ENERGY DEVELOPMENT CORPORATION LIMITED

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

ENERGY DEVELOPMENT CORPORATION LIMITED (EDCL)

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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COMPANY INFORMATION

i. Company information

The Energy Development Corporation Ltd (EDCL) is a company domiciled in the Republic of Rwanda and wholly owned by Government. It was established in August 2014 as a subsidiary of Rwanda Energy Group (REG) that was formed after dissolution of the Energy, Water and Sanitation Authority (EWSA) through Prime Minister's Order N°87/03 of 16/08/2014.

The company is mandated to Increase investment in development of new energy generation projects in a timely and cost-efficient manner to expand supply in line with EDPRS and other national targets; Develop appropriate transmission infrastructure to evacuate new plants and deliver energy to relevant distribution nodes; Plan and execute energy access projects to meet the national access targets.

Development and implementation of the least cost energy development plan in line with the Government Policy and strategic objectives; Direct the Electricity Access Roll-Out Program by establishing and implementation plan and strategy in line with the overall sector strategy; Undertake economic and technical studies needed for the development of the infrastructure required new electric power plants, transmission and distribution network, oil and gas infrastructure, primary and social energy resources development projects; Establish appropriate project and contract management policies and procedures; Advise on the development of social energy projects.

ii. Registered office:

KN82 ST 3, Nyarugenge District
P.O Box 537
Kigali, Rwanda

iii. Bankers:

National Bank of Rwanda
P. O. Box 6219
Kigali

Ecobank Rwanda Plc
P. O. Box 3268
Kigali

Bank of Kigali
P. O. Box 259
Kigali

Equity Bank Rwanda Plc
P. O. Box 494
Kigali

Banque Populaire du Rwanda Plc
P. O. Box 1348 Kigali

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements of the Energy Utility Development Limited (the "Company") for the year ended 30 June 2021 which show the state of the Company's affairs.

PRINCIPAL ACTIVITIES

The core business of the Company is development of energy projects funded by the Government and other partners.

RESULTS

The results for the year 2021 are set out on page 6.

DIRECTORS

The directors who held office during the year and at the date of this report were:

MEMBERS OF THE BOARD OF DIRECTORS (BOARD):

Dr Didacienne MUKANYILIGIRA	Chairperson	From 14 December 2020
Pacifique TUYISHIME	Member	From 14 December 2020
Ms. Carine UMUTONI	Member	From 14 December 2020
Mr. Viateur MUGENZI	Member	From 14 December 2020
Mr. Jean Claude ILIBONEYE	Member	From 29 July 2014 to date
Mr. Charles KALINDA	Member	From 14 December 2020
Ms. Clemence Rita MUTABAZI	Member	From 14 December 2020
Mr. Ron WEISS	Board Secretary	From 15 May2017 to date
Rehema NAMUTEBI	Former Ag. Chairperson	To 14 December 2020
Mr. Robert NYAMVUMBA	Former Vice Chairperson	To 14 December 2020
Ms. Christelle KAYIHURA	Former Member	To 14 December 2020
Ms. Rose BAGUMA	Former Member	To 14 December 2020

Signed by directors

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Date: 2022.02.24 18:16:57 +02'00'
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Ron Weiss

Digitally signed by Ron WEISS (CEO)
Date: 2022.02.28 12:44:12 +02'00'
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for **Felix GAKUBA**
Managing Director
EDCL

Ron Weiss
Chief Executive Officer
REG

Dr. Didacienne MUKANYILIGIRA
Chairperson
BoD 01/03/2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Law No. 007/2021 of 05/02/2021 governing Companies requires to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for that year. It also requires the directors to ensure that the company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company. They are also responsible for safeguarding the assets of the company.

The directors accept responsibility for the audited annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with International Financial Reporting Standards and the requirements of the Law No. 007/2021 of 05/02/2021 governing companies.

The directors are of the opinion that the audited financial statements give a true and fair view of the state of the financial affairs of the company and of its profit in accordance with International Financial Reporting Standards.

The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of audited financial statements, as well as designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of audited financial statements that are free from material misstatement.

Financial performance

The Company's directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the board of directors are not aware of any other material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the audited financial statements continue to be prepared on the going concern basis.

Endorsement of the audited financial statements

The audited financial statements on pages 5 to 34 were endorsed to be shared to shareholder by the board of directors on __________ and signed on its behalf by

Signed by directors

Digitally signed by EDCL(Director OG and AE) Date: 2022.02.24 18:17:21 +02'00'	Ron Weiss Digitally signed by Ron WEISS (CEO) Date: 2022.02.28 12:45:05 +02'00'	
....	....	....
for **Felix GAKUBA**	**Ron Weiss**	**Dr. Didacienne MUKANYILIGIRA**
Managing Director	**Chief Executive Officer**	**Chairperson**
EDCL	**REG**	**BoD**
Date	**Date ....**	**Date** 01/03/2022

STATEMENT OF COMPREHENSIVE INCOME

Description	Notes	30 June-2021 FRW	30 June 2020 FRW
Grant income	2	63,453,007,632	61,226,557,491
Other operating income	3	544,222,740	702,142,584
		63,997,230,372	**61,928,700,075**
Contribution to private power projects and subsidies	4	(48,340,918,420)	(49,572,022,919)
Administrative expenses	5	(15,112,089,211)	(11,654,534,572)
Operating profit before depreciation and amortisation		**544,222,741**	**702,142,584**
Depreciation of assets	5	(492,059,063)	(649,978,932)
Amortisation of intangibles		(52,163,678)	(52,163,652)
Profit/ Loss before income tax		-	-
Taxation		-	-
Operating profit/ loss for the year		-	-
Other comprehensive income		-	-
Total comprehensive loss for the year		-	-

The notes on pages 10 to 34 are an integral part of these audited financial statements.

STATEMENT OF FINANCIAL POSITION FOR

ASSETS	Notes	30 June 2021 FRW	30 June 2020 FRW
Non-current assets			
Property and equipment	7	215,056,983,542	134,724,166,686
Intangible assets	8	244,297,271	296,460,948
Amounts due from related parties	9	4,179,012,396	6,728,042,182
Total Non-Current Assets		**219,480,293,209**	**141,748,669,816**
Current assets			
EUCL Receivable	9	1,534,125,158	1,414,785,943
Inventory	10	17,442,526,253	16,067,568,392
Trade and other receivables	11	18,622,839,934	17,379,895,436
Cash and cash equivalents	12	14,327,956,234	11,451,379,223
Total Current Assets		**51,927,447,579**	**46,313,628,994**
Total Assets		**271,407,740,788**	**188,062,298,810**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	13	1,500,000	1,500,000
Revenue reserves		-	-
Profit/Loss for the year		-	-
Shareholders' interests		**1,500,000**	**1,500,000**
Non-current liabilities			
Grants	15	211,119,643,143	146,852,364,136
Borrowings	14	32,832,523,742	19,855,510,608
Total Non-current liabilities		**243,952,166,885**	**166,707,874,744**
Current liabilities			
Trade and other payables	16	27,454,073,903	21,352,924,066
Total Current Liabilities		**27,454,073,903**	**21,352,924,066**
TOTAL EQUITY AND LIABILITIES		**271,407,740,788**	**188,062,298,810**

The notes on pages 9 to 34 are an integral part of these audited financial statements. The audited financial statements on pages 5 to 34 were endorsed to be shared to shareholder by the board of directors on__________ and signed on its behalf by:

Digitally signed by EDCL(Director OG and AE) Date: 2022.02.24 18:17:42 +02'00'

Ron Weiss

Digitally signed by Ron WEISS (CEO) Date: 2022.02.28 12:45:42 +02'00'

....

for **Felix GAKUBA**	**Ron Weiss**	**Dr. Didacienne MUKANYILIGIRA**
Managing Director	**Chief Executive Officer**	**Chairperson**
EDCL	**REG**	**BoD**
Date	**Date ....**	**Date** 01/03/2022 **........................**

STATEMENT OF CHANGES IN EQUITY

Description	Share capital Frw	Retained earnings Frw	Total Frw
For Year ended 30 June 2021			
At 1 July 2020	1,500,000	-	1,500,000
As at 30th June 2021	**1,500,000**		**1,500,000**

The notes on pages 9 to 34 are an integral part of these audited financial statements.

STATEMENT OF CASH FLOWS

As at	Notes	30 June 2021 FRW	30 June 2020 FRW
Profit before income tax		-	-
Adjustments for:			
Depreciation		492,059,063	649,978,932
Transfer of assets to EUCL		8,830,852,978	9,238,096,549
Transfer of assets to REMA		1,614,124,162	-
Scrapped Asset		23,566,512	
Acc. Depreciation of Asset Transferred to REMA & MINICOM		(1,155,299,404)	-
Amortisation of intangible assets		52,163,678	52,163,652
Changes in:			
- Inventory		(1,374,957,861)	(5,107,847,974)
- Trade and other receivables		(1,242,944,498)	(12,670,862,061)
- Trade and other payables		6,101,149,837	4,504,698,642
- EUCL Receivable		(119,339,215)	732,088,704
Cash generated from operations		**13,221,375,252**	**(2,601,683,556)**
Interest received		-	-
Interest paid		-	-
Net cash generated from operating activities		**13,221,375,252**	**(2,601,683,556)**
Cash flows from investing activities			
Amounts due from related parties		2,549,029,786	661,807,567
Purchase of property and equipment		(90,138,120,091)	(43,672,140,220)
Purchase of intangible assets			
Net cash used investing activities		**(87,589,090,305)**	**(43,010,332,653)**
Cash flows from financing activities			
Proceeds from loan facilities		12,977,013,134	3,634,438,427
Grants received		64,267,279,007	42,468,275,473
Net cash generated from financing activities		**77,244,292,141**	**46,102,713,900**
Net increase in cash and cash equivalents		2,876,577,012	490,697,691
Cash and cash equivalents at beginning of the period		11,451,379,223	10,960,681,532
Cash and cash equivalents at end of the period		**14,327,956,234**	**11,451,379,223**

The notes on pages 9 to 34 are an integral part of these audited financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The Energy Development Corporation Ltd (EDCL) is a private company domiciled in the Republic of Rwanda and wholly owned by Government of Rwanda. It was established in August 2014 as a subsidiary of Rwanda Energy Group (REG) that was formed after dissolution of the Energy, Water and Sanitation Authority (EWSA) through Prime Minister's Order N°87/03 of 16/08/2014.

The core business of the Company is development of energy projects funded by Government and other partners. The address of the Company's registered office is as follows:

Energy Development Corporation Ltd (EDCL)

Kigali City Tower

P.O.Box. 3855Kigali, Rwanda.

