2009/2010 that is 30<sup>th</sup> June 2010 was 13 801 625Rwfs. All items in the stock were authorised by competent RPPA staff.

## 10 .Financial management

In financial management all reports as stipulated in our plan of action were submitted in accordance with laws, rules and regulation governing public finance especially organic law on state finance and property.

There was good financial management in the year 2009/2010 (1<sup>st</sup> July 2009 – to 30<sup>th</sup> June 2010). Out of the global budget of 613,193,499Rwfs allocated to RPPA for the fiscal year 2009/2010, 568,590,602 Rwfs was received from the treasury, that is 93% of the total budget. Out of this, RPPA spent 578,728,445 Rwfs that is 102%. The surplus was partly offset by fund balance at the beginning of the period. This budget was executed in compliance with the financial management procedures in force and taking into account the activities provided for in the year 2009/2010 Action plan.

Invoices of suppliers and other beneficiaries were paid on time, the staff salaries were particularly paid as well as any other contributions levied on salaries such those of RAMA, TPR, CSR, and FARG. Financial statements below illustrate very clearly the situation as of 31/12/2009.

### 10.1 Statement of revenues and expenditure

|  |       |  |   |
|--|-------|--|---|
| <b>Period to 30<sup>th</sup> June 2010</b> | Notes | <b>FY 2009/10<br/>12 months to<br/>30 June</b> | <b>FY 2009 6<br/>months to 30<br/>June 2009</b> |
|--|-------|--|---|

|   |    | <b>20010</b>       |                    |
|---|----|--------------------|--------------------|
|   |    | <b>RFW</b>         | <b>RFW</b>         |
| <b>Revenues</b>   |    |                    |                    |
| Cash transfers from Treasury-recurrent                                    | 1  | 223 757 842        | 77 186 118         |
| Direct payments-recurrent budget  | 1  | 344 526 378        | 150 908 210        |
| Development budget  | 2  | 0                  | 0                  |
| Inter-entity transfers (Transfer from other Budget Agencies)              | 3  | 0                  | 0                  |
| Grants/loans from development partners                                    | 4  | 0                  | 0                  |
| Other income (Including internally generated)                             | 5  | 306 383            | 24 545 648         |
| <b>Total Revenues (A)</b>   |    | <b>568 590 603</b> | <b>252 639 976</b> |
| <b>Expenses</b>   |    |                    |                    |
|   | 6  |                    |                    |
| Wages and Salaries  |    | 344 526 378        | 150 908 210        |
| Purchase of goods and services  |    | 228 601 243        | 102 161 351        |
| Arrears   |    | 0                  | 0                  |
| Interest on domestic debts  |    | 0                  | 0                  |
| Transfers abroad  |    | 0                  | 0                  |
| Capital expenditure   |    | 5 600 824          | 932 200            |
| Amortization of domestic debts  |    | 0                  | 0                  |
| Amortization of domestic debts  |    | 0                  | 0                  |
| Social assistance   |    | 0                  | 0                  |
| Other expenses  |    | 0                  | 0                  |
| Inter-entity transfers (transfer to other Budget Agencies)                |    |                    | 0                  |
| Other transfers to Non Budget Agencies e.g sector,schools, high court etc | 3b | 0                  | 0                  |
| <b>Total expenses (B)</b>   |    | <b>578 728 445</b> | <b>254 001 761</b> |

|  |          |                     |                    |
|--|----------|---------------------|--------------------|
|  |          |                     |                    |
| <b>Surplus/deficit (C=A-B)</b>                 |          | <b>(10 137 842)</b> | <b>(1 361 785)</b> |
|  |          |                     |                    |
| Fund balance at beginning of year (D)          | <b>9</b> | <b>8 369 980</b>    | <b>9 731 765</b>   |
| Adjustment on opening balance (E)              |          | (925 000)           | 0                  |
| <b>Fund balance at end of period (F=C+D+E)</b> |          | <b>(2 692 862)</b>  | <b>8 369 980</b>   |

