

AUDITED PROJECT FINANCIAL STATEMENTS

Project N° : 1650

IFAD Loans No. L-I-2000000429

TRUST Loan No. 2000000430

Period covered 01/01/2018 – 31/12/2018

Rural Finance Expansion Programme (RUFEP)

Prepared by: Auditor General

Received on 28/06/2019

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REPUBLIC OF ZAMBIA

MINISTRY OF FINANCE

RURAL FINANCE EXPANSION PROGRAMME (RUFEP)

FINANCIAL STATEMENTS
For the year ended 31st December 2018

MINISTRY OF FINANCE - RURAL FINANCE EXPANSION PROGRAMME
PROJECT NUMBER – 2000000429 & 2000000430
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2018

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Institutional Details/Information:

Implementing agency Ministry of Finance
Rural Finance Expansion Programme
Plot No. 34810
Unit 2, Ground Floor
Mount Building, Thabo Mbeki Rd
PO Box 51061, Lusaka - Zambia

Management Mr Michael Mbulo – Programme Coordinator
Mrs Christor K. Sinyangwe – Financial Controller
Ms Womba Kawanu Phiri – M&E Specialist
Mr John Loongo – Procurement Specialist
Mr Cephas Moonga – Knowledge Management Specialist.
Mr Caiaphas Habasonda – National Technical Advisor
Mr Gareth Evans – International Technical Advisor

Programme Steering Committee

Dr. Emmanuel Mulenga Pamu
Mr. Jacob Mkandawire
Ms. Freda Tamba
Mrs. Kezia M. Katyamba
Mr Derrick Simukoko
Mr. Thomas Phiri
Mrs Brenda C. Chanda
Mrs. Rachel Zyambo (retired June 2018)
Mr. Joseph Tumba (retired June 2018)

The Programme Steering Committee (PSC) continues to be committed to high standards of corporate governance, which are fundamental in providing oversight, policy direction and coordination between government institutions. During the year, five (5) meetings were held by the PSC.

Employees

The average number of employees during the year was as follows:

Description	Status
Number of employees at the beginning of the year	12
Number of new employees employed during the year	-
Number of employees that have separated in the year	-
Number of employees at the end of the year	12

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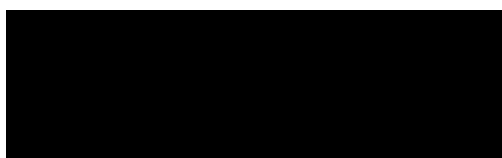
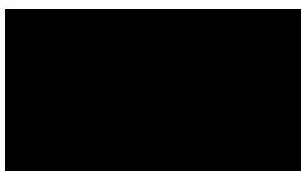
Health and Safety Measures

The Programme is aware of its responsibilities regarding the health and safety of employees and has put appropriate measures in place to safeguard the health and safety of employees

Auditors

Auditor General of the Republic of Zambia
PO Box 50071
Ridgeway
Lusaka - Zambia

Main Bankers
(At Head Office)



MINISTRY OF FINANCE - RURAL FINANCE EXPANSION PROGRAMME
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FOR THE YEAR ENDED 31st DECEMBER 2018

Background Information on the Project:

The Rural Finance Expansion Programme (RUFEP) aims to increase access to and use of sustainable financial services by poor rural men, women and youth in Zambia. The overall goal of RUFEP is to improve livelihoods of the rural poor through sustainable economic growth. The Programme is an initiative by the Government of the Republic of Zambia (GRZ) under the Ministry of Finance (MoF) funded by the International Fund for Agricultural Development (IFAD).

The Ministry of Finance is the Lead Programme Implementing Agency. The Programme Coordination Office falls under the Investment and Debt Management Department (IDMD) of the Ministry of Finance.

The Rural Finance Expansion Programme (RUFEP) is a follow up of the Rural Finance Programme (RFP) that completed its implementation on the 30th September, 2013. The Financing Agreement for RUFEP between the Government of the Republic of Zambia, the International Fund for Agricultural Development (IFAD) and the Spanish Food Security Facility Trust Fund (SFSFTF) was signed on 22nd July 2014. The Programme has an eight year operating timeline with a completion date of 30th September 2022. The Programme Implementation commenced in September 2015.

The Programme consists of three components:

- a) Component 1 - Strategic Partnerships
- b) Component 2 - Innovation and Outreach Facility
- c) Component 3 - Knowledge Management and Programme Implementation.

The Financing Agreement provides for a total sum of USD 26.3 million and is co-financed between the IFAD loan of USD 8.4 Million and a Spanish Trust loan of USD 12 million. The GRZ contribution is USD 2.6 million which is the estimate of the tax element in RUFEP transactions while the participating institutions contribution has been estimated as USD 3.3 million.

Financing Plan by Components (for the entire lifespan of the Project)

Components by Financiers (USD '000)	GRZ	IFAD	Spanish Trust Fund	Participating Institutions	Total
1. Strategic Partnerships	1,744	4,216	3,989	1,138	11,087
2. Innovation and Outreach Facility	-	4,200	2,690	2,160	9,050
3. Knowledge Management and Programme Implementation	869	-	5,309	-	6,178
Total Project Costs	2,613	8,416	11,988	3,298	26,315

Financing Plan by Categories (for the entire lifespan of the Project)

Categories by Financiers (USD '000)	GRZ	IFAD	Spanish Trust Fund	Participating Institutions	Total
1. Equipment and Materials	328	297	236	-	861
2. Training	658	2,724	696	85	4,164
3. Consultancies	1,108	482	4,407	1,053	7,049
4. Grants	-	4,200	2,690	2,160	9,050
5. Operating Expenses	519	713	3,959	-	5,191
Total Project Costs	2,613	8,416	11,988	3,298	26,315

MINISTRY OF FINANCE - RURAL FINANCE EXPANSION PROGRAMME
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FOR THE YEAR ENDED 31ST DECEMBER 2018

Statement of Management's Responsibilities

It is the responsibility of the Programme Management to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Programme as at the end of the financial year and of the surplus or deficit for that period. In preparing those financial statements, management is required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and estimates that are reasonable and prudent
- maintain financial records and prepare the financial statements in accordance with the policies and procedures of Rural Finance Expansion Programme.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the organisation will continue its operations.

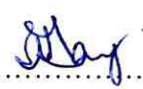
Management is responsible for keeping proper accounting records, which disclose with reasonable accuracy, at any time, the financial position of the organisation. They have a general responsibility for taking such steps as are reasonably available to them to safeguard the assets of the organisation and to prevent and detect fraud and other irregularities.

