



MINISTRY OF FINANCE AND ECONOMIC PLANNING

P.O. Box 158 Kigali

Tel: +250 252 575756 Fax: +250 252 577581

E-mail : mfin@minecofin.gov.rw

To: Local 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.

Decentralized entities 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 Districts leadership to get involved in the early stages and provide the necessary strategic guidance to their technical teams.

- Districts 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 decentralized entities and their partners. However some gaps were still existent due to lack of harmonization of baselines and targets between districts and some sector Ministries. This resulted into initial submission of low quality plans.

- For programmes implemented by Districts, it is imperative that adequate consultations are made with sector Ministries and Agencies in order to discuss and agree on the priority targets for 2016/17 fiscal year.
- Consultations between Sector Ministries and Decentralized entities should consider among others; progress against implementation of previous fiscal year's priorities as had been agreed and stated in the earmarked transfer guidelines, current local challenges and emerging priorities as well as overall sectoral targets to guide in the formulation of targets to be achieved by decentralized entities in the next fiscal year. A joint retreat of permanent secretaries and District executive Secretaries is planned for December 2015 to ensure harmonization of plans across Central Government and Decentralized entities.
- District 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). Submissions outside the system shall not be considered by MINECOFIN. Other submissions such as project documents shall be submitted in the usual mechanisms i.e. email and hard copy transmissions.
- 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 Decentralized entities 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.
- Umuganda, one of the Country's home grown initiatives has been crucial mechanism of fast tracking the Nation's economic growth and social transformation. In order to continue maximizing its benefits, there is need to enhance its preparation and implementation. Districts are therefore advised to draft their plans and priorities mindful of the activities that shall be implemented through Umuganda thereby contributing to increased citizen participation.

- 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, Decentralized entities are required to consolidate their infrastructure needs and communicate them to MININFRA through LODA 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 Districts' engagement of the private sector in the past has not been adequate. Therefore, during District Joint Action Development Forums (JADF), districts should pro-actively identify key private sector players, ascertain the issues they face and jointly devise solutions to unblock such binding constraints. RDB should be engaged to facilitate in such dialogues as much as possible.
- 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 better 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 among each other to improve the quality of planning consultations to be held with MINECOFIN.
 - Local Government priorities shall be part of the sectoral priorities presented at MINECOFIN by earmarking Ministries and Agencies. Adequate prior consultations between sectoral Ministries and Districts are therefore paramount. However, for districts' specific interventions, MINALOC shall lead in their consolidation and presentation during the planning consultations at MINECOFIN.
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- f) **Process for Submission of Projects for funding:**
- In accordance with the law N0. 62/2013 of 27/08/2013 establishing the Local Administrative Entities Development Agency (LODA) and determining its mission, organization and functioning, all the development projects implemented by decentralized Entities shall be financed through LODA to increase efficiency and eliminate duplication. Consequently, Decentralized entities should consult with LODA to define the development projects that will be funded within LODA envelope to deliver Decentralized entities development plans. LODA will

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

therefore play a coordination role of harmonizing districts capital budgets with sector Ministries' objectives through organizing Central Government and decentralized entities technical consultations.

- Both new and ongoing Local Government projects will be reviewed by a joint technical team of MINALOC/LODA and MINECOFIN as well as the Local Government Projects Advisory Committee in MINECOFIN (as per the attached calendar) to ensure adequate quality of submitted projects.
- The recommendations from the team will be shared with District executive Committees and councils and will form the basis of central and local Government consultations on projects.
- As the basic minimum requirements, new projects must have feasibility studies that show yearly expected outflows and inflows for the entire lifetime of the project, project components with their related costs and yearly expected outputs.
- 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. Reference should be made to the feasibility study guidelines and developed and issued by LODA.
- All the required information on new projects should be provided through the Project Profile Document (**PPD template- Annex.3**) to facilitate technical assessment of the new projects. A user manual developed and circulated by LODA should be consulted to fill the template appropriately.
- All the required information on ongoing projects should be provided through the Ongoing Project Assessment Form (**OPAF template- Annex.4**), to facilitate technical assessment of the performance of ongoing projects.

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 district mandate, sectoral outcomes and EDPRS 2 priority targets. These should clearly indicate specific deliverables that are linked to medium term objectives stated in District Development Plans. **Refer to Annex. 5 for the Strategic Issues Paper (SIP) template.**
- g) 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 MDAs as they make their submissions. Decentralized entities 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.
- h) 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 districts need to change their programme structure for any justifiable reason, 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.
- i) Some districts benefit from externally financed projects supported by some donors not channeling funds through LODA. During the previous years, some of these funds have not been captured in the budget. This is a reminder that all resources and expenditures including those elated 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. Districts should therefore gather

sufficient information regarding the anticipated revenues to capture and plan for their expenditure during this planning process.

j) 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.

k) 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.
- Districts' 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.

I) 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 District, **Annex. 2 (Note: To be submitted online through IFMIS.**
- 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.
- Districts 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 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 fiscaldecentralization@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)