

REPUBLIC OF RWANDA



MINISTRY OF FINANCE AND ECONOMIC PLANNING

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Kigali, 20/02/2017
No 6471/10/17/MIN

To: Central Government Chief Budget Manager (All)

Re: Guidelines for preparation of budget estimates for the 2017/18 FY and Medium Term Expenditure Framework for the period 2017/18 – 2019/20

A. Purpose:

1. The Ministry of Finance and Economic Planning issued the first Budget Call Circular NO 5624/10/16/NDPR on October 13th, 2016. This circular provided advance information to facilitate timely preparation the budget for 2017/18 and medium term expenditure framework that meet the expected quality. This second circular is aimed at providing detailed guidelines including indicative budget ceilings and instructions to enable budget agencies to prepare and submit detailed budget estimates for the FY 2017/18 and Medium Term Expenditure Framework.

B. The Macroeconomic Context of 2016/17 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.

The Government is implementing since June 2016 a policy adjustment program, supported by the IMF financing, to respond to adverse global developments (most notably commodity prices) which has led to growing external imbalances. Restoring external sustainability is imperative for realization of medium term country objectives, namely sustainable high and inclusive growth. The short term adjustment measures on the fiscal that started in FY 2016/17 are to continue in FY2017/18 with a deficit projected to decline compared to FY2016/17 deficit. Total revenue to GDP ratio is projected at 26.6% of GDP by 2019/20, a decline due to reduced dependence on donor support. The same trend is observed in total expenditures as recurrent budget in percentage of GDP also drops. The medium term revenue and expenditure estimates by broad category are provided in the table below: