THE NATIONAL BUDGET
“A development tool for our country that requires every citizen’s contribution”
FOREWORD

It is my pleasure to welcome you to the Rwandan citizen guide to the national budget for the fiscal year 2013/2014. Each year, the Ministry of Finance and Economic Planning provides the public with a user friendly overview of the national budget. It is our responsibility to explain to citizens how we intend to raise and spend public resources.

A national budget is an instrument through which Government policies are translated into action. Our goal in providing this budget guide is to help citizens understand how the budget is developed and managed. This makes the budget a more open, transparent and accessible document, enabling citizens to have a better understanding of the budget process and ultimately be in a better position to influence, monitor and assess the effectiveness of Government’s policies.

This budget guide outlines general issues regarding the national budget, the priorities for fiscal year 2013/2014 and the role and importance of citizen’s involvement in the budget process.

This year’s budget theme “Striving for self-reliance and dignity” reflects Rwanda’s objective to become a middle income nation. To achieve this we must focus on the fundamental needs of our community and redouble our efforts to achieve more for Rwanda to be a better place to live. This budget spending will focus on funding the Economic Development and Poverty Reduction Strategy (EDPRS II) that is critical for Rwanda’s development and will prioritize sectors with high growth and job creation.

This budget guide therefore comes at an opportune time when citizens are anxious to see how the priorities proposed in EDPRS II elaboration have been funded. At this point, let me thank everyone for their contribution for the successful implementation of EDPRS I from 2008 to 2012 that resulted into over one million people lifted out of poverty. There is no reason therefore as to why we can’t continue to succeed despite the fact that we shall have to continue to deal with weaker global economy, declining donor aid flows and rising cost of maintaining public services.
It is my sincere hope that this guide will enhance public awareness of the budgeting process and promote citizen participation. To ensure that government plans and budgets are implemented accordingly to the will of its citizens, I call upon all citizens to participate in this process.

Sincerely,

Claver GATETE
Minister of Finance and Economic Planning
Abbreviation

1. **EDPRS**: Economic Development and Poverty Reduction Strategy

2. **Frw**: Rwandan Francs

3. **ICT**: Information Communication Technology

4. **KM**: Kilometer

5. **MT**: Metric Tons

6. **SACCO**: Savings and Credit Cooperatives

7. **TVET**: Technical and Vocational Education Training

8. **USD**: United States Dollars
What is the citizen’s guide to the budget?

Many countries in the world have taken up open budget initiatives as one of the method to re-enforce citizens’ interest and participation in public financial management. A citizen guide to the budget is a non-technical presentation of the Government budget which enables the public, including those who are not familiar with public finance to understand Government plans. Citizens are the primary beneficiaries of the national budget and therefore need to proactively engage in the budget process.

The citizens’ budget guide summarizes the budget document and explains basic information on what services the Government plans to deliver, how it will be done, who will do it, how much they will cost, and finally, be able to check if those services were delivered accordingly.

What is the importance of this guide to the citizen?

The main purpose of the citizens’ guide to the budget is to increase the citizen’s knowledge of what the government is doing and enhance their capacity to participate in government affairs and to hold Government accountable. The budget guide explains how the budget is formulated based on priority needs, enacted and executed and who is responsible at each stage. It clarifies which level of government is responsible for performing different government functions and providing particular services.

What is the national budget?

The national budget is a plan running over a period of 12 months, from 1st July, to 30th June. In the national budget, the Government proposes how to raise money and states how this money will be allocated through different government spending agencies in a specified timeline to address basic needs of the citizens.
Why does a Government prepare budget?

As there is never enough money to do all the things that the government would like to do for its citizens, the budget acts as a tool that government uses to weigh up various needs and decide how to allocate the available scarce resources according to priorities. The identified priorities reflect the goals to which Government is most committed and they will be reflected in its budget.
How citizens can participate in the budget process

To understand how citizens can influence decision making, they must understand the budget process. The specific priorities and choices reflected in the budget is a reflection of the priorities and needs identified by those who participated in the process. For citizens to be effective in the budget, they must therefore participate in the budgeting process.

In Rwanda, the budget is passed on an annual basis to ensure that the government continues to operate. Normally, the budget process timeline is governed by a budget calendar that categorizes the whole process into four key stages of Preparation, Approval, Implementation, as well as Audit and Oversight. The following figure provides a general overview of the budget process in Rwanda.

### Stages of Annual Budget

<table>
<thead>
<tr>
<th>Preparation</th>
<th>Approval</th>
<th>Implementation</th>
<th>Audit &amp; Oversight</th>
</tr>
</thead>
<tbody>
<tr>
<td>July-March</td>
<td>April-June</td>
<td>July-June</td>
<td>Sept-April</td>
</tr>
<tr>
<td>Before the beginning of relevant fiscal year</td>
<td>Fiscal year Starts and Ends</td>
<td>Following end of fiscal year</td>
<td></td>
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</tbody>
</table>

• Ministry of Finance issues guidelines to spending agencies
• Spending agencies prepare & submit draft budgets
• Negotiation & final decisions reached by executive

• Budget tabled to the Cabinet & later to Parliament
• Consideration by parliamentary budget committee
• Parliament accepts, amends or rejects the budget

• Funds distributed among the Government spending agencies to implement agreed activities;
• Ministry of Finance monitors spending
• Ministry of Finance receives budget reallocations requests from spending agencies if necessary;
• Requests for reallocations approved or rejected by Parliament

• Oversight audit organs (Office of Auditor’s General, Office of Accountant General, National Budget Directorate etc) assesses spending agency’s accounts and performance
• Annual Audit reports published and reviewed by parliament (Public Accounts Committee)

### Budget process at decentralized level

The budget process begins with the identification of the priorities by the citizens at village level. Citizens come together at the village level to discuss their medium and long term priorities to be advanced for consideration during budget
formulation. The agreed list of priorities is discussed by the councilors at the sector and district level to determine the consolidated priorities that will form the district development plan. The district priorities outlined in the district development plans are linked to sector priorities at national level.

The implementation of most government programs and projects is largely done at the district level. The district council approves priorities and then district executive together with the technical personnel follow up with the implementation.

How big is the national budget?

In the fiscal year 2013/2014, the government of Rwanda will spend a total of Frw 1,653.5 trillion, an increase of Frw 103.7 billion compared to 2012/13 revised budget. This increase largely aims to achieve the new strategies and emerging priorities that are critical to Rwanda’s development and transformation.

The budget takes into consideration not only the next financial year but also the government’s medium and long term goals of becoming a middle income and self-reliant nation in 2020.
Where does this money come from?

The Government collects revenue primarily through taxes paid by individuals and companies and these include corporate and personal income tax, taxes on goods and services, property tax and taxes on international trade. The government also receives grants and loans to supplement its domestic revenues.

The 2013/2014 national budget sources of revenue are indicated as follows:
Revenue Sources comparison for Fiscal years of 2012/13 and 2013/14 in Billion Frw

<table>
<thead>
<tr>
<th>Sources of Revenue</th>
<th>Amount</th>
<th>Percentage</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Tax &amp; Non Tax Revenue</td>
<td>712.9</td>
<td>46.0%</td>
<td>843.4</td>
<td>51.0%</td>
</tr>
<tr>
<td>Tax revenue</td>
<td>641.2</td>
<td>41.4%</td>
<td>775.4</td>
<td>46.9%</td>
</tr>
<tr>
<td>Non-tax revenue</td>
<td>66.5</td>
<td>4.3%</td>
<td>68.0</td>
<td>4.1%</td>
</tr>
<tr>
<td>Disposal of Assets</td>
<td>5.1</td>
<td>0.3%</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Total grants</td>
<td>441.6</td>
<td>28.5%</td>
<td>470.7</td>
<td>28.4%</td>
</tr>
<tr>
<td>Budgetary grants</td>
<td>197.8</td>
<td>12.8%</td>
<td>170.7</td>
<td>10.3%</td>
</tr>
<tr>
<td>Capital grants</td>
<td>243.9</td>
<td>15.7%</td>
<td>300</td>
<td>18.1%</td>
</tr>
<tr>
<td>Loan Borrowings</td>
<td>395.4</td>
<td>25.5%</td>
<td>339.4</td>
<td>20.6%</td>
</tr>
<tr>
<td>Domestic</td>
<td>24.7</td>
<td>1.6%</td>
<td>151.5</td>
<td>9.2%</td>
</tr>
<tr>
<td>Foreign</td>
<td>370.7</td>
<td>23.9%</td>
<td>187.9</td>
<td>11.4%</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td>1,549.9</td>
<td><strong>100%</strong></td>
<td>1,653.5</td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Ministry of Finance and Economic Planning

Most of the money that the government uses to pay for services comes from taxes. The tax revenue collections are approximated to be Frw 775.4 billion in 2013/14 budget compared to Frw 641.2 billion in 2012/13 budget. Non tax revenue in 2013/14 budget equal to Frw 68 billion an increase of 1.5 billion when compared
to 2012/13 budget. Other sources of revenue are grants where total grants in 2013/14 budget is estimated to be Frw 470.7 billion of which Frw 170.7 billion is direct budget support. Total domestic revenues will increase from Frw 737.6 billion in 2012/13 revised budget to Frw 994.9 billion in 2013/14 budget.

The Government is committed to progressively increase the share of domestic revenue financing of the budget with a view to become self-reliant in future.
How are these funds going to be spent?

I. EDPRS II THEMATIC AREAS

About Frw 826.7 billion or 50% of the total budget will be used to fund EDPRS II thematic areas while foundational sectors have been allocated Frw 612 billion. The remaining Frw 214.3 billion is earmarked for support function.

There are four EDPRS II thematic areas, the leading one being economic transformation. The key objective of “economic transformation” is to ensure a sustainable rapid economic growth and facilitate the process of economic transformation by increasing the internal and external connectivity of the Rwandan economy. In 2013/14 budget, the Government has allocated over Frw 511.4 billion to economic transformation that will increase over the medium term. Spending in Energy and roads dominate this area.

The second thematic area is rural development aimed to achieve sustainable poverty reduction by improving land use, agriculture productivity; enabling graduation from extreme poverty as well as connecting rural communities to economic opportunity through improved infrastructure. Rural development is allocated Frw 161.3 billion that is projected to increase to Frw 184.4 billion in 2015/16.
Productivity and youth employment is another important thematic area that will be given much attention in order to transform Rwanda from an agriculture-based economy to an industry and services-based economy. In 2013/14 budget, this priority gets Frw 104.4 billion that will continue to increase in subsequent years.

The fourth and the last EDPRS II thematic area is accountable governance. The objective is to enhance good governance by promoting citizen participation and mobilization for better service delivery and strengthening public accountability. Over Frw 39.6 billion is allocated to this sector in 2013/14 budget.

We first sought to build a water supply system because it was a pressing need in our community. However, the construction of the road is under study and included in the next fiscal year's budget.

...Mrs Mayor, according to your last year’s Imihigo, you had promised us a road but you have failed to fulfill your promise. Can you please explain why?
To build on our successes of previous years the foundational sectors such as health and basic education, macroeconomic stability, public finance management, justice, peace and stability, food security, nutrition and decentralization is allocated Frw 612 billion in 2013/14 budget and is projected to increase to the tune of Frw 717.4 billion in 2015/16 fiscal year.

**Budget Allocation according to EDPRS II Thematic Areas**

- **Foundational Sectors**: 37%
- **Economic Transformation**: 28%
- **Support Function**: 13%
- **Rural Dev't**: 10%
- **Productivity & Youth Employment**: 10%
- **Accountable Governance**: 2%

Source: Ministry of Finance and Economic Planning

**How big is recurrent and development budget?**

Government expenditure can be divided into recurrent and development expenditures. The recurrent budget refers to government’s expenditures to support day to day operations such as paying salaries and wages, rent, materials and supplies, transport expenses, simple repairs and maintenance of equipment. Development expenditures are expenses made for acquisition of new assets. Such expenses include construction of roads, schools, hospitals, rehabilitation or construction of water installations. In the 2013/14 budget recurrent budget is equal to Frw 851.7 billion a decrease of 9% when compared to 2012/13 recurrent budget. Development budget is equal to Frw 803.7 billion in 2013/14 budget, equivalent to 22% increase when compared to 2012/13. The following pie chart illustrates the share of recurrent and development budget categories in the 2013/14 budget.
How big is our capital investment according to sectors?

