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Kigali,

No 5702/10/10/D&NB



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

Re: Guidelines for preparation of budget estimates for the 2011/12 FY and Medium Term Expenditure Framework for the period 2011/12 – 2013/14

A. Purpose:

1. The Ministry of Finance and Economic Planning issued the first Budget Call Circular N° 4765/10/10/DGND on October 8, 2010. This circular provided advance information to facilitate the process of preparing the 2011/12 budget on time. This second circular is intended to provide detailed guidelines and instructions to facilitate budget agencies to prepare and submit detailed budget estimates for the FY 2011/12 and 2011/12-2013/14 Medium Term Expenditure Framework.

B. The Macroeconomic Context of 2011/12 Budget Preparation

2. The Rwandan economy has remained resilient to the global economic and financial crisis 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) for 2008–12 and Rwanda's Vision 2020. In this regard, the 2011/12 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 2010/11 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 per cent economic growth. Inflation is targeted at 6 percent for end 2010 and stabilizing at 5 percent over the medium-term. This framework envisages a modest increase in domestic resources for the period 2011/12-2013/14 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 slightly during this period. Accordingly, a modest decline in total expenditure as a percentage of GDP for the period 2011/12-2013/14 is envisaged.