2 GRANT INCOME

Description	30 June 2021 FRW	30 June 2020 FRW
Cash transfers from Government of Rwanda	51,821,995,734	52,631,712,931
Grants from Donors	11,631,011,898	8,594,844,560
Total Grant Income	**63,453,007,632**	**61,226,557,491**

3 OTHER INCOME

Description	3 June 2021 FRW	30 June 2020 FRW
Realisation of asset grant	544,222,740	702,142,584
Penalties	-	-
Other Income	-	-
Total Other Income	**544,222,740**	**702,142,584**

4 Contribution to private power projects and subsidies

Description	3 June 2021 FRW	30 June 2020 FRW
Contribution to Independent development projects	48,335,253,420	49,563,552,919
General services	5,665,000	8,470,000
	48,340,918,420	**49,572,022,919**

5 Administrative expenses

Description	30 June 2021 FRW	30 Jun 2020 FRW
Salary and related costs	4,321,401,766	3,235,467,849
Professional services	5,490,804,361	3,158,619,049
Solar Home Systems	245,664,648	492,001,692
Transport & Travel	1,054,369,966	1,560,071,616
Stock loss due to fire	-	-
Losses on FCY Transactions	246,575,146	25,277,908
Fuel & Lubricants	348,089,588	159,178,853
Postage & Courier	501,330	499,977
Office Supplies, Printing & Consumables	715,578,483	108,922,300
Maintenance and Repairs	316,637,785	295,871,953
International Airfares	6,115,000	30,096,000
Telephone and internet	132,978,819	127,132,543
Other use of goods & services	1,369,769,449	1,108,181,856
Public Relations & Awareness	70,643,404	133,740,267
International per Diems	193,185	99,945,930
Bank charges	2,999,493	11,440,520
Security	81,432,822	126,539,620
Utilities - Water & Electricity	56,329,594	41,812,778
Insurance	61,172,498	227,913,467
Staff welfare	9,991,000	55,948,300
Cleaning expenses	19,596,671	72,624,719
Beverages,Tea, Coffee, etc	49,644,953	52,443,369
Domestic Per Diems	4,377,857	6,063,985
Rent and rates	502,638,273	451,850,919
Training and related costs	4,583,120	72,889,102
Total Administrative Expenses	**15,112,089,211**	**11,654,534,572**

6 Depreciation

Description	30 June 2021 FRW	30 June 2020 FRW
Depreciation of assets	492,059,063	649,978,932
Amortisation of intangible assets	52,163,678	52,163,652
	544,222,741	**702,142,584**

7 Property plant and equipment

Description	Motor vehicles	Furniture&fittings	Computer equipment	Laboratory equipment	Assets under construction (WIP)	Total
	Frw	Frw	Frw	Frw	Frw	Frw
	25%	12.5%	33.3%	25%		
Cost/ Valuation					-	
As at 1 July 2019	4,085,377,008	120,912,952	696,622,592	784,465,203	98,486,781,763	104,174,159,518
Additions	60,827,548	-	83,171,000	-	43,537,172,125	43,681,170,673
Scrapped Asset	(9,030,450)	-	-	-	-	(9,030,450)
Transfer of assets to EUCL19/20	-	-	-	-	(9,238,096,549)	(9,238,096,549)
As at 30 June 2020	**4,137,174,106**	**120,912,952**	**779,793,592**	**784,465,203**	**132,785,857,339**	**138,608,203,192**
						-
Accumulated depreciation						**-**
As at 1 July 2019	(2,499,846,172)	(45,114,291)	(437,671,178)	(251,425,931)	-	(3,234,057,571)
Depreciation charge	(398,736,028)	(9,474,793)	(108,508,298)	(133,259,816)		(649,978,936)
As at 30 June 2020	**(2,898,5.82,200)**	**(54,589,084)**	**(546,179,476)**	**(384,685,747)**	**-**	**(3,884,036,506)**
Net Book Value as at 30 June 2020	**1,238,591,906**	**66,323,868**	**233,614,116**	**399,779,456**	**132,785,857,339**	**134,724,166,686**

Description	Motor vehicles	Furniture&fittings	Computer equipment	Laboratory equipment	Assets under construction (WIP)	Total
	Frw	Frw	Frw	Frw	Frw	Frw
	25%	12.5%	33.3%	25%		
Cost/ Valuation						
As at 1 July 2020	4,137,174,106	120,912,952	779,793,592	784,465,203	132,785,857,339	138,608,203,192
Additions	206,979,014	57,091,000	214,495,992		89,659,554,162	90,138,120,168
Scrapped Asset			(23,566,512)			(23,566,512)
Assets transferred to REMA	(1,033,102,158)	(19,623,592)	(28,827,750)	(532,570,662)	-	(1,614,124,162)
Transfer of assets to EUCL20/21					(8,830,852,978)	(8,830,852,978)
As at 30 June 2021	**3,311,050,962**	**158,380,360**	**941,895,322**	**251,894,541**	**213,614,558,523**	**218,277,779,708**
Accumulated depreciation						
As at 1 July 2020	(2,898,582,200)	(54,589,084)	(546,179,476)	(384,685,747)	-	(3,884,036,506)
Acc. Dep. For Asset Transferred to REMA & MINICOM	607,508,427	12,558,780	34,829,356	500,402,841	-	1,155,299,404
Depreciation charge	(270,578,977)	(12,769,993)	(112,131,933)	(96,578,160)	-	(492,059,063)
As at 30 June 2021	**(2,561,652,750)**	**(54,800,297)**	**(623,482,053)**	**19,138,934**	**-**	**(3,220,796,166)**
Net Book Value as at 30 June 2021	**749,398,212**	**103,580,063**	**318,413,269**	**271,033,475**	**213,614,558,523**	**215,056,983,542**

8 Intangible assets

	30 June 2021 Frw	30 June 2020 Frw
At start of the period	521,636,772	521,636,772
Additions	-	-
At 30 June	**521,636,772**	**521,636,772**
Amortization		
At start of year	(225,175,824)	(173,012,172)
Charge for the year	(52,163,678)	(52,163,652)
At 30 June	(277,339,502)	(225,175,824)
Net book value	**244,297,271**	**296,460,948**

The intangible asset (GIS software) was acquired by EARP program in 2011 and improved in 2012 at a total cost of Frw 14,184,023 and was being amortised over a period of 10 years. As at 01st July 2016 the net carrying amount was approximately Frw 66.2 million. During the year ended 30 June 2017 the company bought other software amounting to Frw 357,591,955.

9 Amounts due from related parties

The balances due from and to related parties at year end are:

Description	30 June 2021 Frw	30 June 2020 Frw
Non -current component	4,179,012,396	6,728,042,182
Current component	1,534,125,158	1,414,785,943
Energy Utility Corporation Ltd (EUCL)	**5,713,137,554**	**8,142,828,125**

Due from EUCL is electricity connection deposits collected by EUCL on behalf of EDCL.

10 Inventory

Description	30 June 2021 Frw	30 June 2020 Frw
Electrical materials	17,027,402,981	15,638,446,718
Tools	32,449,111	103,266,873
Stationery (Other stock items)	229,553,549	207,538,202
Fuel cards balances	153,120,612	118,316,599
Total	**17,442,526,253**	**16,067,568,392**

11 Trade and other receivables

	30 June 2021 Frw	30 June 2020 Frw
Other receivables	-	-
Trade receivables	41,620,199,098	15,660,519,453
Intra Government debtors	72,818,190	618,074,891

	30 June 2021 Frw	30 June 2020 Frw
Stock advances to EUCL	-	3,232,155,918
Provision for doubtful debts	(23,070,177,354)	(2,130,854,826)
Total	**18,622,839,934**	**17,379,895,436**

Included in trade receivables is an amount of **Frw 25,409,262,021** which relates to connection fee contribution from electricity clients towards revolving fund grant which is the first time being recognised in financial statements. After connection, EDCL is not in control of amount and when to be received which depends on amount bought as electricity token from related company EUCL and represents 50% of the token. The amount is expected to be collected progressively and as such there is an allowance for doubtful amount that is assessed according to REG Ltd group policy and changes goes to affect the connection fee revolving fund grant.

12 **Cash and cash equivalents**

Description	30 June 2021 Frw	30 June 2020 Frw
Cash at bank	14,327,914,492	11,450,752,780
Cash in hand	41,742	626,443
Total	**14,327,956,234**	**11,451,379,223**

13 **Share capital**

Description	30 June 2021	30 June 2020
Number of shares		
Ordinary shares	1,500,000	1,500,000

14 **Borrowings**

Description	30June 2021 Frw	30 June 2020 Frw
Borrowings from development partners	32,832,523,742	19,855,510,608
Total	**32,832,523,742**	**19,855,510,608**

15 Grants

Description	30 June 2021 Frw	30 June 2020 Frw
EDCL Internal Projects	(108,554,547,834)	(74,779,157,849)
Interconnection Project	(43,541,170,223)	(35,230,434,683)
Electricity Access scale-up and sector wide approach development project (EASSDP)	(5,763,607,115)	(2,769,262,160)
Lake Kivu Monitoring Project (LKMP)	-	(3,357,908,052)
National Domestic Biogas Program (NDBP)	(97,866,700)	(109,423,989)
Scaling-Up Energy Access Project(SEAP)	(15,851,226,096)	(10,904,347,076)
Sustainable Energy Development Project (SEDP)	(1,273,648,497)	(339,973,734)

Description	30 June 2021 Frw	30 June 2020 Frw
Dutch Fund (DF)	-	-
Belgian Contribution to EARP 1 (BE1-EARP)	(2,332,800,914)	(2,332,955,676)
Belgian Contribution to EARP 2 (BE2-EARP)	(6,334,063,027)	(1,405,628,868)
Belgian Contribution to EARP 3 (BE3-EARP)	(5,009,196,037)	(2,426,608,282)
Agence Francaise de Development (AFD)	(122,732,299)	(122,732,299)
Regional Rusumo Falls Hydropower Project-Rwanda Component	-	-
Other Grants & Grants Connection fees	(21,117,385,038)	(13,073,931,468)
Grant RBF3	(1,121,399,363)	-
Total	**(211,119,643,143)**	**(146,852,364,136)**

16 Trade and other payables

Description	30 June 2021 Frw	30 June 2020 Frw
Trade payables	21,972,794,117	18,665,984,274
Other payables	5,481,279,786	2,686,939,792
Total	**27,454,073,903**	**21,352,924,066**

17 Disclosure Note

17.1 Concession Agreement

On 11 May 2017, the Government of Rwanda represented by EDCL signed a concession agreement with Societe Petroliere Ltd (SP) for design, build, finance, operate and maintain the storage facility for storage of the petroleum products for a concession period of twenty (20) years starting from the first availability date of 13 July 2017. The storege facility capacity was 60 million litres subsequently amended to 66 million litres. The amended total rental fee was **USD 227,593,513** that would be paid in different annual instalments (rental payments) within the concession period. As at 30 June 2021, EDCL had paid instalments amounting to **USD 49,331,102.42** and the remaining unpaid balance was **USD 178,262,410.58**. At the end of the concession period, the storage facility will be handed over to EDCL at a valuation cost.

17.2 Contingent liability

The review of the Interconnection of Electric Grids of Nile Equatorial Lakes countries Project financial statements (note 17.3 – summary of a contingent liability of the disclosure note) is a contingent liability arising from a claim of price adjustment and interest totaling **USD 27,715,751.65** and Frw 40,466,717.

On 19th November 2013, former Energy, Water & Sanitation Authority (EWSA), REG-EDCL's predecessor, signed a contract with KALPATARU Power Transmission Ltd India (KPTL) for the construction of transmission line of 220 KV, Karongi – Rubavu – Kigali - Goma. The project's cost was **USD 26,386,234.89** and **Frw 5,292,307,425** VAT inclusive. The operational acceptance certificate of works was issued to the contractor on 4 May 2017.

On 3rd April 2017, referring to price adjustment contract clause, KPTL claimed a price adjustment amounting to USD 24,019,967 and Frw 35,070,642 due to additional costs related to the change in price of supplied construction material, installation works and labour.

Both REG-EDCL and KALPATARU having failed on amicable settlement, the case was taken to the Dispute Adjudication Board (DAB). On 31 December 2019, the Board resolved that KALPATARU was entitled to price adjustment and interest totaling **USD 27,715,751.65** and **Frw 40,466,717**.

Unsatisfied with the decision of the DAB, on 4 November 2019 through its lawyers REG/EDCL submitted the case in Arbitration. As per the procedural timetable, the award was expected by the end of April 2021. On 20 September 2021, the Arbitral Tribunal declares, orders and directs that:

• REG must pay KPTL the Price Adjustment in the principal sums of USD 24,019,967 and FRW 35,070,642 within 28 days

• REG must pay KPTL pre-award interest on the Price Adjustment sums at the rate of 6% per annum, compounded annually, calculated on the basis set out in Exhibit R-175, from 18 May 2017 until the date of this Award.

Unsatisfied with the decision of the arbitration, on 15 October 2021 through its lawyers REG petitioned the Commercial High Court of Rwanda to set aside the arbitral award. The case is pending trial.

18 Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. The Company does not hedge any of its risk exposures.

Financial risk management is carried out by the finance department under policies approved by the Board of Directors. The board provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

The Company has exposure to the following risks as a result of its financial instruments:

a) Credit risk

b) Market risk

c)Liquidity risk

a) Credit risk

Credit risk is the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposures to customers, including outstanding receivables and committed transactions. Credit risk is managed by the finance department under policies set out by the Board of Directors. The Company does not have any significant concentrations of credit risk.

The amount that best represents the Company's maximum exposure to credit risk at 30 June 2021 is as follows:

Description	**Neither past due nor impaired**	**Impaired**	**Total**
At 30 June 2020	**Frw**	**Frw**	**Frw**
Trade receivables	618,074,891	(523,390,920)	94,683,971
Other receivables	18,892,675,371	(1,607,463,906)	17,285,211,465
Bank balances	11,450,752,780	-	11,450,752,780
Related parties and Stock advances	8,142,828,125	-	8,142,828,125
Total	**39,104,331,167**	**(2,130,854,826)**	**36,973,476,341**
At 30 June 2021			
Trade receivables	72,818,190	(72,818,190)	-
Other receivables	41,620,199,098	(22,997,359,164)	41,610,437,198
Bank balances	14,327,914,492	-	14,327,914,492
Related parties and Stock advances	5,713,137,554	-	5,713,137,554
Total	**61,734,069,334**	**(82,580,090)**	**61,651,489,244**

19 Summary of significant accounting policies

a) Basis of accounting

IFRS Update of standards and interpretation

IFRS 17 Insurance Contracts

Effective for annual periods beginning on or after 1 January 2023.