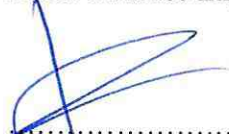
Management of the Programme confirm that in their opinion the financial statements give a true and fair view of:

1. The financial performance of the Rural Finance Expansion Programme for the year ended 31st December 2018 prepared in accordance with the Cash Basis of Accounting of the International Public Sector Accounting Standards (IPSASs).
2. The sources and applications of funds of the Rural Finance Expansion Programme for the year ended 31st December 2018 are prepared in accordance with the Cash Basis of Accounting of the International Public Sector Accounting Standards (IPSASs).

Signed at Lusaka on.....28/6/2019


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Michael Mofu Mbulo
Programme Coordinator
Rural Finance Expansion Programme


.....
Christor Kayombo Sinyangwe
Financial Controller
Rural Finance Expansion Programme


.....
Emmanuel Mulenga Pamu (Dr.)
Permanent Secretary – Budget and Economic Affairs
Ministry of Finance



OFFICE OF THE AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT

HAILE SELASSIE AVENUE,
LONGACRES
P.O BOX 50071
LUSAKA, ZAMBIA

E-mail:
auditorg@ago.gov.zm
Website: www.ago.gov.zm
Telephone: +260252611/252771

To the Permanent Secretary - Ministry of Finance – Budget and Economic Affairs

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of the Rural Finance Expansion Programme (RUFEP) under the Ministry of Finance which comprise the Statement of Sources and Utilization of Funds for the financial year ended 31st December 2018 and notes to the financial statements, including a summary of significant accounting policies as set out on pages 17 to 30.

In my opinion, the accompanying financial statements of the RUFEP Project under the Ministry of Finance are prepared, in all material respects, in accordance with International Public Sector Accounting Standards (IPSASs) Cash Basis of Accounting and the Financing Agreement between International Fund for Agricultural Development (IFAD) and Government of the Republic of Zambia (GRZ).

Basis for Opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under these standards are further described in the Auditor's Responsibilities for the audit of the Financial Statements section of my report. I am independent of the Rural Finance Expansion Programme under the Ministry of Finance in accordance with the International Organization of Supreme Audit Institutions (INTOSAI) Code of Ethics together with the ethical requirements that are relevant to my audit of the Financial Statements in Zambia, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the INTOSAI Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with International Public Sector Accounting Standards (IPSASs) Cash Basis of Accounting and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Project or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Project's financial reporting process.

OFFICE OF THE AUDITOR GENERAL

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Project to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit. I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable related safeguards.

OFFICE OF THE AUDITOR GENERAL

Report on Other Legal and Regulatory Requirements

In my opinion, the financial statements of the RUFEP Project under the Ministry of Finance as at 31st December 2018, have been properly prepared in accordance with the provisions of the International Fund for Agricultural Development (IFAD) Financing Agreement.



Davison K. Mendamenda
ACTING AUDITOR GENERAL
OFFICE OF THE AUDITOR GENERAL



MINISTRY OF FINANCE - RURAL FINANCE EXPANSION PROGRAMME
PROJECT NUMBER – 2000000429 & 2000000430
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2018

STATEMENT OF RECEIPTS AND PAYMENTS (BY CATEGORY)				
	Notes	2018	2017	Cumulative to date
		ZMW	ZMW	ZMW
Cash Balance B/F		12,858,710	10,016,228	-
FINANCING				
IFAD Loan				
Start-up Funds		-	-	1,902,822
Initial Deposit		-	-	3,324,000
Replenishments to Special Account	5b	9,296,388	4,972,379	14,268,767
IFAD Direct Payments	5a	11,454,579	3,414,002	15,848,551
Spanish Trust Loan				
Initial Deposit		-	-	9,966,600
Replenishments to Special Account	5b	18,969,940	14,194,160	37,993,735
IFAD Direct Payments	5a	4,647,741	-	5,871,209
Total funds disbursed by IFAD		44,368,648	22,580,541	89,175,684
Government Counterpart Funds	6	-	2,000,000	3,000,000
Participating Institutions Funds	7	12,966,718	10,450,821	23,417,539
Other Receipts – Exchange gains/(loss)	8	424,114	(143,478)	1,793,785
Total funds by Other Funders		13,390,832	12,307,343	28,211,324
TOTAL FINANCING		70,618,190	44,904,112	117,387,008
PROJECT EXPENDITURES: (BY CATEGORY)				
CAT I - Equipment and Materials	9	687,248	407,288	4,876,874
CAT II – Training	9	7,831,041	4,546,078	13,122,491
CAT III - Consultancies	9	6,318,917	2,880,647	10,298,979
CAT IV – Grants	9	33,128,336	16,699,256	51,800,702
CAT V - Operating Expenses	9	8,718,752	7,512,133	23,354,066
TOTAL PROJECT EXPENDITURES		56,684,294	32,045,402	103,453,112
BALANCE C/F	4	13,933,896	12,858,710	13,933,896

Signed on behalf of Rural Finance Expansion Programme on... 28/06/2019



Michael Mofu Mbulo
Programme Coordinator


Christor Kayombo Sinyangwe
Financial Controller

MINISTRY OF FINANCE - RURAL FINANCE EXPANSION PROGRAMME
PROJECT NUMBER – 2000000429 & 2000000430
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2018

STATEMENT OF RECEIPTS AND PAYMENTS (BY COMPONENT)				
	Notes	2018	2017	Cumulative to date
		ZMW	ZMW	ZMW
Cash Balance B/F		12,858,710	10,016,228	-
FINANCING				
IFAD Loan				
Start-up Funds		-	-	1,902,822
Initial Deposit		-	-	3,324,000
Replenishments to Special Account	5b	9,296,388	4,972,379	14,268,767
IFAD Direct Payments	5a	11,454,579	3,414,002	15,848,551
Spanish Trust Loan				
Initial Deposit		-	-	9,966,600
Replenishments to Special Account	5b	18,969,940	14,194,160	37,993,735
IFAD Direct Payments	5a	4,647,741	-	5,871,209
Total funds disbursed by IFAD		44,368,648	22,580,541	89,175,684
Government Counterpart Funds	6	-	2,000,000	3,000,000
Participating Institutions Funds	7	12,966,718	10,450,821	23,417,539
Other Receipts – Exchange gains/(loss)	8	424,114	(143,478)	1,793,785
Total funds by Other Funders		13,390,832	12,307,343	28,211,324
TOTAL FINANCING		70,618,190	44,904,112	117,387,008
PROJECT EXPENDITURES: (BY COMPONENT)				
Component 1 – Strategic Partnerships	10	11,646,141	4,489,301	17,986,317
Component 2 - Innovation and Outreach	10	33,128,336	16,699,256	51,800,702
Component 3 - Knowledge Management & PI	10	11,909,817	10,856,845	33,666,093
TOTAL PROJECT EXPENDITURES		56,684,294	32,045,402	103,453,112
Cash Balance C/F	4	13,933,896	12,858,710	13,933,896

