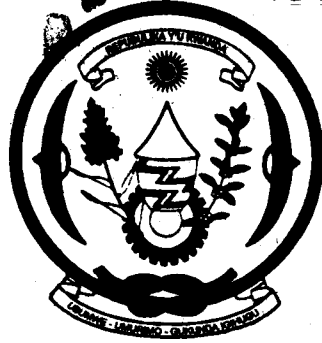


Year 45 n° special of 12 September 2006



Official Gazette of the Republic of Rwanda

Summary

Law:

N° 37/2006 of 12/09/2006

Organic Law on state finances and Property

ORGANIC LAW N° 37/2006 OF 12/09/2006 ON STATE FINANCES AND PROPERTY

We, KAGAME Paul,
President of the Republic;

THE PARLIAMENT HAS ADOPTED AND WE SANCTION, PROMULGATE THE FOLLOWING ORGANIC LAW AND ORDER IT TO BE PUBLISHED IN THE OFFICIAL GAZETTE OF THE REPUBLIC OF RWANDA.

THE PARLIAMENT:

The Chamber of Deputies, in its session of July 31, 2006;

The Senate, in its session of August 2, 2006;

Given the Constitution of the Republic of Rwanda of June 4, 2003, as amended to date, especially in its articles 62, 67, 79, 80, 81, 88, 89, 90, 91, 92, 93, 95, 108, 117, 118, 121, 167, 183, 184, 189 and 201;

Having reviewed the decree law n° 23/79 of August 31, 1979 concerning public Accounts established by law n° 01/82 of January 26, 1982 confirming the decree laws;

ADOPTS:

CHAPTER ONE: GENERAL PROVISIONS

Article one:

This organic law aims at establishing principles and modalities for sound management of the budget and other State financial resources in terms of planning, budgeting, allocation according to strategies and the state means, monitoring, reporting, and adjustments if considered necessary.

Article 2:

In this organic law, the following terms shall mean:

1° “**Appropriation**” is a provision in law approved by the Chamber of Deputies approving the maximum amount that a budget agency may incur in making commitments and payments for specific purposes during a twelve (12) month period, running from January 1, to December 31, each year.

- 2° “**Autonomous public entities**” are public institutions that provide public services and, prepare and execute their own budgets and depend, at least partially, on central Government transfers to cover their operational and capital expenditures.
- 3° “**Budget Agency**” is a state organ, which is entitled to budget in the annual State Finances Law.
- 4° “**Budget deficit**” is the amount of budgetary expenditure, as defined by article 30 of this organic law as a surplus to budgetary revenues, as defined by article 29 of this organic law.
- 5° “**Budget surplus**” is the expected amount of budget revenues, as defined in article 29 of this organic law, in excess of expected budgetary expenditures as defined in article 30 of this organic law.
- 6° “**Public Capital revenues**” are revenues derived from the sale and capital transfers of public assets.
- 7° “**State Finance Law**” is a law describing the expected annual revenue estimates, the annual expenditure estimates and other payments approved by the Chamber of Deputies.
- 8° “**Chief budget manager**” is the administrative head of the budget in the budget agency as mentioned in article 20 of this organic law, or any other civil servant such a manager delegates.
- 9° “**Compulsory payments**” refers to payments by the central Government for contractual obligations, permanent agreements or special laws. They include payments for servicing the public debt, refunds of taxes and other revenues in case they are provided by law, court-issued legal claims on the State and funds on the recurrent budget approved for utilization by organs established by the Constitution.
- 10° “**Consolidated fund,**” is the fund that includes all the revenues and other funds of the State as stated in the article 7 of this organic law.
- 11° “**Local administrative entities**” refer to elected institutions that exercise powers entrusted by law and that prepare and execute their particular plans of action and that prepare and execute budgets relating to the plan of action. The entities are established and governed by law.
- 12° “**Minister**” refers to the Minister in charge of finance.

- 13° **“Ministry”** refers to the Ministry in charge of finance.
- 14° **“Public enterprises”** are the public legal entities, wholly or partially owned by central Government or local administrative entities, established to provide goods and services for sale.
- 15° **“Other public enterprises”** refer to autonomous and semi autonomous public entities and extra budgetary funds.
- 16° **“Public money”** are all state monies received or to be received by the Minister, a public officer or any other authorized person and shall include revenues collected by designated Government departments, donations, loans for the Government, and any other money that the Minister may direct to be paid into the accounts of the consolidated fund. It excludes money received or paid by public autonomous entities.
- 17° **“Public officer”** refers to any person carrying out a duty provided within the Public Service and is paid out of funds from the State finances.
- 18° **“State”** refers to the general central administration, local administrative entities and all legal entities such as extra budgetary and special funds as well as the institutions that depend on central Government or local funding. It excludes public autonomous entities.
- 19° **“Revenues”** are all monies received into the consolidated fund as mentioned in article 29 of this organic law.
- 20° **“Single Treasury Account”** is the central Government main bank account open in the National Bank.
- 21° **“Fiscal Year”** refers to the period of twelve (12) months beginning on January the 1st and ending on December the 31st.
- 22° **“Public property”** refers to movable and immovable property but excludes consumable and perishable goods.

Article 3:

Pursuant to provisions of articles 79 and 183 of the Constitution of the Republic of Rwanda of June 4, 2003 as amended to date, this organic law relates to the composition, preparation, adoption and implementation of the budget of central administration, local administrative entities and other public entities, which is the general budget of state finances.

This organic law focuses particularly on the principal responsibilities of those involved in preparing and implementing the central Government budget and on issues relating to management of State finances and property.

To ensure effective State budgetary management, this organic law also establishes provisions relating to Government relations with special funds, public enterprises, and local administrative entities in their budgets.

Article 4:

The preparation and implementation of central Government and local administrative entities budgets shall be made with then aim of attaining macroeconomic stability, by respecting budgetary and economic policies that ensure a sustainable and stable national economic development.

In preparing and implementing the budgets, the principles of efficiency, optimal use of State property, transparency, professional performance and accountability shall be put into consideration.

Article 5:

The budget of central Government shall be adopted by the Chamber of Deputies, while the budgets of local administrative entities shall be adopted by their respective councils before the beginning of the year to which they relate.

Article 6:

All revenues, including debts and loans and all expenditures of the State shall be included in the central Government and the local administrative entities budgets.

All revenues and expenditures shall be indicated in the Grand total.

The budget shall be presented in a single document by integrating the recurrent and the development budgets into one.

All budget agencies may use the budget appropriations by debiting the budget of the current year for those purposes and up to that level provided by the budget.

Each budget agency and every institution established by the Constitution shall be entitled to the budget.

Article 7:

For effective management of the Budget in the central Government, a consolidated fund shall be established, which constitutes all revenues and other public monies, including earmarked revenues of extra budgetary funds and external loans and grants received in general.

Revenues received by public enterprises, local administrative entities revenues, autonomous public entities, institutions established by the Constitution of the Republic of June 4, 2003, as amended to date, and public monies received in accordance with specific legislation or through agreement between the central Government and the donors in order to establish special funds, are excluded.

The Minister or his/her delegate shall be the chief manager of the revenues and the expenditures in the central Government consolidated fund after consultation with the Public Treasury Management Committee.

Article 8:

In local administrative entities, the Council shall establish consolidated funds and operate them in accordance with principles as provided for in articles 4, 5, and 6 of this organic law.

All local administrative entities taxes established by law and other public money, notably earmarked resources of special funds, loans as well as external grants shall be deposited in the consolidated fund in the local administrative entities established by the Council.

The Consolidated fund is managed by a committee chaired by the Executive Secretary. The Council appoints other Committee members. Members of the Committee shall monitor the use of fund expenditures. The number and the functioning of the members are governed by the rules of the Council.

The Executive Secretary or his/her delegate shall be the chief manager of the revenues and expenditures of the consolidated fund in the local administrative entities, after consultations with the Executive Committee of such entity.

Article 9:

Any withdrawal of funds from the consolidated fund in the central Government and in local administrative entities shall not be done, except under the written permission issued by the Minister or by the Executive Committee Chairperson of such a local administrative entity, or his/her delegate:

- 1° in accordance with the law on finance adopted by the Parliament's Chamber of Deputies or the rules of the Council;
- 2° if there is any amount to be paid with no debate in order to respect compulsory charges;
- 3° if there is some amount to be reimbursed due to the amount incorrectly deposited into the consolidated fund or which is not due to be paid into such a consolidated fund.

The Minister or the Executive Committee Chairperson of the local administrative entity may, respectively, in case of any reason related to financial exigencies, suspend, withdraw, or limit authorization to payment, except for authorization granted by law on compulsory payments.

CHAPTER II: POWERS FOR ESTABLISHMENT AND MANAGEMENT OF BUDGET

Article 10:

The Chamber of Deputies and the local administrative entities Councils in the respective capacity, are the only organs with powers to adopt the annual budget and its revision.

The procedure for approval of central Government budget shall follow articles 79 and 80 of the Constitution of the Republic of Rwanda of June 4, 2003 as amended to date, and the provisions of this organic law. The procedure for approval of local administrative entities budget shall be determined by instructions adopted by their respective councils in conformity with principles included in this organic law, the general guidelines issued by the Minister and specific laws establishing such entities.

The Chamber of Deputies, subject to the provisions of articles 90 and 91 of the Constitution of the Republic of Rwanda of June 4, 2003 as amended to date and the local administrative entities Councils have powers to revise the respective proposed budgets and shall ensure the necessary balance in the required modifications.

Proposal relating to increase or decrease in expenditure shall be compensated with corresponding revenue and expenditure.

The Parliament and the Councils of Local administrative entities have the authority, in their respective capacity, to require Directors of the budget agencies or members of the executive committees of local administrative entities to appear before it and explain policies, programs and utilisation of their budget.

Concerning public institutions, their competent organs shall approve the annual, revised and supplementary budget; and they shall establish modalities to revise the budget allocated to them.

Article 11:

The Cabinet meeting shall have the responsibilities and powers of:

- 1° approving the central Government's broad strategic objectives and priorities for budgetary policies for the next fiscal year and for the next two successive years after the relevant fiscal year;
- 2° approving the medium term budget framework and annual budget estimates, especially the targets for aggregate revenues, aggregate expenditures, fiscal balance and part of public debt the state is obliged to pay;
- 3° upon request by the Minister, approve and issue special regulations that define other duties and responsibilities of Secretary Generals, other Chief Budget Managers and on other matters that enhance the State financial management;
- 4° approving the annual finance bill prepared by the Minister;
- 5° fixing the amount of money in the budget for local administrative entities in accordance with the law.

Article 12:

The Minister has the responsibilities of:

- 1° advising the Government on the budgetary policies to attain stated national objectives and targets;
- 2° promoting the good budget preparation, its management, execution, public accounting and fiscal reporting on the use on the state finances;
- 3° prescribing the time and the content of the reports prepared by budget recipients, local administrative entities and other public bodies for the purpose of general reports on the financial statements;
- 4° ensuring, within the resources available, efficient cash management to equitably meet the budgetary spending requirements of all budget recipient entities and other public bodies;

- 5° coordinating, supervising, and monitoring the management of Government financial and physical assets and liabilities, including donations and loans;
- 6° promoting and enforcing transparency and accountability in budget management, including the publication of reports on the financial statements as defined in articles 67, 69, 70, 71, 72 and 73 of this organic law;
- 7° ensuring the adequacy of internal control and internal audit arrangements, and collaborating with the Office of the Auditor General when considered necessary;
- 8° ensuring that Parliament is kept informed, on a regular basis, on macroeconomic and budgetary developments;
- 9° ensuring, on a regular basis, that persons delegated to utilize the State budget respect their responsibilities;
- 10° preparing annual consolidated public accounts for submission to the Auditor General of State Finances.

Article 13:

In order for the Minister to perform his or her functions as provided for by article 12 of this organic law, he/she shall have the powers of:

- 1° establishing, following Cabinet approval, units within his or her ministry for implementing the requirements under this organic law;
- 2° informing in writing, following Cabinet approval, Chief managers responsible for budget management and outlining their roles and responsibilities in financial management;
- 3° ensuring, in collaboration with other Ministers and the Chief Budget Managers, the establishment of units in budget agencies for the accounting of all budgetary revenues and expenditures;
- 4° establishing, after consultations with the Ministry in charge of local administrative entities, mechanisms for coordinating the implementation of the relevant provisions of this law that pertain to local administrative entities;
- 5° issuing instructions relating to appropriate relations with the banks;

- 6° assign responsibilities and instructions in the Ministry for management of cash resources including cash flow in transparency in all State budget agencies;
- 7° having unrestricted access to documents and financial management records of state budget agencies and other public bodies;
- 8° preparing and submitting to the Cabinet meeting the regulations including the finance management procedures for approval;
- 9° issuing instructions of preparation, use, accounting, control, reporting or monitoring extra budgetary funds and autonomous funds and public entities funds;
- 10° collecting and gathering names and sample signatures of all authorized officers before the start of the financial year, or whenever an authorized person to pay changes;
- 11° establishing appropriate internal audit procedures of each entity to enable it fulfil its duties and responsibilities;
- 12° establishing in the Ministry appropriate and coordinated procedures for revenue and expenditure management in public treasury while carrying out at least the following activities: cash management, financial planning, forecasting of cash flows, management of payment and other treasury operations, public debt management, administration of foreign grants and counterpart funds from international aid, and financial assets management;
- 13° setting up appropriate ways to manage, monitor, and report on public property.

Article 14:

The Minister may delegate, in writing or through instructions relating to finances, part or all of his/her powers and duties, to the Secretary General, and other public officers of the Ministry, with the exception of powers to issue regulations.

Delegation so given does not divest the Minister from the responsibility concerning the exercise of delegated power or the performance of the assigned duty.

The Minister may suspend, change or revoke any delegated power given to any delegated person, or any decision taken by the delegates if it is clear that they did not fulfil their obligations.

Article 15:

Under the general directives and the powers given by the Minister, and within the responsibilities prescribed by Cabinet meeting for all Secretary Generals, the Secretary General in the Ministry has the following powers and responsibilities:

- 1° to oversee and ensure the implementation of policies relating to budget and other tasks assigned to the Ministry;
- 2° to delegate, in writing, part of his/her powers and tasks to public officers directly under him/her without prejudice to his/her responsibilities;
- 3° to advise chief budget managers on any matters concerning the application of this organic law.

Article 16:

The Secretary General in the Ministry shall ensure that:

- 1° there is established and operated effective system for the collection and coordination of all information to ensure that timely and effective preparation of the annual estimates of expenditure for consideration and approval by the Minister before submission to the Cabinet meeting;
- 2° cash estimates to be used are prepared in respect of general or specific directives of the Minister and reflect the sovereignty of the value of the national currency and the effective use of public resources.

Article 17:

The Secretary General in the Ministry shall put in place mechanisms that ensure smooth running of the public treasury in the overall context of macroeconomic management.

The Secretary General in the Ministry is the Chairperson of the committee responsible for managing the public consolidated fund. The members of the committee and its functional modalities, shall be determined by a Ministerial Order.

Article 18:

The Secretary General in the Ministry may, if considered necessary, require any accounting officer or any local administrative entity, whose accounts are subjected by the law to an audit of the Auditor General of State finances, to supply information, as he/she considers necessary.

Subject to the provisions of this organic law, the Secretary General in the Ministry, or his/her delegate, has the right to inspect all activity services from which he/she may find necessary to require all information relating to public money.

Article 19:

The President of the Republic is the overall paymaster of the State Budget.

The Minister shall be the paymaster for overall expenditures in all State services.

Article 20:

The Chief Budget Manager for a Budget Agency shall be:

- 1° the Director of Cabinet in the office of the President of the Republic;
- 2° the Secretary General of the Senate in the Parliament;
- 3° the Clerk of the Chamber of Deputies in the Parliament;
- 4° the Director of Cabinet in the Prime Minister's Office;
- 5° the Secretary General in the Supreme Court;
- 6° the Secretary General of the National Prosecution Services of the Republic;
- 7° the Secretary General in each Ministry;
- 8° the First Counsellor in the Embassy or any other authorised officer in the Embassy approved by the Minister;
- 9° the Director in charge of finance in the Office of the Ombudsman;
- 10° the Vice Rector in charge of finances in the National University of Rwanda and in other Public Higher learning Institutions;
- 11° the Executive Secretary of the Province;
- 12° the Executive Secretary of Kigali City;
- 13° the Executive Secretary of National Commission;
- 14° the Director of a Public enterprise using State Budget;

15° the Executive Secretary in Local administrative entities;

16° any other lawfully authorised officer.

Article 21:

The Chief Budget Manager shall be responsible for:

- 1° preparing the annual budget and the medium-term budget framework for his/her budget Agency;
- 2° exercising control over the execution of the budget of his/her Agency, in respect of all related provisions of this organic law as well as all regulations issued by the Minister;
- 3° maintaining accounts and records of the budget recipient entity in respect of the format in which they are prepared, prescribed by the Minister;
- 4° preparing and transmitting to the Secretary General in the Ministry, in case he/she so requests, all reports on budget execution and its related statements;
- 5° preparing, maintaining and coordinating the use of financial plans and managing revenues and expenditures in consultation with the Ministry;
- 6° managing effectively, efficiently and transparently the financial resources meant for the budget Agency with an aim of achieving the objectives of this organic law;
- 7° providing any other information as may be required by the Secretary General in the Ministry and the Auditor General of State finances.

Article 22:

The Chief Budget Manager may delegate part of his/her powers to any relevant public officer under him/her after informing the Minister in writing, with a copy to the Head of the relevant public Authority.

Delegated public officers to manage treasury and accounting functions, in the central Government, are required to be approved by the Minister.

In case the Chief Budget Manager delegates to any person, it does not prohibit him/her, his/her responsibilities relating to following up the use of such powers.

Article 23:

Without prejudice to the provisions of other laws, the Chairperson of the Executive Committee of a local administrative the entity, in collaboration with other members of the Executive committee of such an entity, mainly has the following duties:

- 1° to monitoring the use of budget and the property ;
- 2° to ensure the implementation of ministerial directives;
- 3° to advise the Executive Secretary on financial management;
- 4° to promote an effective preparation, management and the use of the budget;
- 5° to prepare and submitting quarterly the general financial report to the Council each term.

Article 24:

The Executive Committee of the local administrative entity submits a quarterly and annual budget reports to the Council.

The Council, after examination of the budget report submitted by the Executive Committee of the local administrative entity, shall submit it to the Minister in charge of local administrative entities through the Provincial Governor or the Mayor of the City of Kigali and reserves a copy to the Auditor General of State Finances.

Article 25:

Without prejudice to the provisions of other laws, the Executive Secretary in a local administrative entity is responsible for:

- 1° being the Chief budget manager for the relevant local administrative entity;
- 2° monitoring the preparation and approval of the Budget of the administrative entity before the end of the fiscal year;
- 3° adjusting the Government expenditures and revenues including grants and other public money paid by the State and loans to investment activities;
- 4° supervising the implementation of the budget of the relevant local administrative entity and monitoring the use of the budget at such level;

- 5° preparing, keeping books of accounts and forwarding reports and relevant explanations to the Executive Committee of local administrative entity in periods and procedures prescribed by this organic law;
- 6° preparing and submitting monthly, quarterly and annual budget reports of such a local administrative entity to the Executive Committee, with a copy to the Auditor General of State Finances, the Minister and the Minister in charge of local administrative entities;
- 7° respecting principles of Financial Management in terms of inflows and outflows of money as prescribed by the Minister;
- 8° preparing, in accordance with this organic law and other national laws, especially laws related to taxes, revenues and other money from taxpayers and submit them to the relevant Executive Committee of the local administrative entity and to be approved by the Council.

Article 26:

The Executive Secretary may, in writing, delegate part of his/her powers to other officers in the relevant administrative entity.

In case the Executive Secretary delegates, it does not prohibit him/her from his or her responsibilities relating to the use of such powers or powers relating to the fulfilment of his/her duties.

The Executive Secretary may, in the interest of local administrative entity, and after consultation with the Executive Committee, reduce, suspend or revoke the delegated powers of any other public officer of the local administrative entity.

Article 27:

The Executive authorities of autonomous public entities, extra budgetary funds and public enterprises shall:

- 1° prepare and implement the budget in their respective Institutions, ensure good financial management, keep books of accounts and submit budget reports and related explanations to the Minister and Auditor General of State finance as determined by this organic law;
- 2° prepare complete plan of budget activities and indicating the phases of activities, which require budget.

Delegation of responsibilities of such officers to other staff in matters relating to financial management and accounts activities shall first be approved by the Minister and the relevant higher decision making authority.

CHAPTER III: PROCEDURES OF PREPARATION, PRESENTATION AND APPROVAL OF BUDGETS

Article 28:

Notwithstanding legal provisions, the preparation of the budget shall follow the budget cycle including the calendar determined by instructions issued by the Minister.

Article 29:

Money allocated to central Government budget or local administrative entities and any other Government revenues shall come from the following sources:

- 1° tax revenues including tax on income and profits, taxes on movable assets and domestic services, taxes on international trade and other categories of taxes;
- 2° non tax revenues including dividends, money from services offered by the central Government, fines and money from confiscated goods, repayment of loans, profits on capital and other categories of non tax revenues;
- 3° domestic and external donations and loans;
- 4° bequests;
- 5° other revenues prescribed by law.

Article 30:

The budget expenditures of central Government or local administrative entities shall consist of:

- 1° current expenditure, including salaries, wages and allowances, expenditure on goods and other services, current transfers and interest payments;
- 2° capital expenditures, including acquisition of capital assets and capital transfers;

3° Government lending subventions and equity participation in public enterprises for policy purposes.

The law shall provide procedures through which the Government invests in various activities and ways through which development loans are implemented, handled and managed.

Article 31:

In government Institutions budget, a budgetary line for impromptu items is provided for in the budget of the Ministry to meet urgent and unexpected expenditure.

The amount of expenditure meant for impromptu items shall not exceed two percent (2%) of the total current budget.

The use of such an amount shall be approved by a Cabinet.

Before using such an amount, the Minister shall transfer the required amount to the relevant budget title, and shall identify the institution to use it and the purpose for the unexpected expenditure.

The Minister shall be responsible for implementing Cabinet decisions related to the use of such amount and shall prepare periodic reports to Parliament on the use of such amount.

Article 32:

In local administrative entities, Councils are authorized to establish, in the same manner, a budgetary line for impromptu items provided for urgent and unexpected activities.

The Chairperson of the Executive Committee of the local administrative entity, in consultation with other members of the relevant Executive Committee, shall authorize the use of such amount and shall periodically inform the Council on its use.

Recording the use of such amount in books of accounts shall be conducted in conformity with the same provisions applied in matters related to public administrative entities.

Article 33:

The budget of the central Government or local administrative entities, including donations, shall be in deficit when expenditures exceed revenues. A surplus occurs when revenues exceed expenditures.

Article 34:

The budget estimates of the central Government or local administrative entities shall distinguish revenues from approved existing policies from revenues on proposed new revenue measures.

The revenues of central Government or local administrative entities shall adhere to internationally accepted standards of classification of revenues.

The revenue estimates of central Government or local administrative entities shall be voted according to titles and sections in which they are provided.

Article 35:

The expenditure estimates of the central Government or local administrative entities are based on the existing policies according to national priorities indicated in its medium term strategy and its rolling three year framework.

Capital expenditure shall be provided for in the general State Budget in the form of multi year programmes and implemented through annual payments via allocated credits.

Expenditure estimates shall be prepared by budget Agencies, basing on the available resources and the guidelines issued by the Minister.

Each budget Agency shall have a special budgetary line in the budget.

Expenditure estimates of each budget Agency may be organized in a programmatic, economic and functional classification, in line with international classification standards.

Article 36:

For appropriation purposes in public institutions, the Minister shall submit a budget draft law to a Cabinet meeting for approval before he or she submits it to the Chamber of Deputies.

Article 37:

The expenditure estimates in local administrative entities, shall be based on existing and proposed expenditure policies of local administrative entities councils and in conformity with medium strategies established by the State.

The organisation and documentation of the local administrative entities shall follow the general principles relating to State budget, except with variations in order to reflect particular organisation of the administrative entities

For appropriation purposes in the local administrative entities, the level at which the expenditures are to be approved shall be decided by the Executive Committee of such an entity, in consultation with the Minister and the Minister in charge of local administrative entities.

Article 38:

With regard to other public bodies, classification and presentation of documentation of the budget shall be approved by competent organs, which, in general, shall adhere to the general principles relating to the budget of public institutions.

Article 39:

The State budget document submitted to the Chamber of Deputies shall contain:

- 1° a statement on the projected macroeconomic assumptions, the medium term budget framework and policy priorities and new revenue and expenditure policies proposed to be enacted in the context of the annual budget;
- 2° analytical summaries of revenues and expenditures including financing of the budget balance if a deficit is projected; if a budget surplus is projected and a statement on how the surplus is to be used shall be provided. The summaries should include:
 - a. the actual data for the year before the current year;
 - b. budget estimates for the current year;
 - c. data projections for the two years following the budget year.
- 3° detailed documents of:
 - a. the expected revenues and expenditures including expectations in the following budget year;
 - b. the actual data on the use of the budget of the previous year,
 - c. the use of the budget of the current year and its revision.
- 4° With regard to constitutional public institutions which use revenues not generated in procedures provided for by this organic law, self-raised and self independently retained revenues shall be subject to reports submitted in the same manner as that prescribed under point 2° of this article;
- 5° Projections relating to public debt.

Article 40:

In local administrative entities, the budget document submitted to local councils shall contain:

- 1° analytical summaries of the achievements of the previous financial year and the priority activities for the new financial year as well as projections for the following two years;
- 2° detailed estimates of revenue and expenditures as well as projections for the following year, actual data indicating how the budget of the previous year was used and the use of the budget of the current year and its revision.

Article 41:

Annexes to provide additional detailed information shall be attached to the central Government budget document. The annexes are required to include the following:

- 1° summaries of expected revenues and expenditures which are not reflected in the budget as well as funds provided in the public enterprises;
- 2° consolidated summaries of revenues and expenditures of local administrative entities;
- 3° the document indicating the general picture of :
 - a) country loans, all interests to be paid on those loans, period of payments, how to repay foreign loans, how the loan was used and how it served the nation to achieve its goals;
 - b) all donations the Government received during the year preceding the budget year, where they came from and how they were used;
 - c) Securities seized by the central Government in general, Government enterprises, financial institutions and local administrative entities.

The budget document of local administrative entities shall include summaries of their revenues and expenditures.

Article 42:

The draft budget of central Government institutions shall be approved by Cabinet meeting before its submission to the Chamber of Deputies.

In accordance with article 79 of the Constitution of the Republic of Rwanda of June 4, 2003 as amended to date, the Cabinet shall submit the draft budget to the Chamber of Deputies before the beginning of the budget session.

Before the State budget is definitely approved, the Speaker of the Chamber of Deputies seeks the opinion of the Senate on the finances bill.

Once the budget is approved by the Chamber of Deputies in the Parliament, it shall be published in the Official Gazette of the Republic of Rwanda.

Article 43:

The draft budgets of local administrative entities shall be submitted to the executive committee of such an entity for further analysis before submission to the local council of such an entity for examination and approval.

When the draft budget of local administrative entities has been approved by Council, they shall make it public to the general meeting of the residents convened by the Executive Committee of the local administrative entity, in each sector.

Article 44:

At the City of Kigali level, the budget shall be approved by the Council of the City of Kigali. After its approval, the budget shall be made public to the members of the District Councils of the City of Kigali during the general meeting convened by the Mayor of the City of Kigali.

Article 45:

Basing on the six-month review report of the budget execution as mentioned in article 68 of this organic law, the Minister or the Executive Committee Chairperson of the local administrative entity may submit a revised draft budget, proposals for policy revision of revenue and expenditure and the related estimates to the Chamber of Deputies or to the local Council of such an entity.