During this fiscal year, the government investment plan in capital projects equal to Frw 803 billion is distributed in sectors according to the following chart:

2013/14 Government Capital Investment Allocation by Sector

Source: Ministry of Finance and Economic Planning
II. HOW MUCH MONEY HAS BEEN ALLOCATED TO DIFFERENT SECTORS?

Energy

In 2013/14 budget the Government has allocated 192.4 billion Rwf to this sector compared to Frw 129.4 billion in 2012/13 budget to improve electricity generation, transmission and distribution. Key projects to be undertaken will include rural electrification roll out programme, Lake Kivu methane gas, Nyabarongo, Rusumo, Rusizi II, Rukarara I hydro power plants. In addition, 9 Micro hydro power stations will be constructed together with construction of national wide-transmission line, electrification of 6 districts in Eastern Province and upgrading 110 KV Mururu-Kirinda-Gikondo.
Transport

The government has allocated Frw 195.2 billion, compared to Frw 124.6 billion in 2012/13. The allocation in 2013/14 is about 11.8% of the total budget, and has increased by Frw 70.6 billion from 2012/13 allocation. The Government will continue to maintain, rehabilitate and upgrade various roads throughout the country to provide farmers with easy access to markets. About 398.5 km will be maintained, rehabilitated or upgraded. The key roads to be rehabilitated in 2013/14 are: Kivu belt (144.8 Km), Kigali-Gatuna (80 Km), Crete Congo/Nil-Ntendezi (30Km), Cyangugu-Ntendezi-Mwityazo (50km), Kitabi-Crete Congo/Nil (30Km), CIMERWA-Bugarama (10Km), Gitarama-Ngororero-Mukamira (55Km) and Huye-Kitabi (53Km).

Water and Sanitation

To enhance access to safe water and hygienic sanitation, the government has allocated Frw 28.4 billion for water and sanitation compared to Frw 27.1 billion that was allocated in last fiscal year. More efforts will be made to increase access to water countrywide by drilling more boreholes, improve water supply in Kigali city and other urban areas. Key projects include Kirehe watershed management project, National rural water supply and sanitation programme, Lake Victoria water supply and sanitation programme (Phase II), rural water supply in Eastern...
Province, Optimized production of Nyabarongo ground water treatment plant, Rural drinking water quality control project, Rural water sustainability support, as well as various sewage system for Kigali Business District.

Information, Communication and Technology (ICT)

To increase access to Internet across the country, a world-class ICT network was installed and about 98 government institutions are already connected. For this fiscal year, a budget of Frw 28.3 billion has been allocated to ICT sector compared to Frw 24.5 billion in 2012/13 budget. Key ICT projects in 2013/14 budget are E-government project, ICT skills development project, ICT private sector development, ICT for community development, Regional ICT centre for excellence as well as Regional communication infrastructure program.
Agriculture

The government has allocated Frw 52.4 billion this year to support agricultural sector in a bid to complete strategic food reserves, to multiply and improve distribution of seeds, breeds and fertilizers. Irrigation schemes and protection of soil erosion will continue to increase long term productivity. Furthermore, mechanization centers will be established to facilitate commercialized agriculture as well as farmers’ cooperatives. It is in this regard that tractors and other agricultural equipment have been subsidized.

Trade and Industry

In 2013/2014 fiscal year, the government supports the implementation of the new Private Sector Development Strategy, the establishment of 4 provincial industrial parks together with the relocation of Gikondo industries to Kigali Special Economic Zone. The government will reduce common external tariffs on buses and other motor vehicles to facilitate movement of goods and people as well as lower-
The government allocated the sum of Frw 21.9 billion to this sector. The government will continue to boost savings, Credit and Saving Cooperatives (Umurenge SACCOs) as well as support prospective entrepreneurs to start up small business enterprises to unlock their potential through Hangga Umurimo and Kuremera programs.

**Tourism**

Local communities today have a very important voice in the way in which tourism is developed and resources allocated. The Government will to continue to promote this sector with construction of Kigali Convention Center, Diversification of tourism products and development of existing products, quality management and standardization of new accommodation establishments, construction of guest houses in various Districts among others. In addition, roads that lead to
tourist sites will be upgraded in an effort to increase accessibility to tourist sites in the country.

**Education**

Frw 236.3 billion will be spent on providing quality education and training to children and youths, compared to Frw 207.7 billion in FY 2012/13. This money will be spent to improve education sector infrastructures and equipment, welfare of teachers, build more pre-primary schools, scale up school feeding program, hire new teachers, acquire new textbooks, scale up inspection

The Government has accorded the highest priority to skills development (TVET)
and supervision of schools as well as operationalizing one university project and education loan subsidy scheme to students from financially weaker families. The government will continue to provide quality universal 12 year basic education as well as provide vocational skills to the youth through technical and vocational education and training (TVET). To increase opportunities for youth skills development, Integrated Polytechnic Regional Centers (IPRC) as well as two technical schools of excellence in each administrative sector will be constructed and rehabilitated.

Health

To ensure the continued good health among the citizens and equitable access to health services Government have allocated Frw 155.4 billion for prevention of diseases, skills’ improvement and salaries of medical personnel. The government will continue to construct and upgrade hospitals and health centers. Among these are Kibuye, Kirehe, Nyabikenke, Rutare, Byumba and Muhororo hospitals. In addition, five new health centers will be completed across the country such as in Rulindo, Mukura and Mbogo. Medical equipment such as malaria testing kits, cold chain equipment and x-ray machines, and constant medical supply will be purchased. To better address the increasing health care risks facing the citizens, the government will continue to increase the coverage rate of community health insurance commonly known as “Mutuelles de sante”.

The population constitutes the main resource of a country. The Government, therefore, makes considerable effort to ensure improved quality of its citizens’ health conditions.
Social Protection and Justice

Social welfare remains one of Government most pressing challenges. Frw 70.9 billion is allocated to social protection programmes in 2013/14 budget which is about Frw 45.9 billion increase in 2012/13 budget. Key interventions include among others pension schemes, support to genocide survivors and vision 2020 Umurenge. In addition to social protection the government has embarked on providing legal aid services to reduce backlog of court cases by training and deployment of judicial personnel to local communities.

Governance and Decentralization

To continue to increase better service delivery to the community and decentralization, in 2013/14 budget, the government will hold parliamentary elections; revise the Organic Budget Law to allow agencies not considered as procuring
entities to be given responsibility to manage their public funds and continue to fight crimes and corruption.

**Gender Equality**

A close look at the 2013/14 budget through the gender lens manifest the Government commitment to promote gender equality and equity, to protect the rights of men, women, boys and girls. In this year the government has allocated Frw 3.4 billion to gender machinery institutions to support specific gender and family promotion related programs.
What is my role as a citizen and how can I get involved in the budget process?

In Rwanda, the national budget preparation process is an annual participatory process that involves the central and local government agencies, development partners, parliament, private sector as well as the civil society organizations at different levels. Citizens’ participation in this process is therefore viewed as a major contribution that orients government programs appropriately. Citizens are encouraged to:

- Attend or follow up budget hearings both at National and at your respective District;
- Attend accountability days, participate in Joint Action Development Forum meetings, Imihigo validation and evaluation events, as well as open days whenever they are held;
- Attend other events that can give you an opportunity to meet with your leaders during community work (Umuganda);
- Visit your nearest administrative head offices for instance at Sector or District level and meet the leaders to discuss your concerns;
• Attend annual tax payers days whenever they are held;
• Get a hard or a soft copy of this guide or National budget at Ministry of Finance and Economic Planning website or the website of respective government spending agency.

**Where can citizens find the national budget?**

The budget becomes a law after it is passed by parliament at central government and local council at the District level. After the approval, the budget can be found in the official government gazette or in all budget agencies. A soft copy of the complete national budget law can be accessed at the website of the Ministry of Finance and Economic Planning while the soft copies of District annual budgets can be obtained from the respective District websites and the district headquarter.