Signed on behalf of Rural Finance Expansion Programme on... 28/06/2019



Michael Mofu Mbulo
Programme Coordinator



Christor Kayombo Sinyangwe
Financial Controller

MINISTRY OF FINANCE - RURAL FINANCE EXPANSION PROGRAMME
PROJECT NUMBER – 2000000429 & 2000000430
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2018

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS					
			2018 Budget	2018 Actual	Variance
	Notes		ZMW	ZMW	ZMW
Balance B/F			-	12,858,710	(12,858,710)
FINANCING					
IFAD Loan					
Initial Deposit					
Replenishment to SA	5b&11		13,670,200	9,296,388	4,373,812
IFAD Direct Payments	5a&11		15,989,080	11,454,579	4,534,501
Spanish Trust Funds					
Initial Deposit					
Replenishments to SA	5b&11		33,740,275	18,969,940	14,770,335
IFAD Direct Payments	5a&11		7,532,485	4,647,741	2,884,744
Total funds by IFAD			70,932,040	44,368,648	26,563,392
Government Funds	11		1,984,760	-	1,984,760
Participating Institutions Funds	11		9,622,820	12,966,718	(3,343,898)
Other receipts – Exchange gains			-	424,114	(424,114)
Total funds by Other Funders			11,607,590	13,390,832	(1,783,252)
TOTAL FINANCING			82,539,620	70,618,190	11,921,430
PROJECT EXPENDITURES: (BY CATEGORY)					
CAT I - Equipment and Materials	9&11		757,000	687,248	69,752
CAT II - Training	9&11		20,109,560	7,831,041	12,278,519
CAT III - Consultancies	9&11		12,828,590	6,318,917	6,509,673
CAT IV - Grants	9&11		38,419,310	33,128,336	5,290,974
CAT V - Operating Expenses	9&11		10,425,160	8,718,752	1,706,408
TOTAL PROJECT EXPENDITURES			82,539,620	56,684,294	25,855,326
Surplus/Deficit for the period	20		-	13,933,896	(13,933,896)

Signed on behalf of Rural Finance Expansion Programme on.....28/06/2019


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Michael Mofu Mbulo
Programme Coordinator


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Christor Kayombo Sinyangwe
Financial Controller

MINISTRY OF FINANCE - RURAL FINANCE EXPANSION PROGRAMME
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FOR THE YEAR ENDED 31st DECEMBER 2018


STATEMENT OF SPECIAL ACCOUNT ACTIVITIES				
		Notes	ZMW	USD
Opening Balance as at 01/01/2018			6,864,394	698,666
Add:				
IFAD Replenishments:				
Withdrawal Applications – 2018		12	28,266,327	2,610,268
Bank Interests			-	-
Total			35,130,721	3,308,934
Deduct:				
Transfers to Operating Account - 2018		13	34,537,231	3,258,400
Bank Charges			18,764	1,600
Total			574,726	48,934
Exchange Rate Difference			1,229	
Closing Balance as at 31/12/2018 (as per Bank Statement)			575,955	48,934

Signed on behalf of Rural Finance Expansion Programme on.....28/06/2019

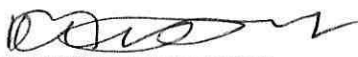

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Michael Mofu Mbulo
Programme Coordinator

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Christor Kayombo Sinyangwe
Financial Controller

MINISTRY OF FINANCE - RURAL FINANCE EXPANSION PROGRAMME
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SPECIAL ACCOUNT RECONCILIATION STATEMENT			
		NOTES	USD
1.	TOTAL ADVANCED BY IFAD		1,500,000
2.	LESS: TOTAL AMOUNT RECOVERED BY IFAD		-
3.	EQUALS PRESENT OUTSTANDING AMOUNT ADVANCED TO THE SPECIAL ACCOUNT (Line 1 less line 2)		1,500,000
4.	BALANCE OF SPECIAL ACCOUNT AS AT 31/12/2018		48,934
5.	PLUS BALANCE OF THE PROGRAMME ACCOUNTS		855,991
	PLUS BALANCE OF CASH EQUIVALENT		-
	PLUS CASH ON HAND		1,091
	Sub-total of 5:		857,082
	TOTAL OF BANK BALANCES, PROGRAMME ACCOUNT & CASH IN HAND BALANCE (4+5):		906,016
6.	PLUS: TOTAL AMOUNTS CLAIMED BUT NOT YET CREDITED AS AT 31/12/2018		-
7.	PLUS: TOTAL AMOUNT WITHDRAWN FROM THE SPECIAL ACCOUNT/PA AND NOT YET CLAIMED		734,057
8.	MINUS: INTEREST EARNED		-
9.	TOTAL ADVANCE ACCOUNTED FOR (NO.4 THROUGH NO.8)		1,640,073
	DIFFERENCE BETWEEN LINE 3 AND LINE 9		140,073
EXPLANATION OF ANY DIFFERENCE BETWEEN THE TOTALS ON LINES 3 AND 9			
Counterpart Financial resources due to the Government of the Republic of Zambia			

Signed on behalf of Rural Finance Expansion Programme on.....28/06/2019


 Michael Mofu Mbulo
 Programme Coordinator


 Christor Kayombo Sinyangwe
 Financial Controller

MINISTRY OF FINANCE - RURAL FINANCE EXPANSION PROGRAMME
PROJECT NUMBER - 2000000429 & 2000000430
FINANCIAL STATEMENTS
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WITHDRAWAL APPLICATION STATEMENT by Category of Expenditures in Zambian Kwacha – IFAD LOAN											
Category Description CAT No.	Equipment & Materials I	Training II	Consultancies III	Grants IV	Operating Expenses V	Total ZMW	USD Equivalent	Rejected from IFAD	Net Reimbursed USD	Value Date	ZMW Equivalent
WA No.											
1	-	-	-	-	-	1,902,822	300,000	-	300,000	15/12/2014	1,902,822
2	-	-	-	-	-	3,324,000	300,000	-	300,000	14/12/2015	3,324,000
6 REN 4	-	-	-	979,970	-	979,970	100,000	-	100,000	23/12/2016	979,970
8 REN 3	114,681	240,063	-	191,862	58,354	604,960	53,351	-	53,351	05/01/2017	528,895
5	-	124,136	37,858	278,121	18,158	458,273	40,411	-	40,411	27/03/2017	381,783
6	274,657	98,336	-	152,225	230	525,448	46,335	-	46,335	13/06/2017	424,401
7	-	1,228,459	477,734	-	-	1,706,193	187,700	-	187,700	13/06/2017	1,706,193
8	470,100	481,750	755,959	-	-	1,707,809	192,105	-	192,105	05/09/2017	1,707,809
9	221,660	457,352	-	1,906,212	3,530	2,588,754	275,455	-	275,455	27/10/2017	2,725,156
10	7,891	231,301	-	628,400	(3500)	864,092	92,001	-	92,001	19/12/2017	912,144
11	-	789,990	1,467,123	-	-	2,257,113	236,471	-	236,471	13/03/2018	2,257,113
12	-	-	-	947,200	-	947,200	100,000	-	100,000	14/03/2018	947,200
13	-	-	-	944,550	-	944,550	100,000	-	100,000	15/03/2018	944,550
14	59,807	1,246,324	-	527,526	-	1,833,657	193,810	-	193,810	09/04/2018	1,811,387
TOTAL	1,148,796	4,897,711	2,738,674	6,556,066	76,772	20,644,841	2,217,639	-	2,217,639		20,553,423

MINISTRY OF FINANCE - RURAL FINANCE EXPANSION PROGRAMME
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FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2018

WITHDRAWAL APPLICATION STATEMENT											
by Category of Expenditures in Zambian Kwacha – IFAD LOAN CONT'D											
Category Description CAT No.	Equipment & Materials I	Training II	Consultancies III	Grants IV	Operating Expenses V	Total ZMW	USD Equivalent	Rejected from IFAD	Net Reimbursed USD	Value Date	ZMW Equivalent
WA No.											
Total B/F	1,148,796	4,897,711	2,738,674	6,556,066	76,772	20,644,841	2,217,639	-	2,217,639		20,553,423
15	-	-	-	951,840	-	951,840	100,273	-	100,273	26/04/2018	951,840
16	4,500	255,320	7,600	2,594,436	-	2,861,856	288,777	-	288,777	17/05/2018	2,886,469
17	-	-	-	1,583,016	-	1,583,016	159,998	-	159,998	31/07/2018	1,583,016
18	4,259	24,122	-	868,888	431	897,700	94,408	-	94,408	20/09/2018	1,049,813
19	47,100	704,500	676,760	-	-	1,428,360	130,384	-	130,384	20/09/2018	1,428,360
20	-	-	-	1,000,000	-	1,000,000	81,577	-	81,577	02/10/2018	1,000,000
21	-	-	-	1,153,600	-	1,153,600	100,000	-	100,000	07/11/2018	1,153,600
22	215,847	495,358	76,537	2,760,977	-	3,548,718	299,849	-	299,849	14/11/2018	3,548,718
23	-	-	-	1,188,900	-	1,188,900	100,000	-	100,000	17/12/2018	1,188,900
Total	1,420,502	6,377,011	3,499,571	18,657,723	77,203	35,258,831	3,572,905	-	3,572,905		35,344,139
WA Pending Submission											
25	365,350	1,844,329	-	654,169	193,642	3,057,490	425,654	-	425,654	-	-
TOTAL	365,350	1,844,329	-	654,169	193,642	3,057,490	425,654	-	425,654	-	-

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WITHDRAWAL APPLICATION STATEMENT by Category of Expenditures in Zambian Kwacha – SPANISH TRUST LOAN											
Category Description CAT No.	Equipment & Materials I	Training II	Consultancies III	Grants IV	Operating Expenses V	Total ZMW	USD Equivalent	Rejected from IFAD	Net Reimbursed USD	Value Date	ZMW Equivalent
WA No.											
2	-	-	-	-	-	9,966,600	900,000	-	900,000	15/12/2015	9,966,600
3	954,122	143,967	-	64,205	2,742,991	3,905,285	348,507	-	348,507	28/06/2016	3,356,230
4	40,444	58,075	171,027	10,924	1,387,680	1,668,150	147,099	-	147,099	19/09/2016	1,473,405
5	1,223,468	-	-	-	-	1,223,468	124,094	-	124,094	21/10/2016	1,223,468
7 REN 6	996,443	74,598	243,157	123,391	1,431,791	2,869,379	253,025	-	253,025	04/01/2017	2,508,363
7	263,670	71,555	642,335	268,699	1,332,382	2,578,641	204,137	-	204,137	27/03/2017	1,928,580
8	(263,670)	396,473	658,434	200,192	1,517,212	2,508,641	221,215	-	221,215	13/06/2017	2,026,216
9	-	198,155	750,068	-	1,349,602	2,297,825	242,189	-	242,189	03/11/2017	2,405,176
10	-	363,011	514,048	1,271,438	2,906,156	5,054,654	537,176	-	537,176	15/12/2017	5,325,825
11	-	812,106	203,027	-	-	1,015,133	107,393	-	107,393	22/03/2018	1,015,133
12	-	361,819	666,419	1,584,413	1,496,301	4,108,953	423,922	-	423,922	10/04/2018	4,004,452
13	-	258,535	650,149	371,399	1,535,701	2,815,784	277,495	-	277,495	17/05/2018	2,799,922
14	-	-	-	1,009,000	-	1,009,000	100,000	-	100,000	21/05/2018	1,009,000
TOTAL	3,214,477	2,738,294	4,498,664	4,903,661	15,699,816	41,021,513	3,886,252	-	3,886,252	-	39,042,370