Background

In May 2017, the IASB issued IFRS 17 *Insurance Contracts*, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 *Insurance Contracts*.

In September 2017, the Board established a Transition Resource Group (TRG) for IFRS 17 to analyse implementation-related questions. The TRG met four times and while no further meetings have been scheduled, the TRG submission process remains open for stakeholders to send in questions they believe meet the TRG submission criteria.

Scope

IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

Key requirements

The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers.

In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The main features of the new accounting model for insurance contracts are as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows)
- A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profit of the insurance contracts to be recognised in profit or loss over the service period (i.e., coverage period)
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contractual service period
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice
- The presentation of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period
- Amounts that are paid to a policyholder in all circumstances, regardless of whether an insured event happens (non-distinct investment components) are not presented in the income statement, but are recognised directly on the balance sheet
- Insurance services results (earned revenue less incurred claims) are presented separately

from the insurance finance income or expense

- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts

Transition

IFRS 17 is effective for reporting periods starting on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 *Financial Instruments* on or before the date it first applies IFRS 17. The Board decided on a retrospective approach for estimating the CSM on the transition date. However, if full retrospective application, as defined by IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* for a group of insurance contracts, is impracticable, an entity is required to choose one of the following two alternatives:

- *Modified retrospective approach* - based on reasonable and supportable information available without undue cost and effort to the entity, certain modifications are applied to the extent full retrospective application is not possible, but still with the objective to achieve the closest possible outcome to retrospective application

- *Fair value approach* - the CSM is determined as the positive difference between the fair value determined in accordance with IFRS 13 *Fair Value Measurement* and the fulfilment cash flows (any negative difference would be recognised in retained earnings at the transition date)

Both the modified retrospective approach and the fair value approach provide transitional reliefs for determining the grouping of contracts. If an entity cannot obtain reasonable and supportable information necessary to apply the modified retrospective approach, it is required to apply the fair value approach.

Definition of a Business - Amendments to IFRS 3

Effective for annual periods beginning on or after 1 January 2020.

Key requirements

The IASB issued amendments to the definition of a business in IFRS 3 *Business Combinations* to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

- ***Minimum requirements to be a business***

The amendments clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. They also clarify that a business can exist without including all of the inputs and processes needed to create outputs. That is, the inputs and processes applied to those inputs must have 'the ability to contribute to the creation of outputs' rather than 'the ability to create outputs.

- ***Market participants' ability to replace missing elements***

Prior to the amendments, IFRS 3 stated that a business need not include all of the inputs or processes that the seller used in operating that business, 'if market participants are capable of acquiring the business and continuing to produce outputs, for example, by integrating the business with their own inputs and processes'. The reference to such integration is now deleted from IFRS 3 and the assessment must be based on what has been acquired in its current state and condition.

- ***Assessing whether an acquired process is substantive***

The amendments specify that if a set of activities and assets does not have outputs at the acquisition date, an acquired process must be considered substantive only if: (a) it is critical to the ability to develop or convert acquired inputs into outputs; and (b) the inputs acquired include both an organised workforce with the necessary skills, knowledge, or experience to perform that process, and other inputs that the organised workforce could develop or convert into outputs. In contrast, if a set of activities and assets has outputs at that date, an acquired process must be considered substantive if: (a) it is critical to the ability to continue producing outputs and the acquired inputs include an organised workforce with the necessary skills, knowledge, or experience to perform that process; or (b) it significantly contributes to the ability to continue producing outputs and either is considered unique or scarce, or cannot be replaced without significant cost, effort or delay in the ability to continue producing outputs.

- ***Narrowed definition of outputs***

The amendments narrowed the definition of outputs to focus on goods or services provided to customers, investment income (such as dividends or interest) or other income from ordinary activities. The definition of a business in Appendix A of IFRS 3 was amended accordingly.

- ***Optional concentration test***

The amendments introduced an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. Entities may elect to apply the concentration test on a transaction-by-transaction basis. The test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If the test is met, the set of activities and assets is determined not to be a business and no further assessment is needed. If the test is not met, or if an entity elects not to apply the test, a detailed assessment must be performed applying the normal requirements in IFRS 3.

Transition

The amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. Consequently, entities do not have to revisit such transactions that occurred in prior periods. Earlier application is permitted and must be disclosed.

Impact

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, most entities will likely not be affected by these amendments on transition. However, entities considering the acquisition of a set of activities and assets after first applying the amendments should update their accounting policies in a timely manner.

The amendments could also be relevant in other areas of IFRS (e.g., they may be relevant where a parent loses control of a subsidiary and has early adopted *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to IFRS 10 and IAS 28).

Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7

Effective for annual periods beginning on or after 1 January 2020.

Key requirements

In September 2019, the IASB issued amendments to IFRS 9, IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures*, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (an RFR).

The amendments to IFRS 9

The amendments include a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

Application of the reliefs is mandatory. The first three reliefs provide for:

- The assessment of whether a forecast transaction (or component thereof) is highly probable
- Assessing when to reclassify the amount in the cash flow hedge reserve to profit and loss
- The assessment of the economic relationship between the hedged item and the hedging instrument

For each of these reliefs, it is assumed that the benchmark on which the hedged cash flows are based (whether or not contractually specified) and/or, for relief three, the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform.

A fourth relief provides that, for a benchmark component of interest rate risk that is affected by IBOR reform, the requirement that the risk component is separately identifiable need be met only at the inception of the hedging relationship. Where hedging instruments and hedged items may be added to or removed from an open portfolio in a continuous hedging strategy, the separately identifiable requirement need only be met when hedged items are initially designated within the hedging relationship. To the extent that a hedging instrument is altered so that its cash flows are based on an RFR, but the hedged item is still based on IBOR (or vice versa), there is no relief from measuring and recording any ineffectiveness that arises due to differences in their changes in fair value. The reliefs continue indefinitely in the absence of any of the events described in the amendments. When an entity designates a group of items as the hedged item, the requirements for when the reliefs cease are applied separately to each individual item within the designated group of items.

The amendments also introduce specific disclosure requirements for hedging relationships to which the reliefs are applied.

The amendments to IAS 39

The corresponding amendments are consistent with those for IFRS 9, but with the following differences:

- For the prospective assessment of hedge effectiveness, it is assumed that the benchmark on which the hedged cash flows are based (whether or not it is contractually specified) and/or the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform.

- For the retrospective assessment of hedge effectiveness, to allow the hedge to pass the assessment even if the actual results of the hedge are temporarily outside the 80%-125% range, during the period of uncertainty arising from IBOR reform.

- For a hedge of a benchmark portion (rather than a risk component under IFRS 9) of interest rate risk that is affected by IBOR reform, the requirement that the portion is separately identifiable need be met only at the inception of the hedge.

Transition

The amendments must be applied retrospectively. However, any hedge relationships that have previously been de-designated cannot be reinstated upon application, nor can any hedge relationships be designated with the benefit of hindsight. Early application is permitted and must be disclosed.

Impact

In finalising the amendments, the IASB has provided reliefs that are essential to mitigate the hedge accounting issues that could arise during the period of uncertainty before IBOR contracts are amended to new benchmark rates.

Definition of Material - Amendments to IAS 1 and IAS 8

Effective for annual periods beginning on or after 1 January 2020.

Key requirements

In October 2018, the IASB issued amendments to IAS 1 *Presentation of Audited financial statements* and IAS 8 to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose audited financial statements make on the basis of those audited financial statements, which provide financial information about a specific reporting entity.'

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the audited financial statements.

Obscuring information

The amendments explain that information is obscured if it is communicated in a way that would have a similar effect as omitting or misstating the information. Material information may, for instance, be obscured if information regarding a material item, transaction or other event is scattered throughout the audited financial statements or disclosed using a language that is vague or unclear. Material information can also be obscured if dissimilar items, transactions or other events are inappropriately aggregated, or conversely, if similar items are inappropriately disaggregated.

New threshold

The amendments replaced the threshold 'could influence', which suggests that any potential influence of users must be considered, with 'could reasonably be expected to influence' in the definition of 'material'. In the amended definition, therefore, it is clarified that the materiality assessment will need to take into account only reasonably expected influence on economic decisions of primary users.

Primary users of the audited financial statements

The current definition refers to 'users' but does not specify their characteristics, which can be interpreted to imply that an entity is required to consider all possible users of the audited financial statements when deciding what information to disclose. Consequently, the IASB decided to refer to primary users in the new definition to help respond to concerns that the term 'users' may be interpreted too widely.

Other amendments

The definition of material in the Conceptual Framework and IFRS Practice Statement 2: *Making Materiality Judgements* were amended to align with the revised definition of material in IAS 1 and IAS 8.

Transition

The amendments must be applied prospectively. Early application is permitted and must be disclosed.

Impact

Although the amendments to the definition of material is not expected to have a significant impact on an entity's audited financial statements, the introduction of the term 'obscuring information' in the definition could potentially impact how materiality judgements are made in practice, by elevating the importance of how information is communicated and organised in the audited financial statements.

Covid-19-Related Rent Concessions –Amendment to IFRS 16

Effective for annual periods beginning on or after 1 June 2020.

Key requirements

In May 2020, the IASB amended IFRS 16 *Leases* to provide relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic. The amendment does not apply to lessors.

As a practical expedient, a lessee may elect not to assess whether a covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments before 30 June 2021 and increased lease payments that extend beyond 30 June 2021).
- There is no substantive change to other terms and conditions of the lease.

Transition

Lessees will apply the practical expedient retrospectively, recognising the cumulative effect of initially applying the

amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the amendment is first applied. The information required by paragraph 28(f) of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* is not required to be disclosed.

A lessee will apply the amendment for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including in audited financial statements not yet authorised for issue at 28 May 2020.

Impact

The amendment to IFRS 16 will provide relief to lessees for accounting for rent concessions from lessors specifically arising from the covid-19 pandemic. While lessees that elect to apply the practical expedient do not need to assess whether a concession constitutes a modification, lessees still need to evaluate the appropriate accounting for each concession as the terms of the concession granted may vary.

Reference to the Conceptual Framework – Amendments to IFRS 3

Effective for annual periods beginning on or after 1 January 2022.

Key requirements

In May 2020, the IASB issued *Amendments to IFRS 3 Business Combinations - Reference to t*he *Conceptual Framework*. The amendments are intended to replace a reference to a previous version of the IASB's *Conceptual Framework* (the 1989 *Framework*) with a reference to the current version issued in March 2018 (the *Conceptual Framework*) without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the *Conceptual Framework*, to determine whether a present obligation exists at the acquisition date.

At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

Transition

The amendments must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the *Amendments to References to the Conceptual Framework in IFRS Standards* (March 2018).

Impact

The amendments are intended to update a reference to the *Conceptual Framework* without significantly changing requirements of IFRS 3. The amendments will promote consistency in financial reporting and avoid potential confusion from having more than one version of the *Conceptual Framework* in use.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

Effective for annual periods beginning on or after 1 January 2022.

Key requirements

In May 2020, the IASB issued amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

Transition

The amendments must be applied prospectively to contracts for which an entity has not yet fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed.

Impact

The amendments are intended to provide clarity and help ensure consistent application of the standard. Entities that previously applied the incremental cost approach will see provisions increase to reflect the inclusion of costs related directly to contract activities, whilst entities that previously recognised contract loss provisions using the guidance from the former standard, IAS 11 *Construction Contracts*, will be required to exclude the allocation of indirect overheads from their provisions. Judgement will be required in determining which costs are "directly related to contract activities", but we believe that guidance in IFRS 15 *Revenue from Contracts with Customers* will be relevant.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to IFRS 10 and IAS 28

In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. Early application of the amendments is still permitted.

Key requirements

The amendments address the conflict between IFRS 10 *Consolidated Audited financial statements* and IAS 28 *Investments in Associates and Joint Ventures* in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

Transition

The amendments must be applied prospectively. Early application is permitted and must be disclosed.