Furthermore, the government provides the budget information through the citizens’ budget guide. The national budget citizens’ guide is disseminated to Districts and civil society organizations and published on the Ministry’s website.
How can I monitor and evaluate budget implementation?

The implementation of the adopted budget starts on July 1st of each year. The responsibility for implementation of the national budget rests entirely with the management units (ministries, autonomous and semi-autonomous agencies and districts). The overall monitoring and evaluation of the government finances is carried out by the Auditor General who submits the annual report to the parliament.
Why should Citizens participate in monitoring & evaluation of budget implementation?

Citizens and civil society have the right to monitor the implementation of the budget of government. Citizens are encouraged to monitor performance of works and services done by service providers. Citizens should request managers of public funds to report on the level of implementation of planned and budgeted activities. Districts hold open days to provide citizens with information about government activities. These open sessions are important in monitoring implementation and evaluation of performance contracts.

What is the role of Civil Society Organizations engagement in monitoring & evaluation of budget implementation?

The civil society organizations give voice to the views and opinions of citizens, by representing the interests of citizens during the entire process of the budget preparation by identifying priority areas to be taken care of in the budget, through budget hearings in the parliament and at the district level and finally by providing information to citizens through the creation of platforms for awareness and discussions of the budget and provide feedback to government on citizens perspectives on the budget.

Conclusion

To fully participate in the budget process, citizens have a right and responsibility to access information on national and district’s budgets. To access a copy of the national budget and district budget citizens are encouraged to check on the MINECOFIN website at www.minecofin.gov.rw or send a request for a soft copy at nationalbudget@minecofin.gov.rw
Glossary

1. **Budget Agency or Spending Agency**: Are entities whose activities are financed by the State Budget.

2. **Budgetary Grant**: It's any form of aid that the Government is not required to pay back to the donor government or multilateral institution that is channeled through the national budget.

3. **Budget support**: Is a particular way of giving international development aid, also known as an aid instrument or aid modality. With budget support, money is given directly to a recipient country government, usually from a donor government.

4. **Budget transfers**: Financial resources that the central government entities give lower local administrative entities through the National Budget to undertake specified activities.

5. **Capital Grants**: A sum of money given to the government either by another government or a multinational institution to encourage acquisition of capital assets such as buildings, land, machines or to make improvements to them.

6. **Direct Budget Support**: One of aid modality. With direct budget support, money is given directly to a recipient government, usually from a donor government through the budget of the recipient country.

7. **Domestic Financing**: Using internal sources of funds to finance government expenditures and new investments rather than obtaining capital from outside of the country.

8. **Domestic revenue**: Revenue that is raised within the borders of a country – from taxes paid by citizens, duties on imports, profits from privatization, and various other fees.

9. **Economic growth**: Economic growth refers to the increase in the quantity of goods and services in a country. Economic growth can be measured by changes in Gross Domestic Product.

10. **Economic Development and Poverty Reduction Strategy (EDPRS II)**: A five year (2013/14-2017/18) strategy set to propel Rwanda to middle income economy

11. **Functional classification**: Expenditure classification indicating the programmatic purpose or objective for which the funds will be used, such as health, education, or defence, and are useful in terms of identifying Government priorities.

12. **Gender Machinery**: Its national institutions and structures put in place by the country to promote gender equality.

13. **Grant**: Type of foreign aid that the Government is not required to pay back to the donor government or multilateral institution. The contribution is usually made to support a specified program, function or project.

14. **Income Taxes**: These are taxes charged directly to the income of individuals and corporations.

15. **Non-tax Revenue**: Revenue that does not accrue from taxes. Includes fees, levies, permits, licenses, dividends etc.

16. **Organic Budget Law**: It's a law that regulates the principles governing the preparation, proposal, and approval of the State Budget and responsibilities for its implementation

17. **Property tax** – a tax levied by state or local government on the assessed value of property.

18. **Sales tax** – a tax levied by a state or locality on the retail price of an item, collected by the retailer.

19. **Tax Revenue**: A government income generated as a result of levying taxes on goods and services.