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WITHDRAWAL APPLICATION STATEMENT											
by Category of Expenditures in Zambian Kwacha – SPANISH TRUST LOAN CONT'D											
Category Description CAT No.	Equipment Materials I	Training II	Consultancies III	Grants IV	Operating Expenses V	Total ZMW	USD Equivalent	Rejected from IFAD	Net Reimbursed USD	Value Date	ZMW Equivalent
WA No.											
Total B/F	3,214,477	2,738,294	4,498,664	4,903,661	15,699,816	41,021,513	3,886,252	-	3,886,252	-	39,042,370
15	-	-	-	976,587	-	976,587	96,893	-	96,893	22/05/2018	976,587
16	-	-	-	-	-	-	-	-	-	-	-
17	-	1,178,761	664,769	299,785	3,030,055	5,173,371	536,013	-	536,013	24/09/2018	6,295,477
18	-	164,707	1,482,314	-	-	1,647,021	144,223	-	144,223	05/10/2018	1,647,021
19	-	1,394,331	700,022	1,420,321	1,439,064	4,953,738	495,994	-	495,994	13/11/2018	5,870,089
Total	3,214,477	5,476,093	7,345,769	7,600,354	20,168,935	53,772,230	5,159,375	-	5,159,375		53,831,544
WA Pending Submission											
21	-	367,399	795,784	147,638	2,281,955	3,592,775	308,403	-	308,403	-	-
TOTAL	-	367,399	795,784	147,638	2,281,955	3,592,775	308,403	-	308,403	-	-

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NOTES TO THE FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSASs) with particular emphasis on Cash Basis Financial Reporting.

Cash Basis of Accounting - The cash basis of accounting recognizes transactions and events only when cash is received or paid by the entity.

2 SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements of RURAL FINANCE EXPANSION PROGRAMME.

The principle accounting policies adopted in the preparation of these financial statements are set out below:

A. Income

Incoming resources are recognised by inclusion in the statement of financial activities only when received in the form of cash or of other assets, the ultimate cash realisation of which can be assessed with reasonable certainty.

Funds received represent:

- (i) Statement of Expenditure Advances from IFAD;
- (ii) Direct payments by IFAD on behalf of the Programme;
- (iii) Counterpart Funds from GRZ; and
- (iv) Contributions from Beneficiaries.

B. Expenditure

Expenditure is recognised and recorded on a cash basis.

Expenditure is analysed according to category and component costs.

The costs of each category are accumulated, disclosed and analysed separately according to their major components.

C. Foreign Currency Transactions

Foreign currency translation for the income and expenditure account items are converted using the actual historic exchange rate at the conversion from the special account to the Programme account. Where part of the expenditures has to be met

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from the proceeds of subsequent drawdowns from the special account to the Programme account, this is done on a First in First out (FIFO) basis.

All local expenditures paid from the local currency are translated back to the USD at the actual rate used for the transfer from the special to the Programme account.

Cash balances held in foreign currency are reported using the bank closing rate for Standard Chartered. Bank Gains/Losses on foreign currency transactions/balances are dealt within the Statement of Special Account Activities

D. Functional and Presentation Currency

These financial statements are presented in Zambian Kwacha (ZMW), which is the Programme's functional currency.

E. Taxation

There is no charge to taxation as RUFEP has been granted charitable exemption.

F. Capital Expenditure

All items of capital nature are expensed to the statement of receipts and payments in the year of acquisition. These include Motor Vehicles, Computers, Office Equipment and Office Furniture and Fittings.

G. Stocks

All stock items are expensed to the statement of receipts and payments on acquisition.

3 BUDGET

The budget is developed on the same accounting basis (cash basis), using same classification for the same period as the financial statements. Material variances have been explained as notes to the financial statements.

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4 CASH/FUND BALANCES

Reconciliation

	2018	2017
	ZMW	ZMW
Cash Accounts	10,670,311	11,190,344
Adv to Strategic Partners – SAVENET	1,145,067	1,342,543
Adv to Strategic Partners – DBZ	575,092	805,318
Adv to Strategic Partners - MCDSS	122,415	-
Adv to Strategic Partners - CCPC	705,155	-
Adv to Strategic Partners - FSDZ	607,623	-
Adv to Strategic Partners - AMIZ	1,415,552	-
Workers Compensation Fund - Deposit	114,492	114,492
Staff Advance	113,279	20,260
██████████ Imprest Account	55,390	-
██████████ Vehicle Service Deposit	20,065	20,065
Motor Vehicles – Fuel Prepaid	25,035	10,203
Trade Creditors	(1,210,791)	(494,815)
Accruals	(238,022)	-
Statutory Obligations Control A/c	(186,768)	(149,701)
Total	13,933,896	12,858,710

4-a CASH DETAILS

	2018	2017
	ZMW	ZMW
████████████████████	575,955	6,864,395
████████████████████	5,819,937	2,640,107
████████████████████	4,261,559	1,684,258
Petty cash	12,859	1,584
Total	10,670,311	11,190,344

4-b BALANCES ON WORKERS COMPENSATION FUND & TOYOTA ZAMBIA

The balances on Workers Compensation Fund and ██████████ is in respect of security deposit on the facilities for office rent and motor vehicles servicing respectively.

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5 IFAD FINANCING

5a- DIRECT PAYMENTS

This represents payments made directly by IFAD from the Loan/Grant account to the specified supplier/service provider in accordance with the terms and conditions of the financing Agreement

The following are the direct payments made during the life of the Programme:

IFAD LOAN

Date	WA No.	Amount in ZMW	Amount in USD
23/12/2016	6 REN 4	979,970	100,000
	Sub - total	979,970	100,000
13/06/2017	7	1,706,193	187,700
05/09/2017	8	1,707,809	192,105
	Sub - total	3,414,002	379,850
13/03/2018	11	2,257,113	236,471
14/03/2018	12	947,200	100,000
15/03/2018	13	944,550	100,000
26/04/2018	15	951,840	100,273
31/07/2018	17	1,583,016	159,998
20/09/2018	19	1,428,360	130,384
02/10/2018	20	1,000,000	81,577
07/11/2018	21	1,153,600	100,000
17/12/2018	23	1,188,900	100,000
	Sub - total	11,454,579	1,108,703
Total		15,848,551	1,588,508

SPANISH TRUST LOAN

Date	WA No.	Amount in ZMW	Amount in USD
19/09/2016	5	1,223,468	124,094
	Sub-total	1,223,468	124,094
22/03/2018	11	1,015,133	107,394
21/05/2018	14	1,009,000	100,000
22/05/2018	15	976,587	96,893
05/10/2018	18	1,647,021	144,223
	Sub - total	4,647,741	448,510
Total		5,871,209	572,604

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5b- REPLENISHMENTS TO SPECIAL ACCOUNT

This represents replenishments by IFAD from the Loan/Grant account to the RUFEP Designated account held at [REDACTED] in accordance with the terms and conditions of the financing Agreement