Impact

The amendments are intended to eliminate diversity in practice and give preparers a consistent set of principles to apply for such transactions. However, the application of the definition of a business is judgemental and entities need to consider the definition carefully in such transactions

The Conceptual Framework for Financial Reporting

Effective immediately for the IASB and the IFRS IC. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

Purpose

The revised *Conceptual Framework for Financial Reporting* (the Conceptual Framework) is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the Board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Key provisions

The IASB issued the Conceptual Framework in March 2018. It sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is arranged in eight chapters, as follows:

- Chapter 1 – The objective of financial reporting
- Chapter 2 – Qualitative characteristics of useful financial information
- Chapter 3 – Audited financial statements and the reporting entity
- Chapter 4 – The elements of audited financial statements
- Chapter 5 – Recognition and derecognition
- Chapter 6 – Measurement
- Chapter 7 – Presentation and disclosure
- Chapter 8 – Concepts of capital and capital maintenance

The Conceptual Framework is accompanied by a Basis for Conclusions. The Board has also issued a separate accompanying document, *Amendments to References to the Conceptual Framework in IFRS Standards,* which sets out the amendments to affected standards in order to update references to the Conceptual Framework. In most cases, the standard references are updated to refer to the Conceptual Framework. There are exemptions in developing accounting policies for regulatory account balances for two standards, namely, IFRS 3 and for those applying IAS 8.

Impact

The changes to the *Conceptual Framework* may affect the application of IFRS in situations where no standard applies to a particular transaction or event.

Classification of Liabilities as Current or Non-current - Amendments to IAS 1

Effective for annual periods beginning on or after 1 January 2022.

Key requirements

In January 2020, the Board issued amendments to paragraphs 69 to 76 of IAS 1 *Presentation of Audited financial statements* to specify the requirements for classifying liabilities as current or non-current.

The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification

Right to defer settlement

The Board decided that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date.

Existence at the end of the reporting period

The amendments also clarify that the requirement for the right to exist at the end of the reporting period applies regardless of whether the lender tests for compliance at that date or at a later date.

Management expectations

IAS 1.75A has been added to clarify that the 'classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period'. That is, management's intention to settle in the short run does not impact the classification. This applies even if settlement has occurred when the audited financial statements are authorised for issuance.

Meaning of the term settlement

The Board added two new paragraphs (paragraphs 76A and 76B) to IAS 1 to clarify what is meant by 'settlement' of a liability. The Board concluded that it was important to link the settlement of the liability with the outflow of resources of the entity. Settlement by way of an entity's own equity instruments is considered settlement for the purpose of classification of liabilities as current or non-current, with one exception.

In cases where a conversion option is classified as a liability or part of a liability, the transfer of equity instruments would constitute settlement of the liability for the purpose of classifying it as current or non-current. Only if the conversion option itself is classified as an equity instrument would settlement by way of own equity instruments be disregarded when determining whether the liability is current or non-current. Unchanged from the current standard, a rollover of a borrowing is considered the extension of an existing liability and is therefore, not considered to represent 'settlement'.

Transition

Many entities will find themselves already in compliance with the amendments. However, entities need to consider whether some of the amendments may impact their current practice. Entities need to carefully consider whether there are any aspects of the amendments that suggest that terms of their existing loan agreements should be renegotiated. In this context, it is important to highlight that the amendments must be applied retrospectively.

Improvements to International Financial Reporting Standards

Key requirements

The IASB's annual improvements process deals with non-urgent, but necessary, clarifications and amendments to IFRS.

2018-2020 cycle (issued in May 2020)

The following is a summary of the amendments from the 2018-2020 annual improvements cycle:

IFRS 1 First Time adoption of International Financial Reporting Standards

Subsidiary as a first-time adopter

- The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.
- An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.

IFRS 9 Financial Instruments

Fees in the '10 per cent' test for derecognition of financial liabilities

- The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39.
- An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.
- An entity applies the amendment for annual reporting periods beginning on or after1 January 2022. Earlier application is permitted.

Illustrative Examples accompanying IFRS 16 Leases

Lease incentives

- The amendment removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

IAS 41 Agriculture

Taxation in fair value measurements

- The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.
- An entity applies the amendment to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted.

Other disclosures notes;

1. **Amount due from related parties**

Related parties	**Amount**
	Frw
Energy Utility Corporation Ltd.	**5,713,137,554**

The amount due from EUCL are Connection fees collected by EUCL on behalf of EARP amounting to Frw **4,179,012,396** The related balances also include other advances given to EUCL: **Frw 1,534,125,158**. The management of REG, EUCL and EDCL agreed that these meters transferred to EUCL branches will not be paid to EDCL/EARP, which resulted to reporting these costs as contribution to independent projects except the meters transferred for replacement if any.

19 Summary of significant accounting policies (Continued)

d) Accounting policies (continued)

ii) Foreign currency translation

(a) Functional and presentation currency

Items included in the financial are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The audited financial statements are presented in Rwandan Francs (Frw) which is the Company's presentation currency as required by the laws of Rwanda. The Company's functional currency is the US Dollar.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency of the respective entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 'other income' or 'other expenses.

d) accounting policies (continued)

iv) Property, plant, and equipment

All categories of property, plant and equipment are recorded at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in profit and loss.

Depreciation is calculated on a straight-line basis to write down the cost of each asset, to its residual value over its estimated useful life is as follows:

Description	**Percentage**
Motor vehicle	25%
Furniture	12.5%
Boat and Other Naval Equivalents	25%
Computer equipment	33.3%
Laboratory Equipment	25%

v) Intangible assets

This relates to GIS (Geographical Information System) software.

They are initially capitalized at cost, which includes the purchase price (net of any discounts and rebates) and other directly attributable cost of preparing the asset for its intended use. Direct expenditure including employee costs, which enhances or extends the performance of the software beyond its specifications, and which can be reliably measured, is added to the original cost of the software. Costs associated with maintaining the software are recognized as an expense when incurred.

The software licenses are subsequently carried at cost less accumulated amortization and accumulated impairment losses. These costs are amortized to profit or loss using the straight-line method over their estimated useful lives of 10 years.

The amortization period and amortization method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognized in profit or loss when the changes arise

d) Accounting policies (continued)

vi) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

vii) Inventories

Inventories are valued at the lower of cost and net realizable value. The cost of inventories comprises purchase price, import duties, transport and handling charges and is determined on weighted average basis. Net realizable value is the price at which the inventory can be realized in the normal course of business after allowing for the costs of realization. Obsolete and defective inventories are fully written off.

ASSET TRANSFERRED TO EUCL
Completed and transferred assets as at 30th June 2021

a) List of projects transferred during 2020/2021

SN	Project name	Cost	Source of finance	Funder
1	Electrification of Kayenzi and Musovu sites	63,397,312.43	Grant	BC
2	Kabyo Site	113,397,618.14	Grant	BC
3	Gitaraga Site	114,648,493.69	Grant	BC
4	Kayumba site	6,125,330.68	Grant	BC
5	Power Supply to Nyamata Isolation Center with Advanced Heavy Medical Equipment for Treating Covid19 Patients	33,324,345.19	Grant	BC
6	Electrification of Nyabiheke Refugee Camp in Gatsibo District	45,960,334.00	Grant	BC
7	Electrification of Iragwe site located in Nyagatovu Cell, Mukarange Sector	132,931,349.00	Grant	BC
8	Electrification of Mahama Water Treatment Plant in Kirehe District	79,648,765.00	Grant	BC
9	Electrification of Karushuga Mcc in Rwimiyaga Sector	232,544,383.43	Grant	BC
10	Electrification of Katabagemu Mcc in Katabagemu Sector	116,426,672.95	Grant	BC
11	Electrification of Karama Mcc in Nyakiga Cell, Karama Sector	85,994,406.63	Grant	BC
12	Electrification of Rwabiharamba Mcc in Ndama Cell, Karangazi Sector	20,570,056.01	Grant	BC
13	Electrification of Gitwa-Nkomane Mccs (Codamin & Kuru) In Kanama Sector Rubavu	163,432,993.13	Grant	BC
14	Electrification of Kanyara Mcc (Coabaga) In Nyabirasi Sector	155,593,860.41	Grant	BC
15	EVACUATION OF POWER FROM GICIYE III	81,125,881	Grant	BC
16	Electrification of Bihinga Idp Model Village in Jenda Sector	28,532,505	Grant	BC
17	Electrification of Different Areas in Jabana Sector	431,516,644	Grant	BC

SN	Project name	Cost	Source of finance	Funder
18	Electrification of Busanza Affordable Houses (Phase I)	133,448,629.27	Grant	BC
19	Sustainable Power Supply to RSB Laboratories	61,088,473.00	Grant	BC
20	Electrification of Runzenze	89,108,300.88	Grant	BC
21	Electrification of Runzenze Site Phase II	21,326,124.16	Grant	BC
22	Electrification of Buranga-Rwakirari in Ruhinga Cell, Kivuruga Sector	425,064,848.00	Grant	BC
23	Electrification of Households Around Gatuna Border, Gishari Cell in Rubaya Sector	9,173,908.00	Grant	BC
24	Electrification of Households Around Gasyati Transformer, Gishari Cell in Rubaya Sector	37,798,162.00	Grant	BC
25	Electrication of Households Around Mukungwa Hpp	26,925,386.00	Grant	BC
26	Electrification of Gako-Kisaro Centre	46,186,199.00	Grant	BC
27	Electrification of Kansi Sites	330,183,858.50	Grant	BC
28	Bengerana-Jabiro School in Nyarusange Sector	147,256,855.75	Grant	BC
29	Electrification of Uwinkingi and Kibirizi	467,136,670.30	Grant	BC
30	Street Lighting of Gasarenda Road and Kitabi- Site	580,679,771.87	Grant	BC
31	Electrification of Hhs Surrounding Nshili Mhhp in Busanze Sector	67,075,913.86	Grant	BC
32	Electrification Different Sites Left by Spencon at Rusenge, Munini and Cyahinda Sectors	193,186,168.80	Grant	BC
33	Design, supply, installation and commissioning of MV&LV lines including cross arms for street lighting in seven priority sectors of Nyaruguru District	4,290,042,758.00	Grant	BC
	Total	**8,830,852,978.8**		

2020-2021 Annual Performance Report

Executive Summary

The core mandate of EDCL cuts across directly or indirectly overseeing the implementation of 1) power generation infrastructure, 2) power transmission networks from the points of production across the country, 3) power distribution from the High Voltage distribution networks to the points of consumption. Further, EDCL 4) oversees the implementation of the government programs to reduce the use of traditional fuels (Charcoal, wood) to efficient, safe and environmentally friendly cooking fuels (Gas, briquettes and electricity).
Power Generation: According to the ESSP, the goal of REG is to achieve 556 MW of installed capacity by 2024. For the fiscal year 2020/21; 9.95 MW were added to the grid bringing total installed capacity to 238.368 MW from 228.418 MW of last year (2019-2020). This was result of commissioning of Giciye III (9.8MW) and upgrade of Nyirabuhombohombo from 0.5 to 0.65 MW (0.15 MW additional).

Transmission network: The length of the high voltage (220 and/ or 110kV) transmission network remain at 971.75 Km. However, 3 substations (Mamba, Rwabusoro and Bugesera) under the transmission network of Mamba-Rwabusoro-Bugesera-Gahanga; Camp Belge and Rubavu temporary substation under the scope of Mukungwa-Nyabihu transmission line have been completed and commissioned.

Power distribution: A total of 155 distribution projects were initiated; among them 78 (50.3%) were completed and energized countrywide with 677.76 km of medium voltage and 1,225.35 km of low voltage constructed and 503 transformers installed.

End-user connections: A total of 250,100 households were connected to electricity both on grid (177,898) and off-grid (72,202). Good performances were observed on the productive- users whereby the 1,110 customers were connected.

Biomass: The Government of Rwanda plans to reduce dependency on traditional cooking technologies from 79.9% to 42% by 2024 (NST1). During 2020-2021 fiscal year, 26 awareness campaigns were conducted across the country on the use of alternative cooking technologies and 302,614 Improved Cook Stoves were distributed.

Gas and Petroleum: The country plans to increase petroleum strategic reserves to ensure consistent supply. It is anticipated to have at least three-month reserve margin of 198 million litres. By June 2021, the Petroleum strategic reserves stand at 112 million Litres of Oil storage capacity. Similarly, 6 million litres of Jet A1 tank is being constructed and completion is expected October 2021. It is also worth noting that feasibility study is being conducted for development of LPG strategic stock facility to cover three months' supply capacity.

