

REPUBLIC OF RWANDA

Kigali, 05 JAN 2012
No 030/12/10/NB



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

Re: Guidelines for preparation of budget estimates for the 2012/13 FY and Medium Term Expenditure Framework for the period 2012/13 – 2014/15

A. Purpose:

1. The Ministry of Finance and Economic Planning issued the first Budget Call Circular N° 5711/11/10/NB on October 10, 2011. This circular provided advance information to facilitate the process of preparing the 2012/13 budget on time. This second circular is intended to provide detailed guidelines including indicative budget ceilings and instructions to enable you to prepare and submit detailed budget estimates for the FY 2012/13 and 2012/13-2014/15 Medium Term Expenditure Framework.

B. The Macroeconomic Context of 2012/13 Budget Preparation

2. The Rwandan economy has continued to grow despite persistent weakening of the global economy and we are committed to achieving sustained economic growth and poverty reduction. The strategies to achieve these goals are set out in the Economic Development and Poverty Reduction Strategy (EDPRS) and Rwanda's Vision 2020. In this regard, the 2012/13 fiscal strategy will focus on ensuring growth for exports and incomes, developing human resources and living conditions and ensuring good governance and improved public service delivery. Resource allocation for the 2012/13 budget and the medium term should be guided by these broad policy objectives. The detailed strategic objectives for each of the broad policy objectives are provided in **Annex 1**.
3. The medium-term macro economic framework has been designed to achieve over 7.0 per cent economic growth. Inflation is targeted at 8.7 percent for end 2011 and stabilizing at 5.0 percent over the medium-term. This framework envisages a modest increase in domestic resources for the period 2012/13-2014/15 following new fiscal measures recently undertaken by the Government. To reduce reliance on external support and close the budgetary gap, external grants are projected to decline gradually during this period. Accordingly, a modest decline in total expenditure as a percentage of GDP for the period 2012/13-2014/15 is envisaged as shown in the table below: