



MINISTRY OF FINANCE AND ECONOMIC PLANNING
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To: Central Government Chief Budget Manager (All)

Re: The First Planning and Budgeting Call Circular for the 2016/2017 Fiscal Year

A. Introduction

1. In accordance with article 26 of Law N° 12/2013/OL of 12/09/2013 on State Finances and Property on Planning and Budget Calendar, I have the pleasure to communicate to you the following information to guide you in the planning and budgeting process for the 2016/17 financial year.
2. The 2016/17 first planning and budget call circular is not intended to request for budget submissions from budget agencies but is rather aimed at giving advance information to facilitate timely coordination and effective planning within and across sectors to allow formulation of quality plans and investments to be submitted to MINECOFIN by **20th November 2015**.

B. Improving Planning across Government for better Delivery of EDPRS2

3. MDA's (Ministries, Districts and Agencies) adherence to the 2015/16 planning reforms was appreciated though much more improvement is still needed for the planning process to better inform budget prioritization and allocations. To this end the following shall be the guiding principles and processes for the 2016/17 planning and budget cycle:

a) Greater impact of plans on budgets:

Experience from previous years has been that budget agencies waited for the second budget call circular to start planning and preparing budget submissions. As a result, Ministries, Districts and Agencies found themselves struggling to plan and prioritize within the limited time at their disposal having started late.

Such inadequate planning accounts for the routine requests for budget reallocations even before the lapse of the six month period that is allowable for budget revision. Budget

agencies are therefore reminded that initial ceilings in the second budget call circular and eventual budget allocations shall be based on the quality of submitted plans thus the need for executive managers to get involved in the early stages and provide the necessary strategic guidance to their technical teams.

- EDPRS 2 and Sector Strategic Plans should be the main reference points for identification of priorities as shall be re-echoed by sectors in the 2014/15 backward looking Joint Sector Reviews where in addition to taking stock of last year's progress, sectors shall also highlight 2016/17 priority areas to be considered by MDAs in the planning and budgeting process.
- Institutions are also reminded to pay attention to high executive decisions that were taken in different fora such as National leadership Retreat, National dialogue and Presidential pledges among others during the planning process.

b) Enhanced coordination within and across Ministries Sectors and Districts key to delivery of EDPRS 2:

The 2015/16 planning process showed improved coordination among players but with gaps in some sectors especially with regard to harmonization of sector plans with Districts.

- Ministries are therefore required to champion inter agency as well as inter sectoral consultations to agree on key priority areas for 2016/17 ahead of submission of documents to MINECOFIN. Documents submitted should show a strong linkage between priorities of Ministries and their affiliated agencies.
- Ministry submissions for the 2016/17 fiscal year Single Action Plans (**SAP-Annex 2**) shall be made electronically through the integrated Financial Management Information System (IFMIS) and by electronic copy. Other submissions such as project documents shall be submitted in the usual mechanisms i.e. email and hard copy transmissions.
- Some Ministries and Budget Agencies have decentralized programmes for implementation by Local Governments. It is imperative that adequate consultations are made with Local Governments in order to discuss and agree on priority areas and targets for 2016/17 fiscal year. A joint retreat of permanent secretaries and District executive secretaries is planned for December as per Annex 1 (Planning and budget calendar) to ensure harmonization of plans across central and local governments.
- In accordance with the Law N° 62/2013 of 27/08/2013 establishing the Local Administrative Entities Development Agency (LODA) and determining its mission, organization and functioning, all development projects financed by the Central Government for implementation by Decentralized Entities shall be funded through LODA to increase efficiency and eliminate duplication. Consequently, Ministries and other agencies that have capital earmarked funds for implementation by Decentralized Entities should consult with LODA to define the

development projects that will be funded through LODA envelope to support Decentralized Entities' development plans.

- As introduced during the 2015/16 planning process, Imihigo preparation process should be aligned to the usual planning and budget process rather than regarding it as a separate process. Accordingly MDAs should undertake adequate consultations ahead of time to facilitate timely formulation and prioritization of the 2016/17 imihigo to be submitted alongside initial budget requests.
- c) **Harmonization and prioritization of infrastructure needs across Government:** Previous years' practice has shown that some Ministries, Agencies and Districts planned for certain projects without communicating their infrastructure needs to the Ministry of Infrastructure. This resulted into frequent uncoordinated and adhoc requests for infrastructure provision and affected the quality of infrastructure planning.
- In this regard, Ministries are required to consolidate their infrastructure needs including those of their affiliated agencies and communicate them to MININFRA by **13th November 2015**. This shall allow MININFRA to consolidate, prioritize and submit its requests to MINECOFIN by **20th November 2015**.
- d) **Proactive Private Sector Engagement:** Rwanda's vision 2020 and EDPRS 2 aspire for a private sector led economy. However sector Ministries' engagement of the private sector in the past has not been adequate. For the 2016/17 planning process and beyond, the role of RDB shall be increased to coordinate sectoral discussions with the private sector through its expertise in organizing public private dialogues. Sectors are therefore called upon to engage with RDB to ensure that adequate consultations have been held. Documents submitted shall be scrutinized to ascertain how private sector participation is enhanced.
- e) **Planning Consultations** shall always be held before budget consultations to review the quality and complementarity of plans across sectors and ensure greater focus on delivery of EDPRS 2.
- MINECOFIN shall schedule planning consultations in a way that enhances joint coordination and harmonization of plans across sectors.
 - Results of the planning consultations shall be the basis for setting initial ceilings and form the content of the budget outlook paper¹ to be sent to cabinet. Sectors are therefore required to consult and coordinate each other in preparation for the planning consultations to be held with MINECOFIN.
 - Activities outside those already approved by cabinet shall only be funded subject to sufficient justification of the agency e.g. new presidential pledges or emerging priorities that arise after the Planning Consultations have concluded e.g. resolutions from National Leadership retreat that could not be anticipated.

¹ Document that indicates the rationale for proposed distribution of allocating the indicative ceilings to MDAs from the available resource envelope requesting cabinet to provide guidance and approval

- A detailed agenda and invitation letters for planning consultations shall be issued in the **2nd week of December 2015**.

f) Process for Submission of Projects for funding:

- The National Investment Planning Unit of the Ministry of Finance and Economic Planning is the **only entry point for all projects both new and ongoing**. This shall enable scrutiny of the projects' feasibility or immediate importance in line with the country's development agenda.
- Accordingly, new projects (valued **above RWF 650 (or \$1) million** in investment) must have full feasibility studies that show: cost of the project, inflows and outflows as well as technical feasibility.
- All the required information on new projects, details should be provided through the Project Profile Document (**PPD template- Annex.3**) to facilitate technical assessment of the new projects.
- Ongoing projects on the other hand must have evidence that they are under implementation like having an action plan, financing agreement, on field activities and implementation reports.
- All the required information on ongoing project, details should be provided through the Ongoing Project Assessment Form (**OPAF template- Annex.4**), to facilitate technical assessment of the performance of ongoing projects.
- To ensure **ownership of projects by line Ministries**, both new and ongoing projects together with other planning documentation **shall only** be submitted by Ministries including those of affiliated Agencies.

g) Public Investment Committee (PIC)

- The Public Investment Committee will take decisions on new and ongoing projects to be funded in the fiscal year 2016-17. Projects shall be submitted to the PIC for review and endorsement by the National Investment Planning Unit/MINECOFIN which serves as the secretariat for the PIC and conducts all preliminary analysis.
- The PIC takes decisions on a) approval for funding of projects b) type of financing for projects c) pipeline of projects d) projects that can be undertaken through or with the private sector. Ministries are hereby advised to give adequate attention to projects' formulation and avail all necessary documentation in a timely manner since no project that is not cleared by PIC will be funded.

