

1. The Revised Budget for fiscal year 2019/20.

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 on the basis of 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 2019/20 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 2,876.9** billion to **FRW 3,017.1** billion showing an increase of **FRW 140.1** billion.

The following are the key changes being proposed:

On resources:

- Increase of domestic revenues arising from additional taxes expected following a good economic performance, improvements in tax administration and non-tax revenues;
- Decline in external grants due to change in disbursement plan;
- Increase in external loans to finance the economy.

On expenditures:

- Increase in recurrent spending to cater for operationalization of new Embassies (Doha, Rabat and Accra), as well as for debt service, Community-Based Health Insurance, and additional milk support to NECD program, and support to planned sport competitions. to allow increased allocations for interest payments on account of increased domestic borrowings;
- Increase in capital expenditure, mainly from additional allocation from Global Fund, as well as net lending to State Owned Enterprises.