



MINISTRY OF FINANCE AND
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To: Chief Budget Manager of Kigali City and District (All)

Re: Guidelines for preparation of Local Government budget estimates for the 2014/15 FY and Medium Term Expenditure Framework for the period 2015/16 – 2017/18

A. Introduction

1. The Ministry of Finance and Economic Planning issued the first Budget Call Circular No 2911/10/14/NDPR on September 18th, 2014. The circular provided advance information to facilitate the process of preparing the 2015/16 Local Government budget on time. This second Budget Call Circular is intended to provide detailed guidelines and instructions to facilitate Local Government budget agency to prepare and submit detailed budget estimates for the FY 2015/2016 and 2015/2016-2017/2018 Medium Term Expenditure Framework.

B. The Macroeconomic Context of 2015/16 Budget Preparation

2. The Rwandan economy has continued to grow 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 Two (EDPRS II) and Rwanda's vision 2020. In this regard, the 2015/16 fiscal strategy will continue to focus on ensuring growth for exports and incomes, investment in hard and soft infrastructures, developing human resources and living conditions and ensuring good governance and improved public service delivery.
3. Growth in 2015 is expected to reach about 6 percent and gradually rising to 7 percent in the medium term. Inflation was at 3.2 percent by end December 2014 converging gradually to 5 percent in the medium term. The total revenue to GDP ratio is expected to reach about 19.5 percent of GDP by 2017/18. This framework predicts a modest increase in total revenues over the period 2015/16-2017/18 of about 1.8 percent of GDP annually consistent with the projected economic performance.