

REPUBLIC OF RWANDA



Ministry of Finance and Economic Planning

BUDGET SPEECH

FINANCIAL YEAR 2019/20

***Theme: Transforming lives through
Industrialization and Job Creation for
Shared Prosperity***

**Presented TO BOTH CHAMBERS OF THE PARLIAMENT OF THE
REPUBLIC OF RWANDA ON JUNE 13th, 2019**

BY

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I. INTRODUCTION

***Honourable President of Senate,
Honourable Speaker of Chamber of Deputies,
Honorable Vice Presidents of both Chambers,
Honourable Members of Parliament,***

As provided under article 162 of the Rwanda constitution of 2003 as amended in 2015 as well as articles 35 and 38 of the Organic Law N° 12/2013/OL of 12/09/2013 on State Finances and Property, I have the honour to present to you on behalf of the Government, the Budget for the fiscal year 2019/20 and Economic Policy for the medium term.

1. The budget framework paper for 2019/20 and the medium term was presented to you towards the end of April this year upon which I take this opportunity to thank you for your valuable comments which were very instrumental during the preparation of the 2019/20 draft finance law.
2. The theme for 2019/20 budget is “***Transforming lives through Industrialization and Job Creation for Shared Prosperity***. This theme is in line with the theme chosen by all EAC Finance Ministers to demonstrate our total commitment to transform lives through industrialization and job creation for shared prosperity. This commitment is also in line with the content of the National Strategy for Transformation (NST1) whose key priorities include the creation of decent and productive jobs for our population. In the 2019/20 budget and the medium term, we intend increase the production in different sectors and enforce policies to create additional jobs.

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3. This budget and economic policy statement for fiscal year 2019/20 is organised as follow:
 - a) First, I will provide a brief summary of the global economic performance for 2018 and the projections for 2019 and 2020. This summary will also include the performance and outlook for sub-Saharan countries including our partner countries in the East African Community.
 - b) Secondly, I will be providing a brief summary of domestic economic performance and the execution of the 2018/19 budget and the key results in some priority sectors as of end March 2019.
 - c) In the third section, I will present the Government's medium term macro-economic framework covering the period 2019/20 to 2021/22.
 - d) The last section will focus on details of Government's budget and economic policy for the fiscal year 2019/20. In this section, I will talk about the allocation of resources consistent with the NST1.

II. GLOBAL ECONOMIC PERFORMANCE IN 2018 AND OUTLOOK FOR 2019/20

***Honourable President of Senate,
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4. According to the World Economic Outlook (WEO) published by the IMF in April 2019, global growth was at 3.6 percent in 2018 from 3.8 percent in 2017, reflecting greater than expected weaker performance in some economies, notably Europe and Asia as well as the United States of America and China trade tensions. The global economy is projected to grow at 3.3 per cent in 2019, the Global growth will start to level off in the second half of 2019 to achieve 3.6 per cent in 2020 based on on-going build-up of policy stimulus in emerging markets economies including Argentina and Turkey as well as the developing countries. Beyond 2020, global growth is projected at 3.5 per cent and will be sustained by increase in the relative size of economies such as those of China and India.
5. The economic recovery in Sub-Saharan Africa (SSA) continues after the region faced a tougher external environment in 2015-2016 (decline in global commodities price) and despite moderated global trade, tighter financial conditions and a strong US dollar in 2018. GDP growth in the Sub-Saharan Africa was at 3.0 per cent in 2018 compared to 2.9 per cent in 2017 and is set to pick up to 3.5 per cent in 2019 and stabilize at slightly below 4 per cent over the medium term due to improved investment in large economies together with continued robust growth in non-resource intensive countries.
6. In the case of East African Community (EAC) member states, economic activity has improved in most EAC Partner states with growth of 4.4 per cent in 2018 compared to 2.9 per cent in 2017. The GDP grew by 6% in Kenya, by 6.2% in Uganda, by 6.6% in Tanzania and by 8.6% in Rwanda, while it grew by 0.1% and 1.2% in Burundi and South Sudan respectively. In 2019, it is projected to grow at 5.5 per cent and continue to grow at 5 per cent in the medium-term.

III. DOMESTIC ECONOMIC PERFORMANCE

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7. On the domestic front, the economy recorded a good performance of 8.6 per cent in 2018 compared to the initial projection of 7.2 per cent. This is mainly attributed to the 10 per cent growth of the industry sector, agriculture sector grew by 6 per cent and the services sector continued to register a good performance with a growth of 9 per cent.
8. The growth by the industry sector was boosted particularly by the recovery in the construction sector, which grew by 14 per cent compared to the decrease of 3 per cent recorded in 2017, 9% growth of the beverage industries as well as continuing good performance in textile production that grew by 20%.
9. The Agriculture sector grew by 6 per cent following various measures established by the government to increase agriculture production and favourable weather conditions.
10. The services sector continued to register a good performance with a growth of 9 per cent driven by a recovery in wholesale and retail trade which grew at 15 per cent and continued expansion of transport growing at 18 per cent. Hotels and restaurants services grew at 10 per cent, information and telecommunication grew at 18 per cent and financial services registered a growth of 10 per cent.
11. Inflation was maintained below the 5 per cent medium term inflation benchmark and the headline inflation stood at 1.1 per cent at the end of December 2018. The average headline inflation was at 1.4 per cent in 2018 from 4.8 per cent recorded in 2017.

12. Regarding the external sector, the trade deficit increased to USD 906 million in 2018 from USD 829.2 million in 2017 representing 9.3 per cent increase. This performance was driven by 8.1 per cent increase in imports in 2018 compared to a decline of 7.7 per cent in 2017, which outweighs the rise in exports of 7.2 per cent in 2018. The increase in imports was caused by on-going investments in infrastructure projects including Bugesera international airport, peat to power plant in Gisagara district, roads construction as well as increased imports of energy products following the rise in global oil prices. The overall reserves in foreign currencies (USD) increased to 4.7 months of value of the importation in 2018 from 4 months in 2017.
13. On the monetary front, broad money grew by 15.6 per cent in 2018 compared to 12.4 per cent registered in 2017. The Banking sector remained well capitalized as the credit to private sector increased by 10.8 per cent in 2018.
14. Regarding the monetary and exchange rate policy, the Rwandan francs depreciation against the US Dollar stood at 3.5 per cent in 2018 compared to 6 per cent registered in 2017.

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15. With regard to fiscal performance, on 11th February 2019, the Parliament approved the revised budget of FRW 2,585.2 billion. The budget execution of the three quarters of the fiscal year 2018/2019 based on the revised budget was generally on track.
16. At the end of March 2019, total resources that accrued to the budget amounted to FRW 1,873.7 billion which recorded an over performance of FRW 37 billion compared to FRW 1,836.7 projected for the period. Tax revenue collections of

FRW 1,015.5 billion slightly exceeded the target of FRW 1,008.3 billion by FRW 7.2 billion. Total non-tax revenues collections were FRW 203.4 billion with an excess of FRW 24.1 billion compared to the total amount of FRW 179.3 billion that was projected.

17. Total external disbursements of FRW 654.9 billion registered an excess of FRW 5.7 billion compared to FRW 649.2 billion estimated at the end of March 2019. This performance was attributed to the advance disbursement of loans that recorded an over performance of FRW 12.3 billion FRW compared to FRW 315.4 projected while on the other hand external grants of FRW 327.1 billion registered a shortfall of FRW 6.7 billion compared to FRW 333.8 billion projected.
18. Regarding the outlay performance from July 2018 to March 2019, total expenditure and net lending amounted FRW 1,853.3 billion with an excess of FRW 31 billion compared to FRW 1,822.3 billion projected. Given the current budget execution level, we are confident that the revised budget for the fiscal year 2018/19 adopted by the Parliament will be fully implemented by end June 2019.

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19. After giving the highlights of the implementation of the budget for 2018/2019 fiscal year, I would like to bring to your attention some key sector achievements by the end of March 2019.

a) Agriculture sector

20. The following are key achievements in agriculture sector at the end of March 2019:
 - ✓ In line with the land consolidation policy, 62,038 ha of land have been consolidated for Maize plantation, 350,115 ha for Beans, 51,026 ha for Irish potatoes, 27,781 ha

for Cassava, 14,601 ha for rice 7,164 ha for Soybeans and 3,925 ha for vegetables in season B;

- ✓ To reduce seeds importation by promoting local seeds production, 3,300 Tons of maize, 597 Tons of wheat, 385 Tons of soya beans, 15,000 Tons of Irish potatoes and 2,310,000 cassava cutting trees were locally produced and distributed to farmers;
- ✓ Regarding the soil protection and conservation, 3,256.7 ha and 10,900 ha of radical and progressive terraces were constructed respectively;
- ✓ Regarding the marshlands development, 572 ha were developed of which 110 ha were completed in Kanyonyomba and 462 ha in Rwinkwavu;
- ✓ To increase animal resources productivity, 93,273 cows were inseminated where 35,911 artificially inseminated calves were born;
- ✓ In line with the efforts to increase of agriculture exports, 17,031 Tons of coffee, 19,445 Tons of tea, 15 Tons of pyrethrum and 22,458 Tons of horticulture products were exported which generated all USD 142 million;
- ✓ 60 Milk Collection Centers were rehabilitated to strengthen the milk processing.

b) Trade and industry

21. The following are key achievements registered by the trade and industry sector at the end of March 2019:
- ✓ To strengthen agriculture value chain and add value to agriculture production, 1,000,000 liters of milk were supplied to milk processing centers (Inyange Ltd, Blessed dairy, Nyanza and Giheke) while 180 cooperative leaders and staff from 60 Potato collection center operators were trained;
 - ✓ In order to increase competitiveness of industries through the provision of basic infrastructures, the overall progress of infrastructure at Bugesera Industrial Park was at 44 per cent and the expropriation of 100 ha in Musanze industrial park was done.

- ✓ With regards to the support of made in Rwanda to increase domestic productivity, 432 SMEs were supported to access finance through the Business Development Fund (BDF); 805 TVET graduates were supported to access the start-up toolkit loan facility in different disciplines including carpentry, welding and tailoring; Youth and Women from 5,025 small enterprises were coached to access finance while 507 jobs for youth were created through Youth Eco brigade Program.

c) Energy sector

22. The energy sector focused on increasing access to electricity, expansion of electricity transmission networks and electricity generation. The following are the key achievements by March 2019:
- ✓ 108,168 new households were connected to the grid while 65,150 new households were connected to off grid electricity;
 - ✓ To increase power transmission and distribution network, 79.3 km of 220kV Mamba-Rwabusoro-Rilima, 110kV Bugesera-Gahanga Transmission Line and associated substation were constructed and the overall progress were at 78 per cent;
 - ✓ The construction works of the peat to power plant in Gisagara, which will generate 80 MW of electricity were completed at 57.1 per cent.

d) Water and Sanitation Sector

23. The following are key achievements in Water & Sanitation sector at the end of March 2019:
- ✓ The construction works of NZOVE I water treatment plant was at completion stage where the current capacity is estimated at 40,000 m³ per day;
 - ✓ The construction works of the KANYONYOMBA water treatment plant was at 98 per cent with a capacity of treating 5,000 m³ per day;

- ✓ A total of 526.3 Km of water pipes were constructed in rural areas of Ruhashya - Ntyazo, Muyaga – Hakani in Gisagara district, Mageragere – Nyaruyenzi in Nyarugenge district, Ntoma – Musheru, Gihengeri-Ngarama in Nyagatare district, Nyabizi – Butaro in Burera district, Bureranyana – Tanda, Kivomo – Bigerero, Murama Rwamiko-Bukure in Gicumbi district, Kanyonyomba in Bugesera district, , , Ntwari-Kayenzi in Kamonyi district, and Gatonde in Gakenke district to serve 335,306 people;
- ✓ The construction of Boreholes in Nyagatare, Burera, Karongi, Nyamasheke and Rusizi districts alongside the borders is in progress.

e) Transport Sector

24. The following are key achievements realized by the transport sector at the end of March 2019:
- ✓ 262 km of various national paved roads were rehabilitated. The rehabilitation of Gabiro-Kayonza road was at 90.2 per cent progress, Huye-Kitabi road rehabilitation at 83.4 per cent, Kagitumba-Gabiro road at 80.8 per cent, Kayonza – Rusumo road at 72 per cent, Nyagatare-Rukomo at 11 per cent and Base-Rukomo at 88.9 per cent progress;
 - ✓ With regard to the construction of 54 Km of urban roads in the City of Kigali, the works are ongoing and the progress was at 76.8 per cent;
 - ✓ The rehabilitation and construction of various feeder roads is ongoing across the country.

f) Urbanization and Human Settlement Sector

25. The following are key achievements in urbanization and human settlement sector at the end of March 2019:

- ✓ Regarding the urban and rural settlement, IDP Model Villages in the Corridor of Nyagatare, Gicumbi, Musanze, Burera and Nyarugenge were under construction at a pleasing level.
- ✓ High Commercial Court Building was completed at 89.5 per cent, Administrative Office Complex in Kimihurura was at 94.2 per cent, the construction works for the National Archive Building at Kacyiru were at 38% while the construction works of the Kigali arena was at 85 per cent.

g) Education Sector

26. The following are key achievements in Education sector at the end of March 2019:
- ✓ In line with establishment of modern education infrastructures, the construction works of 1,686 new classrooms in 2018/2019 were at 86.2 per cent, the construction of 1,452 latrines stood at 86.6 per cent while the construction of 90 pre-primary new classrooms in 2018/2019 was at 86.2 per cent;
 - ✓ In order to strengthen ICT in education, 138 secondary schools were connected to 4G LTE internet;
 - ✓ The construction works of TVET schools of Nyabihu, Rutongo, Busogo and Kabarondo were completed. Muhanga and Gishari TVET Schools were completed at 82%. The completed TVET schools will be equipped in 2019/2020 fiscal year.

h) Health Sector

27. The following are key achievements registered by the Health sector at the end of March 2019:
- ✓ As a measure of controlling malaria, Indoor Residual Spraying activities were conducted in districts with high burden namely: Nyagatare for 118,287 structures (households), Kirehe for 88,556 structures, Huye for 83,161 structures, Nyanza for 80,752 structures and Gisagara for 85,273 structures. The spraying activities were also ongoing in Bugesera, Gatsibo and Ngoma districts.

- ✓ In order to continue reducing the burden of non-communicable diseases; 92 per cent of health centers in Rwanda have functional Non Communicable Diseases clinics and healthcare providers from 12 districts hospitals were trained on the management of non-communicable diseases.
- ✓ In line with the ongoing policy to improve the geographical accessibility to health services, 103 health posts have been constructed countrywide. The construction of Gatonde district Hospital was at completion stage, construction of Gatunda district hospital was at 60%, the construction of Munini district hospital was at 38%, the construction of Nyarugenge district hospital was at 55 % and Nyabikenke district hospital was at 50%.

i) Justice Sector

28. The following are key achievements in Justice sector at the end of March 2019:

- ✓ In line with the establishment of alternative disputes resolutions at local level, Abunzi registered 34,065 cases of which 32,656 representing 96 per cent cases were mediated while 1,409 representing 4 per cent are still ongoing;
- ✓ In order to maintain stable and accessible laws, the Rwanda Law revision project was implemented and completed at 35 per cent;
- ✓ In line with modernizing Criminal, Commercial, Civil and Administrative System through the use of Integrated Electronic Case Management System (IECMS), a total of 546 users were trained and all cases were being processed through IECMS;
- ✓ The construction of Police Training School of Gishari Phase II was completed as well as Nkora and Kibeho police stations. The rehabilitation of police stations is in progress whereby Gikondo Police Station was at 51.8 per cent, Kamonyi Police Station at 55.5 per cent and Nyagatare Police Station at 31 per cent;
- ✓ In order to improve prisoners living conditions; Mageragere, Rubavu, Nyamagabe and Huye prisons were rehabilitated and extended whereby the overall work

progress was at 65%. In addition, the construction of RCS Training School was at 31 per cent;

- ✓ To continue promoting transparency and accountability through recovery of misused public funds, a total of FRW 1,492,704,040, Euros 3,729 and USD 7,800 equivalent to 89% of the projected within the year was recovered;
- ✓ The progress of works towards digitalization of Gacaca records was at 70%.

j) Social Protection Sector

29. The following are key achievements in Social Protection sector at the end of March 2019:

- ✓ In line with the objective to increase access to social security and income support programs; 137,263 households from 244 Sectors benefited from VUP public works program while 107,106 eligible households received the direct support;
- ✓ 1,190 houses for needy genocide survivors were under construction in 27 Districts with the progress at 90%;
- ✓
- ✓ In order to reduce malnutrition, 22,530 cows were distributed under Girinka program, 16,477 children below 5 years of age with acute malnutrition were supported under the milk support program while 85,002 children received Fortified Blended Food (FBF) as well as 14,679 pregnant and lactating women;
- ✓ Regarding the mainstreaming of Child rights and welfare, 742 children were removed from child labor and reintegrated in their families and in schools;
- ✓ With regards to the effectiveness of disaster response and recovery; 446 houses were constructed while 497 houses were under finishing in 10 Districts mostly affected by disasters;
- ✓ The construction and refurbishment of Nyamagabe and Gitagata rehabilitation center were ongoing and more than 4,300 delinquents were rehabilitated, reintegrated and reunified into their families.

IV. MEDIUM TERM ECONOMIC POLICIES

***Honourable President of Senate,
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30. After the updates on the domestic economic performance and key programs and projects implemented in the fiscal year 2018/19, this section focuses on the Government's macroeconomic objectives and policies for the medium term and the budget for the fiscal year 2019/20.
31. The Rwandan economy is projected to grow by 7.8 per cent in 2019, by 8.1 per cent in 2020, and by 8.2 per cent in 2021. This growth is expected to be driven by the agriculture sector that is expected to get good performance in food and export crops due to continuing investments to improve seeds, fertilizers, post-harvest measures and extended irrigation. The agriculture sector is projected to grow at 5.5 per cent in 2019 and 5.2 per cent in 2020.
32. The industry sector is expected to grow by 11 per cent in 2019 and 12.1 per cent in 2020, boosted by the good performance in mining and construction activities.
33. The services sector is likely to sustain the good performance with a growth 8.0 per cent in 2019 and 8.2 per cent in 2020 and 2021;
34. Inflation in 2019 and in the medium term is projected to remain stable and below the target of 5 per cent;
35. Regarding the external sector, exports are expected to increase by 11.2 per cent, 14.1 per cent and 19.0 per cent in 2019, 2020 and 2021 respectively. This increase is expected to be boosted by increasing coffee and tea production due to construction of new tea factories in Nyaruguru, Karongi and Nyamasheke expected to begin by 2021. In addition, continued investments in vegetables and flowers

plantations as well as Coltan refinery and tin smelter projects will also add value to mineral exports;

36. Imports are expected to increase by 9.8 per cent in 2019 mainly due to expected higher imports for implementation of various development projects. The current account deficit is expected to slightly deteriorate to 9.4 per cent and 10.2 per cent of GDP in 2019 and 2020 respectively. Foreign Direct Investments (FDI) are expected to continue increasing in the medium term especially in 2019 and 2020 that will boost the overall external position to build-up of reserves that will cover 4.8 months of imports of goods and services in 2020.
37. In the area of financial sector development, the National Bank of Rwanda will continue to boost liquidity within the banking sector. In this regard, we expect broad money and credit to the private sector to grow by 20.4 per cent in 2019 compared to 15.6 per cent in 2018. This will increase the credit to private sector by 12.7 per cent in 2019 compared to 10.8 per cent in 2018.

V. THE BUDGET FOR FISCAL YEAR 2019/2020

**Honourable President of Senate,
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38. In line with the highlights of our medium term macro-economic policies, I would like to present to you the components of the medium term fiscal objectives and the 2019/20 budget with a major focus on prioritised areas.
39. Our medium term fiscal policy will continue to reflect the policies of fiscal consolidation and prudent borrowing to keep debt and external balances sustainable. Improvements in domestic revenue mobilisation and expenditure

prioritisation to reduce spending are expected to allow these expected results under NST1 to be achieved.

40. Consistent with this policy, the budget envelope for fiscal year 2019/20 is FRW 2,876.9 billion with an increase of FRW 291.7 billion from the revised Budget of FRW 2,585.2 billion for fiscal year 2018/19 and the major drive are increase in domestic resource mobilization as well as external budget support funds.
41. Domestic resources including domestic borrowing are FRW 1,963.8 billion, which is 68.3 per cent of the total budget for FY 2019/20. External grants are FRW 409.8 billion, which is 14.2 per cent of the total budget while external loans total to FRW 497.0 billion, which is 17.3 per cent of the total budget. The total domestic resources and loans combined account for 85.8 per cent of the entire budget of 2019/2020 fiscal year, which is a good indication towards our objective of self-reliance.

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42. Allow me to highlight key tax measures that will help us to reach the domestic revenue targets for /the fiscal year 2019/20 :
 - ✓ Revision of the law on Tax Procedures stating that every person carrying out commercial activities would have to use the new “EBM for all”, expanding the coverage to non-VAT registered persons and improving tax compliance;
 - ✓ Revision of the law on Excise Duties which should increase tax revenue collected while discouraging consumption of some unhealthy products and maintaining a non-distorting market;
 - ✓ Provision of fiscal incentives to some strategic sectors in line with supporting the population to access basic needs, promotion of Made in Rwanda and cashless

economy. It should be noted that these incentives remain the same as for the fiscal year 2018/2019 fiscal incentives as follows:

- i. Rice will pay import duty rate of 45 per cent or USD 345/Metric ton instead of 75 per cent;
- ii. Sugar will pay import duty rate of 25% for 70,000 MT, instead of 100% or 460 USD/MT whichever is higher;
- iii. Goods imported for the use by Armed Forces Shop (AFOS) will pay 0% instead of 25%;
- iv. Road Tractors for Semi Trailers will pay duty rate at 0% instead of 10%;
- v. Motor Vehicles for Transport of Goods with gross weight exceeding 5 Tons but not Exceeding 20 Tons will pay Import Duty Rate of 10% instead of 25%;
- vi. Motor Vehicles for transport of goods with gross weight exceeding 20 tons will pay import duty rate of 0% instead of 25%;
- vii. Buses for transportation of more than 25 persons will pay import duty rate of 10% instead of 25%;
- viii. Buses for transportation of 50 persons and above will pay a duty rate of 0% instead of 25%;
- ix. Capital machinery and raw materials used in manufacturing of textile garments and footwear will pay import duty of 0% instead of 10% or 25%;
- x. Telecommunication equipment will pay import duty rate of 0% instead of 25%;
- xi. A list of raw materials used in industries will pay 0% instead of 10% or 25%;
- xii. Electronic Transaction devices (smart cards, point of sale, cash registers and cashless machines) will pay 0% instead of 25%;
- xiii. Second hand clothes will pay 4 per cent per kilo instead 2.5 USD/Kg, while the second hand shoes will pay 5 USD/Kg instead of 0.4 USD.

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43. After giving highlights of key measures to collect resources for the 2019/2020 budget, allow me to present the expenditure policies.
44. Our expenditure policies in 2019/20 will be guided by NST1 priorities. Consistent with these policies, a total amount of FRW 1,424.5 billion were allocated on recurrent expenditures represented by 49.5% of the total budget which is FRW 114.5 billion higher than the FRW 1,310. billion in the 2018/19 revised budget. This increase is to cater for payment of salaries especially for teachers, implementation of the new structure of health workers and the newly approved structure for various agencies as well running costs of new public agencies.
45. In the case of capital spending, an amount of FRW 1,152.1 billion represent 40 per cent of the total budget. This amount is FRW 111.2 billion higher than the FRW 1,041 billion estimated in 2018/19 revised budget. The domestically financed portion is FRW 694 billion representing 66.7 per cent of the total development budget while the foreign financed portion is FRW 458.2 billion representing 33.3 per cent of total development budget.
46. Net Lending outlays are FRW 244.1 billion represented by 8.5 per cent of the total budget, isshowing an increase compared to FRW 190 billion in the 2018/19 revised budget. This increase was mainly due to expansion of Rwandair operations and recapitalization of BRD. In addition, FRW 30.6 billion is allocated for payment of arrears and FRW 25.5 billion on accumulation of deposits to boost the Government reserves both representing 2% of the total budget.

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47. Allow me to present key priority areas of NST1 considered in resources allocation:

a) Economic Transformation Pillar

48. The overarching objective of the Economic Transformation pillar is to accelerate inclusive economic growth and development founded on the Private Sector, knowledge based economy and Rwanda's Natural Resources. This pillar was allocated FRWFRW 1,636.7 billion that makes 56.9 per cent of the total budget for 2019/2020. The main interventions planned under this pillar include:

i. Key strategic interventions contributing to the creation of 213,198 productive and decent Jobs include:

- ✓ Closely working with potential companies on the implementation of Work Place Learning (e.g. Andela, Cooper Pharma, TAI Jeans) by supporting on-job trainings of 3,300 people;
- ✓ Increasing the number of students with skills relevant to the labor market through the engagement of private companies to host graduates for industrial attachment and internship as well as apprenticeship;
- ✓ Supporting and empowering youth and women to create business through entrepreneurship and access to finance;
- ✓ Developing and supporting value addition to agriculture production and promoting vocational trainings.

ii. Key strategic intervention under Industrial development include:

- ✓ Completion of basic infrastructure in industrial parks in Bugesera and Rwamagana industrial parks;

- ✓ Engage the private sector to invest in provincial industrial parks;
- ✓ Continue with the relocation of Gikondo Industrial Park;
- ✓ Development of the Trade logistics of Rusizi and Kigali Logistic Platform;
- ✓ Continue the construction of cross border markets of Burera, Rusizi and Nyamasheke.

iii. Key strategic interventions under Export promotion and Made in Rwanda Policy include:

- ✓ Support firms to access funds through expansion of Export Growth Facility;
- ✓ Increase quality and earnings from exports mainly on coffee, tea, flowers, fruits and others;
- ✓ Increase the mining exports through promotion of Investments in mining exploration and mineral trading;
- ✓ Promotion of the leather and garment industry;
- ✓ Promotion of tourism and MICE (Meetings, Incentives, Conferences and Exhibitions) by attracting regional and international conferences /events.

iv. Under the transport sector, strategic interventions were allocated FRW 199.2 billion. The key priorities planned include:

- ✓ Sustaining and improving the quality of roads network through construction, rehabilitation and maintenance of national and District Roads;
- ✓ Improving public transport services in Kigali City and in other cities across the country;
- ✓ Continuing the construction of Feeder Roads across the country;
- ✓ Development of Maritime transportation (provision of a boat for NKOMBO Island and construction of ports on Lake Kivu).

v. Urbanization and rural settlement were allocated FRW 122.1 billion and the key strategic interventions include:

- ✓ Finalizing the revision of National Land Use master plan;
- ✓ Operationalization of affordable housing fund to facilitate citizens acquire affordable and decent housing;
- ✓ Revision of the secondary cities and City of Kigali master plans;
- ✓ Improving transportation services in urban and rural areas;
- ✓ Ongoing construction of Amahoro Stadium (Kigali Arena) and districts stadia in Bugesera, Ngoma and Nyagatare;
- ✓ Construction and equipping government administrative buildings.

vi. Knowledge –based economy was allocated FRW 15.7 billion. Key activities and projects include:

- ✓ Continuing the support to Rwanda Research and Innovation Fund;
- ✓ Support Andela Pan Africa hub in Rwanda to train the young engineers in software development;
- ✓ Supporting the centers of excellence including African Institute for Mathematical Sciences-Next Einstein Initiative-AIMS, African Center of Excellence in Internet of Things and Carnegie Melon University-CMU.

vii. Energy development and access to electricity were allocated FRW 143.4 billion and the following are the key strategic interventions:

- ✓ Continuing the electricity connectivity to 500 productive users including schools, health centers and markets among others;
- ✓ Adding electricity generation capacity to grid from 221.1 MW to 304.1 MW;
- ✓ Construction, rehabilitation and expansion of network transmission lines through the electricity loss reduction program.

viii. Under Domestic Savings promotion, the following key interventions have been prioritized:

- ✓ Enhancing Umurenge-SACCOs Automation and Consolidation towards Cooperative Bank as well as their functioning;
- ✓ Operationalizing the long-term savings and pension scheme (Ejo Heza) across the country;
- ✓ Promoting the capital market in Rwanda;
- ✓ Operationalization of affordable housing fund, planned under the management of Rwanda Development Bank (BRD)

ix. Agriculture sector was allocated 155.8 billion, the key activities prioritized in 2019/2020 budget include :

- ✓ Continue the implementation of irrigation technology to respond to climate change that affect the agriculture production;
- ✓ Promotion of the agriculture research and engaging farmers to use the improved seeds and fertilizers through the Nkunganire Muhinzi;
- ✓ Engagement of the private sector in local seeds production towards phasing out importation of seeds;
- ✓ Continue the development of radical terraces for soil conservation and increasing the production;
- ✓ Construction of modern post-harvest facilities and strategic grain reserves across the country;
- ✓ Continue supporting vaccination and artificial insemination through livestock intensification program;
- ✓ Increasing the number of milk collection centers and promotion of the small livestock program;
- ✓ Operationalization of agriculture insurance scheme.

b) Social Transformation Pillar

49. The overarching goal for the Social Transformation Pillar is to develop Rwandans into a capable and skilled people with quality standards of living and a stable and secure society. This pillar was allocated FRW **781.4 billion** which is equal to 27.2 per cent of the total budget for 2019/2020. Key priority interventions and projects allocated the budget under this pillar include the following:

i. Improving access to quality education for all was allocated FRW 310.2 billion and specific interventions include:

- ✓ Continuing implementation of in-house text books production and distribution;
- ✓ Continuing construction and rehabilitation of classrooms countrywide to phase out overcrowding in schools;
- ✓ Construction and equipping of TVET schools;
- ✓ Enhancing the use of ICT in education;
- ✓ Training teachers on the new competence based curriculum and ICT competence framework as well as improving English proficiency of teachers in primary education;
- ✓ Continuing the implementation of the UR restructuring and financial sustainability model;
- ✓ Support the construction and operationalization of centers of excellence.

ii. Under increasing accessibility to quality health for all, FRW 230.9 billion was allocated and the following are specific interventions:

- ✓ Construction, rehabilitation and equipping hospitals including Gatunda, Nyabikenke, Kiziguro and Munini district Hospitals;
- ✓ Construction of Mental health day care hospital;
- ✓ Provision of adequate infrastructures (water, electricity) to Health facilities across the country;

- ✓ Develop the quality of health human resources and strengthening the Radiotherapy services at Rwanda Military Hospital;
- ✓ Increase access to specialized medical services through the construction of IRCAD (Research and Training Institute against Digestive Cancer);
- ✓ Sustaining the quality services through the treatment of Tuberculosis, Malaria, HIV/AIDS for all;

iii. Under Social protection and poverty eradication, specific interventions were allocated FRW 147.3 billion was allocated. Key activities planned include:

- ✓ Continuing the One Cow per family (Girinka Program);
- ✓ Increasing the coverage of programs designed to support vulnerable households;
- ✓ Increasing the number of households benefiting from VUP public works;
- ✓ Finalizing the review of Ubudehe categorization;
- ✓ Providing the support to Needy Genocide Survivors under different programs.

iv. Under eradicating Malnutrition, the following are the key specific interventions:

- ✓ Distribution of Fortified Blended Food (FBF) to children between 6-23 months of age, pregnant and lactating women with malnutrition;
- ✓ Increase the number of children under the One cup of milk per child in schools;
- ✓ Continuing the provision of milk to children under 5 years with moderate malnutrition and strengthening nutrition campaigns.

v. Under universal coverage to basic infrastructure for all Rwandan households, the following interventions have been prioritized:

- ✓ Rehabilitation of water supply networks countrywide;

- ✓ Finalization of the construction of two water treatment plants namely Kanzenze and Gihira;
- ✓ Connecting new households to the grid and off grid to increase the overall access to electricity;
- ✓ Constructing and upgrading the IDP model villages.

c) Transformational Governance Pillar

50. The overarching goal for the Transformational Governance Pillar is to consolidate Good Governance and Justice as, building blocks for equitable and sustainable National Development. This pillar has been allocated FRW 458.7 billion, which makes 15.9 per cent of the total budget for 2019/2020. The following are key priorities:

i. Under Strengthening Capacity, Service delivery and Accountability of public Institutions, the following are specific interventions prioritized:

- ✓ Enhancing the quality of service delivery through the increase of services offered online through IREMBO platform;
- ✓ Development of Civil Registration and Vital Statistics into an integrated and centralized system to register birth, death, Marriage, and Divorce events among others at their respective point of occurrence;
- ✓ Decentralization of e-Citizens complaints tracking platform at sector level;
- ✓ Strengthening the Public Finance Management by conducting PFM assessments in Non-Budget Agencies (NBAs).

ii. Reinforcing Rwandan culture and values through, the following interventions were prioritized:

- ✓ Organizing activities of Itorero at different levels including Indangamirwa, Urunana rw'Urungano and Intagamburuzwa.

- ✓ Continue the extension and upgrade of the National Ubutore Development Center located in Nkumba;
- ✓ Construction of the National Liberation Museum at Mulindi and the heroes' cemetery;
- ✓ Construction and rehabilitation of Gitagata, Nyamagabe and Iwawa rehabilitation centers.

iii. Strengthening Justice, Law and Order was allocated RWF 147.6 billion, specific interventions allocated resources include:

- ✓ Continuing support to MAJ (Maison d'accès à la justice) services and ABUNZI committees;
- ✓ Promote the use of ICT in Justice sector;
- ✓ Provision of forensic laboratory equipments for evidence –based investigation;
- ✓ Construction and rehabilitation of police stations;
- ✓ Construction of police training schools as well as Rwanda Correction Services training school;
- ✓ Implementation of Rwanda Law Revision project;
- ✓ Continue the fight against all forms of corruption;
- ✓ Continuing the fight against Genocide ideology.

***Honourable President of Senate,
Honourable Speaker of Chamber of Deputies,
Honorable Vice Presidents of both Chambers,
Honourable Members of Parliament,***

51. After presenting the key intervention areas under NST1, allow me to highlight the related key projects in 2019/20 fiscal year budget.

i. Under Economic Transformation Pillar, the following are key projects:

- ✓ Connecting New Households connected to the Grid – EARP (Electricity Access Rollout Program): Billion: **FRW 36.8 billion**
- ✓ Construction Of Kigoma/Rwanda-Ngozi/Burundi transmission line: **FRW 16.8 billion**
- ✓ Construction of Rwanda –DRC Interconnection Substations: **FRW 13.8 billion**
- ✓ Construction Double Circuit of Mamba-Rwabusoro-Rilima and associated substations: **FRW 12 billion**
- ✓ Development of 60 million Liters for Government of Rwanda fuel strategic reserves at RUSORORO: **FRW 10.9 billion**
- ✓ Street lighting of national roads and district roads project: **FRW 10 billion**
- ✓ Construction of single circuit Rusumo-Bugesera-Shango: **FRW 9.3 billion**
- ✓ Rwanda Dairy Development Project: **FRW 12 billion**
- ✓ Reallocation of Gikondo industrial park: **FRW 8.8 billion**
- ✓ Great Lakes Trade Facilitation Project: **FRW 3.5 billion**
- ✓ Construction of four Provincial Industrial Parks: **FRW 4 billion**
- ✓ Rehabilitation of Irrigation Facilities in Rwamagana District: **FRW 8.1 billion**
- ✓ Development Of Mice Tourism Project: **FRW 10.3 billion**
- ✓ Government Funded Modern Irrigation project: **FRW 4.6 billion**
- ✓ National strategic grain reserves: **RWF 2.8 billion**
- ✓ Gako Integrated Beef Project: **FRW 3.5 billion**

- ✓ Gabiro Agri-Business Hub Project: **FRW 8 billion**
- ✓ Improving Coffee Production, Productivity And Quality: **FRW 2.6 billion**
- ✓ Mineral exploration of Potential targeted areas countrywide: **FRW 1.9 billion**
- ✓ Acquisition of Emergency Mobile Bridges : **FRW 4.3 billion**
- ✓ Maintaining Pindura-Bweyeye-Nyungwe belt roads: **FRW 5.3 billion**
- ✓ Construction of Rubagabaga- Satinsyi Bridge: **FRW 3.3 billion**
- ✓ Feeder Roads Development Project : **FRW 24.7 billion**
- ✓ Development of Maritime Transport Infrastructures and Services: **FRW 8.6 billion**

ii. The following are key projects under the Social Transformation Pillar:

- ✓ Rwanda Sustainable Water Supply and Sanitation Program (with the support from ADB): **FRW 26.4 billion**
- ✓ Rural Water Supply Project: **FRW 7 billion**
- ✓ Improvement Of Urban Water Supply: **FRW 11.2 billion**
- ✓ Improvement Of Sanitation In Urban Areas: **FRW 7.7 billion**
- ✓ Schools Construction Project: **FRW 17.4 billion**
- ✓ University of Rwanda Infrastructure Development: **FRW 5.4 billion**
- ✓ Stunting Prevention and Reduction project: **FRW 9.4 billion**
- ✓ Strengthening social protection project: **FRW 22.2 billion**
- ✓ Construction of Munini District Hospital: **FRW 4 billion**

- ✓ Ubuzima burambye program to support health interventions including the construction of Nyarugenge district hospital: **FRW 7.6 billion**
- ✓ Global Fund support to fight against HIV/AIDS, Malaria and Tuberculosis: **FRW 61 billion**

iii. Under Transformational Governance Pillar, the following are key projects:

- ✓ Public CCTV (Closed-Circuit Television) project to strengthen public security: **FRW 5 billion**
- ✓ National Cyber Security project: **FRW 1.9 billion**
- ✓ Kigali-Gatuna Internet Fiber Restoration: **FRW 2.2 billion**
- ✓ Construction and rehabilitation of Primary courts buildings: **FRW 900 Million**
- ✓ Construction of automated driving license testing center : **FRW 1.5 billion**
- ✓ Acquisition of firefighting trucks: **FRW 1.6 billion**
- ✓ Civil service registration project: **FRW 1.3 billion**

VI. CONCLUSION

52. In conclusion, on behalf of the Government allow me to commend the parliament for the collaboration shown to us during the budget preparation process. We appreciate what was done by the parliament in the new approach to scrutinise the budget framework paper in different clusters in line with the country's key policy documents highlighting different priorities including NST1, presidential pledges and resolutions from different national forums.
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53. The recommendations provided by the parliament based on its scrutiny were considered in this 2019/2020 fiscal year budget based on available means while others were considered in the medium term. For example, the agriculture sector

was provided with additional resources amounting to FRW 32.4 Billion that is expected to cover the presented key gaps, contributing to food security. These include increasing the quantity of seeds and fertilizers, rehabilitation of Rurambi irrigation scheme, construction of more than 700 drying shelters in different districts, construction of food storage facilities as well as 10 mobile dryers. In addition, the project on the management of water flows from volcanoes as well as the construction of Kiziguro hospital also benefited from additional funding among others.

54. I would also like to highlight that, in line with the operating economic environment, our economic program and in particular, the budget for the fiscal year 2019/20 could be affected by several domestic and external factors. With domestic factors especially in agriculture, the harvest may be affected by the weather and other climate related issues.
55. On the external side, our economy can be affected by the decrease in global commodity prices caused by economic recession of developed and emerging countries, which may affect the price of our exports. There are also uncertainties concerning commodity prices especially oil products. To minimize this impact, the government will continue, to closely monitor these factors and take all the necessary measures to ensure full implementation of our economic program.
56. I would like to take this opportunity to thank you for the time accorded to me to present to you on behalf of the Government the draft finance law for the fiscal year 2019/20 and hereby request for your approval in a timeframe prescribed by the law to allow timely implementation.

I thank you!