The Mandate of EDCL

The Energy Development Corporation Limited (EDCL) was incorporated in the fiscal year 2014/2015, following the unbundling of former Energy, Water and Sanitation Authority (EWSA), that gave birth to Rwanda Energy Group (REG) of which EDCL is a subsidiary. Article 30 of the Memorandum and Articles of association of Rwanda Energy Group stipulates that EDCL shall execute the following assignments.

1. Interpret government policy and strategic guidance to develop the company business plan and implementation arrangements
2. Contribute to the development and maintenance of the least cost power development plan in line with government policy and strategic objectives
3. Propose strategies for the involvement of the private sector in the exploitation of domestic energy resources.
4. Direct the Implementation of the Electricity Access Rollout Program
5. Develop Capacity Development Policies in energy planning and investment analysis
6. Liaise with EUCL in elaboration of network extension policies and procedures for coordinated electricity access rollout.
7. Undertake economic and technical studies necessary to inform the development of energy infrastructure
8. Establish appropriate project and contract management policies and procedures for timely and cost-effective project implementation
9. Development of Oil and Gas infrastructure for adequate storage of strategic fuel reserve limits
10. Advise government on the development of social energy resources such as biomass energy, off-grid electrification, solar-water heating program, fuel-efficient cooking technologies among others

I. Imihigo Implementation Summary

At the beginning of each fiscal year, central and local government entities undertake performance contracts, locally known as “Imihigo”. Imihigo is a statement of commitment to deliver on selected Performance Areas over the course of the preceding 12 months. In that spirit, the EDCL management commits on behalf of the energy sector to achieve selected targets ranging across, power generation, transmission, distribution, and other areas. For the year 2020-2021, EDCL committed to deliver on 18 key performance areas and all those outputs were fully achieved. The table below summarizes the performance areas and corresponding status of implementation by end June 2021.

II. Other Key Achievements

The core mandate of EDCL cuts across three major thematic areas including: 1) Expanding power generation capacity, 2) power transmission network extension and 3) power distribution to end-point consumers. This section highlights cumulative progress made in respect to the above three flagship performance areas, oil and gas as well as biomass subsector.

1. Power Generation

1.1 Installed capacity**:**

By end of June 2021, the total power installed capacity1 was recorded at 238.37 MW. Some 9.95 MW were added to the total installed capacity, following the commissioning of Giciye III (9.8 MW) and the upgrade of Nyiraruhombohombo from 0.5 to 0.65 MW (0.15 MW additional megawatt).

1.2 Generation mix:

Hydropower technology contributes 43.89% of the total installed capacity, followed by thermal power with 43.45% of the power installed capacity by June 2021, Solar power contributes 5.05% while 7.59% of the total installed capacity is from cross border imports. See the table in the annex for a list of power generators contributing to the installed capacity reported

Chart 1: Generation Mix (MW)

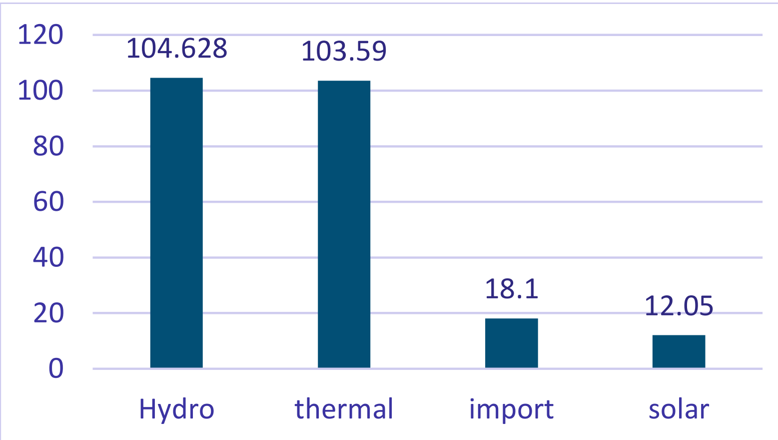
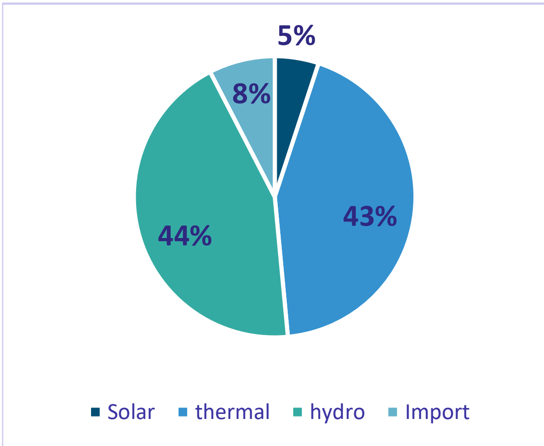


Chart 2: Power Generation Mix (%)



Within a span of the 12 months from July 2020, number of power plants projects have recorded good progress and soon some of them will be commissioned. These include:

1 Total power generating units' capacities

1) Hakan peat to power (70 MW): The construction works are completed at 100% and the plant is under testing and commissioning.

Testing and commissioning at Hakan

2) Shema Methane Gas-to-Power plant (56 MW**).** By end of June 2021 the progress was recorded at 82% for the 1st phase to install 14 MW. Construction of wash water tower and gas extraction facilities at final stage.

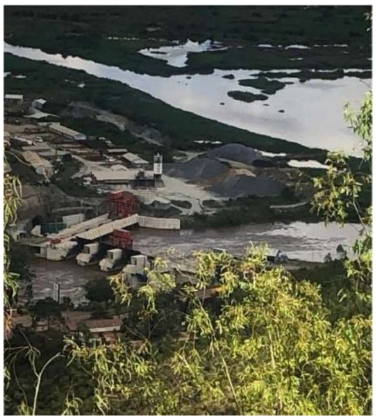
Wash water tower of Shema

Gaz extraction facility of Shema

3) Rusumo Regional Hydropower Project (26 MW2)**.** This is a tripartite project between Tanzania, Burundi and Rwanda. The overall construction works are now recorded at 78% with civil works component recorded at 82% and electro-mechanical works at 74%.

2 The project will generate 80 MW to be shared equally between Burundi, Tanzania and Rwanda. In this report, we focus on Rwandan share equivalent to the third of the total capacity.


Rusumo substation


Rusumo HPP site (Dam)


Rusumo HPP-Power house

4) Rukarara-V Micro Hydropower Plant (3 MW). The project was recorded at 89% with powerhouse construction achieved at 90%, while the progress in construction of intake, spillway, penstock was recorded at 70%.


Surge Tank Construction for Rukarara

5) Ntaruka-A Hydropower Plant **(2MW)**. The construction works had reached 36% with main achievements of river deviation and works on coffer dam and construction of powerhouse started.


Construction works at Intake of Ntaruka A

2. Power Transmission network

Power transmission infrastructure carries electricity from the power generators (power plants and substations) to the distribution transformers. For Rwanda, this is mainly composed of the 110 kilovolt and 220 kilovolt transmission network build across the country. By end June 2021, total transmission network was recorded at 971.75 km across the country[3]. By end June 2021, the length of the transmission network remains unchanged. Therefore, the subsector registered achievements in commissioning of 3 substations (Mamba, Rwabusoro and Bugesera) under the transmission network Mamba-Rwabusoro-Bugesera-Gahanga plus 30/30kV Camp Belge and 110/30kV Rubavu temporary substations under the scope of Mukungwa-Nyabihu transmission network had been completed and commissioned. The subsector was also characterized by progress in construction of five high voltage transmission lines as follow:

1.1 Rwanda-Burundi Transmission line and associated substations: Under this project 2 substations and 63.5km of 220kV line will be constructed from Kigoma substation in Ruhango district to Burundi border.
By June 2021, overall progress for transmission line had reached 93% while works at Gisagara and Kigoma substations were recorded at 84%.

The overall project progress for both line and substations was recorded at 90.03%. Although the project was scheduled to be completed in March 2021, challenges encountered during the last quarter lead to a proposed extension up to October 2021.

1.2 Bwishyura, Rubavu and Kibuye Substations. These are substations that were left incomplete by ISOLUX, the former contractor. They are part of the 220kV regional interconnection line between Rwanda and DRC. After the termination of the ISOLUX contract, 2 (Birembo & Shango) out of 5 substations were completed while 3 remained incomplete at different stages.
Overall progress is at 60% with supply of main equipment while waiting for legal opinion from MINIJUST prior to signature of the new contract for completion of remaining works.

1.3 Rusumo-Bugesera-Shango transmission network: The 117.4 km of 220kV Transmission line project to evacuate power from Rusumo regional hydropower plant has three key deliverables: (1) The construction of 83.4 Km of 220kV transmission line Rusumo-Bugesera; (2) The construction of 34Km of 220kV Bugesera-Shango transmission network; and (3) The construction of 220/110/30kV Bugesera substation and extension of Shango substation.

On Bugesera-Shango line, 87 out of 92 foundations have been constructed and 64 towers erected. The overall progress for the transmission line segment of the project was reported at 72%. The average progress for Bugesera substation and Shango line bay was reported at 99%.

The overall project implementation status for both lines and substations is 90.06% against the annual target of 90%.

3 Rwanda: Transmission Master Plan (2020 — 2028), REG, December 2020

Bugesera substation

Connection point at Shango substation

1.4 Bwishyura-Kigoma-Rwabusoro transmission network: **The 75km (4.5 Km linking Shema Power Plant to the existing Rwanda-DRC line and 70.5 Km Bwishyura-Kigoma-Rwabusoro) is reported at 8%.**

This project is split into multiple components including (1) Construction of a line bay at Bwishyura Substation, (2) construction of a new substation at Kigoma and upgrade of Rwabusoro substation with an additional line bay, (3) Construction of a GIS[4] substation at Shema Power plant and (4) construction of 75 Km of 220kV Transmission Line.

The overall progress stands at 21% with the line route and topographic survey completed, Shema power plant 11/110kV substation at 53% and topographic survey completed for 220/110kV Kigoma substation.

1.5 Mukungwa-Nyabihu Transmission network: **The 23.3Km of 110kV power line is meant to evacuate power from Mukungwa Power plant through Nyabihu substation and improve** reliability of power supply to the Northern and Western regions as well as serve industrial parks in Musanze and Nyabihu.
The project is implemented under two contracts. The first contract includes the construction of the transmission line from Mukungwa Hydropower plant to Nyabihu while the second contract

4 Gas insulated substation.

covers the construction of 5 substations at: Nyabihu, Mukungwa line bay, Camp Belge (upgrade), Musha and Rubavu (temporally substation).

By reporting time, 2 substations (Camp Belge and Rubavu) were completed and energized. Overall project progress was recorded at 83% compared to 55% planned with transmission line at 78% and average progress for substations at 88.1%.

Nyabihu substation

1.6 Construction of five 220 kV Substations under Rwanda-DRC Transmission network:
The scope of the project consists of upgrading Birembo, Shango and Kibuye substations as well as construction of Rubavu and Bwishyura substations. By reporting period, the upgrade of Birembo and Shango substations was completed, leading to the overall project progress status at 60%

3. Power Distribution

Rwanda has committed to have universal access by 2024. To be able to achieve this, EDCL through energy access roll-out programme implements a number of projects through 3 main procurement models (i) Engineering Procurement and Construction (EPC) where EDCL contracts a construction firm to undertake engineering design works, procures materials and constructs both medium voltage (MV) and low voltage (LV) and installs transformers; (ii) Outsourcing construction companies, under this model EDCL procures all the materials and gives them to the procured contractor to do the construction works; (iii) Use of inhouse teams where EDCL uses both internal materials and construction crew who carry out the construction works and do service connections.

Below is the detailed progress of power distribution projects recorded by 31st June 2021.

1.1 Construction of 30kV distribution line from Gabiro substation to Gabiro Commercial Farm. **The distribution line serves to supply power to Gabiro Agricultural Hub (GAH). From July 2020 to June 2021, construction works progressed from 10% to 86%.**

1.2 Street lighting along national roads**.** In line with Government's target of having streetlights along the national roads by 2024, EDCL committed to install streetlights on the 631.85km. Consequently, 31.8km Maranyundo-Nemba-Bugesera, 34km Kigali-Kayonza, 5.8km Nyarutarama Golf and 13.6km Musanze-Kinigi sections have been completed, while the section for Kigali-Gatuna is on-going. The overall project progress is recorded at 32% as of June 2021.