The following are the replenishments made during the year ended 31st December 2018:

IFAD LOAN

Withdrawal Application No.	Date Received	Details	Amount Received by Programme (ZMW)	Amount Disbursed by IFAD(USD)	Amount Received by Programme (USD)
1	15 Dec 2014	Start-up funds	1,902,822	300,000	300,000
		Sub – total	1,902,822	300,000	300,000
2	14 Dec 2015	Initial Advance	3,324,000	300,000	300,000
		Sub – total	3,324,000	300,000	300,000
8 REN 3	05 Jan 2017	Replenishment	528,894	53,351	53,351
5	27 Mar 2017	Replenishment	381,783	40,411	40,411
6	13 Jun 2017	Replenishment	424,402	46,335	46,335
9	27 Oct 2017	Replenishment	2,725,156	275,455	275,455
10	19 Dec 2017	Replenishment	912,144	92,001	92,001
		Sub – total	4,972,379	507,553	507,553
14	09 Apr 2018	Replenishment	1,811,387	193,601	193,601
16	17 May 2018	Replenishment	2,886,469	288,777	288,777
18	20 Sept 2018	Replenishment	1,049,813	94,408	94,408
22	14 Nov 2018	Replenishment	3,548,719	299,849	299,849
		Sub - total	9,296,388	876,635	876,635
Total			19,495,589	1,984,188	1,984,188

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SPANISH TRUST FUND

Withdrawal Application No.	Date Received	Details	Amount Received by Programme (ZMW)	Amount Disbursed by IFAD(USD)	Amount Received by Programme (USD)
2	15 Dec 2015	Initial Advance	9,966,600	900,000	900,000
		Sub - total	9,966,600	900,000	900,000
3	06 July 2016	Replenishment	3,356,230	348,507	348,507
4	22 Sept 2016	Replenishment	1,473,405	147,099	147,099
		Sub - total	4,829,635	495,606	495,606
7 REN 6	06 Jan 2017	Replenishment	2,508,363	253,025	253,025
7	29 Mar 2017	Replenishment	1,928,581	204,137	204,137
8	15 Jun 2017	Replenishment	2,026,216	221,215	221,215
9	07 Nov 2017	Replenishment	2,405,175	242,189	242,189
10	20 Dec 2017	Replenishment	5,325,825	537,175	537,175
		Sub - total	14,194,160	1,457,741	1,457,741
12	10 Apr 2018	Replenishment	4,004,452	423,922	423,922
13	17 May 2018	Replenishment	2,799,922	277,495	277,495
17	24 Sept 2018	Replenishment	6,295,477	536,013	536,013
19	13 Nov 2018	Replenishment	5,870,089	495,994	495,994
		Sub - total	18,969,940	1,733,424	1,733,424
Total			47,960,335	4,586,771	4,586,771

6 GOVERNMENT COUNTERPART FUNDS

Government contributions are in the form of taxes forgone. The proceeds of the IFAD Loan and the Trust Loan shall to the fullest extent possible be exempt from all taxes. During the year ended 31st December 2018, the Programme did not receive counterpart funds from the GRZ.

Date	Receipt Number	Amount in ZMW	Cumulative to date
19/02/2016	REC0007	1,000,000	1,000,000
18/05/2017	REC0012	1,000,000	2,000,000
09/08/2017	REC0015	1,000,000	3,000,000

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7 PARTICIPATING INSTITUTIONS FUNDS

During the year ended 31st December 2018, contributions from participating institutions amounted to K12, 966,718.00 as detailed below:

Name of Institution	Component/Window	2018 ZMW	2017 ZMW
	Window 2 - Mobile Money/Agency Banking	1,598,359	7,569,259
	Window 1 - CBFI Linkage	476,520	1,106,193
	Window 2 - Mobile Money/Agency Banking	923,570	877,177
	Window 1 - CBFI Linkage	149,642	278,212
	Window 2 - Mobile Money/Agency Banking	622,511	178,487
	Window 1 - CBFI Linkage	539,732	164,672
	Window 2 - Mobile Money/Agency Banking	542,539	114,478
	Window 1 - CBFI Linkage	60,395	99,240
	Window 1 - CBFI Linkage	31,256	41,131
	Window 1 - CBFI Linkage	48,800	-
	Window 1 - CBFI Linkage	15,123	-
	Window 2 - Mobile Money/Agency Banking	687,262	-
	Window 2 - Mobile Money/Agency Banking	2,351,952	-
	Window 2 - Mobile Money/Agency Banking	475,551	-
	Window 2 - Mobile Money/Agency Banking	2,530,649	-
	Window 2 - Mobile Money/Agency Banking	706,200	-
	Window 2 - Mobile Money/Agency Banking	389,936	-
	Window 2 - Mobile Money/Agency Banking	130,244	-
	Window 2 - Mobile Money/Agency Banking	93,188	-
	Window 2 - Mobile Money/Agency Banking	47,966	-
	Window 2 - Mobile Money/Agency Banking	127,250	-
	Window 3 – Rural Finance Equity	39,759	-
	Window 3 – Rural Finance Equity	44,543	-
	Window 3 – Rural Finance Equity	21,724	-
	Window 3 – Rural Finance Equity	21,242	-
	Window 3 – Rural Finance Equity	62,278	-
	Strategic Partners	78,012	21,972
	Strategic Partners	99,768	-
	Strategic Partners	50,747	-
Total		12,966,718	10,450,821

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8 EXCHANGE GAIN / (LOSS)

	2018	2017
Date	31 Dec 2018	31 Dec 2017
US Dollar Balance	411,003	870,092
Historical Rate	10.7381	9.9899
Old ZMW Balance	4,413,391	8,692,132
Year End Rate	11.7700	9.8250
New ZMW Balance	4,837,505	8,548,654
Exchange Gain/(Loss)	424,114	(143,478)

The exchange loss for the year ended 31st December 2017 has been restated from (143,479) reported in the financial statements to (143,478) to reflect the correct resultant amount.