C. Organic Budget Law Requirements and commitment to Results-Based Planning and Budgeting and medium term Expenditure Framework

- The Government of Rwanda is committed to mainstream gender and family in national planning and budgeting processes. The organic law on state finances and property emphasizes Gender Responsive Planning & Budgeting as one of the fundamental principles of state budgeting. However, despite the harmonization of Gender Budget Statement (GBS), annual action plans and Imihigo formats, past experience has shown inconsistency between GBS, annual action plans and Imihigo due to parallel planning and lack of evidence based gender situation analysis. MDA's are therefore reminded to ensure that activities planned in GBS are clearly linked with those activities planned in annual action plans & Imihigo.
- Article 32 of the organic law on state finances and property requires MINECOFIN to prepare & submit a consolidated National Gender Budget Statement to accompany the BFP to Parliament and Cabinet. In this regard, Ministries & Districts are required to identify at least four (4) sub programs in their GBS as provided in the GBS preparation guidelines. (Ministries' GBS should include those of their affiliated agencies).
- MINECOFIN in collaboration with MIGEPROF & GMO shall provide the required support to MDAs as well as quality assurance to ensure that gender & family promotion issues are effectively mainstreamed in 2016/17 GBS, annual action plans & Imihigo. Detailed gender responsive planning and budgeting guidelines are attached herewith as **Annex. 6**
 - I. The Government of Rwanda remains committed to implementing results-based planning and budgeting to effectively monitor progress towards achieving National goals enshrined in EDPRS 2. To this end, the outputs defined in the Action Plans should be aligned to budget programmes to ensure that resource allocation and execution is linked to the envisaged results.
 - II. To enhance greater focus of annual plans to the national medium term strategic plans, agencies are required through submission of a strategic issues paper (SIP) to show how their planned activities and investment plans contribute to the institutional mandate, sectoral outcomes and EDPRS 2 priority targets. These should clearly indicate specific deliverables that are linked to medium term objectives stated in SSPs and EDPRS 2. Coordination mechanisms between agencies aimed at promoting synergy should be highlighted as well in addition to strategies to accelerate private sector participation. **Refer to Annex. 5 for the Strategic Issues Paper (SIP) template.**
- h) Despite the existence of a three year rolling MTEF, past experience has shown that annual plans and budget submissions from Agencies do differ to a great extent from the second year of the MTEF of the previous year. This indicates weaknesses in medium term planning, yet prioritization and sequencing of interventions should be key guiding principles for Ministries and Agencies as they make their submissions. Ministries and Agencies should therefore pay particular attention to the linkage between annual action plans and budgets to the MTEF to take into account of

activities that can be started now or put on standby for funding in the next two years. As a start, Budget Agencies are advised to use the second year of their current MTEF submitted with the 2015/16 budget as the basis for their 2016/17 Single Action Plans to be submitted.

- i) Budget programmes and sub-programmes are aimed at providing a stable platform to plan, budget and implement identified priorities in accordance with budget agency Priority commitments and legal mandates. The 2016/17 planning submissions shall be prepared using the approved programme structure. You are therefore urged to continue ensuring that the budget programmes conform to the mandate of your institution or your affiliated agency. Where a ministry or budget agency needs to change its programme structure for instance due to changes in its mandate, such a request must be submitted to MINECOFIN for review and approval. All requests must highlight the existing programmes and sub-programmes affected as well as the proposed new programme and sub-programme and justification for such a request.
- j) Some Budget Agencies generate their own revenues and other Agencies benefit from externally financed projects supported by some donors. During the previous years, some of these funds have not been properly captured in the budget. This is a reminder that all resources and expenditures including those related to internally generated revenues and externally financed projects have to be captured in the budget system (IFMIS) and reflected in the budget as required by the organic law on State finances and property. Concerned Agencies should therefore, gather sufficient information regarding the anticipated revenues to capture and plan for their expenditure during this planning process.
- k) To ensure that all commitments of a budget agency relating to externally funded projects are captured in the IFMIS, for the FY 2016/17, all projects with access to IFMIS, their requests for direct payments and cash disbursements by donors shall be generated directly from the IFMIS and submitted to the donors accompanied by all relevant documents for clearance. Projects without access to the IFMIS will follow the detailed process and procedures to generate the requests as provided for in instructions No 003/2013 issued to all chief budget managers on budget execution of externally funded projects through IFMIS.
- l) The Ministry of Finance and Economic Planning has upgraded the budget system to ensure greater transparency and accountability in financial management. This budget system (SmartIFMS) requires that funds be spent directly by the agency having legal responsibility to account for it. Therefore, during the financial year 2016/17, no transfer of funds shall be allowed between budget agencies unless the transfer is a final expenditure in return for services rendered. All budget agencies are therefore advised to start consultations earlier with their potential recipients of inter-entity transfers.

m) Integrated Capacity Building Planning

During the planning process, Ministries and Agencies are expected to assess their anticipated and existing capacity gaps and propose strategies to close the capacity gaps in line with targets entailed in their respective Sector Strategies, Annual Single Action

Plans, Investment Plans and Performance Contracts. As Budget Agencies plan their Imihigo, they need to mainstream capacity building in their Imihigo which will facilitate delivery on their institutional priorities during the fiscal year.

Gender mainstreaming in capacity building plans (**Annex.7**) should be given due considerations, where appropriate Capacity Building indicators and targets should be sex-disaggregated and promote gender equality.

A number of resources are available to facilitate this process including: the Capacity Building Handbook which entails tools for Capacity Building Needs Assessment; Capacity Building Plans; M&E of Capacity Building as well as contacts for NCBS Cluster Specialists and are available on the National Capacity Building Secretariat (NCBS) website www.ncbs.gov.rw

All Capacity Building Plans of budget agencies should have indicative budgets that shall be revised after receipt of the second Budget Call Circular and shall be the reference during the budget consultations. All capacity building initiatives must be coordinated through NCBS to receive funding.

n) Mainstreaming Cross Cutting Issues (CCIs) of EDPRS2 into institutional plans;

- In addition to thematic areas and foundational issues, the GoR is committed to address cross cutting issues (CCIs) under EDPRS 2. These include; Environment and Climate Change, Gender and family, Regional integration, HIV/AIDS and NCDs, Capacity Building and Disaster management and Disability and Social Inclusion.
- Agency priority interventions to be submitted in the action plans should endeavor as much as possible to reflect how such CCIs will be mainstreamed. Through the coordination of MINECOFIN, lead Ministries of Cross Cutting issues shall provide the required support to MDAs as well as quality assurance of submissions to ensure that relevant CCIs are adequately mainstreamed in the plans.

o) Summary of Required Documents

The Planning documentation required for review and quality assurance ahead of the planning consultations is summarized here below and shall all be submitted to MINECOFIN by **20th November 2015**;

- a. Single Action Plan (SAP)- Entailing priority areas for the Ministry including those of affiliated Agencies, **Annex. 2** (Note: To be submitted online through IFMIS. Submissions outside IFMIS shall not be considered as authentic)
- b. Project Profile Documents (PPDs) for new projects- **Annex. 3**
- c. Ongoing Project assessment form (OPAF) – **Annex. 4**
- d. Strategic Issues Paper (SIP)- Summarizing the rationale of the selected priority areas and how they contribute to achievement of EDPRS2, **Annex. 5**
- e. Gender Budget Statement – **Annex 6** (Including sections for Civil Service Employment)

f. Capacity Building Plan- Annex.7

D. Conclusion

- As already mentioned, this circular is meant to provide advance information to Budget Agencies to enable them consult, coordinate and design quality plans and investments sufficient for accelerated delivery of EDPRS 2. The second Budget Call Circular shall be issued in **the fourth week of January 2016** requiring Budget Agencies to prepare detailed budget submissions for the **2016/17** financial year.
- Agencies are encouraged to abide by the attached calendar (Annex.1) as each step feeds into the next and thus delay or failure of one step negatively affects the next steps.
- Finally, we have updated the list of planning and budget focal persons for each planning sector and Budget Agency and they are available to provide technical support where necessary. Information about their detailed contacts is available on the MINECOFIN website at:
[http://www.minecofin.gov.rw/fileadmin/user_upload/NDPR_Focal_Persons_for_Sectors_Ministries_and_Provinces_18-09 - 15 draft.pdf](http://www.minecofin.gov.rw/fileadmin/user_upload/NDPR_Focal_Persons_for_Sectors_Ministries_and_Provinces_18-09_-_15_draft.pdf) and
http://www.minecofin.gov.rw/fileadmin/user_upload/NBD_Focal_Persons.pdf

However, in case you need further clarification on the information contained in this circular, please contact the National Development Planning and Research Directorate Staff at ndpr@minecofin.gov.rw and National Budget Department staff at budget@minecofin.gov.rw.

Regards,


Claver GATETE
Minister



CC:

H.E. The President of the Republic of Rwanda
Right Hon Prime Minister
Ministers (All)
Ministers of State (All)