1.3 Improvement of Substations and Distribution Network (Phase-III). This project is part of a series of power distribution lines funded by Government of Japan through the Japan International Cooperation Agency (JICA). The scope of the project covers the upgrade of Gasogi substation, construction of two 15kv feeders (13km) from Gasogi substation (Gasabo district) to Nyagasambu (Rwamagana district), construction of 18km distribution line from Gasogi substation to Masaka.

By June 2021, overall project progress was at 14% with contract signed, land acquisition completed at 84%, detailed design ongoing, site mobilization completed and levelling at Gasogi ongoing.

1.4 **Grid strengthening of Eastern Province Distribution Network**. The project aims at improving and strengthening grid network in Rwamagana, Kayonza and Ngoma Districts. Its scope includes the construction of 3.1 km of Medium Voltage (MV) and 59.256 km of Low Voltage (LV) distribution lines, installation of 10 transformers and re-connecting 2,363 Households. The project had been completed and is now operational since November 2020.

***1.5* Upgrade of Rubavu distribution network.** The project scope involves upgrading of the network from 6.6 to 30kV to stabilize power supply in Rubavu district through construction and upgrade of medium and low voltage lines and construction of new cabins and upgrading the existing ones. This project was completed in December 2020.

***1.6* Upgrade of the Eastern Province network from single phase to three-phase**. The project is meant to stabilize electricity supply in the Eastern Province through the upgrade of the region's network from single to three phase networks ultimately reducing distribution losses and improving quality of power supply.

By reporting period, overall progress was at 57.37% with 46km of distribution lines upgraded from single phase to 3 phases.

***1.7* Rural electrification Project in Burera and Nyagatare Districts project**. This project has been designed to increase access to electricity in Districts of Nyagatare and Burera through construction of 202 km of medium voltage and 654.73 km low voltage as well as installing 176 transformers and connecting 26,636 new connections (households and productive users).

By the end of June 2021, the overall progress was at 96% in Nyagatare and 98.6% in Burera.

***1.8* EPC West**. This project will increase electricity access in Karongi and Rutsiro districts by constructing 105.7 km of MV & 182km of LV lines, installation of 87 Transformers and connecting 9,345 new customers (households and productive users). By June 2021, construction was completed pending energization which represents 88.91% of completion rate.

***1.9* EPC North**. This project will increase access in Rulindo, Burera and Rubavu districts through construction of 128.621km MV and 225.481km LV distribution line; installation of 124 transformers to connect 12,851 new customers (households and productive users). At the end of 2020-2021 Fiscal year, the construction activities were completed at 96.36%. Apart minor defect activities, the network is waiting for final inspection, prior to the energizing of the network.

***1.10* EPC Productive Use Areas.** This project aims at connecting 58 productive use areas in the country by constructing 1.9km of LV and 127km of MV and installing 53 transformers in 17 districts. Therefore, the initial scope was adjusted by abandoning 5 targets for different reasons either because were connected through other projects or/ and were shifted from initial location. The end year project implementation report shows following findings: pole erection completed for 42 units among them two were already energized; fully stinging of 9 units and 31 whose stringing is at advanced stage.

4. Service connection

Overall, for the whole fiscal year 2020/2021, a total of 155 distribution projects were initiated; among them 78 (50.3%) were completed and energized across the country with 677.76 km of medium voltage and 1,225.35 km of low voltage constructed and 503 transformers installed.

4.1 On grid household connections

By end of June 2024, government commits to have universal access to electricity, with an estimated 3.7 million households connected.

From July 2020 to June 2021, some 177,898 new households were connected to the National grid. This brought the cumulative number of households connected to the grid to 1,269,508 from 1,091,610 household reported by end of June 2020. This is equivalent to 47% access rate computed on a total of 2,709,000 households reported by the NISR (EICV, 5).

*4.2*Off-grid connections

By June 2024, 48% of all households are planned to be served off-the-grid. For the single fiscal year 2020-2021; a total of 72,202 households were connected to off-grid electricity, bringing the cumulative total to 482,049 households connected to off-grid electricity. The overall connection rate of households connected to off-grid electricity was recorded at 18% by end of the reporting year.This year's connections brought the cumulative number to 1,751,557 households connected to electricity (on and off grid). Hence leading to the total access rate of 65% (on and off grid).

*4.3*Productive Users

1110 productive users were connected to the grid between July 2020 and June 2021. The total productive users connected to electricity is 8931. Out of the 1110 productive users connected this year, 131 were Sector and Cell offices, 158 were health facilities, 184 schools remaining included water pumping stations, commercial centers, public lighting and traffic control cameras, factories, telecom towers among others. Refer to table below.

The tables 1 and 2 below show a summary of new connection and Productive users respectively connected during the fiscal year 2020/2021.

Table 1: Summary of new connections 2020-2021 fiscal year

#	Item	Number of connections	
		Targets	Achieved
1	New household connected to the grid	118,657	177,898
2	Productive Use Areas	260	1,110
3	New household connected to off grid	50,000	72,202

Table 2: Connected Productive users by Category.

S/N	Category	Connected
1	Bank/SACCOO	10
2	IDP model village	8
3	NGO Office/ Facility	11
4	Artisan Centre	7
5	Boarder Post/site	3
6	Cell Office	120
7	Coffee Washing Station	5
8	College/University	1
9	Commercial Center	58
10	Cooperatives	69
11	Early Child Development-ECD	9
12	Housing Estate	4
13	Gv't office/ Facility	51
14	Health Center	40
15	Health facilities (clinics, pharmacies,)	30
16	Health Post	88
17	Harvest Storage/Agro-processing	5
18	Hotel/Motels/Apartments	20
19	Industry/Factory	48
20	Market	23
21	Milk Collection Center	9
22	Milling Site	2
23	Petro Station	8
24	Pre-primary and Primary School	136

S/N	Category	Connected
25	Police Traffic Camera	69
26	Public Lighting	44
27	Secondary School	115
28	Sector Office	11
29	Stadium	1
30	Telcom Towers	54
31	Village office	6
32	Vocational Training Center	17
33	Water Pumping /Treatment Station	26
34	Taxi Park	1
	Total	**1,110**

Chart 3: Annual household connections per District as of June 2021

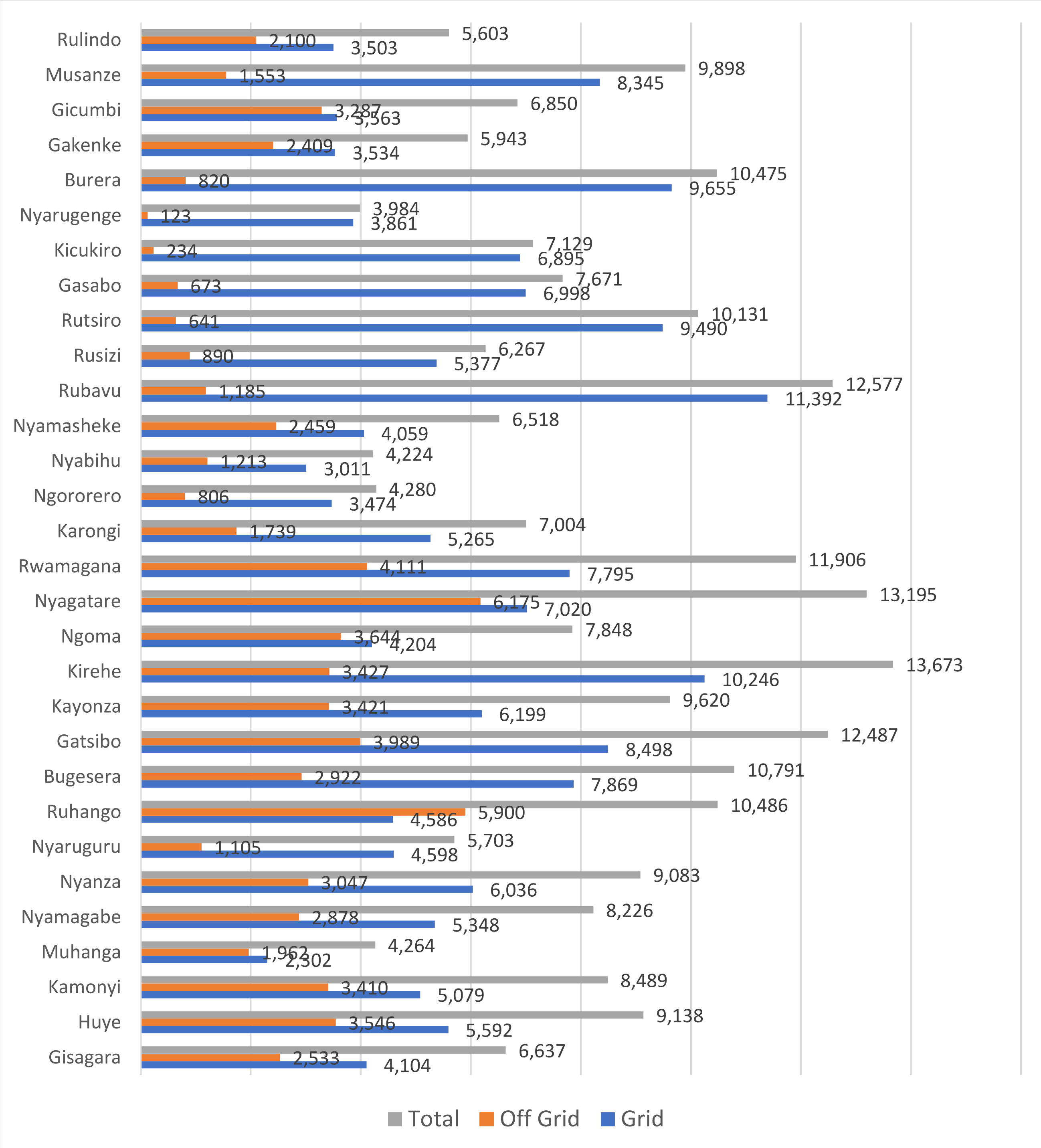
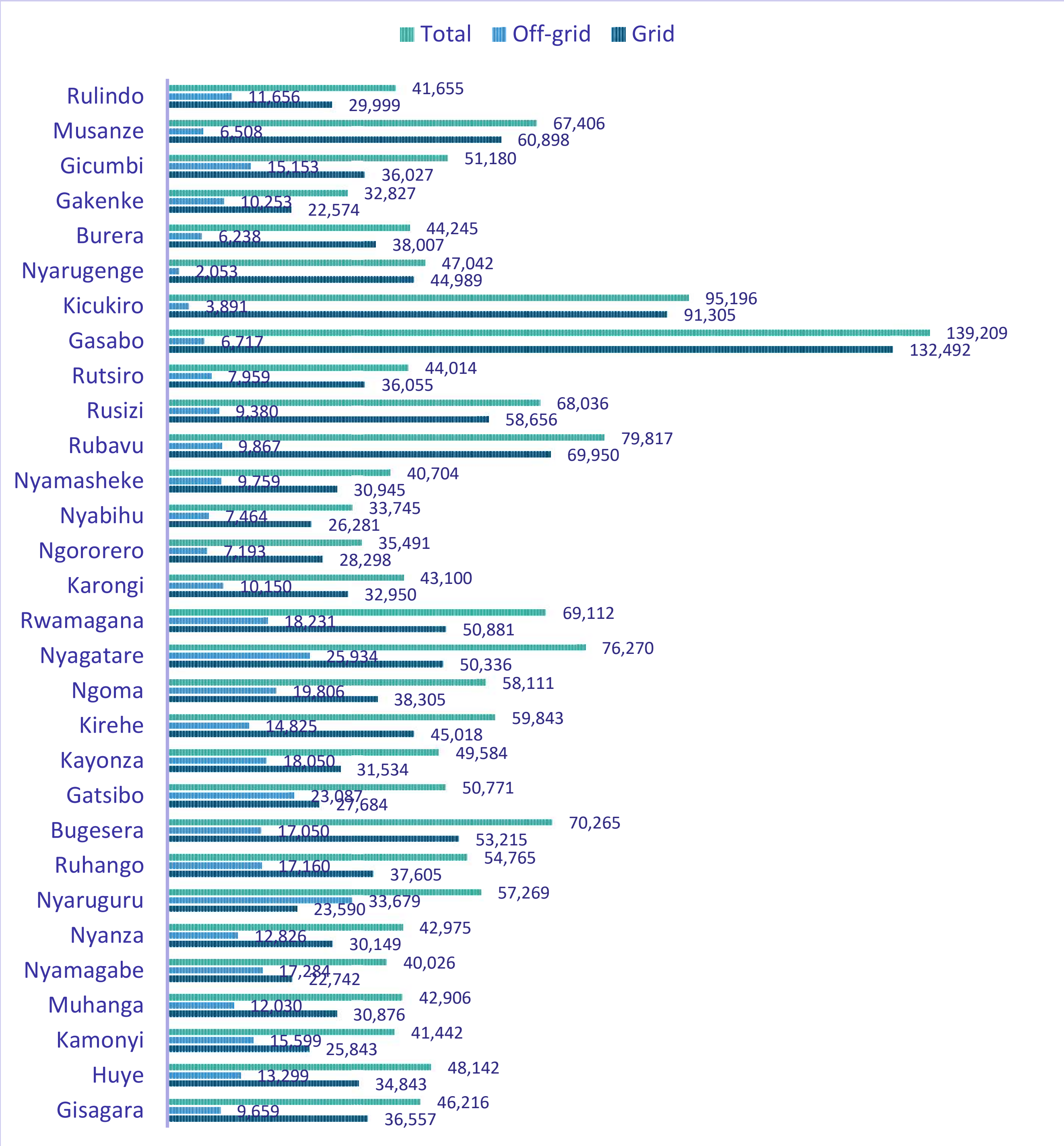


Chart 4: Cumulative household connections per District as of June 2021



5 **Biomass Energy:**

The Government of Rwanda plans to reduce dependency on traditional cooking technologies from 79.9% to 42% by 2024 (NST1). Consequently, EDCL continues to carry out awareness campaigns on the use of alternative cooking technologies and dissemination of Improved Cook Stoves (ICS). In this year, 29 physical awareness campaigns were carried out across all Districts, 7 online newspaper articles were published, TV and Radio spots were broadcasted as well as 302,614 Improved Cook Stoves were distributed. 743 domestic biogas plants were inspected among them 154 defaulted were rehabilitated.

6 **Gas and Petroleum**

Rwanda plans to increase Petroleum strategic reserves to cover three months' supply by 2024. For 2020/21 fiscal year, the Petroleum strategic reserves stand at 112 million litres of oil storage capacity against 198 million litres targeted in 2024. Furthermore, additional 6 million litres Jet A1 tank is being constructed and completion is expected by October 2021. It is also worth noting that feasibility study has been completed for development of LPG strategic stock facility to cover three months' supply capacity.

III. Support Services

To deliver to its mandate, several support services were implemented as follows:

3.1 Energy Planning

For this fiscal year end, under Project investment and planning both operational and programmatic support to the Generation, Transmission planning & Development was done, while ensuring planning and Investment Management. Assessment and evaluation of technical parameters for power plants and transmission lines was done, reviewing studies, financial models to ensure that these projects meet the requirements for development.

To ensure compliance of environmental standards, environmental inspections were conducted on several transmission lines and where critical environmental issues that don't comply with environmental protection measures were identified and reported to relevant departments for correction. More so, Environmental and Social Management plan was developed for the Construction/Rehabilitation and Upgrading of rural infrastructure project in Karongi, Nyamasheke and Rusizi districts.

A project proposal for Boosting Green Employment through Increasing Electricity Access Project in Rwanda was developed and submitted to the Facility "Investment for Employment"**.**

Under low carbon projects, contract was signed with a consultant to develop the Project Design Document (PDD), registering the project to carbon market and in the future, make carbon revenue under Nyabarongo II plant low carbon project, while a proposal on biomass reduction in the districts hosting Akagera national park was submitted to Nationally Appropriate Mitigation Action (NAMA) Facility for funding.

It worth noting that through the distribution of under the Rwanda Electrogaz Compact Fluorescent Lamps (CFL) distribution project, 800,000 CFL lamps were distributed between 2007-2012 and so far, energy saving rose to 64GWh, demand reduction of 30Mw, emission reduction of 64,320 TCo2 sold as CERs and Carbon revenue of USD 964,800 were realized.

Furthermore, for powers systems designs, several engineering designs of different energy projects were conducted for many projects including Electrification of Gabiro Commercial Farms, Electrification of Water irrigation Projects under MINAGRI, Electrification of Water pumping Stations for WASAC, Countrywide electrification Projects proposed by Districts, Electrification Projects connecting different Productive users countrywide, Electrification of IDP Model Villages, MV evacuation lines of Nyabihu and Rubavu Substations to feed neighboring Distribution network among others.

Review and approval of initial/ as-built designs for projects including Transmission line and substations projects including 23.3 km of 110kV single circuit Mukungwa-Nyabihu and associated substations and distribution lines, Streetlights Projects for 631.85Km of National roads, Camp Belge – Prime Cement line, Evacuation of different Hydropower Plants: Giciye III, Rwaza-Muko etc, EPC South and East implemented by STEG IS, Electrification of Kirehe, Ngoma, Kayonza and Rwamagana by ADHR and STOP Ltd, 220kV Mamba-Rwabusoro-Bugesera/110kV Bugesera-Gahanga Transmission Line and associated SS were submitted to contractors.

Provision of Technical Specifications and preliminary designs (line route and Bill of Quantities) for Bidding Documents of all Electricity transmission and Access Projects including but not limited to:

- Provision and Installation of Static Voltage Compensator (SVC) at Shango and Kigoma Substations and 3x30MVA, 110/30kV Bugesera Industrial Park substation and associated line bays
- Universal Access Projects to be implemented as EPC or Materials Supply under funding of World Bank and AfDB
- Supply of Energy Meters.

Detailed GIS survey for different electricity distribution and access projects was completed with the following scope MV lines: 437 km; LV lines: 3,226 km; Number of Customers: 61,349 and Number of transformers: 434.

Standards and quality assurance was done through elaboration of Technical Specifications for items used in Electricity Distribution Projects, updating the Reticulation Standard for Electricity Distribution Projects, quality inspections for EPC Projects and other electricity access projects implemented by in-house teams.

Elaboration of Electricity development master plans for Transmission, distribution and access and updating the NEP 2018 according to current electrification status in 2021 was conducted to have accurate data for efficient planning.

To enhance efficient and increase skills, many trainings were done for both staff and interns. The capacity building covered mainly use of Digsilent software and GIS tools to facilitate them in power system designs, preparation of map template to be used in GIS mapping and production of as-built data collection template

3.2 Legal and transaction services

- Facilitated in contract negotiations and PPA amendments to ensure successful project implementation.

- Reviewed different draft contracts including 220kV Rwanda –DRC Interconnection Substations Project; Plant Design, Supply, and Installation of Low Voltage and Medium Voltage Lines and Service Connections; Plant Design, Supply, Erection and Commissioning of 110kV TL Mukungwa – Nyabihu; 220kV Rwanda-Burundi Regional Interconnection Project among others

3.3 Finance Management

The company has continued to enhance its public finance management system in accordance with national and international standards. In this context, EDCL obtained unqualified audit opinion for the third consecutive year and is committed to continue embracing the culture of accountability and transparency in its operations. Below is the budget execution report for the company.

Table 3: summary of budget execucion report

Description	Approved Budget	Revised Budget	Execution Budget	Execution Rate
I. EDCL GoR Budget	***62,816,577,819***	***66,396,152,859***	***94,611,012,626***	***142%***
I.1 Administrative and Support Services	16,808,463,612	16,808,463,612	16,759,785,306	100%
I.2 GoR Development Budget	46,008,114,207	49,587,689,247	77,851,227,320	157%
I.2.1 Electricity Generation	*3,060,788,872*	*2,759,205,581*	*2,530,104,926*	*92%*
I.2.2 Electricity Transmission And Distribution	*30,030,606,066*	*34,378,391,122*	*60,645,172,294*	*176%*
I.2.3 Energy Efficiency And Supply Security	*12,916,719,269*	*12,450,092,544*	*14,675,950,100*	*118%*
II. External Resources	***77,694,418,840***	***58,919,950,675***	***45,131,084,711***	***77%***
II.1 External Grants	36,529,746,838	31,042,424,798	18,324,139,557	59%
II.2 External Loans	41,164,672,002	27,877,525,877	26,806,945,154	96%
III. Other Revenues	***12,332,177,622***	***12,816,201,622***	***7,602,094,906***	***59%***
Grand Total	**152,843,174,281**	**138,132,305,156**	**147,344,192,243**	**107%**

The overspending observed on the GoR budget in general and as well as development budget was due to the additional allocation granted after the budget revision to compensate the gap observed on key& critical transmission projects.

3.4 Expropriation

During 2020/21 fiscal year, EDCL received 15,199 files worth Frw 6,838,876,508, among them 12,134 files have been compensated for Frw 5,775,267,092 while 3,065 files worth Frw 1,063,609,416 were under process. Disaggregated files per district is attached as annex 4

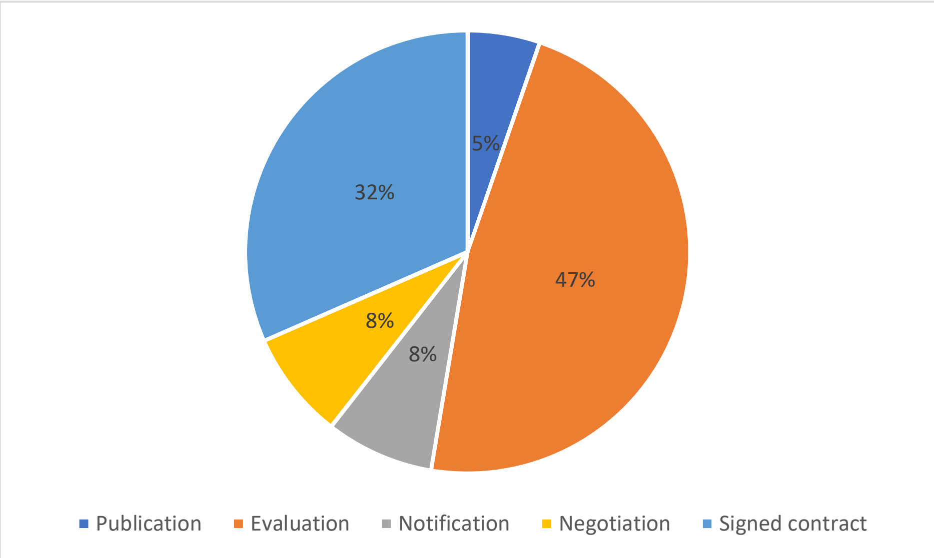
3.5 Procurement

Out of 41 tenders planned, 11 tenders (Frw: 73.11 Bn) were for construction of power infrastructure such as power generation and transmission facilities, 19 tenders worth Frw: 8.6

billion were for the provision of goods and services, while 11 tenders (12.7 billion) were consultancy services.

Overall, 38 tenders representing 92.68 % of the planned tenders have been initiated. All tenders related to goods and services as well as consultancy services have been initiated at 100% while tenders for works have been awarded at 72.73%. The graph below summarizes the status of planned tenders.

Chart 5: implementation status of procurement plan (tenders)



It should be noted that big percentage of the tenders are still under negotiation stage as result of lengthy process in funding negotiations, approvals, and disbursements particularly for the new approved programs.

3.6 Human Resource Management

This entails staff recruitment, training and capacity building for the workforce, induction, staff retention and social welfare among others.

a) 19 new staff were recruited on contract and permanent basis, out of which 6 are women representing 31.5%.

b) Similarly, 24 staff were inducted and trainings were conducted in the areas of operation and maintenance of power infrastructures, health and safety, public finance management, project management and procurement.

c) Staff welfare was also prioritized amidst Covid-19 pandemic. Stuff such us face masks, hand sanitizers, internet facilities and other related logistics were provided.

3.7. Information and Communication Technology

The company has embraced Information and Communication Technology in light of Covid -19 pandemic by encouraging video conferences and online meetings to contain the spread. This has facilitated Company business flow as well as strengthening IT infrastructure to facilitate operations and further growth of the Company.

Summary of general Challenges

- Like any other institution in the country, EDCL operations were also affected by Covid-19 pandemic which disrupted timely supply of material and personnel, hence affecting project implementation,
- Poor performance of some contractors and non-compliance with contractual obligations on projects which affected the implementation schedules.
- Insufficient budget on projects leading to slow mobilization of personnel and equipment.