## 10.2. Financial Assets and Liabilities as at 30th June 2010

|                                    |              | <b>FY 2009/10 As<br/>at 30<sup>th</sup> June<br/>2010</b> | <b>FY 2009 6<br/>Months to 30<br/>June 2009</b> |
|------------------------------------|--------------|---|---|
|                                    | <b>Notes</b> |   | <b>Frw</b>                                      |
| <b>Financial Assets</b>            |              |   |   |
| Cash at Bank                       | 8            | 2 481 468   | 15 687 825                                      |
| Cash in Hand                       | 9            | 81 500  | 42 349  |
| Accounts Receivables and Advances  | 10           | 87 500  | 87 500  |
|                                    |              |   |   |
| <b>Less: Financial liabilities</b> |              |   |   |
| Accounts Payables                  | 11           | 5 343 330   | 7 447 694                                       |
|                                    |              |   |   |
| <b>Net Financial assets</b>        |              | <b>(2 692 862)</b>  | <b>8 369 980</b>                                |
|                                    |              |   |   |
| <b>Representing</b>                |              |   |   |
| Accumulated surplus (Deficit) from |              | 7 444 980   | 9 731 765                                       |

|  |  |                    |                  |
|--|--|--------------------|------------------|
| previous years                             |  |                    |                  |
| Net surplus / (Deficit) for current period |  | (10 137 842)       | (1 361785)       |
| <b>Total closing balances</b>              |  | <b>(2 692 862)</b> | <b>8 369 980</b> |

### 10.3. Accounting policies

#### a) Basis of preparation

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the requirements of Article 70 of the Organic Law on State Finances and Property: Law No. 37/2006 of 12 September 2006 and Ministerial Order N°002/07 of 9 February 2007 relating to Financial Regulations.

The Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. In the context of Ministerial Order N°002/07 of 9 February 2007 relating to Financial Regulations the modified cash basis of accounting means financial transactions which are recognized in the books of account as follows:

- 1 Generally, transactions are recognized only at the time the associated cash flows take place;
- 2 The expenditure on acquisition of fixed assets is not capitalized. Thus fixed assets are written-off on acquisition and the wear and tear (depreciation) of those assets is not recorded in the books of account; and
- 3 Prepaid expenditure/advances is written-off during the period of disbursement.

The recognized “modification” is as follows:

- 1 Invoices for goods and services which are outstanding on the date of the closure of the fiscal year are recognized as liabilities for that specific fiscal year;
- 2 Loans and advances are recognized as assets/liabilities at the time of disbursement and related interest is recognized only when disbursed. Interest payable on public debt is accrued; and
- 3 Book balances denominated in foreign currencies are converted into the Rwanda Francs at rates of exchange ruling on that date issued by the National Bank of Rwanda. The associated exchange losses are recorded as recurrent expenditure while the exchange gains are recorded as recurrent revenue.

**b) Reporting entity**

The financial statements are for Rwanda Public Procurement Authority. RPPA was established by law n°:63/2007 of 30<sup>th</sup> December, 2007. The entity is located in Kigali city and falls under Ministry of Finance and Economic Planning (MINECOFIN).

- **Presentation Currency**

The financial statements are reported in Rwanda Francs, being the currency of legal tender in Rwanda.

**c) Revenue**

- **Cash transfers from Treasury**

These are budgetary allocations from Central Government and are disbursed directly to the bank account of the institution periodically. The budgetary allocation is mainly used to fund recurrent expenditure of the institutions. The receipts are recognized when the cash is received.

- **Direct payments by Treasury**

These are payments directly made to suppliers by the Government on behalf of the institutions. Direct payments are recorded when the transfer is made to the supplier.

- **Inter-entity transfers from a Ministry/Agency**

These are funds received from another budget agency. The funds are recognized when they are received.

- **Grants and loans from Development Partners**

These are funds received from donors. These funds are recognised as revenue when the institution receives the cash from the donors.