9 PROJECT EXPENDITURE BY CATEGORY BY FUNDER

CAT #	CATEGORY	IFAD	SPANISH FUND	GRZ	PI	TOTAL
I	Equipment & Materials	595,427	8,261	83,560	-	687,248
II	Training	3,926,227	3,515,278	311,524	78,012	7,831,041
III	Consultancies	2,629,252	3,482,189	56,962	150,514	6,318,917
IV	Grants	16,165,415	4,224,729	-	12,738,192	33,128,336
V	Operating Expenses	194,073	8,286,776	237,903	-	8,718,752
TOTAL		23,510,394	19,517,233	689,949	12,966,718	56,684,294

10 PROJECT EXPENDITURE BY COMPONENT BY FUNDER

COMP #	COMPONENT	IFAD	SPANISH FUND	GRZ	PI	TOTAL
1	Strategic Partnerships	7,055,181	3,994,320	368,114	228,526	11,646,141
2	Innovation and Outreach	16,165,415	4,224,729	-	12,738,192	33,128,336
3	Knowledge Management	289,798	11,298,184	321,835	-	11,909,817
TOTAL		23,510,394	19,517,233	689,949	12,966,718	56,684,294

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11 DETAILED ANNUAL WORKPLAN AND BUDGET BY CATEGORY

CAT #	CATEGORY	IFAD	SPANISH FUND	GRZ	PI	TOTAL
I	Equipment & Materials	725,690	-	31,310	-	757,000
II	Training	5,162,400	12,651,251	1,565,328	730,581	20,109,560
III	Consultancies	4,965,992	6,213,485	122,144	1,526,969	12,828,590
IV	Grants	15,989,076	15,064,964	-	7,365,270	38,419,310
V	Operating Expenses	2,816,122	7,343,060	265,978	-	10,425,160
TOTAL		29,659,280	41,272,760	1,984,760	9,622,820	82,539,620

12 RECEIPTS FROM WITHDRAWAL APPLICATIONS - 2018

WA No.	Funder	Total USD	Total ZMW
12	Spanish Trust Loan	423,922	4,004,452
13	Spanish Trust Loan	277,495	2,799,922
14	IFAD Loan	193,810	1,811,387
16	IFAD Loan	288,777	2,886,469
17	Spanish Trust Loan	536,013	6,295,477
18	IFAD Loan	94,408	1,049,813
19	Spanish Trust Loan	495,994	5,870,089
22	IFAD Loan	299,849	3,548,718
Total		2,610,268	28,266,327

13 TRANSFERS FROM DA TO PA – 2018

Date	Reference	Total USD	Total ZMW
27/03/2018	PYT0012	300,000	2,834,070
29/03/2018	PYT0013	389,945	3,664,313
27/04/2018	PYT0014	300,000	2,899,140
30/04/2018	PYT0015	299,945	2,902,268
27/07/2018	PYT0016	400,000	3,977,120
31/07/2018	PYT0017	189,945	1,886,534
09/10/2018	PYT0020	400,000	4,713,240
11/10/2018	PYT0018	229,945	2,734,046
31/12/2018	PYT0021	298,620	3,571,500
31/12/2018	PYT0022	450,000	5,355,000
Total		3,258,400	34,537,231

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14 NON-CURRENT ASSETS (for disclosure purposes only)

<i>Zambian Kwacha</i>								
	Furniture		Computers		Office Equipment		Motor Vehicles	
	2018	2017	2018	2017	2018	2017	2018	2017
Opening Balance	446,130	416,884	474,308	414,608	409,528	383,793	2,021,655	2,021,655
Additions	127,034	29,246	129,743	59,700	10,000	25,735	-	-
Disposals	-	-	-	-	-	-	-	-
Closing Balance	573,164	446,130	604,051	474,308	419,528	409,528	2,021,655	2,021,655

The full fixed assets listing is as per appendix 1.

15 YEARLY PROCUREMENTS

S/N	Description	Procurement Method	Status
1	Storage Unit shelving for PSU & RUFEP - RFU	NS	Completed
2	Workstations (Chairs, Desks, etc.) - RFU	NS	Completed
3	Laptops, Monitors, Keyboards, Mouse etc. - RFU	NS	Completed
4	Purchase of Windows OS and Office Suite - RFU	NS	Completed
5	Upgrade and redesign of the Website	NS	Completed
6	Computers and Accessories	NS	Completed
7	Website Maintenance	NS	Completed
8	Publish RUFEP Publications	NS	Completed
9	Publish RUFEP Publications	NS	Completed
10	Media, Communications and Knowledge Survey in Selected Rural Areas	ONS	Completed
11	Mid Term Review	ICB	Completed
12	Outcomes Survey	ICB	In Progress
13	Engage Agency and Mobile Banking Consultants - Four (4) Individual Consultants	ICS	In Progress

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16 ALLOCATION AND USE OF THE FUNDS OF THE LOAN

16a – IFAD LOAN

Category	Allocated		Disbursed		Disbursement Rate	Available Balance	
	IFAD Loan Amount (In SDR '000)	Equiv (USD '000)	Amount (SDR '000)	Equiv (USD '000)		Amount (SDR '000)	Equiv (USD '000)
Equipment and Materials	180	275	101	141	56.11%	79	134
Training	1,320	2,020	461	650	34.92%	859	1,370
Consultancies	560	857	256	364	45.71%	304	493
Grants	2,470	3,779	1,288	1,810	52.15%	1,182	1,969
Operating Expenses	420	643	5	8	1.19%	415	635
Start-up Costs	-	-	205	300	0.00%	-205	-300
Initial Advance	-	-	216	300	0.00%	-216	-300
Unallocated	550	842	-	-	0.00%	550	842
Total	5,500	8,416	2,532	3,573	46.04%	2,968	4,843

16b – SPANISH TRUST LOAN

Category	Allocated		Disbursed		Disbursement Rate	Available Balance	
	Spanish Trust Loan Amount (In EUR '000)	Equiv (USD '000)	Amount (EUR '000)	Equiv (USD '000)		Amount (SDR '000)	Equiv (USD '000)
Equipment and Materials	160	213	255	272	159.37%	(95)	(59)
Training	470	625	473	549	100.64%	(3)	76
Consultancies	3,000	3,990	618	709	20.60%	2,382	3,281
Grants	1,800	2,394	651	758	36.17%	1,149	1,636
Operating Expenses	2,670	3,551	1,733	1,971	64.91%	937	1,580
Initial Advance	-	-	823	900	0.00%	(823)	(900)
Unallocated	900	1,197	-	-	0.00%	900	1,197
Total	9,000	11,970	4,553	5,159	50.59%	4,447	6,811

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17 RECONCILIATION OF FUNDS DISBURSED BY IFAD AND FUNDS RECEIVED BY THE PROGRAMME

