

THE REPUBLIC OF RWANDA

Kigali, 13 OCT 2016

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MINISTRY OF FINANCE AND ECONOMIC PLANNING

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To: Local Government Chief Budget Manager (All)

Re: The First Planning and Budgeting Call Circular for the 2017/2018 Fiscal Year

A. Introduction

In accordance with article 26 of Law N° 12/2013/OL of 12/09/2013 on State Finances and Property related to the Planning and Budgeting Calendar as well as the Ministerial Order relating to Financial Regulations N° 001/16/10/TC of 26/01/2016, I have the pleasure to communicate to you the following information to guide you in the planning and budgeting process for the 2017/18 Fiscal Year.

The 2017/18 first planning and budgeting call circular is not a request for budget submissions but rather a request for information to facilitate proper planning and prioritization nationwide. Information requested should be submitted to MINECOFIN by **21st November 2016**.

B. Improving Planning across Government for better Delivery of EDPRS2

Districts adherence to the 2016/17 planning reforms was appreciated though continuous improvements are needed for the planning process to better inform budget prioritization. To this end the following shall be the guiding principles and processes for the 2017/18 planning and budget cycle:

a) Citizen Participation and Engagement

- The Citizen Report card showed that LG priorities have not been sufficiently identified in the past through a **participatory planning approach**. Districts are therefore requested to consult with Sector and Cell levels on the draft list of new projects to be proposed for funding in the FY 2017/2018 and beyond.
- The planning participatory approach should involve **both administrative layers** (Executive Committee and the Council) at all administrative levels (from village up to district). Possible community participation in the project implementation

must be determined and where feasible other budget sources than Government budget have to be considered. Where proposed LG projects/priorities might require expropriation, community participation in this matter is to be clarified.

- The participatory planning approach shall also consult specific organs available at District level. These include the **local representatives** of the National Women Council, People with Disabilities, National Youth Council, Private Sector Development, and JADF.
- Budget planning for FY 2017/2018 shall consider the **household planning** as conducted through the Household Imihigo. Priorities identified at that level shall inform the identification of priorities at village level. This analysis has to be documented at village and Cell level using the existing Household Imihigo process.
- Sectors shall consult with Cells and Cells shall consult with villages upon the **priorities identified by the communities**. Identification of priorities at Cell level shall take into account the village priorities to be consolidated at Cell level.
- Priorities of Cells (maximum of 3 per Cell) shall be collected, consolidated and prioritized at Sector level. Sector priorities (maximum of 3) shall be submitted to District. This process shall be documented by using **Annex 10**. Feedback on the final decision taken has to be given to the Sector and Cell Councils once the draft projects to be funded in FY 2017/18 have been identified. A tentative agenda on the timeline for such consultations and feedback is provided in **Annex 9**.
- District Council members have to cross-check the participatory planning process for the Sectors and specific organs they are representing.
- District Administration shall inform on the process and prioritisation by local community radios and other media to provide feedback to the population

b) Socio-economic transformation

Projects identified should target social or economic transformation of the local community. Social transformation includes social protection measures and other social programmes like health, education among others. Economic transformation includes LED strategies and projects as described in the section below.

c) Local Economic Development:

- Rwanda's Vision 2020 and EDPRS 2 aspire for a private sector led economy. Districts' engagement of the private sector in the planning process should be reinforced to promote local economic development for the FY 2017/18 and beyond.
- The planning should take into consideration the local potentialities identified for each District. The uniqueness and competitive advantages of each District, LED projects and activities should be prioritized. This includes: support to value chain development, LED enabling infrastructure and branding of the local economy. Public-Private Partnerships shall be encouraged where feasible and viable.

- LED strategies have been developed for some Districts. Districts without LED strategy are therefore reminded to plan for the completion of the LED strategy. Districts with LED strategies are requested to start the implementation of LED priorities in close cooperation with the private sector in FY 2017/18.

d) Quality of plans will impact on resource allocation

Good quality plans will have a positive impact on resource allocation. The main expectations for quality plans are to: (i) demonstrate a clear prioritization (aligned to strategic plans and other high level decisions); (ii) ensure consultations with key stakeholders; (iii) have a clear phasing or sequencing of activities; (iv) show strong linkages with outcomes/results; and (v) have ownership of implementing institutions. Initial ceilings in the second budget call circular and eventual budget allocations shall be based on the quality of submitted plans.

Thus there is need for District executive 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 level decisions** that were taken in different fora such as National Leadership Retreat, National Dialogue and Presidential Pledges as well as District Council resolutions among others during the planning process.

e) Enhanced coordination between Central Government and Decentralized entities:

- The 2016/17 planning process showed improved coordination among decentralized entities and their partners. However, some gaps were still existent due to lack of harmonization of targets between Districts and some Sector Ministries.
- 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 2017/18 fiscal year.
- Formulation of **sector output indicators should be harmonized** across the Districts and sectors to facilitate implementation. A consultative meeting between MINALOC/LODA, MINECOFIN and Sector Ministries will be organized to agree on targets before sharing them with Districts.
- A **joint retreat of Permanent Secretaries and District Executive Secretaries** is planned towards January 2017 to ensure harmonization of plans across Central Government and Decentralized entities.
- District submissions for the 2017/18 fiscal year Single Action Plans (SAP- Annex 2) shall be made 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.
- Since 2015/16, the imihigo elaboration process has been aligned to the planning and budgeting process. Accordingly, Decentralized entities should undertake adequate

consultations ahead of time to facilitate timely formulation and prioritization of the 2017/18 Imihigo which will be submitted alongside initial budget requests.

- Umuganda, one of the Country's home grown initiatives has been a 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 requested to draft their plans and priorities to be implemented through Umuganda and submit them to MINALOC.

f) Harmonization and prioritization of infrastructure needs across Government:

Decentralized entities are required to consolidate their **infrastructure needs** and communicate them to MININFRA through LODA by **14th November 2016** in the template provided in Annex 11. This shall allow MININFRA to consolidate, prioritize and submit its requests to MINECOFIN by **21st November 2016**.

g) Operation and Maintenance (O+M)

As indicated in 2015/16 PBCC, maintenance of LG infrastructure needs to be taken care of by LG. District staff has already been trained on this issue and the setting up of O+M inventories is one of the priorities for the FY 2017/18. Maintenance activities foreseen for FY 2017/2018 and beyond shall be planned and budget estimated for in Annex 8.

h) Planning Consultations:

- 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.
- MINALOC/ LODA in collaboration with MINECOFIN shall coordinate planning consultations in a way that better enhances harmonization of plans across sectors and with Districts.
- Local Government priorities shall be part of the sectoral priorities presented by earmarking Ministries and Agencies during planning consultations. Adequate **prior consultations between sectoral Ministries and Districts** are therefore paramount.
- Sector Ministries shall therefore participate in Provincial Consultation Meetings to harmonize planning with Districts.

i) 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 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** (as per the attached calendar) to ensure adequate quality of submitted projects.
- The recommendations made shall be shared with District Executive Committees and will form the basis of central and local Government consultations on projects.
- As the basic minimum requirement, new projects must have **feasibility studies** according to LODA Feasibility Study Guidelines.
- 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 new projects should be provided through the **Project Profile Document (PPD)** to facilitate technical assessment of the new projects. For LG infrastructure projects not implemented under VUP Public Works the PPD template Annex.3a has to be filled. For all VUP PW projects the Annex 3b has to be filled. A user manual developed and circulated by LODA should be consulted to fill the templates 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

- In order to strengthen **results-based planning and budgeting**, the outputs defined in the Action Plans should be aligned to budget programmes. This will ensure that resource allocation and execution are linked to the envisaged results.
- To enhance greater **focus of annual plans to the national medium term strategic plans**, Districts are required through submission of a strategic issues paper (SIP) to show how their planned activities and investments contribute to the District and EDPRS 2 priority targets. **Refer to Annex. 5 for the Strategic Issues Paper (SIP) template.**
- Decentralized entities should pay particular attention to the linkage between annual action plans and the MTEF. This will allow for phasing of projects taking into account activities what can be started now or funded in the medium term. As a start, Districts are advised to use the second year of their current MTEF submitted with the 2016/17 budget as the basis for their 2017/18 Single Action Plans to be submitted.
- **The 2017/18 planning submissions** shall be prepared using the approved programme and sub-programme structure. Districts are therefore urged to

continue ensuring that the budget programmes conform to their mandate. Where Districts need to change their programme structure for any justifiable reason, such a request must be submitted to MINECOFIN for review and approval.

- Some districts benefit from **externally financed projects supported by some donors not channelling 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 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.

D. Integrated capacity building planning:

- During the planning process, Districts are expected to assess their anticipated and **existing capacity gaps** and propose strategies in line with targets entailed in their respective District Development Plan, Single Action Plans, Investment Plans and Performance Contracts. As Districts plan their Imihigo, they need to **mainstream capacity building** to 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 gender-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 Districts 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.

a) Mainstreaming Cross Cutting Issues (CCIs) of EDPRS2 into District annual action 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 annual action plans should endeavour 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 Districts as well as quality assurance

of submissions to ensure that relevant CCIs are adequately mainstreamed in the plans.

b) 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 **21st November 2016**:

- 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 (Annex 3a for LG infrastructure not implemented under VUP PW and Annex 3.b for LG infrastructure implemented under VUP PW).
- 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
- g. **Maintenance related activities** planned for FY 2017/2018 and MTEF, Annex 8.
- h. **District Infrastructure Needs Assessment**, Annex 11.

G. Conclusion

- i. As already mentioned, this circular is meant to provide advance information to Districts 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 **end January 2017** requiring Districts to prepare detailed budget submissions for the **2017/18 Financial Year**.
- ii. 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.
- iii. 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

- iv. 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) and CEO RDB/Cabinet member
- Ministers of State (All)

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