

EXPLANATORY NOTE TO THE 2018/19 BUDGET REVISION PROPOSALS

1. The Revised Budget for fiscal year 2018/19.

Article 41 of the Organic Law No 12/2013/OL of 12/09/2013 on State finances and property states that the Government may submit a revised draft budget to the Chamber of Deputies for discussion and approval based on performance and needs identified during the first six months of budget implementation. The revised budget proposals herewith presented are therefore consistent with this legal requirement.

2. Background to the Budget Revision.

The proposed revisions to the 2018/19 budget reflect changes in the resource envelope as well as the corresponding adjustments on expenditures. As a result of the proposed changes, the total budget is projected to rise from FRW 2,443.5 billion to FRW 2,585.2 billion showing an increase of FRW 141.6 billion.

The following are the key changes being proposed:

- Increase from domestic revenues arising from expected additional taxes following a good economic performance and from non-tax revenues on account of higher receipts from Peace Keeping Operations expected;
- Increase in external grants from Global Fund for ongoing programs (HIV, Malaria and TB) in Health Sector and from DFID to support textbooks development;
- Increase in external loans from African Development Bank to finance energy infrastructure projects.
- Increase in total outlays to cater for the planned recruitment of teachers, implementation of the revised Government fleet policy, operationalization of the new embassies, upgrading of Amahoro Stadium, refilling government petroleum reserves and preparation for the 25th commemoration of the Genocide against Tutsi among others.

3. Revised Macro-economic

✓ 2018 GDP performance

The GDP grew by 7.7% in the third quarter of 2018, mainly on account of good performance in Services and Industry Sectors, which contributed 3.6% and 2.1% respectively.