Withdrawal Application No.	Date Received	Details	Amount Disbursed by IFAD(USD)	Amount Received by Programme (USD)	Amount Received by Programme (ZMW)
1	15 Dec 2014	Start-up funds	300,000	300,000	1,902,822
2	14 Dec 2015	Initial Advance	300,000	300,000	3,324,000
2	15 Dec 2015	Initial Advance	900,000	900,000	9,966,600
3	06 July 2016	Replenishment	348,507	348,507	3,356,230
4	22 Sept 2016	Replenishment	147,099	147,099	1,473,405
5	21 Oct 2017	Direct Payment	124,094	124,094	1,223,468
6 REN 4	26 Dec 2017	Direct Payment	100,000	100,000	979,970
8 REN 3	05 Jan 2017	Replenishment	53,351	53,351	528,895
7 REN 6	06 Jan 2017	Replenishment	253,025	253,025	2,508,363
5	27 Mar 2017	Replenishment	40,411	40,411	381,783
7	29 Mar 2017	Replenishment	204,137	204,137	1,928,581
6	13 Jun 2017	Replenishment	46,335	46,335	424,402
7	13 Jun 2017	Direct Payment	187,700	187,700	1,706,193
8	15 Jun 2017	Replenishment	221,215	221,215	2,026,216
8	09 Sept 2017	Direct Payment	192,105	192,105	1,707,809
9	27 Oct 2017	Replenishment	275,455	275,455	2,725,156
9	07 Nov 2017	Replenishment	242,189	242,189	2,405,175
10	19 Dec 2017	Replenishment	92,001	92,001	912,144
10	20 Dec 2017	Replenishment	537,175	537,175	5,325,825
11	13 Mar 2018	Direct Payment	236,471	236,471	2,257,113
11	22 Mar 2018	Direct Payment	107,393	107,393	1,015,133
12	14 Mar 2018	Direct Payment	100,000	100,000	947,200
12	10 Apr 2018	Replenishment	423,922	423,922	4,004,452
13	15 Mar 2018	Direct Payment	100,000	100,000	944,550
13	17 May 2018	Replenishment	277,495	277,495	2,799,923
14	09 Apr 2018	Replenishment	193,601	193,601	1,811,387
14	21 May 2018	Direct Payment	100,000	100,000	1,009,000
15	26 Apr 2018	Direct Payment	100,273	100,273	951,840
15	22 May 2018	Direct Payment	96,893	96,893	976,587
16	17 May 2018	Replenishment	288,777	288,777	2,886,469
17	31 Jul 2018	Direct Payment	159,998	159,998	1,583,016
17	24 Sept 2018	Replenishment	536,013	536,013	6,295,477
18	20 Sept 2018	Replenishment	94,408	94,408	1,049,812
18	05 Oct 2018	Direct Payment	144,223	144,223	1,647,021
19	20 Sept 2018	Direct Payment	130,384	130,384	1,428,360
19	13 Nov 2018	Replenishment	495,994	495,994	5,870,089
20	02 Oct 2018	Direct Payment	81,577	81,577	1,000,000
21	07 Nov 2018	Direct Payment	100,000	100,000	1,153,600
22	14 Nov 2018	Replenishment	299,849	299,849	3,548,718
23	17 Dec 2018	Direct Payment	100,000	100,000	1,188,900
Total			8,732,070	8,732,070	89,175,684

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18 GOING CONCERN

As far as the Programme Managers are aware, the Programme is a going concern, expected to continue for its planned future, and has neither the intention nor necessity of liquidation or curtailing, materially, the scale of its operations.

19 CONTINGENT MATTERS AND EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There are no known contingencies, or events occurring after the end of the financial period, whose occurrence could have a material effect on these financial statements, or whose non-disclosure would affect the ability of users of the financial statements to make proper evaluations and decisions on the Programme.

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20 EXPLANATION OF VARIANCE

As at 31 December 2018, the overall execution of the Annual Work Plan and Budget (AWPB) for the year 2018 stood at 69% (ZMW56, 684,294 of the approved Annual Budget of ZMW82, 539,620).

During the implementation of the 2018 AWPB the Programme made significant progress in the execution of planned activities under component 2, Innovation and Outreach Facility (IOF). The portfolio had a total of twenty eight (28) Implementing Partners (IPs), seven (7) under window 1 promoting CBFi linkages, fifteen (15) under window 2 promoting new delivery mechanisms mostly digital financial services in rural areas and six (6) under window 3 undertaking research to unlock potential for new approaches to rural finance.

The Programme has managed to support interventions dealing with broad financial inclusion policy and strategy frameworks; strengthening of meso- level institutions including formation of SaveNet and reviving of AMIZ and formation and strengthening of community financial institutions. However a number of Strategic Partners had slow moving interventions during the year. Due to banking regulations pertaining to dormant accounts, the funds disbursed to AMIZ in the second quarter were only credited to AMIZ's in the fourth quarter. AMIZ also had to submit a revised detailed implementation plan due to passage of time. The budget lines for proposed staff to be recruited and other start-up costs remained unspent as at the end of the year. BoZ had planned to conduct an Agency Banking Baseline Survey but this activity could not be done due to delays in the procurement of the consultant. One of the shortlisted consultants was disqualified due to conflict of interest. The consultant to undertake the re-financing baseline study for DBZ for wholesale refinancing to microfinance institutions for agricultural lending was selected in the third quarter but the clearance of the contract by the Ministry of Justice was only received in the last quarter of 2018. A number of activities linked to the study could therefore not be undertaken leading to the large part of the budget remaining unspent. The MoF established the RFU in the second quarter and RUFEP hosted the RFU while they were finalising accommodation in the Ministry of Finance. Initial orientation on the role of the unit, relevant policies including the Rural Finance Sector Policies and Strategy, the National Financial Inclusion Strategy and the Financial Sector Development Plan were conducted by RUFEP. The PCO also provided an overview of the microfinance sector in Zambia, an introduction to Savings Groups and rural finance. The team were provided with activities and tasks that could be implemented without the need for a workspace or computer systems. A significant part of the RFU budget was not spent as a result of starting half way through the year and also inadequate facilities for the team to effectively conduct its activities.

The PCO had also planned to conduct an Outcome Survey and start the Mid Term Review Evaluation. The two activities could not commence and were postponed to 2019 as the procurement of Consultants was still in progress by the end of the reporting year.

Overall the performance of the 2018 AWPB compared to the previous year showed significant improvement. Activities under Component 2 are on schedule and all the Partners with a good pipeline of projects under appraisal. All the Strategic Partners under Component 1 have now completed preparatory work for implementation and are expected to get on truck going forward.