The proposed changes shall be consistent with the approved medium-term strategies and budget framework; and if they are different from the approved budget framework, the reasons thereof shall be notified to the Parliament or to the local Council of such an entity.

The revised budget shall provide details on how the impromptu budget was used.

The revised budget shall be submitted to the Chamber of Deputies or to the Local Council for approval, and it shall be prepared in the same manner as the original budget.

Before the revised state budget is definitely approved, the Speaker of the Chamber of Deputies seeks the opinion of the Senate on it.

The revised budget of the central Government shall be published in the Official Gazette of the Republic of Rwanda while the budget of the local administrative entities and of the City of Kigali are published according to procedures provided for in articles 43 and 44 of this organic law.

PART IV: BUDGET EXECUTION

Article 46:

After the adoption of the annual budget, the Minister or the Chairperson of the Council of the local administrative entity shall inform the Chief Budget Manager of each budget Agency of its approved budget, and shall request from him or her a detailed annual expenditure plan of the Budget.

The Minister shall issue to each Chief Budget Manager, authorisation for execution of the budget basing on the amount the entity received and after examining the annual expenditure plan of the budget.

Authorisation shall be issued on a quarterly basis and on each budgetary line. Depending on the State Budget revenues, the Minister may reject the issuance of the authorization on a quarterly basis and issues it on a monthly basis.

Article 47:

In accordance with the authorisation issued, budget Agencies shall make commitments on cash investments and shall request for funds for payment of goods in accordance with this organic law and other related laws as well as the regulations issued by the Minister.

Article 48:

After the adoption of the annual budget of the local administrative entities, the Executive Committee Chairperson of the local administrative level shall inform the organs which are entitled to budget and shall, in conjunction with the organs, prepare a detailed annual expenditure plan of the budget.

The Executive Committee Chairperson of the local administrative entity, in consultation with members of the Executive Committee of that entity, shall

authorise the use of the expenditure depending on revenues and expenditure and the priorities.

Article 49:

The Minister or the Executive Committee Chairperson of the local administrative entity may reduce, depending on the insufficiency of cash, quarterly or monthly limits on commitments and payments below the amount earlier authorised.

Such limits shall be notified to budget Agencies before the relevant period to which they apply, with sufficient time so that they can revise expenditure plans if necessary.

Article 50:

If the Chamber of Deputies does not adopt the annual budget before December 31, or if its promulgation delays, provisions of article 80 of the Constitution shall apply. The Prime Minister, through an order, shall on a temporary basis, approve that a twelfth (1/12) of the annual budget be used every month on the basis of the budget of the previous year.

If the local Council does not approve the annual budget before December 31, or if its signature delays, provisions of article 80 of the Constitution shall apply. The Chairperson of the Executive Committee, in accordance with instructions of the Council, shall on a temporary basis, approve that a twelfth (1/12) of the annual budget be used every month on the basis of the budget of the previous year.

This applies only to ordinary budget and on money used for an going development projects.

Revenues shall also continue to be collected in accordance with the existing laws.

Authorisation issued according to paragraph one and two of this article applies only on existing activities for which funds were allocated in the previous annual budget. Funds used in such a manner are allocated to the new budget year once approved.

Article 51:

The Minister, after approval by Cabinet, shall authorise the Chief Budget Managers to transfer funds from some items to others of the same category in the current Budget of the budget agency appropriations, subject to a twenty (20%) per cent limit of the allocations of such an item. The Minister shall issue authorisation in case of excess upon approval by the Cabinet meeting. All reallocations shall be notified to the Minister in writing. The Minister may withdraw such authorisation at any time if necessary.

Reallocations beyond approved limit, and between broad categories of such a budget shall first be approved by Cabinet meeting and Parliament.

The Minister shall issue instructions defining the categories of expenditures and reallocations within budget Agency appropriations.

Notwithstanding the provisions of paragraph one of this article, it is prohibited to transfer funds from salary and allowances line to other ordinary budget lines or from one institutional budget to another except if approved by the Chamber of Deputies.

Article 52:

No payments shall be made without prior commitment to pay has been established, except for international debt service payments if it is decided that such a commitment shall be regularised after the payment.

Chief Budget Managers are required to ensure the timely acknowledgement of all invoices by the entity and their recording in the appropriate registers in a specific period, and the submission of payment requests to the Ministry, before the due date for payment.

Article 53:

In conjunction with the Minister in charge of local administrative entities and representatives of local administrative entities, the Minister shall provide guidelines relating to procedures of reallocations of funds from one budgetary line to another in local administrative entities' budgets. Local administrative entities shall issue instructions governing reallocations of funds from one budgetary line to another.

Notwithstanding the provisions of paragraph one of this article, reallocation of funds from one budgetary line to another is not allowed between the salary and allowances line and other line of recurrent expenditure categories except where approved by the local council of such a local administrative entity.

CHAPTER V: GOVERNMENT BORROWING, LENDING, DEBT MANAGEMENT AND BANKING MECHANISMS

Article 54:

In accordance with the decisions taken by Cabinet, the Minister shall be the sole authority to borrow or to permit borrowing public money from any legal entity or from an individual for financing the central Government budget deficit, or, to raise loans, for other public bodies.

The Minister shall also be the sole authority to give or approve securities for the borrowing, such as public enterprise and financial institutions. The powers may be delegated to other public officers.

As for loans from external sources, the approval shall be granted by Parliament.

In local administrative entities, the local council of each entity may borrow loans for development projects only in accordance with the law establishing the source of finances and property of Districts and the City of Kigali and their use.

The organs of local administrative entities do not have powers to give and approve securities on their general property.

Public enterprises may borrow, but with the approval of the Minister.

Autonomous, public entities, Constitutional public bodies and extra budgetary institutions shall not borrow loans.

Article 55:

The Minister or the Executive Committee Chairperson of the local administrative entity shall be the sole authority to make all payments to meet debt obligations emanating from loans approved by Parliament or the local Council of such an organ, and he or she shall make payments according to the content of the loan agreements obtained revising or converting a loan into another in case the date of payment is due.

Article 56:

The Chamber of Deputies shall set the overall general limit while voting the annual budget, basing on the recommendations of the central Government, of the level of new borrowing as well as the securities that may be given by central Government. Debt of third parties to be taken over by the central Government shall be included within this limit.

Notwithstanding the approval of Parliament, the Minister may recommend different limits on:

- 1° total domestic borrowing, including short term overdrafts;
- 2° total foreign borrowing.

The Minister may also request Parliament, for each budget annual year, to set a separate limit on the total Government securities in favour of third parties.

Article 57:

Upon proposal by the Minister, the Government may borrow loans:

- 1° to finances budget deficits;
- 2° to repay the maturing debt or a loan prior to its redemption date;
- 3° for any other purpose necessary for sound fiscal policy and effective debt management.

The Minister has authority to choose the form of loan and to approve the terms of borrowing in consultation with the National Bank of Rwanda, with the aim of maintaining and improving national sovereign ratings of debt servicing.

Article 58:

The Minister, under the general guidelines of Cabinet decisions on matters relating to the budget, in consultation with the National Bank of Rwanda, with the concurrence of the lender, may:

- 1° repay a loan before its maturity date;
- 2° seek modification to contractual terms and conditions of any existing loan;
- 3° convert a loan into any other loan or equity.

Article 59:

The Minister, after approval by Cabinet and after consultations with the National Bank of Rwanda, basing on documents of loans of public bodies, of local administrative entities, or extra budgetary enterprise, may lend them public money or buy shares in its activities through a consolidated public fund with an aim of promoting Government policies.

An estimate of the amount committed for lending and shares participation shall be included in the State annual budget.

The Minister shall establish, each year, the overall limit for resources for lending or shares participation; and may a priori set separate limits for each borrower.

Each year, the amount and ceiling on Government lending and shares participation shall be determined by Cabinet and approved by the Chamber of Deputies.

Article 60:

The Minister shall, in consultation with the National Bank of Rwanda, maintain a detailed record of all public debt and Government securities on third party debt, as well as the schedule of payments obligated under that debt.

The Minister shall also maintain a detailed record of Government loans to public enterprises, local administrative entities and extra budgetary funds, as well as the payment schedule to Government of such lending.

In the following budget year, interest and principal payments to the Government shall be recorded in an appropriate register and shall be monitored in the context of the annual budget revenues.

Local administrative entities, public enterprises and extra budgetary funds shall maintain detailed records and accounts of borrowing and debt servicing, as prescribed by the Minister's Instructions.

Article 61:

The Minister shall prepare and publish a public debt management strategy each year. He/she shall publish the terms and conditions of any borrowing, as well as those of loans the Government may guarantee from time to time.

Article 62:

In formulating debt management guidelines and implementing the annual debt management strategy, the Minister shall, each year, consult with the National Bank of Rwanda, so as to avoid any possible conflicts between the objectives of fiscal policy, debt management policy, trade policy and exchange rate policy.

In accordance with written agreement with the Minister, the National Bank of Rwanda shall provide all the services required for the execution of decisions on effective management of public debt.

Article 63:

All raised or received central Government money shall be credited into a single Treasury account in the National Bank of Rwanda.

The Minister shall ensure that there is sufficient money in the Single Treasury Account at all times before payments are authorised.

The Single Treasury Account may include sub-accounts for specific Government transactions.

Where necessary, treasury transit accounts may be opened in other banks upon approval by the Minister.

The Minister, on behalf of the State, may enter into an agreement with any bank on matters related to receipt, custody, payment or transfers of public money, or any other matter related to Government transactions with the bank.

No Government bank account shall be opened, whether in or out of the country, without prior written authorization of the Minister.

Any public officer who receives public money shall promptly deposit it in a designated bank. A Ministerial Order shall determine the deadline that shall be respected.

Article 64:

In local administrative entities, the Executive Committee Chairperson may enter into an agreement with the bank, regarding the opening of a bank account on the receipt, custody, and payment of money pertaining to the local administrative entity budget. The account shall act as the local administrative entity's Single Treasury Account into which revenues raised or any other received money at such a level is credited.

No local administrative entity bank account shall be opened without written authorisation issued by the Council Chairperson.

The Executive Committee Chairperson of the local administrative entity shall ensure that there is sufficient money at all times in the Single Treasury Account before payment is authorized.

The agreement between the local administrative entities and the bank shall be subject to rules and instructions issued by the Minister.

A local administrative entity employee in charge of receiving its finance shall immediately deposit its money in a designated bank accounting in a period prescribed by the Minister's instructions.

Article 65:

The Minister, upon advice by the consolidated fund Committee may, for a short period invest redundant funds in the Single Treasury account, in short term activities, and informs Cabinet meeting.

The profits from funds used in such a way shall be considered as Government money and shall be deposited on the Single Treasury account.

CHAPTER VI: ACCOUNTING, FINANCIAL REPORTS AND AUDITING

Article 66:

Without prejudice to the law, an order of the Minister shall determine the accounting standards in the central Government, local administrative entities, other public enterprises and extra budgetary funds.

Article 67:

The Minister is responsible for:

- 1° preparing monthly and quarterly reports of revenues, expenditures and the modalities of filling the budget deficit;
- 2° setting up a reports' permanent mechanism of revenues and expenditures of local administrative entities in collaboration with the Minister in charge of local administrative entities in his/her attributions;
- 3° preparing each quarter, a general report on revenues and expenditures of central Government, local administrative entities, public enterprises and extra budgetary funds;
- 4° giving instructions to all budget recipient entities, local administrative entities, public enterprises and other state institutions to produce timely budget expenditures report;
- 5° making an evaluation on budget expenditures of the central Government and each budget Agency in the middle of the year in order to prepare a written report on the execution of the budget and to submit it to Cabinet and Parliament.

Regarding other public enterprises, the heads of extra budgetary funds, those of public enterprises and those of the autonomous public entities shall also prepare monthly and quarterly reports and submit them to the heads of such institutions and the Minister.

Article 68:

The Cabinet meeting shall examine the report on the execution of the budget submitted by the Minister every three months.

The Government submits to the Chamber of Deputies a six month report on the execution of the budget in the Government institutions and reserves a copy to the Auditor General of State Finances.

Article 69:

Revenues relating to the concluded year received after December 31, shall be recorded as revenues received in the following fiscal year, unless the accounting standards referred to in article 66 of this organic law provides otherwise.

Repayment of funds provided in the annual budget is allowed until December 31, but expenditure commitment shall end on November 15 of that year unless authorised by the Minister.

At the end of the last working day of each fiscal year, all appropriations and other authorisations for expenditure shall immediately lapse, unless special reasons are presented upon approval by Cabinet meeting.

Before the end of the fiscal year, the Minister shall issue directives to central Government organs, all budget recipient entities and local administrative entities, concerning the procedures of closing the books of accounts and to prepare annual reports.

The Minister shall also issue specific instructions concerning transfers of unused funds and to settle debts incurred after December 31.

Article 70:

Budget recipient entities, local administrative entities and other public bodies shall submit annual reports on the financial statements, including the reports of subordinate organs.

Where necessary, the accounts report shall indicate a detailed and complete bank reconciliation statement.

The accounts report shall include all revenues collected or received and all expenditures made during the fiscal year, as well as a statement of all outstanding receipts and payments before the end of the fiscal year.

The accounts report shall be submitted to the Minister in a period of one month from the end of the fiscal year.

Article 71:

The Minister shall compare the annual accounts report of the central Government administrative organs with the transactions of the Single Treasury Account, and prepares and submits, on behalf of Cabinet, the general accounts report of the central Government administrative organs, the local administrative entities and of the other public enterprises, and a consolidated report of all these three accounts to the Auditor General of State Finance not later than March 31 of the following year.

Budget Agencies, local administrative entities and other public bodies shall submit their reports on the financial statements in the following year to the Auditor General of State finances not later than March 31 of the following year.

Article 72:

The Minister shall issue instructions relating to all summary and detailed statements of revenues, expenditures, actual and contingent liabilities, and assets other than cash.

All accounts reports, including those of local administrative entities Executive Secretaries and other public bodies, shall be classified and arranged in the same format as in the related budget.

Chief Budget Managers are responsible for preparing the respective annual reports of their respective institutions and shall explain their budget execution relative to objectives to be achieved and estimates, and especially emphasizing on the reasons why budget achievements differ from those planned.

Article 73:

Every financial year and before the commencement of the session devoted to the examination of the Budget, the Cabinet shall submit to the Chamber of Deputies the financial bill for the previous financial year.

Such a finance bill shall be accompanied by a report of the Auditor General of State finances approving the budget execution report for the previous year.

Article 74:

In respect of provisions of article 183 of the Constitution of the Republic of Rwanda of June 4, 2003 as amended to date, the Auditor General of State finances carries out, on a regular basis, an audit of State finance and public property.

In accordance with article 184 of the Constitution of the Republic of Rwanda of June 4, 2003 as amended to date, the Auditor General of State finances shall submit his or her report to each Chamber of Parliament, and reserves a copy to the President of the Republic, the Cabinet, the President of the Supreme Court and the Prosecutor General of the Republic.

Each Chief Budget Manager and Directors of other public bodies may be required to provide explanations of budget execution, as indicated in the annual report of the use of the budget of the recipient entity or other public bodies under them, before each commission in charge of budget and state property of the two chambers of Parliament. They are also responsible for ensuring respect for instructions of the Auditor General of State Finances aimed at improving in the effective management of finance of their entities. The Auditor General of State Finances shall ensure that his/her annual audit reports on budget execution are published.

CHAPTER VII: TRANSITIONAL AND FINAL PROVISIONS

Article 75:

Provisions concerning the State movable and immovable property including purchasing, donations and bequests, managing, selling and supervision not included in this organic law shall be provided for by special laws.

Article 76:

Persons who contravene this organic law shall be punished in accordance with the Penal Code in force in the Republic of Rwanda.

Article 77:

The Decree law n° 23/79 of August 31, 1979 relating to public accounts as confirmed by Law n° 01 of January 26, 1982 which confirmed existing decree laws and other previous provisions contrary to this organic law are hereby abrogated.

Article 78:

This organic law comes into force on the day of its publication in the Official Gazette of the Republic of Rwanda. However, regarding the implementation of this organic law, provisions of articles 7, 46, 47, 48, 51, 52, 53, 63, 64 and 68 shall come into force in a period of six (6) months from the day this organic law is published in the Official Gazette of the Republic of Rwanda.

Kigali, on 12/09/2006

The President of the Republic

KAGAME Paul

(sé)

The Prime Minister

MAKUZA Bernard

(sé)

The Minister of Finance and Economic Planning

MUSONI James

(sé)

The Minister of Local Government, Good Governance,
Community Development and Social Affairs

MUSONI Protais

(sé)

Seen and sealed with the Seal of the Republic:

The Minister of Justice

KARUGARAMA Tharcisse

(sé)