- **Other income**

Other income includes internally generated income, receipt of fees from payment of fines, penalties and forfeits, interest and dividend income, proceeds from sale of capital assets and funds received from repayment of loans and advances to employees. Other income is recognised when received.

#### **d) Expenditure**

Expenditure is classified according to major categories in line with Article 19 of Ministerial Order N°002/07 of 09/02/2007 relating to Financial Regulations. The main categories of expenditure includes salaries, goods and services, exceptional expenditure, interest payment, repayment of principal on debt, subsidies and current transfers and capital expenditures. Expenditure is recognized when payment is made.

#### **e) Cash**

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.

**f) Receivables and Advances**

Receivables mainly relate to loans and advances which are recognized at the time of disbursement. Receivables also include amounts due to the budget agency as at the end of the year.

**g) Account 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.

This also relate to loans and advances to the institution which are recognized as liabilities at the time of disbursement.

**h) Foreign currencies**

Transactions denominated in foreign currencies are translated to the Rwandan Franc at the rate of exchange issued by the National bank of Rwanda (BNR) applicable for the dates of the transaction. At the balance sheet date, book balances denominated in foreign currencies are converted into Rwandan Francs at the exchange ruling on that date as issued by BNR. The associated exchange losses/gains are recorded as expenditure/ income in the books.

## 10.4 Notes to the financial statements

### 10.4.1. Cash transfers and direct payments – recurrent budget

| Description     | FY 2009/2010                 | FY 2009                     |
|-----------------|------------------------------|-----------------------------|
|                 | 12 Months to<br>30 June 2010 | 6 Months to<br>30 June 2009 |
|                 | Frw                          | Frw                         |
| Cash transfers  | 223 757 842                  | 77 186 118                  |
| Direct payments | 344 526 378                  | 150 908 210                 |
| <b>Total</b>    | <b>568 284 220</b>           | <b>228 094 328</b>          |

The amounts for FY 2009/2010 above have been reconciled with the amount as per the smartgov schedule as shown in the table below:

### 10.4.2. Cash transfers and direct payments - Development budget

No development budget provided for RPPA neither for year 2009 nor 2009/10.

### 10.4.3. Inter entity transfers

#### a) Funds received from other budget agencies (Income)

No inter-entity transfer received neither for year 2009 nor for 2009/10.

#### b) Funds transferred to other budget agencies (Expenditure)

No inter-entity transfer transferred to other agencies neither for year 2009 nor for 2009/10.

### c) Grants and loans from Development Partners

No grant received from donors during the year 2009 nor 2009/10.

### 10.5. Other income (Including internally generated income)

| Description            | FY 2009/2010<br>12 Months to<br>30 June 2010 |
|------------------------|--|
|                        | Frw  |
| Cancelation of debt    | 1 000  |
| Fine                   | 42 129                                       |
| Cancelation of payment | 212 715                                      |
| Exchange gain          | 50 538                                       |
| <b>Total</b>           | <b>308,362</b>                               |

### 11. Expenditures

These relate to payments as recorded in the cashbook of Rwanda Public Procurement Authority (RPPA). An analysis of expenditure against the budget has been provided in the budget execution section 7 of this report for the 12 months period to 30<sup>th</sup> June 2010.

- **Fund balance at the beginning of the year**

These include cash book, reconciled bank balances, petty cash balances, accounts payables balances as well as accounts receivables balances.

| <b>Source of funds</b>           | <b>FY 2009/10<br/>Balance as<br/>at 01 July<br/>2009</b> | <b>FY 2009<br/>Balance as at<br/>01 Jan 2009</b> |
|----------------------------------|--|--|
|                                  | <b>Frw</b>   | <b>Frw</b>                                       |
| Cash at Bank                     | 15 687 825   | 15 508 691                                       |
| Cash in Hand                     | 28 500   | 6 599  |
| Accounts Receivables             | 87 500   | 87 500   |
| Accounts Payables                | (7 447 694)  | (5 871 025)                                      |
| Adjustment on opening<br>balance | (925 000)  |  |
| <b>Total</b>                     | <b>7 444 980</b>   | <b>9 731 765</b>                                 |

The balances above are extracted from the signed financial statements submitted to MINECOFIN in FY 2009. However, there has been an adjustment of Rwf 925.000 caused by Zero balance account correction by BNR.

### **306 Cash at bank**

The bank amounts shown in the table below have been reconciled to the bank statements as at 30 June 2009 and 30<sup>th</sup> June 2010

| <b>Bank</b>  | <b>Account<br/>No.</b> | <b>Account<br/>currency</b> | <b>Amount in<br/>foreign<br/>currency</b> | <b>Exc<br/>h.<br/>rate</b> | <b>Balance<br/>as at 30<br/>june 2010</b> | <b>Balance<br/>as at 30<br/>June 2009</b> |
|--------------|------------------------|-----------------------------|---|----------------------------|---|---|
|              |                        |                             |   |                            | <b>Frw</b>                                | <b>Frw</b>                                |
| BNR          | 120.00.60              | Frw                         | -   | -                          | 0   | 2 905 716                                 |
| BNR          | 120.00.61              | Frw                         | -   | -                          | 2 481 468                                 | 12 782 109                                |
| <b>Total</b> |                        |                             |   |                            | <b>2 481 468</b>                          | <b>15 687 825</b>                         |

### 307 Cash in hand

The petty cash balance amounts as at 30 June 2010 shown in the table below has been reviewed by the Chief Budget Manager and a certificate included as an appendix to this report.

| <b>Bank</b>     | <b>FY 2009/10<br/>Balance as<br/>at 30 June<br/>2010</b> | <b>FY 2009<br/>Balance as<br/>at 30 June<br/>2009</b> |
|-----------------|--|---|
|                 | <b>Frw</b>   | <b>Frw</b>  |
| Petty cash book | 81 500   | 42 349  |
| <b>Total</b>    | <b>81 500</b>  | <b>42 349</b>   |

### 308 Accounts receivables

| <b>Debtors name</b>  | <b>FY 2009/10<br/>Balance as<br/>at 30 June<br/>2010</b> | <b>FY 2009<br/>Balance<br/>as at 30<br/>June 2009</b> |
|----------------------|--|---|
|                      | <b>Frw</b>   | <b>Frw</b>  |
| NDAZARO Lazarre      | 25 000   | 25 000  |
| BERAHO Ignace        | 62 500   | 62 500  |
| <b>TOTAL/Debtors</b> | <b><u>87 500</u></b>                                     | <b><u>87 500</u></b>                                  |

### 309 Account payables

| <b>Creditors name</b>                          | <b>FY 2009/10<br/>Balance as<br/>30 June 2010</b> | <b>FY 2009<br/>Balance<br/>as at 30<br/>June 2009</b> |
|--|---|---|
|  | <b>Frw</b>  | <b>Frw</b>  |
| ASYST  | 2 739 000   | 2 739 000   |
| BIZIMANA Samson                                | 34 338  | 34 338  |
| EAST AFRICAN                                   | 1 260 000   | 1 260 000   |
| RWANDATEL                                      | 0   | 1 000   |
| ENTREGELE                                      | 916 938   | 916 938   |
| LIBRAIRIE CARITAS                              | 92732   | 92 732  |
| AKAGERA MOTORS                                 | 42 422  | 42 422  |
| GUEST HOUSE EER                                | 12 900  | 12 900  |
| TPR  | 0   | 15 200  |
| FARG   | 0   | 27 011  |
| CSR  | 0   | 11 639  |
| RAMA   | 0   | 2 224   |
| 3% d'acompte à l'impôt<br>sur le bénéfice(RRA) | 0   | 76 220  |
| MATHEWS JORDAN                                 | 0   | 2 216 070   |
| RRA  | 245 000   |   |
| <b>TOTAL</b>                                   | <b><u>5 343 330</u></b>                           | <b><u>7 447 694</u></b>                               |

## 12. Budget execution

| Budget line code | Budget line description      | Budgeted amount    | Actual amount      | Variance          | Comment on significant variances                  |
|------------------|------------------------------|--------------------|--------------------|-------------------|---|
|                  |                              |                    |                    |                   |   |
| <b>Income</b>    |                              |                    |                    |                   |   |
|                  |                              |                    |                    |                   |   |
|                  | Cash transfers from treasury | <b>257,037,813</b> | 223 757 842        | 33 279 971        |   |
|                  | Direct payments              | <b>356,155,701</b> | 344 526 378        | 11 629 323        | Employees turn over                               |
|                  | Other income                 |                    | 306 382            | 306 382           | Payment cancellation, fine and exchange rate gain |
| <b>Total</b>     |                              | <b>613,193,514</b> | <b>568 590 602</b> | <b>44 602 912</b> |   |
|                  |                              |                    |                    |                   |   |
|                  |                              |                    |                    |                   |   |

| Expenditure |                                     |             |             |             |   |
|-------------|-------------------------------------|-------------|-------------|-------------|---|
|             |                                     |             |             |             |   |
| 2,101       | Aquisition of tangible fixed assets | 7,223,451   | 5,600,824   | -1 622 627  | Recruitment of staff to use equipment has been delayed by publication of RPPA new structure into official Gazette.  |
| 6,103       | Administrative employees            | 356,155,701 | 344 526 378 | -11 629 323 | Employees turn over   |
| 6,201       | Office supplies                     | 37,326,737  | 35 554 946  | -1 771 791  |   |
| 6,202       | Water and Energy                    | 9,149,705   | 6 058 113   | -3 091 592  | Fuel provided in the budget for generator was not purchased. This is due to no shortage supply of electricity, thus cost of electricity is very low compared to fuel. |

|       |                                |            |            |             |   |
|-------|--------------------------------|------------|------------|-------------|---|
| 6,206 | Maintenance & Repairs          | 12,460,453 | 30 750 843 | 18 290 390  | This is due to the rehabilitation of server room and the shifting of IT officers to another room. Then there has been an emergence case of electricity installation and spare parts of generator. . |
| 6,207 | Transport and travel           | 61,672,009 | 56 643 872 | -5 028 137  |   |
| 6,209 | Publication and printing       | 2,589,707  | 1 321 600  | -1 268 107  |   |
| 6,210 | Public relations and awareness | 75,354,205 | 61 908 249 | -13 445 956 | This is due to increase of ceiling which resulted into reduction of number of tender to advertised by RPPA.   |
| 6,211 | communication cost             | 17,392,625 | 15 025 359 | -2 367 266  | New unit of capacity development not yet introduced.  |

|              |                        |                    |                    |                    |   |
|--------------|------------------------|--------------------|--------------------|--------------------|---|
| 6,212        | Professional services  | 28,340,533         | 17 800 317         | -10 540 216        | Recruitment of new staff not done during 2009/2010 budget |
| 6,216        | Miscellaneous expenses | 5,528,388          | 3 537 944          | -1 990 444         |   |
|              |                        |                    |                    |                    |   |
| <b>Total</b> |                        | <b>613,193,514</b> | <b>578 728 445</b> | <b>-34 465 069</b> |   |

## **ANNEX 1: RPPA Board members**

|                                 |                  |
|---------------------------------|------------------|
| 1-Mr. MUGABO Damien,            | Chairperson      |
| 2-Mme KABEGA Emilienne,         | Vice-Chairperson |
| 3-Mr. KAYUMBA Eudace,           | Member           |
| 4-Mr. NSENGIMANA Mac,           | Member           |
| 5-Mme BAZIGAGA Gloriose,        | Member           |
| 6-Mme IREIRE Marie Jeanne,      | Member           |
| 7-MR.MURINDABIGWI J.M. Vianney, | Member           |