List of annexes

Annex1: Power Installed Capacity, June 2021

Figure 15: Table 3: Power Installed Capacity, June 2020

No	Generator	Grid/Off-grid	Technology	Installed Capacity (MW)	Onwer/Developer	Year of Commissioning	Location/District
1	Ntaruka	On-grid	Hydro	11.250	REG/ GoR	1959.00	BURERA
2	Mukungwa 1	On-grid	Hydro	12.000	REG/GoR	1982.0	MUSANZE
3	Nyabarongo I	On-grid	Hydro	28.000	REG/ GoR	2014.0	MUHANGA
4	Gisenyi	On-grid	Hydro	1.700	PRIME ENERGY LTD/ PPP	1957.0	RUBAVU
5	Gihira	On-grid	Hydro	1.800	RMT LTD/ PPP	1984.0	RUBAVU
6	Murunda	on-grid	Hydro	0.100	REPRO LTD/ IPP	2010.0	RUTSIRO
7	Rukarara 1	On-grid	Hydro	9.000	NGALI ENERGY LTD/ PPP	2010.0	NYAMAGABE
8	Agatobwe	Off-grid	Hydro	0.390	CARERA-EDERER/ IPP	2010.0	NYARUGURU
9	Janja	On-grid	Hydro	0.200	RWANDA ENERGY UK LTD/ PPP	2012.0	GAKENKE
10	Rugezi	On-grid	Hydro	2.600	RMT LTD/PPP	2011.0	BURERA
11	Keya	On-grid	Hydro	2.200	ENERGICOTEL LTD/ PPP	2011.0	RUBAVU
12	Nkora	On-grid	Hydro	0.680	ENERGICOTEL LTD/ PPP	2011.00	RUTSIRO
13	Mutobo	On-grid	Hydro	0.200	REPRO LTD/ IPP	2009.0	MUSANZE
14	Mukungwa 2	On-grid	Hydro	3.600	PRIME ENERGY LTD/ PPP	2013.0	MUSANZE
15	Nyabahanga	On-grid	Hydro	0.200		2012.00	KARONGI
16	Cyimbili	On-grid	Hydro	0.300	ENERGICOTEL LTD/ PPP	2011.0	RUTSIRO
17	Mazimeru	On-grid	Hydro	0.500	ENNY LTD / IPP	2012.0	NYARUGURU
18	Nyamyotsi II	On-grid	Hydro	0.100	ENERGICOTEL LTD/ PPP	2011.0	NYABIHU
19	Nyirabuhombohombo	Off-grid	Hydro	0.650	RWANDA ENERGY UK LTD/ PPP	2013.0	NYAMASHEKE
20	Nyamyitsi I	On-grid	Hydro	0.100	ENERGICOTEL LTD/ PPP	2007.0	NYABIHU
21	Mukungu Pico HPP	On-grid	Hydro	0.016			
22	Nshili1	On-grid	Hydro	0.400	REG/GoR	2012.0	NYARUGURU
23	Gashashi	On-grid	Hydro	0.280	PRIME ENERGY LTD/ PPP	2013.0	RUTSIRO
24	Musarara	On-grid	Hydro	0.400	AMAHORO ENERGY LTD/IPP	2013.000	GAKENKE
25	Rukarara 2	On-grid	Hydro	2.200	PRIME ENERGY LTD/ PPP	2014.0	NYAMAGABE
26	Giciye1	On-grid	Hydro	4.000	RMT LTD/ IPP	2014.0	NYABIHU
27	Giciye2	On-grid	Hydro	4.000	RMT LTD/ IPP	2016.0	NYABIHU
28	Giciye III	On-grid	Hydro	9.800	RMT LTD/ IPP	2020.0	NYABIHU
29	Gaseke	On-grid	Hydro	0.500	NOVEL ENERGY LTD /IPP	2016.0	GAKENKE
30	Rwaza-Muko	on-grid	Hydro	2.600	Rwaza-Muko SPV	2018.0	MUSANZE
31	Mushishito	on-grid	Hydro	2.300	REFAD	2019.0	NYAMAGABE
32	Kigasa	on-grid	Hydro	0.272	LED Solutions	2020.0	MUSANZE
33	Nyirantaruko	On-grid	Hydro	1.840	Nyirantaruko Hydropower Ltd	2020.0	NYAMASHEKE
34	Rubagabaga	on-grid	Hydro	0.450		2019.0	NYABIHU
35	Nasho Solar	On-grid	Solar	3.300	MINAGRI/ GoR	2017.0	KIREHE
36	Jali	On-grid	Solar	0.250	MAINZ/ IPP		GASABO
37	GigaWatt /Rwamagana	On-grid	Solar	8.500	GIGAWATT GLOBAL/ IPP	2015.0	RWAMAGANA
38	Jabana 1	On-grid	Thermal	7.800	REG/GoR		GASABO
39	Gishoma	On-grid	Thermal	15.000	REG/GoR	2016.0	RUSIZI
40	SoEnergy LTD (SEZ)	On-grid	Thermal	10.000	SoEnergy / IPP	2017.0	MUSANZE/GASABO
41	SoEnergy LTD (MUKUNGWA)	On-grid	Thermal	10.000	SoEnergy / IPP	2017.0	MUKUNGWA
42	Jabana 2	On-grid	Thermal	21.000	REG/GoR		GASABO
43	SoEnergy LTD (Birembo)	On-grid	Thermal	10.000	SoEnergy / IPP	2017.0	GASABO
44	KP1	On-grid	Thermal	3.600	SYMBION POWER / PPP	2012.0	RUBAVU
45	Kibuye Gaz methane	On-grid	Thermal	26.190	KIVUWATT LTD / IPP	2015.0	KARONGI
46	UETCL (Gatuna)	On-grid		2.000			
47	Mururu I			4.100			
48	Mururu II			12.000			
Grand TOTAL				**238.368**			

Source: REG&EUCL Reports, EDCL, Generation and Transmission Department

Annex2 Stock of Power transmission infrastructure as of June 2021

No	Transmission Line Name	Length (Km)
1.	220kV Bwishyura-Rubavu-Shango, which is currently operating under 110kV.	162.06
2.	110kV Mururu II-Ntendezi	22
3.	Ntendezi-Karongi	57.65
4.	Ntendezi-Bugarama	17.4
5.	Ntendezi-Kibogora	19.7
6.	Gishoma Peat to Power-Bugarama	12.2
7.	Karongi-Kilinda	27
8.	Nyabarongo I HPP-Kilinda	27
9.	Rukarara-Kilinda	27
10.	Kilinda-Kigoma	29.6
11.	Kigoma-Mount Kigali	40.33
12.	Mount Kigali-Gikondo	5.22
13.	Gikondo-Jabana SS	9.1
14.	Jabana I TPP-Jabana II TPP	1.3
15.	Jabana II TPP-Jabana SS	1.51
16.	Ntaruka HPP-Mukungwa I HPP	28.9
17.	Mukungwa I HPP-Gifurwe	18
18.	Gifurwe-Rulindo	24.93
19.	Rulindo-Jabana SS	27.9
20.	Jabana SS-Birembo	7.5
21.	Birembo-Gasogi	16.5
22.	Ndera Toff (Tapping from 110kV Birembo-Gasogi OHTL at Ramba Center)	2.3
23.	Birembo-Musha	26.15
24.	Musha-Kabarondo	25
25.	Kabarondo-Rwinkwavu	8.5

26.	Rulindo-Gabiro-Musha	113
27.	Jabana-Nzove-Mount Kigali-Gahanga	17.2
28.	Mirama-Shango	94
29.	Mamba-Rwabusoro-Bugesera	61.3
30.	Gahanga-Bugesera	17.5
31.	Bugesera-Bugesera IP	24
Total		**971**.75

Annex 3: Access data by district as of June 2021

#	District	Baseline (June-20)			Plus 2020/2021			Cumulative (June-21)			% Progress		
		Grid	Off-grid	Total	Grid	Off-grid	Total	Grid	Off-grid	Total	Grid	Off-grid	Total
1	Kicukiro	84,410	3,657	88,067	6,895	234	7,129	91,305	3,891	95,196	93.2%	4.0%	97.1%
2	Nyaruguru	18,992	32,574	51,566	4,598	1,105	5,703	23,590	33,679	57,269	36.9%	52.6%	89.5%
3	Rubavu	58,558	8,682	67,240	11,392	1,185	12,577	69,950	9,867	79,817	72.9%	10.3%	83.1%
4	Rwamagana	43,086	14,120	57,206	7,795	4,111	11,906	50,881	18,231	69,112	57.2%	20.5%	77.7%
5	Ruhango	33,019	11,260	44,279	4,586	5,900	10,486	37,605	17,160	54,765	53.0%	24.2%	77.1%
6	Musanze	52,553	4,955	57,508	8,345	1,553	9,898	60,898	6,508	67,406	66.9%	7.2%	74.1%
7	Bugesera	45,346	14,128	59,474	7,869	2,922	10,791	53,215	17,050	70,265	56.0%	17.9%	74.0%
8	Rusizi	53,279	8,490	61,769	5,377	890	6,267	58,656	9,380	68,036	61.7%	9.9%	71.6%
9	Ngoma	34,101	16,162	50,263	4,204	3,644	7,848	38,305	19,806	58,111	46.2%	23.9%	70.0%
10	Kirehe	34,772	11,398	46,170	10,246	3,427	13,673	45,018	14,825	59,843	51.7%	17.0%	68.8%
11	Gasabo	125,494	6,044	131,538	6,998	673	7,671	132,492	6,717	139,209	57.6%	2.9%	60.5%
12	Rutsiro	26,565	7,318	33,883	9,490	641	10,131	36,055	7,959	44,014	49.4%	10.9%	60.3%
13	Kayonza	25,335	14,629	39,964	6,199	3,421	9,620	31,534	18,050	49,584	38.0%	21.7%	59.7%
14	Huye	29,251	9,753	39,004	5,592	3,546	9,138	34,843	13,299	48,142	42.5%	16.2%	58.7%
15	Gicumbi	32,464	11,866	44,330	3,563	3,287	6,850	36,027	15,153	51,180	40.9%	17.2%	58.2%
16	Nyarugenge	41,128	1,930	43,058	3,861	123	3,984	44,989	2,053	47,042	55.5%	2.5%	58.1%
17	Nyagatare	43,316	19,759	63,075	7,020	6,175	13,195	50,336	25,934	76,270	38.1%	19.6%	57.8%
18	Gisagara	32,453	7,126	39,579	4,104	2,533	6,637	36,557	9,659	46,216	44.6%	11.8%	56.4%
19	Karongi	27,685	8,411	36,096	5,265	1,739	7,004	32,950	10,150	43,100	42.2%	13.0%	55.3%
20	Muhanga	28,574	10,068	38,642	2,302	1,962	4,264	30,876	12,030	42,906	39.6%	15.4%	55.0%
21	Nyanza	24,113	9,779	33,892	6,036	3,047	9,083	30,149	12,826	42,975	38.2%	16.2%	54.4%
22	Burera	28,352	5,418	33,770	9,655	820	10,475	38,007	6,238	44,245	46.4%	7.6%	54.0%
23	Rulindo	26,496	9,556	36,052	3,503	2,100	5,603	29,999	11,656	41,655	38.5%	14.9%	53.4%
24	Nyamagabe	17,394	14,406	31,800	5,348	2,878	8,226	22,742	17,284	40,026	29.5%	22.4%	52.0%
25	Nyabihu	23,270	6,251	29,521	3,011	1,213	4,224	26,281	7,464	33,745	39.2%	11.1%	50.4%
26	Nyamasheke	26,886	7,300	34,186	4,059	2,459	6,518	30,945	9,759	40,704	37.3%	11.8%	49.0%
27	Gatsibo	19,186	19,098	38,284	8,498	3,989	12,487	27,684	23,087	50,771	25.6%	21.4%	47.0%
28	Kamonyi	20,764	12,189	32,953	5,079	3,410	8,489	25,843	15,599	41,442	27.8%	16.8%	44.6%
29	Ngororero	24,824	6,387	31,211	3,474	806	4,280	28,298	7,193	35,491	34.5%	8.8%	43.3%
30	Gakenke	19,040	7,844	26,884	3,534	2,409	5,943	22,574	10,253	32,827	26.9%	12.2%	39.1%
	Grand Total	**1,100,706**	**409,847**	**1,510,553**	177,898	72,202	250,100	1,278,604	482,049	1,760,653	47.2%	17.8%	65.0%